

Minutes of Meeting
Implementation Team, EITI Indonesia,
March 21, 2012, 10:00 am to 12:00 pm,
Meeting Room, Level 4, AA Maramis II Building
Coordinating Ministry for Economic Affairs

Meeting participants

Government:

Bambang Adi Winarso, Acting Assistant Deputy for Petroleum, Office of the Deputy Minister for Energy, Mineral Resources and Forestry, Coordinating Ministry for Economic Affairs
Agus Wibowo, Project Officer, Office of the Deputy Minister for Energy, Mineral Resources and Forestry, Coordinating Ministry for Economic Affairs.
Emy Perdanahari, Assistant Deputy Ministry for Energy and Electricity, Office of the Deputy Minister for Energy, Mineral Resources and Forestry, Coordinating Ministry for Economic Affairs
Sartono, Office of the Deputy Minister for Macroeconomics, Coordinating Ministry for Economic Affairs
Novriady W, Office of the Deputy Minister for Industry, Coordinating Ministry for Economic Affairs
Bonny Dwiyanto, Director of Oil and Gas Exploitation, BPKP
Siwi Pamungkas, Directorate General of Oil and Gas, Ministry of Energy and Mineral Resources
B. Utoro, Bureau of Planning, Ministry of Energy and Mineral Resources
Januaris, Riau Province
Sangaji Budi Utomo, Secretariat General of the Ministry of Energy and Mineral Resources
P. Tobia, Directorate General of Oil and Gas, Ministry of Energy and Mineral Resources
Adis Purwonoko, BPMIGAS
Golfritz Sahat, Center for Data and Information, Ministry of Energy and Mineral Resources
Paradise Sandy, Directorate General of Fiscal Balancing, Ministry of Finance
Donni, Directorate General of Fiscal Balancing, Ministry of Finance
Irfan Sofi, Directorate General of Fiscal Balancing, Ministry of Finance
Paul Lubis, Directorate General of Mineral and Coal, Ministry of Energy and Mineral Resources
Nuryaqien, BPMIGAS
Beti Damayanti, BPMIGAS
Yudisrizal, BPMIGAS

Industry:

Rini G. Ranti, IMA / Freeport
Hendra Sinada, IMA
Supriatna Suhala, ICMA

Team for the Formation of the Secretariat:

Erry Riyana Hardjapamekas

Civil Society:

Ridaya Laodengkowe, Publish What You Pay
Maryati Abdullah, Publish What You Pay

Secretariat (Interim) EITI:

Ananda Idris, Team Leader
Ronald Tambunan, team member
Ambarsari DC, team member
Dyah Lestari, team member
Nabiha Shahab, team member

Observer:

David W. Brown, World Bank

The meeting decided the following:

1. BPMIGAS will help encourage oil and gas operators that have not done so to return their templates to the Secretariat.
2. Socialization efforts will be carried out as soon as possible with mining companies that have not returned their templates, in collaboration with IMA and ICMA, with support from the Directorate General of Minerals and Coal.
3. The Implementation Team is content with the auditing standards that apply to financial statements that underlie government and industry EITI Indonesia submissions.
4. Budgets and regulations will be examined, in order to determine whether it is possible to hire a reconciler to two reporting, 2009 and 2010.
5. Support will be given over the coming week to push for the promulgation of a Decision Letter for the establishment of the EITI Indonesia Secretariat.
6. The Team for the Formation of the EITI Secretariat and the EITI Secretariat will together encourage mining units to authorize the Directorate General of Tax to disclose in EITI Indonesia reporting templates information on taxes paid by those units.
7. There may be a change of officers responsible for EITI from the Deputy Assistant on Petroleum to the Deputy Assistant on Energy and Electricity, and the Deputy Assistant on Energy and Electricity will head the EITI Indonesia Secretariat.
8. The EITI Secretariat Indonesia staff recruitment process will be accelerated while remaining in compliance with rules.

9. The deadline for the returning of templates will be postponed from the 15 March to 31 March 2012.

10. The idea of the creation of an Assistance Team will be replaced with an effort to revitalize the work of the Implementation Team.

Proceedings of the Meeting

Bambang Adi Winarso, representing the Head of the Implementation Team, presented a report on the progress of sending out and receiving templates (refer to Part I of presentation).

Discussion

Ambarsari

The Directorate General of Tax is waiting for authorizations to report from mining units. We have already collected 11 authorizations and can send them now, or we can wait until all authorizations have been collected.

Bambang Adi Winarso

I suggest authorizations by mining units be sent by the Secretariat to the Directorate General of Tax one by one. If we wait for all the authorizations, it will slow down the process.

Ridaya

What is causing most companies not to return their templates?

Ananda

For oil and gas, many companies have had changes of ownership and operation. It is difficult to find the old owners/operators to get the information. Templates for minerals and coal companies were just sent one month ago, and many companies are still in the process of filling them in.

Adis Purwoko

There are four to five teams in the BPMIGAS who could conceivably assist in the encouraging non-reporting oil and gas units to send in their templates. Perhaps the most suited for this task would be my Accounting Division. Please advise us which oil and gas units I should pursue.

Ananda

Letters have been sent to BPMIGAS stating which oil and gas units have yet to report.

Ambarsari

A request for help with coal units has been conveyed to the Indonesian Coal Mining Association (ICMA). But this has not solved the problem by itself. Templates have been sent by post and e-mail to many coal units two or three times, and we have called the companies repeatedly as well. But even a few days before the deadline, we still found some units asking for the templates again. Incoming e-mails from coal units appear to show good faith to fill out the templates, but many coal units have yet to appoint the person in charge for filling out their templates.

Supriatna Suhala, Executive Director, ICMA

The eight out of 54 coal units that have so far returned their templates are familiar with the EITI process. They attend meetings. But for the rest, our socialization efforts have not yet reached to the level of their decision makers. We should make yet another effort to invite companies that have so far not responded to our socialization efforts. We need to hold more meetings, and invite the chief financial officer of each non-reporting unit.

Bambang Adi Winarso

If you need to have a meeting, it is necessary to determine the who and the when to be invited. Work closely with the association, and have speakers from the Secretariat.

Rini Ranti, of Freeport and representing the Indonesian Mining Association (IMA)

We ask for the contact persons of non-reporting mineral units so we can assist with following up.

Maryati

As the reconciliation will take time, is there a deadline for the return of all templates?

Bambang Adi Winarso

According to the current version of the TOR for the reconciler, it is one of the duties of the reconciler to collect all unreturned templates. If all templates have not been collected when the reconciler is hired, then they will have to do it.

Ridaya

Are there Secretariat consultants who can take care of this? We fear that the process of collecting templates will be delayed because no one is working on it. The Secretariat recruitment process and the auction for the reconciler are both still in process.

Ananda

There are some positions in the Secretariat that have not been filled. We have to fill these through the Procurement Committee of the Coordinating Ministry for Economic Affairs. But the World Bank has helped us bridge this gap by employing a number of consultants.

Bambang Adi Winarso

(Continued with the second part of his presentation, about the process of procuring the reconciler)

Discussion

Ridaya

I suspect the schedule we are facing is so tight because of the slowness of government in carrying out procurement of the reconciler for the first report. We have 13 months to complete three things: the first and second reconciliation reports and the validation. The challenge is performing these three responsibilities.

Bambang Adi Winarso, Ph.D

Recruitment for the reconciler for the second report should be addressed, and has already been discussed in the Secretariat. My view is that recruitment for the first reconciliation will be difficult, but for the second reconciliation it will be done quickly. What remains to be agreed is the scope for the second report. The Secretariat has provided options for the Implementation Team. These have been discussed, but are not yet ready to present. Thank you for reminding us of the timeline.

Bambang Adi Winarso, Ph.D

(Continued his presentation by proceeding to the third part, on the standards of audits of financial statements underlying EITI data submissions by industry and government)

Discussion

Bambang Adi Winarso, Ph.D

The requirement assumes that there is some way for us to measure international audit standards. I do not know what kind of standards these are, and there has been no explanation to me. In my opinion it should not be difficult for us to have international auditing standards underlying our data. These should now be adopted, although perhaps not at a 100 percent level. At present what needs to be addressed is whether the group is satisfied with or can agree with our prevailing standards now. By the way, someone remind me, what are requirements 12 and 13?

David W. Brown

Requirements 12 is for the auditing standards of financial data underlying company reports. Requirement 13 is for the auditing standards of financial data underlying government reports.

Bambang Adi Winarso

How about our prevailing standards? The government uses its own auditing standards. Indonesian companies use Indonesian standards. Are there any suggestions for improvement? I feel that the auditing standards for the financial reports underlying the EITI submissions of the government and the companies are good enough for our purposes, although perhaps not 100 percent up to international standards.

Editor's note: No objections were raised. It is assumed that the Implementation Team agrees with the auditing standards underlying data submitted by industry and government for EITI Indonesia.

Maryati

Returning to the matter of scope, and whether we should add new revenue streams, new companies, new government entities - it is difficult for us to take an informed decision on these matters until the first report comes out. My view is that we should wait for the first report to come out (in June) before we consider matters of scope. Regarding whether we should upgrade to an international level the auditing standards of financial reports underlying industry and government submissions here, I say let us return to this question after the first report comes out, before we decide whether we need to upgrade our auditing standards here.

Ridaya

The EITI Board needs to profile greater clarity on its rules on auditing standards underlying EITI submissions. I have read rules 12 and 13 and they are unclear and ambiguous.

Bambang Adi Winarso, Ph.D

(Continued with the presentation's fourth part, on the proposed establishment of an Assistance Team)

Discussion:

Bambang Adi Winarso, Ph.D

The appointment of the Assistance Team can be done directly by the members of the Implementation Team.

Yudisrizal, BPMIGAS Accounting Division

In relation to the persons appointed, better that those persons be appointed by position as well as by name, because that person might be moved.

Bambang Adi Winarso

Agreed. This is particularly true for members of the Implementation Team from government agencies who have so far not assigned subordinates to serve on their behalf in this team as a part of their formal structural assignments (*tugas pokok instansi* abbreviated as *tupoksi*), but instead simply expect whoever is available to show up because this is ordered by the President through the Presidential Regulation. We will draft a letter and circulate it, requesting appointments to the Assistance Team.

Erry Riyana Hardjapamekas

This is a good idea, but if we are forming a new team because our meetings are not being attended by the right people, this is not quite right. To some extent, what we are dealing with, up to now, is a normal part of the dynamics of a process, and this is fine. Everybody has their own schedule to keep, and if they ask to be legitimately represented by a subordinate, this is fine

However, it is the legitimacy of the Implementation Team that needs to be strengthened. If we simply form another team, then this only creates another problem. In my opinion, the Implementation Team does not need "assistance." Rather, it needs to revitalize the way it works. For example, why don't Implementation Team members just appoint those who will serve on their behalf using a power of attorney, a letter of assignment, or some other document which states who will formally represent them on the Implementation Team, which essentially means that the assigned person will do the task of the relevant member of the implementing team. Creating another layer will only add jobs. The necessary assistance that is needed here is not a new team, but rather the need to revitalize the implementation team.

As to the international auditing standard, we need to go in that direction. Government agencies like the BPK (the government's independent auditor) are already going in that direction this year. So the Implementation Team should agree to go in that direction as well. The Implementation Team should also decide for us to carry out two reports right away. The consequences of having to pay the reconciler double? Later we can find a solution. The World Bank will help.

Responding to our apparent lack of socialization of coal units, why don't we gather together a forum next week? Likewise with BPMIGAS: If needed, let's hold a meeting with the oil and gas units who have not yet returned their templates. Later we can hold yet another meeting to say how much we appreciate their compliance. As for the reporting deadline which is now on March 15, let's postpone it to March 31.

Paul Lubis, Directorate General of Minerals and Coal

We will investigate again which persons we will not invite to meetings of the Implementation Team in the future, and which ones we have not invited that perhaps we should have.

Maryati

Two questions for Pak Erry. Has a Decision Letter for the Secretarial has been promulgated? And may we please be informed about the position of Dr. Wimpy and his possible replacement. [Editor's note: Dr. Wimpy, the Head of the Implementation Team, had undergone a series of strokes in recent months.] By the way, I agree that some work must be done chasing deadlines.

Bambang Adi Winarso

In terms of organization, we have completed a meeting yesterday where it was determined that Dr. Emy will replace Mr. Husen as the operational head of EITI in the Office of the Deputy Minister for Energy and Mineral Resources and Forestry. I am only serving in a temporary facilitating capacity. If there is no Assistance Team that is good. But in that case, I wonder whether we need to attach to invitation letters for our government members letters of assignment (*surat tugas*)? Government members, I ask you, if you are going to delegate, please delegate to those who have been following the EITI Indonesia process.

Ridaya

If we had had an Assistance Team, we could have, for example, asked for their help in the preparation of scoping note, particular in performing advance consultations with the members of the Implementation Team to speed up the decision making. Another task could have been assisting with outreach to the wider groups, to local government and locally licensed companies and so on, and other operational activities. I think it is quite reasonable to have an Assistance Team. To replace the Implementation Team, that's not the point.

Bambang Adi

It would not replace the Implementation Team, but smooth its way. But please choose to go with the Implementation Team only, it is not a problem. If problems arise in the future, we will try to overcome them by other methods.

Erry Riyana Hardjapamekas

Outreach, invitations, reminders, this is reminiscent of the duty of the Secretariat. The need now is for the Secretariat to be empowered to carry out its tasks more quickly, such as technical work pertaining to reporting, dissemination, and so on. Why don't we decide to try revitalizing the Implementation Team, and if that does not work, consider other alternatives. For the invitation to the next Implementation Team, let's assign a letter of assignment (*surat tugas*), not just letter of delegation (*surat disposisi*).

Bambang Adi Winarso

(Finished with a presentation of conclusions)

Ridaya:

For Indonesia to be found compliant, we have to perform two cycles of reconciliation and reporting.

Erry Riyana Hardjapamekas

Even though the number of mining companies is much smaller than it should be, to reconcile two reports and this limited number of mining companies, Indonesia will still have to ask for an exception. If we need to, we can ask for the confirmation of the EITI Secretariat in Oslo, to see if that is possible. To pursue this breakthrough, we have to do both of these things (a second report with a reporting population the same as the first, and the seeking of an extension).

David W Brown, World Bank

Because the template for 2009 has already been sent, it would make more sense for us to send out the second set of reporting templates after our new scoping note is ready.

Erry Riyana Hardjapamekas

It would be better to just use the same scoping note.

Ridaya

I propose we discuss this in the (next Implementation Team) meeting in May. Meanwhile, CSOs need to discuss internally whether the second report should use the same scoping note as the first.

Maryati

I agree with Ridaya. The second report must use a new scoping note.

Erry Riyana Hardjapamekas

It is a choice between time and perfection. If you want to produce a second report quickly, it may not be possible to do it in an entirely proper way. What is the difference between 2009 and 2010? There should be optimization between completion and perfection.

Bambang Adi Winarso

There is agreement. EITI is a process. We will use the same scoping note for the second report. If possible, we will procure two reconciliations at once.

David W Brown

There is a limit on the cost of procurement, which cannot be exceeded if rapid procurement is to take place. If adding a second reconciliation causes the cost limit to be exceeded, the procurement of the reconciler will take a long time.

Ridaya

We must consult with the EITI International Secretariat, whether the same scoping note can be used for both reports.

Bambang Adi Winarso

In principle we support compliance with the World Bank procurement rules and do not want to exceed certain procurement thresholds. At the Implementation Team meeting in May, we will agree to approve the reconciler.

Emy Perdanahari

There is a proposal to revitalize the Implementation Team. This means decisions in meetings must be taken by the persons attending on behalf of Implementation Team members. This will be stated in a form attached to all future invitations.

Bambang Adi Winarso

The Secretariat will make sure that all invitations have an attachment that states that all Implementation Team members, should they elect not to attend, must accept the decision of the meetings from which they are absent.

Maryati

The results of today's meeting should be disseminated.

Erry Hardjapamekas Riyana

The Implementation Team hopes that the Secretariat, legally and non-legally, will start to run as soon as possible. In terms of other matters (such as Bu Emy replacing Pak Husen), these are just mentioned to give everyone notice.

Bambang Adi Winarso

It would be preferable if EITI could be placed under the Deputy Assistant Minister for Energy and Electricity, in order to avoid conflicts of interest. The Secretariat will communicate with BPMIGAS, the mining associations, and so on, for the purposes of follow up on reporting.

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The meeting ended.