



COORDINATING MINISTRY FOR ECONOMICS AFFAIR

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MINUTES OF TECHNICAL TEAM MEETING

Date	: Monday, 6 August 2018
Time	: 13.30 – 15.30 WIB
Place	Meeting Room 4th, floor, Coordinating Ministry for Economic Affairs
Agenda	<ol style="list-style-type: none">1. Revision of Presidential Regulation 26/20102. TOR of the EITI MSG3. Decree of the MSG Team4. Approval of the 2018 Workplan Revision and 2017 EITI Progress Report5. Discussion of Follow-up Pre-Validation
Meeting Participants	<ul style="list-style-type: none">- Coordinating Ministry for Economic Affairs- Legal Bureau, Coordinating Ministry for Economics Affair- DG Mineral and Coal- DG Treasury- DG Budget- SKK Migas- Association of Coal Company- Association of Mining Company- PT Pertamina- Publish What You Pay Coalition- EITI Secretariat- Independent Administrator

A. OPENING

Assistant Deputy for Extractive Industries as the EITI National Coordinator, Bastian Halim opened the meeting and explain agenda of the meeting.

B. Presentation and Discussion

1. Discussion of Revision of Presidential Regulation 26/2010

- Mr. Edi (EITI Secretariat); Term Of Reference (TOR) is needed for validation which will begin on September 1, Presidential Regulation is not possible to be finished on September 1, work plan and annual progress report have been discussed and submitted, only need for input before will be upload in EITI website, and the last follow-up from the pre-validation process.
- Mr. Ronald (EITI Secretariat): The draft of Presidential Regulation revision has been discussed several times in the MSG Meeting. The latest draft regulation has been submitted to the Coordinating Ministry for Economic Affairs. The title is changed because Presidential Regulation does not only concern revenue, but also governance. So the title doesn't change. Many articles are reduced by the proposal of the legal bureau. Consideration of the reduction, because for the revision it cannot be more than 50 percent of content change.
- The urgency of the revision for improving transparency and improving governance. In the terms of reference the MSG will make more detailed. That proposal has received correction from the legal bureau, Coordinating Ministry for Economic Affairs. What needs to be followed up is whether the views of the legal bureau whether this substance is not fully regional income and national income needs to be made new regulations, not just revisions. What needs to be considered, also who the initiator is.
- Mr. Bastian: Efforts to revise due to changes in nomenclature and efforts to improve governance. Discussions were held in Jogja. Also attended representative of Ministry of Law and Human Rights and Secretariat of State. Revisions are also needed for the validation process.
- Mr Ketut (Legal Bureau): Technically the legislation, and fundamental changes and the content of no more than 50% is only a change. Information from us is only refinement and is only related to nomenclature, and has not reached substantial matters. But it was said that there were elementary things that were different from before. We need elementary difference information that differs substantially from before. Then we also see inserted article 1A which means we can convey this substance inappropriately. Because of the purpose of a rule at the philosophical level and the Act. So that 1A should not be inserted, it's better to put it in content. Realizing openness is philosophical, how to be more grounded. So article 1A is better revoked, except in the Act. Improved governance, transparency is already in content. Who will be the initiator must be discussed so that it does not become a problem. Based on Presidential Regulation 87/2014 and Law 12, the Coordinating Ministry for Economic Affairs is not appropriate as an initiating agency of regulations, except for economic policies, or direct orders from the President. If this is done, as resistance from business actors can be done. But if there is resistant, business actors can sue to the Judicial Commission for the inappropriate reason that Coordinating Ministry is the initiator.
- Mr. Bastian: At that time Mrs. Sri Mulyani was the Minister of Finance, and she was given a mandate from the President to implement this transparency. Then we briefly discussed who will be the initiator. This will also be one of the materials for validation.

Because it was still difficult, we also concentrated on completing the TOR of the MSG and Decree for MSG.

- Mr. Ronald: The Presidential Regulation revision contains a lot of governance. Although the title is about revenue, we also consider governance aspects.
- Mr. Edi: We have discussed this Presidential Regulation several times, later we will follow Mr Ketut's input and we will discuss it with him. This revision also had an impact on the TOR. It will be used for validation, for Presidential Regulation it seems difficult to complete on September 1.
- Mr. Bastian: EITI has actually been done a lot. Every year our report is always assessed and almost every year we adhere to the principle of transparency. Last year we as an example country for commodity trading, oil and gas sector transparency. We have also prepared a beneficial ownership roadmap to open data on the beneficial owners. This is one of the reasons for the implementation of EITI. The EITI Secretariat must follow up with discourse with the law firm, including determining the initiator of this Presidential Regulation revision.

2. Term of Reference (TOR) of The EITI MSG

- Mr. Ronald: TOR of the MSG was circulated and discussed in the pre-validation workshop last July which was also attended by the EITI International Secretariat. The EITI International Secretariat requested the addition of several things such as the responsibilities of the MSG: increasing capacity, approving the annual report, and the MSG must be active in the validation process.
- Other things suggested by the EITI International Secretariat are meetings that are inclusive where all members of the MSG can propose an agenda. And the third suggestion is financing. All financing is charged to National Budget (APBN) and other sources in accordance with the law. The honorarium to the MSG is fundamentally funded by the agency represented, although EITI Indonesia can finance it in a limited manner. We rarely raise financing because it is not simple. Regarding the TOR of the MSG, it can be signed by the Chairperson of the EITI MSG.
- Mr Aryanto (CSO): Each member of the MSG has one vote, we are only three while the government 10. Please clarify, because beforehand as far as I know the government, company and CSO are 1 vote each. For financing, we are rather difficult due to budget constraints. Later, if we don't attend because of the financing problem will be considered inactive.
- Mr. Edi: What Mr. Ronald said was explicit in the TOR. If a decision is expected for consensus. But if it can't, voting will be held. It looks like in the company membership and CSO according to our EITI International input added.
- Mr. Aryanto: From 3 CSOs, 3 alternate. So, there were 6 people, but officially members of the 3-person and 3 alternate teams.
- Mr. Edi: If you like Mr. Aryanto's suggestion, then there must be an internal decision first in CSOs, Companies, and the government. If we stay 3 representatives, we will equate it with the old legal basis. If the membership is added to CSOs and companies, the Presidential Regulation must be revised first. But if it's still fixed, the old one will be returned.
- Mr. Bastian: Will it affect the validation? Mr Aryanto: Which is assessed by the existing or will? It looks like the existing one. Mr Bastian: Evaluation assessed from existing until September 1, 2018. Means that it is returned in accordance with the old legal basis.
- Mr. Edi: For financing, it must be included in the TOR. Because previously the government provided funding, we wrote it from the funding of each agency. But for CSOs we add funding from a limited Secretariat. Mr Aryanto: Simply written from the state

budget and other financing. Mr. Bastian: If there is a budget, it will also provide fees for CSOs. Although the budget continues to decrease

3. Discussion of the EITI MSG Decree (SK)

- Mr. Ronald: Regarding the membership of the MSG from the government, associations, and CSOs. To be faster, the draft that we compiled which was the Minister's decision was the Deputy Decree. CSO membership and permanent association 3 representatives. Because of the 3 representatives, the 3 alternate CSOs will be issued from the decree. It still has to be discussed with the legal bureau.
- Mr. Bastian: While waiting for the revision of the Presidential Regulation, if there is no problem with validation, this decree can be directly executed. Substantially this decree must be approved. Mr. Ronald: It's only a matter of the name of the representative, actually it has been approved. For representatives from the Regional Government, still remain. Because there is no revised Presidential Regulation.
- Mr. Bastian: Some MSG who are always present can they be included in the team? Mr. Ronald: If the Presidential Regulation is for government representatives, the name of the position has been mentioned, not the name of the official. For other representatives only institutions. His position is stated in the Ministerial Decree. Because it hopes fast, it is mentioned in the Deputy's Decree.
- Mr. Aryanto: If you mention the name, it will be difficult if there is a change of position by the representative. Like now the name of Mr. Emil Salim is still in the Presidential Regulation.
- Mr. Edi: If there is a proposed name for the government representative, it will go through a long process to designate the names.
- Mrs. Selvi (SKK Migas): We gave the name of the institution because of the many rotations.
- Mr. Robby (Directorate General of Budget): Our membership always submits title names because of frequent changes.
- Mr. Bastian: So we decided it was still what we are now.

4. Approval of the 2018 Workplan Revision and 2018 EITI Annual Progress Report

- Mr Edi: The next agenda is the discussion of work plan and progress report revisions / EITI Annual Progress Report. We have sent the Progress Report, we will wait for input until Friday, August 10, 2018. If there is no input, it is deemed agreed and will be uploaded on the EITI website.

5. Discussion of Follow-up Pre-Validation

- Mr. Edi: The next agenda is the follow-up to the validation preparation. From Gay Ordenes notes during workshops and bilateral meetings.
 1. Government engagement: we have prepared the Perpres and other documents
 2. IPA Engagement: IPA is still engaging with us even though it used to ask for a retreat Engagement with the company already, we will also conduct socialization in Bali
 3. Engagement with CSO, please if there is input from CSO
- Implementation of the work plan already in the Progress Report. Also requested the appointment of MSG members in CSO. Engagement increasing of government needs to be improved. We also do some capacity building and in the future it is expected to be regular.
- Outcome and impact we will immediately complete the results of the impact assessment. Compilation of media coverage has been carried out. Mineral and coal has been

recorded in the report and at Oil and Gas regarding the license transfer allocation is not in oil and gas and cannot be transferred. Transfer of shares can but more businesses to new businesses report to the government. Maybe just explained the rules that govern it. For SKK Migas, the addition of the work area if there is later will be submitted to the Secretariat (2013 - 2014) because the 2015 is already available.

- License registers are in Geoportal. We have contacted SOEs on financing the Bank and in the SOEs Financial Report. Production data on oil and gas and mineral and coal already exists and has been uploaded. Data per province production, SKK Migas does not exist, there are blockages. Aryanto: The province must exist. It will be checked to Mineral and coal province institution. We cannot get export data per province. There used to be reluctance because there was an export port, fearing that other provinces would claim it. Please, if we are given information.
- In kind revenues the volume and total revenues have been explained by the Deputy of SKK Migas. Existing state-owned Pertamina collects state revenue. SKK must be consistent, we cannot open the bankruptcy. Robby (Directorate General of Budget): So what we open is not per buyer but type. It is better to have Pertamina data matched first with SKK Migas so that there will be no more debate.
- Mr Aryanto: The person who becomes the resource person in validation must be the right person. We must be able to show the results of EITI implementation because the impact assessment results are quite alarming.

C. CLOSING

Mr. Bastian closed the meeting by saying that all the decisions of the meeting should be followed up.

D. RESULTS OF MEETING

1. The follow-up process will be carried out in the revision of Presidential Regulation 26/2010 by conducting discussions with the Legal Bureau, Coordinating Ministry for Economic Affairs.
2. The EITI MSG approved the EITI MSG TOR and the EITI Implementing Team Decree (SK). To be faster the process, the TOR and Decree will be signed by the Deputy for Energy, Natural Resources and Environment Management Coordination as Head of the MSG
3. The 2018 EITI Annual Progress Report has been approved and response will be wait for a week before it will be uploaded in EITI website
4. Validation will begin on September 1, 2018. The EITI Secretariat will request assistance if there are incomplete documents.