
Civil Society Role in Supporting Revenue Transparency: TI-Indonesia Experience

Presented in the Workshop:
*Current Challenge in Promoting Revenue
Transparency in Extractive Industries*
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Context

- Extractive industries have a very significant contribution in the country's GDP.
- In 2006, Indonesian Central Bureau of Statistic provisionally valued oil and gas mining industries in Indonesia at 21 millions US dollars, registering 97% growth since 2003. (www.bps.go.id/gdp)
- Oil production capacity is declining, registering 1.07 million barrels per day, compare to 1.5 million barrels per day in 1999.
- Petroleum and mineral concession right is owned by the government.
- Foreign investment is through production-sharing agreement and work contract. Foreign companies entitled to recover their cost of operating, exploration and development.

Challenges in E.I. in Indonesia

- Country's dependency on foreign investment as well as technological expertise.
- Very limited engagement of civil society monitoring on the industries
- Resource curse indication in local level
 - Nangroe Aceh Darussalam and Papua are two resource rich province that until recently still caught in local conflict, human rights violation issues, poverty and corruption
 - Both BPS and HDI listed the two provinces as some of the most poor province in Indonesia

Identified Problem

- Lack of transparency in extractive industries from both side (government and companies)
- No Freedom of Information Act
- Lack of capacity on monitoring in civil society organizations
- Rampant case of corruption

What's need to be done

- Promoting transparency and accountability in extractive industries sector (EITI principle)
- Capacity building and socialization within the civil society organizations, focusing on public monitoring
- Building CSO coalition for Freedom of Information Act

TI-Indonesia Engagement

- On supporting companies effort for transparency
 - Socializing EITI to national oil company (Pertamina)
 - PRT Project
 - Promoting Business Principle Against Bribery to several companies.
 - Promoting the implementation of Integrity Pact

TI-Indonesia Engagement

Civil Society Engagement

- Active engagement with Publish What You Pay (PWYP) coalition
- Building strong coalition with several NGOs on the issue of transparency in extractive industries
 - National Seminar and workshop will be held in November 2007. Agenda: forming CSO coalition for transparency in extractive industries
- Socializing EITI through seminar and workshop.
 - Seminar was held in June 2007. 50 participants from different NGOs came, and the agenda of seminar including brief mapping of extractive industries in Indonesia, socializing EITI principles, and sharing experience of EITI implementation (Azerbaijan).

Coalition Building

- TI-Indonesia has engaged in discussion on revenue transparency with several CSOs in Indonesia
- These CSOs are the core group of the would be established coalition
- The main agenda of the coalition will be to promote transparency in extractive industries, promoting EITI and capacity building on monitoring

Needs assessment

- Strong political will
- Active role of civil society organization in capacity building and monitoring
- Active role of the media and CSO to push the agenda of Freedom of Information Act
- Support from international communities in term of expertise and experience sharing
- Funding

Thank you