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## Narrative Project Report

# Reversing the Resources Curse

Promoting Transparency and the Use of Revenue Sharing from Extractive Industries for Poverty Alleviation in Natural Resources Rich Regencies in Indonesia

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## *Outline*

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### **A. Reflections**

The project on promoting transparency and the use of revenue sharing for poverty alleviation that called as “Reversing the Resources Curse” project was remain the important lesson learnt on working with the communities in the ground and engaging with the government in other side. To date, the community center already settled in 8 villages of 4 District; the local government leader has been aware on important of transparency on extractive industries and the revenue management for poverty alleviation. the main PPID (Management Center for Information and Documentation) in the four pilot District has been established; TKPKD (Regional Team Work for Poverty Alleviation) already aware on their main role as a resources center. There are need to establish local regulation for optimising the extractive transparency and the use of revenue for poverty alleviation as well as to strengthen the significant and effective role of TKPKD on poverty alleviation strategy and PPID on giving access of information to the public.

### **B. Activities/Issues Addressed**

The progress of activities/issues which addressed in the proposal are :

***1. Develop quantitative and qualitative baseline data on the conditions of poverty, the effectiveness of poverty alleviation programs, and existing policies concerning the management and use of revenue from extractive industries***

- Baseline data on the condition of poverty, the effectiveness of poverty alleviation programs, and existing policies concerning the management and use of revenue from extractive already developed. Its consist of quantitative and qualitative data.
- The quantitative baseline data consist of : number of unit production of extractive industries which operated in piloting areas, revenue comes from extractive sectors both in the national and sub-national level, number of poverty rate and its distribution, in equality index, the number of budget which allocated for poverty alleviation, as well as the list of existing policies and program which concern on the management and use of revenue from extractive industries in each pilot district.

- The qualitative baseline data consist of social and stakeholder mapping, interview record from related actors, and policy document related to extractive management and poverty alleviation such as mid-term local development plan, annual budget and development program as well as annual strategic plan on poverty alleviation document, both national and sub-national level

**2. *Educate policy makers regarding the need for regulations to ensure transparency of extractive revenue and their use for poverty alleviation program***

- The education for policy maker regarding the need for regulation to ensure transparency of extractive revenue and their use for poverty alleviation program was still in the early step of engaging process, mostly by informally discussion.
- More systematic and programmatic way will be conducted in the second year of project, particularly in the phase of technical assistant in the policy engagement and advocacy process.
- In specific region such as in Bojonegoro District, the awareness on need to ensure transparency of extractive revenue and their use for poverty alleviation is good. They already settled the local regulation on transparency of extractive revenues, as well as they created such as local saving from extractive revenues as endowment funds/investment funds for the future of local budget.

**3. *Provide capacity building and technical assistance to local government in participatory planning, budgeting, monitoring of poverty reduction programs, and coordinating and synchronize poverty reduction programs***

- The capacity building and technical assistant to local government will be conducted in the second year of project implementation. The most priority of capacity building in this first year are for the community which facilitated by the community center in the villages.

**4. *Establish community center in two of most affected villages within each pilot district to empower poor and vulnerable groups, including women, to demand for public information and active participation in planning, budgeting and extractive resources management***

- The community center was established in two of most affected villages within each district. They are : Sudu and Ngampel village in Bojonegoro District, East Java Province; Sungai Limau and Siambul village in Indragiri Hulu District, Riau Province; Tanjung Peutoh and Geulumpang Village in Aceh Utara District, NAD Province; Labuhan Kertasari and Dasan Anyar Village in West Sumbawa District, West Nusa Tenggara Province.
- Most of the community center consist of various background of the people in the village, particularly poor and vulnerable groups, including women, youth, as well as religious and cultural groups.

**5. *Facilitate the establishment and effective functioning of District information and documentation management center (PPID) and sectoral PPID in the Dinas***

***Kesehatan, Pendidikan, Pertanian, Distamben, UKM, dan DPPKAD to serve public information request;***

- The District Information and Documentation Management Center (PPID), particularly the main PPID, has been established in each District, as part of implementation the Freedom of Information Law.
- The PPID in the 6 sectoral local department already established in the District of Indragiri Hulu, Riau; District of west sumbawa, NTB; While in the District of Bojonegoro and Aceh Utara are still on the process on drafting and advocating of local regulation for establishment those sectoral PPID with clear and strong role.

***6. Develop local coordinating team for poverty alleviation (TKPKD) in each of the four pilot district, in collaboration with the SAPA program, to become resource centers that integrate and maintain data and information on extractive resource management and poverty alleviation programs***

- The local TKPKD has been established in each of the four pilot district, which consist of cross-department of Local Government. Unfortunately, to some level, TPKD has limitation regarding the lack of coordination, data collecting and processing as well as weak capacity on providing access to the public.
- It is needed more technical assistant for strengthening TKPKD, particularly its role on conducting strategic monitoring for poverty alleviation program in the local areas, as well as for running its role as a resource center on poverty alleviation.

## **C. Indicators of Success**

Please compare the original proposed indicators of success with the results achieved to date. Comment on any variances you feel require explanation.

***1. Regulation at the national level and in four pilot district promote the use of extractive revenues for poverty alleviation purposes.***

- In generally, there was no specific regulation yet in the national level to promote the use of extractive revenues for poverty alleviation purposes generally. But, in the national law for special autonomy of Aceh (Law Number 21/2001) there was already mentioned the specific obligation of addition revenue sharing from oil and gas sector which have to allocate for poverty alleviation purpose.
- In the local level, specific policy which promote the use of extractive revenues for poverty alleviation purpose were on the process of endorsing by the project team to the policy makers. The project team has been trying the various way of engagement, through the specific engagement such us in Bojonegoro District, as well as through and embed to the local development plan and budgeting process.
- To date, the achievement of this indicators of success reached 50%.
- To reach 100% of success indicator, the project team will conduct an advocacy on the specific purpose to achieve goals, such us endorsing its specific purpose in the currently chance on related regulation revision agenda such us regulation on revenue sharing to the sub-national in the national parliament and or other related regulation.

***2. Establishment and effective function of District PPIDs and PPIDs within the six selected sectors in all four pilot districts***

- Establishment of District PPID was achieved in all of four of pilot district, but for the PPID in the 6 sectoral bodies already established in Indragiri Hulu and West Sumbawa District. So, in totally to date, the achievement of this indicators of success reached 50%.
- To reach 100% of success, its need more effort on the District level to endorse the establishment of sectoral PPID with the effective function of its.
- For making it effective, the community center, which were established in this project, planed to request the information to the District PPID and sectoral PPID regarding the public information/data that people are demanded.

***3. Establishment of eight community center at the village level and effectively empowering the communities***

- Establishment of eight community center at the village level was achieved 100%. Where in each District, there are 2 community center located in the most affected areas/village of extractive operation.
- For its effective function on empowering the communities, the project team will continue to support and strengthening their capacity on accessing the right of information and actively participating on the policy making process such in development planning process and in annually budgeting process.

***4. TKPKD in the four areas serve as resource centers that integrate data on extractive activities with poverty and poverty reduction data;***

- TKPKD in the four areas already established. Unfortunately, not all of TKPKD can play effective role as resources center with integrated data on poverty reduction and alleviation strategic program. So, totally to date, the level of achievement of this indicators of success reached 50%
- To reach 100% of success, the project team will conduct specific technical assistant to strengthening TKPKD on its role as resource center. It will be collaborated with SAPA and TNP2K in the national level.

***5. Decreasing poverty rates and improved people's welfare as recorded by the Human Development Index (HDI)***

- There are not yet secondary data related to poverty rate and Human Development Index that provided by the Government such as TNP2K and or National or Local Statistical Biro. Event though, our prediction is the poverty rate of those four piloting area will increase in average such as trend data as showed in figure 1 and figure 2 below.

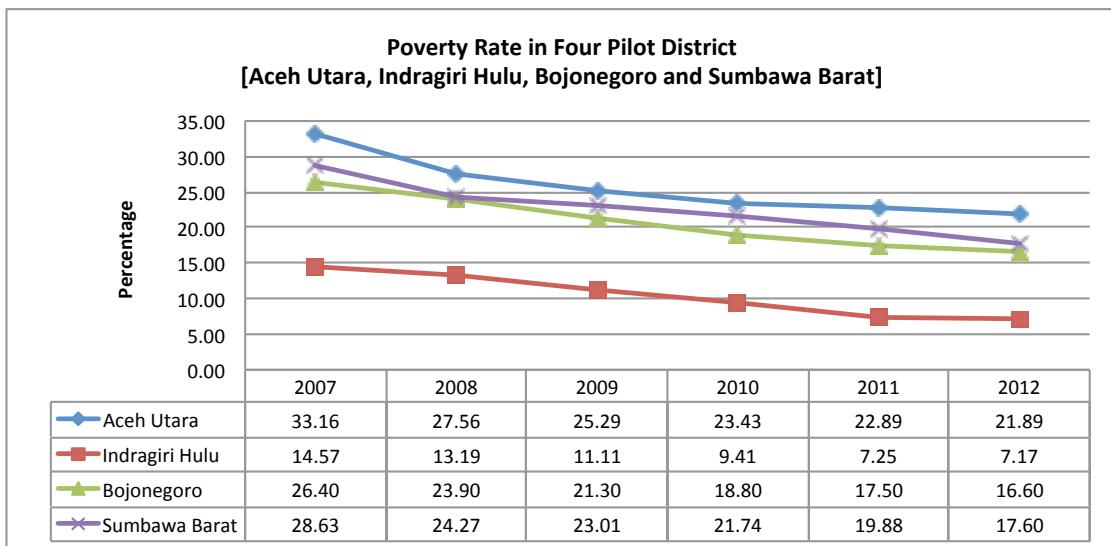


Figure 1. Trend Poverty Rate in Four Pilot District

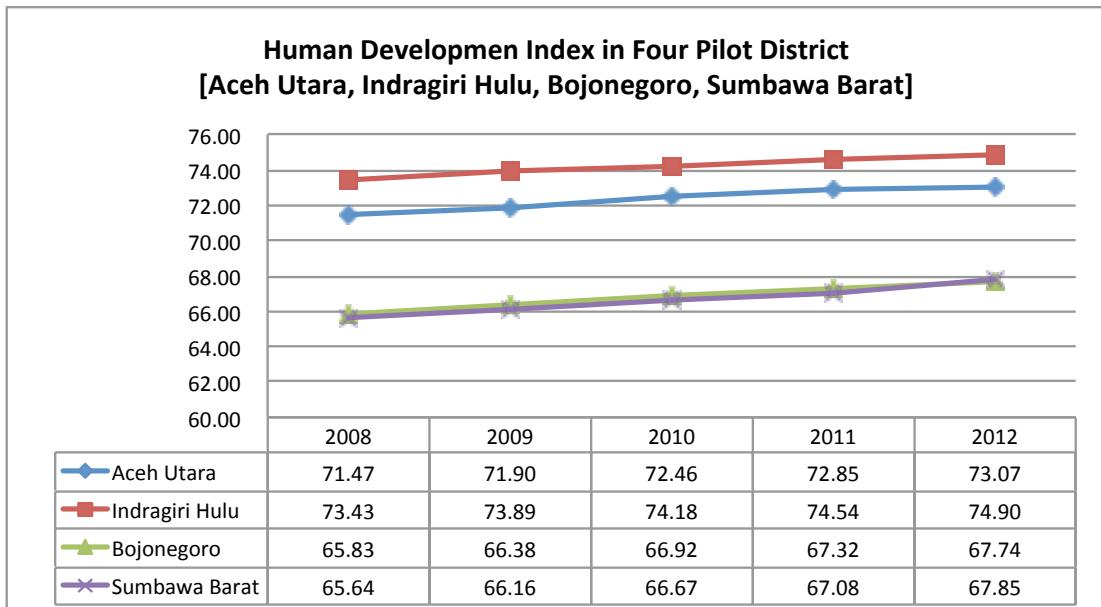


Figure 2. Trend Human Development Index in Four Pilot District

## D. Goals

### *Expected goals to be achieved*

Support the principle of open access to government information and the participation of civil society organisation in planning, budgeting and monitoring of poverty reduction program

### *Goals achieved to date*

The principle of open access to government information and civil society participation in public policy are already protected by the law on freedom of information and the law on national development planning. The formally institution in Government body already settled, where operational standard, responsiveness of services on information and the quality of participation are improving.

## **E. Organisational/Environmental Changes**

The significant organisational changes was happen in internal and external side. Internally, there are increasing the number of organisation staff and the number of project; Externally, there are dynamic situation in the extractive industries governance issues. In internally, it have had impact to the distribution of work and managing the work load of organisation as whole as well as on managing the issue that match with the good momentum.

Responding to those changes, organisation may need strategic action to sincronize those project to strengthen each other and promoting to wider stakeholder. Those respons will give great impact particularly in the area of research and knowledge management, advocacy and networking as well as in the communication and public campaign strategy.

## **F. Organisational or Management Challenges**

The main challenges in the context of organisational or management issue in this project are related to managing the human resources on optimising the potential and effective work to achieve the goals. There are changes in the number and composition of staff that we need to increase the capability on managing the project effectively.

The outstanding need for organisational strengthening are mostly on the project management, writing the lesson learnt and promoting the experience. For sustainability of advocacy and social movement, there are also needs skills for funs raising and writing proposal for the project.

## **G. Diversity**

There are any changes in the form of diversity on gender, cultural and religious composition, particularly in the staff composition. In the gender composition, there are more balance on the number of woman and man in the work, as well as in the cultural background and religious. ##

## **Certification**

 *By submission of this report we hereby certify that the individual submitting this report is authorized to submit it on behalf of the organization and that we are in compliance with the requirements of the grant letter and that any funds expended have been expended in accordance with the purposes of the grant.*  
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INDONESIA

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