

TANGGUH INDEPENDENT ADVISORY PANEL

**THIRD REPORT
ON
TANGGUH LNG PROJECT**

FEBRUARY 2005

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I. Summary and Principal Recommendations

The Tangguh Independent Advisory Panel (“TIAP”) was established by BP to provide external advice to senior decisionmakers regarding non-commercial aspects of the Tangguh LNG Project (“Tangguh” or the “Project”). The Panel is chaired by former U.S. Senator George Mitchell and includes Lord Hannay of Chiswick from the U.K., Ambassador Sabam Siagian from Jakarta and the Reverend Herman Saud from Jayapura. The Panel is charged with advising BP on how Tangguh can achieve its potential as a world-class model for development, taking into account: the Project’s effects on the local community and the environment; its impact on political, economic and social conditions in Indonesia generally and Papua in particular; and its evaluation of Indonesia and Papua “country risk.”

This is the Panel’s third report. The first two reports, submitted in October 2002 and November 2003 are available, together with BP’s responses, from the Panel or on BP’s website.¹ In December 2004, following elections and the inauguration of a new national government, the Panel took another extensive visit to Indonesia, including the Bintuni Bay villages of Tanah Merah Baru (“Tenah Merah”), Tofoi, Taroy and Onar; the towns of Babo and Bintuni; and the cities of Manokwari, Jayapura and Jakarta. For the third year, the Panel met with a wide variety of Indonesians, including many villagers and leaders in Directly Affected Villages (“DAVs”) on the north and south shores of Bintuni Bay; officials and leaders from Bintuni, Babo and Aranday; government officials in Manokwari and Jayapura; ministers as well as other government officials in Jakarta; NGOs in Manokwari, Jayapura and Jakarta; the Regents and faculties of The

¹ BP’s website is www.bp.com. Communications directly with the Panel can be made by e-mail to TIAP@Tangguh.net

University of Papua in Manokwari (“UNIPA”) and of Cenderawasih University in Jayapura; representatives of donor agencies, including the United Nations Development Programme (“UNDP”), the World Bank and the U.S. Agency for International Development (“USAID”); and BP contractors on the Project.² The Panel utilized independent legal counsel, and was again given complete access to all information it requested and total independence in its inquiries and its findings. The conclusions and recommendations in this report are those of the Panel alone.

Tangguh is recognized by officials and other leaders throughout Bintuni Bay, Papua and Jakarta as a project of enormous significance to the region and to Indonesia generally. There are uncertainties, questions and tensions that exist among some of the affected people, but there is a substantial consensus at all levels that Tangguh will benefit the local communities and is good for Papua generally. Tangguh is recognized, particularly in the Birdshead area of Papua, as a project with great potential for economic and social benefits. As stated in previous reports, this recognition also generates expectations that risk being unrealistically high.

Some benefits from BP’s program are already evident at each of the DAVs and at Babo. Projects at DAVs include health clinics, clean water filtration facilities, church and mosque improvements and a new jetty; at Babo, the new airstrip and pier have lead to increasing commercial activity; and, at Tanah Merah as well as in Onar and Saengga, there has been the construction of new homes and facilities. These projects and the Tangguh early works activities have employed significant numbers of Papuans and have made substantial purchases from Papuan businesses.

² A list of all individuals and entities consulted by the Panel is included at Appendix 1.

The region is more fully described in the Panel's First Report. However, it is important to remember that there are no substantial population centers near the Tangguh site and there are no roads connecting the towns and villages around Bintuni Bay. The Bay is considered by environmentalists to be one of the world's most diverse marine ecosystems. Yet it is by no means untouched. There are many shrimp trawlers operating in the Bay and processing facilities on the shore, as well as logging sites, palm oil plantations and sago tree nurseries in the surrounding areas.

The Panel again considered BP's existing activities and its plans for the Project in relation to the most respected current global norms that establish best practices for projects in developing countries. These include the United Nations Universal Declaration of Human Rights; the International Labor Organization Convention Concerning Indigenous and Tribal Peoples in Independent Countries; the World Bank Operational Directive with respect to indigenous peoples; the U.S.-UK Voluntary Principles on Security and Human Rights (the "Voluntary Principles on Security"); and other World Bank and IFC policies regarding environmental operations and protection of natural habitats.³ BP has committed to abide by these standards, and the Panel concludes that, thus far, it has met this commitment.

BP's compliance with Indonesian and local law is outside the scope of the Panel's inquiry. However, in the Panel's meetings with local, regional and national governmental officials, there was no suggestion that BP is not abiding by all its legal obligations.

Most officials and NGOs with whom the Panel met expressed the desire that the Project move forward as early as possible. The Panel understands that under the present schedule

³ Key provisions of these instruments are included at Appendix 2 to the Panel's First Report submitted in October 2002 (the "TIAP First Report").

Tangguh will likely be operational by 2008. Commercial contracts with Fujian LNG Terminal in China, Posco and K-Power in Korea, and Semptra in the United States are sufficient to go forward with two full LNG “trains” in the initial operation. BP has noted that additional purchasers could be secured, thus it is possible that additional trains will be added in the future.

Serious issues still confront the Project, particularly in the areas of local community relations; political and fiscal implications from the proposed division of the province of Papua; and consultation and communication with local and provincial officials. On these points and others, the Panel makes the following specific recommendations, each of which is described more fully below.

Overview

- **The feeling of unfair treatment of north shore villages must be addressed even more forcefully than before. Increased tangible benefits must be provided to north shore communities in order to rectify perceived imbalances and injustice.**
- **As a result of the proposed establishment of the province of West Irian Jaya, the delay in receipt of revenue from Special Autonomy and the sudden increase in revenue in the future risks creating serious imbalances and impeding economic development. It is essential that BP work with the national and provincial governments, as well as multinational lenders, to devise a mechanism to bring forward and smooth out a flow of revenue.**
- **Consultation and coordination with local government officials, particularly the new Regency in Bintuni, must be intensified. BP should consult with the new Regency regarding economic development, education, health, fishing and infrastructure and, to the extent feasible, coordinate with the new Regency.**
- **Communications with affected stakeholders must be improved, particularly in the Bintuni Bay area.**

Relocation of Tanah Merah

- **All commitments to Tanah Merah villagers should be implemented in full, including programs for agricultural development, facilitating access to nearby fishing grounds, boat building, training for post-harvest processing of marine produce, implementing a small business development program and establishing a village**

management cooperative. However, BP should not delay the scheduled phase out of fuel provisions and food baskets to avoid dependency.

- BP should explore with the Bintuni Regency the possibility of scholarships for students from the DAVs and other villages in the Regency to attend the new secondary school at Tanah Merah.

Near Term Benefits for the Bintuni Bay Region and Employment of Papuans

- Community development assistance funds for each of the DAVs should be continued through the construction phase of the Project.
- BP's program to train Papuans for operations and management positions at Tangguh should be continued and expanded.
- Every effort must be made to procure goods and services locally whenever possible.
- With regard to administration of the DAV community development funds, BP should make clear that village leaders must agree on appropriate projects to be funded; that all funds will remain available to the villages if not spent in the current year; and that a full accounting of all funds disbursed will be available to every village resident.
- In addition to its health programs in the DAVs and its malaria control activities, it is essential that BP work with local health authorities on HIV prevention throughout the Bird'shead Region.
- Separate from its annual community development grant to each DAV, BP should work with the Bintuni Regency to support improvements at the primary schools in each of the DAVs and affected towns in the region.
- In coordination with the Bintuni Regency, BP should establish a fund or program to support development in north shore communities, including the possibility for a long-term program for housing renovation and construction in each of the DAVs.

Security and Human Rights

- The Letter of Joint Decree between BP and the Regional Police of Papua concerning Guidelines for the Implementation of Joint Security Measures should be made available to the public and, pursuant to those Guidelines, BP should commit publicly to disclose all payments or provision of materials or services made thereunder.

- BP should ensure that the Field Guidelines for Security Measures between BP and the Regional Police of Papua are applied by any new Police command formed in the Province of West Irian Jaya.
- If and when a new subcommand is established by the TNI in the District of Bintuni, BP should establish good relations with the subcommander and take steps to ensure that he is committed to the Field Guidelines for Security and the principles of community based security.

Bringing Forward and Smoothing Revenue Flow to the Region

- It is essential that BP play a catalytic role with key government ministries, the provincial government and multinational lenders to encourage the development of a financing mechanism that brings forward and smoothes out the flow of governmental revenues from Tangguh to the provincial and district governments.

Mitigation of Adverse Affects

- The Panel reaffirms its support for BP's plans for contractors to hire and pay non-resident workers at remote locations, to limit off-site activities of these workers and, to the extent possible, to minimize use of cash at or around the Project worksite.
- The contractual obligations for employment and training that must be implemented by BP's contractors and subcontractors must be carefully monitored and strictly enforced.
- A mechanism should be established for the monitoring and reporting of violations of BP policies by any employee of BP or its contractors regarding human rights, labor, environment or community relations.
- Working with the Bintuni Regency and the Ministry of Fisheries, BP should support development of a fisheries management plan for Bintuni Bay as well as specific tangible benefits for local fisherman in the form of more advanced fishing boats and equipment.

Transparency

- Working with national, provincial and local authorities, BP should encourage clear publication of all receipts and disbursements regarding Tangguh revenues. Immediately, BP should encourage BPMigas to release the terms of the production sharing agreement and the non-commercial elements or a summary of the plan of development; publish the Field Guidelines for Security with the Regional Police and disclose any payments made thus far pursuant to that agreement; and publish for each DAV a full accounting of its community development fund expenditures.

Environment

- In addition to its commitments set forth in the AMDAL, BP should consult with local, provincial and national environmental authorities to safeguard the ecosystem of Bintuni Bay and the areas proximate to the Project site.
- BP should monitor all effluents and other discharges, both onshore and offshore, during construction and share the results with all relevant authorities.
- BP should reaffirm and continue its commitment to support the preservation of critical mangrove forests including the establishment of the Cagar Alam Nature Reserve in Bintuni Bay.

Public Information

- It is essential to use new and innovative methods to communicate understandable and specific information regarding Project activities and commitments to the people of Bintuni Bay.
- BP should seek greater publication in external media of articles relating to existing and impending projects in the areas of health, education and economic development in the Bintuni Bay area.
- BP should establish procedures for media and communications relating to any accident or adverse incident related to the Project.
- Working with the Bintuni Regency, BP should establish the Bintuni Bay Forum as a mechanism for publicizing activities and issues related to Tangguh and increasing communications among the communities throughout the Bintuni Bay area.

II. Political/Security Developments

The year 2004 was very positive for Indonesian political stability. Although the year ended in the catastrophic earthquake and tsunami which directly affected Aceh and North Sumatra, 2004 will also be remembered as a turning point for Indonesian democracy as it successfully conducted one of the largest direct elections in history and then transitioned peacefully to a legitimately elected opposition. Both the parliamentary elections in the spring and the direct presidential elections in July and September were almost free of violence and, with

a few exceptions, not seriously tainted by fraud. More than 110 million people voted, about 89 percent of the electorate. Susilo Bambang Yudhoyono (“SBY”), the former Coordinating Minister for Security and Military Affairs in the administration of President Megawati, won with more than 60 percent of the vote, carrying 30 out of 33 provinces by substantial margins.

Papua elected representatives to the House of People’s Representatives (the “DPR”) and the Regional Representatives’ Council (the “DPD”) as two separate provinces – Papua and West Irian Jaya. Papua (excluding West Irian Jaya) gave SBY a 60 percent plurality while West Irian Jaya provided 53 percent. But the turnout in Papua was considerably lower than in much of the country, in part because transportation and communication in so much of the region is difficult. The transition of power, although uncooperative, was peaceful and uneventful.

SBY came to office with a considerable legacy of goodwill and a clear mandate for reform. Given SBY’s assurances to the Panel in 2003 that Special Autonomy would be fully implemented, as well as his actions since taking office, his election must also be considered a positive development and a force for stability in Papua. During his short tenure in office, there has been much debate over the speed of SBY’s decision-making, the composition of his cabinet and his determination to make significant legal and economic reforms. However, there is no dispute concerning the clear direction of his efforts toward reform. In his first 50 days in office, prior to the massive distraction of the tsunami, investigations were begun of more than 22 senior political officials for corruption, including five governors. SBY clearly believes that foreign direct investment is essential for Indonesia’s economic development and that a fair, predictable and uncorrupted legal system is essential to attract this foreign direct investment.

The confusion regarding the division of Papua has begun to clear. In October 2004, the Constitutional Court ruled that Presidential Inpres 2002-1, dividing Papua into three provinces,

was unconstitutional because it violated the specific decision-making mechanism included in the Special Autonomy law for determining whether Papua may be divided into multiple provinces. Nonetheless, the Court held that its ruling was prospective only and that the province of West Irian Jaya, which already had instituted a nascent government and elected representatives to the national legislature, would remain in existence. The ruling by Indonesia's highest court establishes the current legal status of the new province. While some in Papua continue to take issue with this outcome, and many continue to be confused by it, it appears that, for now, the province of West Irian Jaya will continue.⁴ Tangguh is located within this new province with its capital at Manokwari.

However, the application of Special Autonomy to West Irian Jaya is not clear. SBY traveled to Papua on December 25th to publicize the issuance of a Presidential Directive governing the formation of the Papuan People's Assembly (the "MRP"), the Regional Council of Advisors envisioned in the Special Autonomy law. The MRP will be comprised of one-third Adat (traditional) leaders, one-third religious figures and one-third representatives of women. Elections for the MRP will held in late 2005. It will provide "inputs" on candidates for Governor and Deputy Governor proposed by the legislature and on "by-laws" proposed by the legislature or the Governor, and on any proposed agreements between the Governor and third parties. It also has the responsibility to "consider and approve" any proposed further division of the province. There are concerns regarding the authority and jurisdiction of the MRP, but its establishment will implement a key provision of Special Autonomy.

⁴ Recent reports indicate that the Governor of Papua has proposed to the President the division of the province into 5 separate parts by 2009. See, e.g. Kyodo News, February 8, 2005.

Although SBY said nothing about West Irian Jaya on his Christmas trip to Papua, reports indicate that the Ministry of Home Affairs, on January 4, 2005, ruled that a parallel MRP would be established for West Irian Jaya.⁵ The situation is evolving and by no means clear. But based on this report and the Panel's meetings with Government of Indonesia officials, there seems to be a clear intention at the Presidential level to apply Special Autonomy fully but separately to West Irian Jaya. New legislation may be required to accomplish this goal, particularly with regard to the revenue sharing provisions. Any need for parliamentary involvement, of course, adds further uncertainty to the outcome.

At the time of the Panel's visit in mid-December, while there was much confusion over the division of the province and the application of Special Autonomy, many Papuans with whom the Panel met acquiesced in or endorsed the creation of the new province. The most strenuous objections related to the manner in which it was created. Leaders in Manokwari and Bintuni endorsed creation of the new province and argued that the smaller province could deliver better services, better education and an improved quality of life. Nonetheless, the division remains highly controversial.

In parallel with these political developments, there have been positive developments regarding the role of the TNI in the protection of vital national assets and participation in business enterprises generally. First, a decree was issued by the Megawati Administration that would leave security arrangements at vital installations to the respective companies. Under this arrangement, TNI soldiers would return to these business installations only at the request of the

⁵ See Reformasi, January 7, 2005 at p. 12.

National Police, who would initially deploy personnel to the installations if there were any security disturbances.

Second, shortly before the end of the Megawati Administration, Parliament passed a military reform bill. Its core provisions clarify that the military is subject to the authority of the Defense Minister and is accountable to the President. It also excludes protection of vital national assets from TNI core functions, and it requires, within five years, that the TNI divest itself of all business activities that are owned or operated by the military. Although it is unlikely that this divestiture of business operations will take place within the time prescribed, Defense Minister Juwono Sudarsono explained to the Panel the program for beginning the conversion of certain large TNI owned businesses. These developments regarding TNI core functions and business activities improve prospects for successful implementation of community based security at Tangguh.

Nevertheless, in Papua, there continue to be TNI activities against alleged separatists in the Central Highlands, and in areas near the border with Papua New Guinea, that have lead to allegations of excessive violence against civilians. In response to complaints, SBY specifically instructed the TNI that “the operation should be conducted wisely and carefully, and that the people should not suffer from excesses.”⁶ While these incidents are serious cause for concern, there have been no such TNI operations in the Birdshead region.

The investigation of the killing of three teachers (two of whom were Americans) working for Freeport MacMoRan near Timika on August 31, 2002 remains a point of tension between Indonesia and the United States. The Congress again imposed a condition on the restoration of

⁶ See *Yudhoyono asks former Papuan Governor to help resolve Papuan conflict*, Tempo Interactive (Nov. 5, 2004).

the International Military Education and Training Program (“IMET”) that prohibits any funding until the U.S. State Department determines that the TNI is cooperating with the U.S. Federal Bureau of Investigation (“FBI”) inquiry into the Timika murders.⁷ Moreover, in a reversal of the U.S. State Department’s previous conclusion that “members of the Indonesian Army were responsible for the murders in Papua,”⁸ the U.S. Department of Justice has now indicted for these murders an Indonesian who, according to the indictment, was allegedly an operational commander of the Free Papua Movement (“OPM”). At this time, although the investigation has not been concluded, no TNI involvement in the ambush has been found by the FBI.

III. Overview

The Panel found that most interested parties in all sectors of society support the Tangguh Project and endorse its immediate development. This consensus permeates the Bintuni Bay region, despite serious issues that some in the area have with specific aspects of the Project. Support for the Project going forward without delay also exists among government officials and NGOs in Manokwari and Jayapura as well as senior officials of the Government of Indonesia in Jakarta.

But serious concerns remain and complaints continue. Some relate to unrealistic expectations; however, others may be attributable to inadequate foresight and communication.

⁷ On February 26, 2005, the U.S. State Department made the determination to restore funding for the IMET program. It is not clear whether Congress will seek to impose new or further conditions on funding.

⁸ *See A Nightmare, and a Mystery, in the Jungle: Ambush of School Outing Left 3 dead, 8 Wounded and Suspicion of Involvement by Indonesian Army*, Washington Post (June 22, 2003).

At this point, the most serious issues that must be addressed by BP are:

1. **The feeling of unfair treatment of north shore villages.** Villagers on the north shore are jealous of the development of Tanah Merah, Saengga and Onar, which exemplifies to them a dramatic imbalance in benefits from BP. This jealousy and the confusion among north shore villagers regarding the rationale for this imbalance is not unjustified. The Panel previously recommended that “increased tangible benefits be provided to north shore communities in order to rectify perceived imbalances.”⁹ This has not yet been accomplished. The Panel saw little evidence of additional steps taken by BP to diminish these tensions.

2. **The fiscal implications of the division of Papua for the proposed West Irian Jaya.** For the past three years, Papua (including West Irian Jaya) has benefited significantly from increased revenues resulting from the implementation of Special Autonomy. However, these revenues derive substantially from the Freeport mining operations near Timika. It is the Panel’s understanding that, at some point in the near future, Freeport revenues will flow only to the remaining province of Papua and not to the proposed province of West Irian Jaya. It is apparent that significant revenues from Special Autonomy related to Tangguh will not flow for at least 10 years. As a consequence, West Irian Jaya may be left without many of the economic benefits of Special Autonomy for quite some time unless a mechanism can be implemented to bring forward the flow of revenues from Tangguh. The Panel’s concern on this point, expressed in its previous reports, is intensified as a result of the creation of the proposed new province.

3. **Consultation and coordination with local government officials.** Until recently, it may have been difficult for BP to focus its governmental coordination on the appropriate

⁹ TIAP Second Report submitted in November 2003 (the “TIAP Second Report”), at p. 18.

authorities. However, with the establishment of the district capital at Bintuni, it is now clear in what jurisdiction Tangguh resides and with whom BP must work. The Panel was impressed with the vision and the understanding of the Deputy Regent and the local administration at Bintuni. The Panel previously suggested that BP develop “a sound working relationship with the Regent and other government officials at Bintuni.”¹⁰ The Panel now recommends that BP consult and, where appropriate, coordinate its community development activity, including education, health, fishing and infrastructure, with the Bintuni Regency.

4. Inadequate communication, particularly in the Bintuni Bay area. While this is a difficult assignment given the primitive state of communications in the region, the Panel believes it is urgent that a major effort to improve communication be undertaken. Local communications, using whatever media are available, that explain BP’s commitments and its programs are essential. Confusion will probably not be entirely eliminated but better communication will help a great deal to increase understanding and reduce tensions.

Although these issues are serious, much has gone well in the past year. First, significantly, the relocation of Tanah Merah has been accomplished without incident. There is no doubt that the living conditions of all of the residents of Tanah Merah have been improved dramatically. Second, agreement has been reached with the Papua police on Field Guidelines for Joint Security Measures that implement the structure and protections of community based security and adopt directly the Voluntary Principles on Security. In addition, the regional command of the TNI expressed agreement with and understanding of the principles of community based security. Although the roles of the police and TNI in Tangguh security

¹⁰ TIAP Second Report at p. 18.

“remain one of the most sensitive issues for the Project,”¹¹ there is every reason to believe that community based security can be implemented successfully.

Recommendations:

- **The feeling of unfair treatment of north shore villages must be addressed even more forcefully than before. Increased tangible benefits must be provided to north shore communities in order to rectify perceived imbalances and injustice.**
- **As a result of the proposed establishment of the province of West Irian Jaya, the delay in receipt of revenue from Special Autonomy and the sudden increase in revenue in the future risks creating serious imbalances and impeding economic development. It is essential that BP work with the national and provincial governments, as well as multinational lenders, to devise a mechanism to bring forward and smooth out a flow of revenue.**
- **Consultation and coordination with local government officials, particularly the new Regency in Bintuni, must be intensified. BP should consult with the new Regency regarding economic development, education, health, fishing and infrastructure and, to the extent feasible, coordinate with the new Regency.**
- **Communications with affected stakeholders must be improved, particularly in the Bintuni Bay area.**

IV. Relocation of Tanah Merah

The relocation of Tanah Merah, when viewed in isolation, must be considered a resounding success. The new homes and facilities of Tanah Merah, as well as the new homes in Onar and the renovations in Saengga are major improvements, in terms of residences, public amenities, schools and religious facilities. Every family in Tanah Merah chose the village and site of its new residence, which are attractive and well constructed. They each include electricity, running water, cooking and toilet facilities. The Panel can certify that the living

¹¹ TIAP Second Report at p. 12.

conditions for every villager in Tanah Merah have improved materially.¹² The contrast is most striking in Onar where the new homes are adjacent to but separate from the pre-existing village.

However, when viewed in a broader context, the construction of Tanah Merah has exacerbated several significant concerns. First, and most importantly, Tanah Merah is a glaring illustration of unfairness to villagers in the north shore DAVs. It has fueled complaints by north shore villagers that they are not being treated fairly. Some elected officials and an NGO in Jayapura expressed concern that the homes built for Tanah Merah villagers were excessive and inappropriate and were creating jealousies and conflicts. Given the contrast between existing housing and facilities in the other DAVs, it is easy to understand these feelings. BP will have to deal with this reaction directly and forcefully.

These tensions are rooted in the belief by north shore villagers, based on Adat rights, that the gas is owned by the north shore residents. While this claim has no legal validity under Indonesian law, it must be considered by BP. It would be unfortunate if the successful relocation of Tanah Merah were impaired by the ill feelings of others created by the move.

Second, there is a real danger that the villagers resettled in Tanah Merah are becoming dependent on the benefits provided by BP. Both temporary fuel supply for electricity generation and food baskets are being provided during a transition period and are scheduled to be phased out. Villagers are concerned about the termination of these benefits. Much is being done by the BP resettlement team to ease the transition to Tanah Merah. The relocation of Tanah Merah

¹² This conclusion is confirmed in considerable detail in the Report of the Independent Advisory Panel on Resettlement, which concludes that “the major impoverishment risks, intrinsic to loss of prior land and houses in displacement, have been effectively preempted or mitigated in the case of Tanah Merah” and that “[t]hese two settlements (Tanah Merah and Onar) may probably compete successfully now for the title of best physically endowed villages in all of Indonesia.” Second Field Report on Population Displacement and Resettlement in the BP Tangguh Project (the “Resettlement Report”), Prof. Michael Cernea, November 10, 2004.

villagers meets or exceeds all World Bank standards.¹³ However, BP must abide by its scheduled phase-out of provisions to avoid over-dependency. BP should continue all of its programs for agricultural development, facilitating access to nearby fishing grounds, boat building, training for post-harvest processing of marine produce, implementing a small business development program and establishing a village management cooperative to assume operational responsibility for village facilities and utilities. These programs will all help the new village become self-sufficient and operational. Villagers should be encouraged to continue with shrimping and fishing and other activities necessary to raise revenue. BP must abide by all of its commitments, but its assistance following the transition must phase down to the level of support being provided to the other DAVs.

Third, one of the most impressive of the new facilities in Tanah Merah is the new secondary school and its attendant dormitory. However, at the time of the Panel's visit, the school and its dormitory sat empty and unused because of a lack of both teachers and students. This illustrated a considerable lack of advance planning and an example of BP's failure to coordinate the construction and operation of the school with officials in the Bintuni Regency.¹⁴

The Panel believes that this can be rectified but only in close coordination with local officials. The Panel was informed by Bintuni officials that education is a top priority and that the Regency has recruited substantial numbers of new teachers in the past two years. Given the excellent dormitory facility at Tanah Merah and the lack of secondary schools in the Bintuni Bay area, it should be possible to make this new facility into a "magnet" secondary school, attracting

¹³ See the World Bank's Standards for Involuntary Resettlement at www.worldbank.org.

¹⁴ The Bintuni Regency may not have been in existence at the time that Tanah Merah was originally planned. But it was operational when the village was being constructed.

deserving students from all the DAVs or a wider area. The Panel suggests that BP consult with the Regency regarding the possibility of scholarships funded by BP for students in all of the other DAVs and, to make full use of the facilities, for other villages in the Regency to support students who board at Tanah Merah. The specifics of any support program, either for students or teachers, should be embraced by the Regency. If this can be accomplished, it would be one of the best ways to spread education benefits from Tangguh to all villages in the area.

Fourth, the new homes and facilities in each of the villages are likely to attract in-migrants, both Papuan and non-Papuan. This has already begun in Onar. In addition, Tanah Merah residents who received new homes may be tempted to rent or sell their homes for cash or other consideration. The evolution of migration and ownership in each of these villages must in the first instance be left to the residents and their leaders. BP should not interpose itself in these decisions. However, it should carefully monitor developments so as to be aware if any tensions arise.¹⁵

Recommendations:

- **All commitments to Tanah Merah villagers should be implemented in full, including programs for agricultural development, facilitating access to nearby fishing grounds, boat building, training for post-harvest processing of marine produce, implementing a small business development program and establishing a village management cooperative. However, BP should not delay the scheduled phase out of fuel provisions and food baskets to avoid dependency.**
- **BP should explore with the Bintuni Regency the possibility of scholarships for students from the DAVs and other villages in the Regency to attend the new secondary school at Tanah Merah.**

¹⁵ The Resettlement Panel recommends an information campaign to discourage immigration for the purpose of getting jobs on the Project. See Resettlement Report at p. 14.

V. Near Term Benefits for the Bintuni Bay Region and Employment of Papuans

Separate from the relocation of Tanah Merah, actions taken by BP have begun to confer tangible benefits. BP's community development fund for each of the DAVs and its Integrated Social Strategy ("ISS") have provided tangible benefits in each of the DAVs and have begun to provide social and economic development benefits for the Bintuni Bay area.

Each of the DAVs receives its community development assistance fund of \$30,000 per year to invest in projects of its choice. Thus far, these projects include: clean water reservoirs; health clinics; school furniture and books; a new jetty; and renovation of religious facilities. Each of these projects immediately benefits the community and should be continued through the construction phase.

In addition, employment, procurement and development generally are beginning to have a positive economic impact in the area. More than 500 local Papuans have been hired by BP and its contractors for purposes as diverse as the Community Affairs Field Teams ("CAFT"); the Shields Security Guard Force; and support for the Babo base camp and the Project site. BP has committed to offer a job during the construction phase to at least one member of every family from each of the DAVs. This is a commitment that will have to be implemented through BP's contractors.

The Panel reiterates its previous recommendations that BP monitor and enforce these contractual obligations for employment and training that will fall upon its contractors and subcontractors. BP must make sure that these commitments are fulfilled and that all Papuan employees are treated fairly. In addition, BP should encourage its contractors to register their employees locally, rather than their place of permanent residence. Such registration will provide

to the local governments the applicable percentage of national income tax receipts that is allocated to the place of employment.

BP continues to train 28 Papuan college graduates in the more sophisticated operations and management aspects of LNG operations. These and other qualified Papuans who complete this multiyear program will return to Tangguh to assume positions of responsibility. This program should continue, adding new students each year.

Separately, BP has procured \$38 million worth of goods from local contractors. The Panel was informed that BP seeks all materials possible from local suppliers. Every effort should be made to continue to procure goods and services locally whenever possible, including encouraging and assisting the development of local cooperatives. In addition, with the construction of the new airstrip at Babo and the expanded pier facilities, both air and water transportation have increased at Babo with attendant expansions of local commercial activity. These developments are welcomed by Babo, Bintuni and provincial officials, who emphasize the need for employment and procurement as key elements of BP's contribution to the community.

Several specific issues arose with regard to administration of the DAV community development funds. First, there may be disputes within a village about the appropriate use of this fund. BP must exercise caution to insure that there is a consensus among village leaders on the appropriate projects to be developed. If there is a significant dispute, it is not for BP to choose among competing projects. Second, BP should make clear to each DAV that these funds are available and will remain available even if not fully disbursed in the current fiscal year. Thus, each DAV should understand clearly that it will not lose any of its fund if it does not spend it immediately (e.g., if consensus cannot be reached on a specific project). Third, it is essential that strict controls and transparent accounting be applied to these expenditures. Both BP and

residents of each DAV are entitled to a full accounting so that there can be no question that these funds are fully disbursed and appropriately spent.

The Panel has previously recommended that BP provide near-term tangible benefits in the areas of health, including clean water, and education. To date, there seems to be considerably more progress in health than in education.

In the healthcare area, the Panel was impressed by BP's commitment and the progress of its ongoing programs. In addition to the health clinics and a mid-wife program in the DAVs, BP is making significant progress in its malaria control program and in its maternal and child health activities. Also, in partnership with USAID, UNDP, the regional health department and NGOs, BP is actively promoting its HIV awareness and prevention program, both locally and throughout the Birdshead Region. Given the massive influx of migrant labor that is expected during construction, and the prevalence of HIV in other areas of Papua, it is essential that BP work with local health authorities on HIV prevention throughout the Birdshead Region.

There is as yet little visible benefit to education despite the fact that at every governmental level in Papua education was highlighted as a priority. In addition to making the new secondary school at Tanah Merah the magnet school previously suggested, BP should work with the Bintuni Regency to support improvements at the schools in each of the DAVs and affected towns in the region. This is particularly important in the north shore communities. Support for local primary education in the DAVs should be independent of and in addition to the annual community development grant.

Despite BP's beneficial programs in health and community development, there remains a glaring inequality in housing between treatment of the relocated Tanah Merah villagers and other affected villagers in the region. The Panel previously noted that "additional steps will need to be

taken to provide more benefits to north shore communities” because “most of the development and its attendant benefits to housing, health and infrastructure will flow to communities on the south shore.”¹⁶ The Panel recommended establishing a separate development fund for north shore communities. Similar proposals were suggested by Bintuni officials, who proposed a long term investment program for the north shore, and the Governor of Papua, who suggested infrastructure and housing development to diminish perceived inequities.

The Panel strongly recommends that BP establish such a fund or program in coordination with the Bintuni Regency, which represents both north and south shore communities. Because of the striking disparity in traditional housing and the new homes in Tanah Merah, Onar and Saengga, the Panel specifically recommends that BP explore with local and provincial officials the possibilities to support a housing assistance program. A long-term program for housing renovation and construction could provide both significant standard of living benefits in each of the DAVs as well as substantial long-term employment to local Papuans who become trained in the skills of construction, carpentry, plumbing and electrical. Of course, a development fund for the north shore could address other infrastructure or community improvements such as clean water and sanitation. But a housing program would be one possible area that combines immediate benefits in standards of living, training and employment, and development of sustainable and transferable vocational skills.

Recommendations:

- **Community development assistance funds for each of the DAVs should be continued through the construction phase of the Project.**

¹⁶ TIAP Second Report at p. 14.

- **BP's program to train Papuans for operations and management positions at Tangguh should be continued and expanded.**
- **Every effort must be made to procure goods and services locally whenever possible.**
- **With regard to administration of the DAV community development funds, BP should make clear that village leaders must agree on appropriate projects to be funded; that all funds will remain available to the villages if not spent in the current year; and that a full accounting of all funds disbursed will be available to every village resident.**
- **In addition to its health programs in the DAVs and its malaria control activities, it is essential that BP work with local health authorities on HIV prevention throughout the Birdshead Region.**
- **Separate from its annual community development grant to each DAV, BP should work with the Bintuni Regency to support improvements at the primary schools in each of the DAVs and affected towns in the region.**
- **In coordination with the Bintuni Regency, BP should establish a fund or program to support development in north shore communities, including the possibility for a long-term program for housing renovation and construction in each of the DAVs.**

VI. Security and Human Rights

Security remains a sensitive issue and a concern. There continue to be operations by TNI forces elsewhere in Papua that allegedly use disproportionate force and abuse the rights of civilians. However, in the past year, there has been significant progress in adopting BP's concepts for integrated community-based security. The Panel has endorsed this program as a means to minimize the threat of human rights abuses relating to Tangguh.

Significantly, in April 2004, the Chief of the Regional Police of Papua and BP entered into a Letter of Joint Decree concerning Field Guidelines for the Implementation of the Joint Security Measures within the Work Area of the Tangguh LNG Project (the "Field Guidelines for Security"). The Field Guidelines for Security establish the overriding principle that both BP security and the Papua police commit firmly to uphold basic principles of human rights; to

establish as a priority the prevention of injuries and fatalities through minimum use of force; and to approach all issues with mutual respect and a commitment to solve all issues without resorting to violence or intimidation. The Field Guidelines for Security specifically incorporate the standards of the Voluntary Principles on Security and Human Rights and the U.N. Basic Principles on the Use of Force and Treatment of Offenders.

The Field Guidelines for Security prescribe all security standards and procedures and delineate responsibility between BP security and the Papua Police. The Field Guidelines for Security contemplate a range of prospective threats – from simple theft to demonstrations to a hostage situation. In all circumstances, the Police will be called in only at the request of BP security; assistance from the TNI will be requested only as a “last resort” upon the coordinated request of BP security and the Papua Police. By these measures, the Field Guidelines for Security adopt procedures to implement the security concepts of community-based security.

In addition to requiring adherence to the Voluntary Principles, all Police personnel must be trained in accordance with applicable international law and the following guidelines: using minimum force necessary to control any violent situation; avoiding fatalities and environmental pollution; controlling the use of weaponry to curb the risks and dangers to people who are not involved; using persuasion as a first priority; taking action that could cause injury or death only as a last resort; and immediately reporting any incident of weaponry or any act causing death or injury.

The Field Guidelines for Security also specifically require each entity to bear the costs for its own activities in discharge of its obligations. And it provides that all costs, payments and provisions of materials or supplies will be open and transparent with either side permitted to publicly disclose this information. If BP requests security assistance from the Papua Police, it

may request cost recoverable payment from BPMigas for transportation, lodging, meals and daily allowances. In no circumstance will BP provide or pay for any weapon, weaponry, ammunition or any funding that supports the procurement of these items.

The Field Guidelines for Security are a major step forward. The Panel discussed them with the local Chief of Police at Babo and the Regional Chief of Police at Jayapura. Both understood their significance and committed to abide by their requirements. The Panel recommends that BP request that the Field Guidelines for Security be released to the public and that, pursuant to them, BP commit publicly to disclose all payments or provisions made thereunder.

The Panel also discussed the Field Guidelines for Security with the regional Military Commander. While pointing out that Tangguh is a vital national Project, he described the principles of integrated community based security as the new mechanism for security at projects like Tangguh. He made it clear that there would be no TNI forces stationed at or in proximity to Tangguh and that TNI involvement would occur only as a last resort if BP internal security and the Papua Police requested assistance. In his view, there are no security problems in the Bintuni Bay area at this time but he expressed concern about possible future provocations to indigenous people from in-migration during the period of construction or production.

The establishment of West Irian Jaya will have consequences for Tangguh security. Most significantly, the formation of the new province will likely lead to a new police command in Manokwari. However, because the Field Guidelines for Security are implemented pursuant to a

MOU of May 20, 2003¹⁷ between BPMigas and the Indonesian Police, the Panel does not anticipate any changes if responsibility for implementation passes from the Chief of Police in Jayapura to a new regional police command for West Irian Jaya. However, if such a transfer occurs, BP must take steps necessary to guarantee that any new police command adopts the previously agreed Field Guidelines and commits to all the principles therein.

There is no current policy to divide the regional command of the TNI for Papua with the establishment of a new province. Thus, for now, Tangguh will likely remain under the jurisdiction of the Regional Command for Papua. However, a subcommand will likely be established in the District of Bintuni.

Recommendations:

- **The Letter of Joint Decree between BP and the Regional Police of Papua concerning Guidelines for the Implementation of Joint Security Measures should be made available to the public and, pursuant to those Guidelines, BP should commit publicly to disclose all payments or provision of materials or services made thereunder.**
- **BP should ensure that the Field Guidelines for Security Measures between BP and the Regional Police of Papua are applied by any new Police command formed in the Province of West Irian Jaya.**
- **If and when a new subcommand is established by the TNI in the District of Bintuni, BP should establish good relations with the subcommander and take steps to ensure that he is committed to the Field Guidelines for Security and the principles of community based security.**

VII. Bringing Forward and Smoothing Revenue Flow to the Region

In each of its previous reports, the Panel pointed out that it would be a decade or more from the initiation of construction before significant government revenues from Tangguh flowed

¹⁷ See TIAP Second Report at p. 19.

to Papua pursuant to Special Autonomy. The Panel recommended that BP explore with multinational lenders, and the Governments of Indonesia and Papua, whether an external line of credit or fund could be established to bring forward and smooth out the profile of project revenues. The need for such a financial mechanism may now be even more acute as a result of the proposed division of Papua.

There is still significant legal uncertainty regarding the application of the revenue provisions of the Special Autonomy law to the new proposed province of West Irian Jaya. These provisions would provide 70% of after tax government profits from Tangguh to the province. The Panel was assured that it is the intention of the government of Indonesia to apply these provisions to West Irian Jaya just as they are being applied to Papua. When this intention is implemented, revenues from Freeport's operations will flow separately into the remaining province of Papua; West Irian Jaya will be left initially with minimal revenues from mining and energy projects.

Ultimately, all provincial revenues from Tangguh will flow to West Irian Jaya and the new province will experience an injection of funds that exceeds not only the budget of the province today but the total annual budget of the pre-divided province of Papua. The consequence of this allocation, unless countervailing measures are taken, will be that no revenues will flow to West Irian Jaya from Special Autonomy for Tangguh's first decade and that there will then be a sudden and massive increase. The Panel has previously endorsed BP's support for the Global Development Alliance to improve civil governance in the region.¹⁸ Thus far, this program has been useful. But it must continue and it will take time. If capacity in the

¹⁸ See TIAP Second Report at p. 26.

new province is to be built up steadily and if the province is to develop and prosper as a result of Tangguh, it is essential that this revenue profile be avoided.

The Panel had productive discussions with officials of the Government of Indonesia as well as the World Bank regarding mechanisms to avoid this unbalanced revenue profile. There is particular interest by the Minister for Planning (Bapennas), whose mission is long-term development and who indicated that this would be an excellent test case for all of Indonesia. Moreover, it seems possible that multinational lenders, such as the World Bank, have the authority, the experience and the inclination to implement a revenue smoothing mechanism. Of course, BP cannot itself establish or participate in such a financing facility. It must be initiated and negotiated by the Government of Indonesia and the Government of the province. However, the Panel recommends that BP play a facilitating role in explaining the financial impact of this imbalance to the key government ministries and encouraging their focus on a mechanism to resolve this problem. This will be particularly necessary in the face of the massive long-term distraction that the central government will face regarding the rebuilding of Aceh.

Recommendations:

- **It is essential that BP play a catalytic role with key government ministries, the provincial government and multinational lenders to encourage the development of a financing mechanism that brings forward and smoothes out the flow of governmental revenues from Tangguh to the provincial and district governments.**

VIII. Mitigation of Adverse Effects

With construction about to begin, mitigation of adverse impacts to the indigenous population must become a top priority. The Panel has previously commented on the importance of the conduct of BP's Engineering, Procurement and Construction ("EPC") contractor and its subcontractors in carrying out BP's policies and upholding standards for security, community

relations, environmental protection and local hiring. The Panel reaffirms its support for BP's plans for contractors to hire and pay non-resident workers at remote locations, to limit offsite activities of these workers and, to the extent possible, to minimize use of cash at or around the Project worksite.

However, it is likely that problems will arise. BP and its contractors must be prepared for transgressions by some workers and for complaints of unfair treatment or abuse. The Panel previously suggested that BP monitor all contractors and subcontractors effectively. The Panel reaffirms that recommendation and also recommends that a more formal mechanism be established for the monitoring, reporting and investigating of violations of BP policies regarding human rights, labor, environment or community relations. This mechanism would provide an opportunity for any person associated with the Project – including employees of BP, its contractors or its subcontractors -- to report confidentially any allegations of violations or abuses to an independent and trained individual with access to senior Tangguh management. Such a mechanism would act not only as an effective monitoring and reporting tool but also as a deterrent to violations of BP's Code of Conduct and as a mechanism to gather facts for effective disciplinary action. Tangguh management would remain responsible for all decisions taken regarding such allegations.

A separate problem that may arise during construction is the disruption of navigation and fishing in Bintuni Bay. The Panel previously has recommended that BP “safeguard and enhance the fishing livelihoods of local villagers.”¹⁹ Based on preliminary reports by researchers at the University of Papua at Manokwari (“UNIPA”), the Panel is concerned that not only fishing

¹⁹ TIAP Second Report at p. 24.

operations will be disrupted but that shrimp stocks in Bintuni Bay may be declining as a result of overfishing by large non-Papuan trawlers and erosion and sedimentation resulting from forest concessions.²⁰ BP can do little directly to affect this trend. However, BP should continue to work with the Bintuni Regency as well as the Minister of Fisheries (a former Governor of Papua) to document fishing activity in Bintuni Bay and to develop a fisheries management plan that would prevent overfishing by large trawlers. In his meeting with the Panel, the Minister offered to promptly assess the situation in Bintuni Bay, and suggested several methods for increasing the catch by local fishermen and their revenue potential. BP should work with the Minister and the Bintuni Regency to encourage this governmental support for local fishermen in the form of more advanced fishing boats and equipment as well as cold storage facilities that would increase local villagers' revenues.

Recommendations:

- **The Panel reaffirms its support for BP's plans for contractors to hire and pay non-resident workers at remote locations, to limit off-site activities of these workers and, to the extent possible, to minimize use of cash at or around the Project worksite.**
- **The contractual obligations for employment and training that must be implemented by BP's contractors and subcontractors must be carefully monitored and strictly enforced.**
- **A mechanism should be established for the monitoring and reporting of violations of BP policies by any employee of BP or its contractors regarding human rights, labor, environment or community relations.**
- **Working with the Bintuni Regency and the Ministry of Fisheries, BP should support development of a fisheries management plan for Bintuni Bay as well as specific**

²⁰ This study reports that shrimp production fell an average of 7.8% per year from 1999 to 2003, reaching a level of production above the sustainable yield. Modern shrimp trawlers are responsible for more than 95% of the catch. See Bintuni Bay Fisheries Health Assessment, UNIPA (December 2004).

tangible benefits for local fisherman in the form of more advanced fishing boats and equipment.

IX. Transparency

Transparency is a critical issue at every level of the Project's activities, particularly because of the substantial funds that will be transferred among governments. The need for disclosure and accountability arises at the national level with regard to the distribution of revenues from the Government of Indonesia to the provinces and districts in the region; at the provincial level regarding agreements that BP may enter into with provincial-wide authorities, such as the Police or the TNI; and at the local level with regard to administration of community development funds for the DAVs at the village level. Without transparency there can be little trust and understanding.

BP is a leader in fiscal transparency for extractive companies and subscribes to the guidelines of the Extractive Industry's Transparency Initiative ("EITI"). However, BP is only the operator of Tangguh and does not have control over restrictions on full disclosure that may be imposed by agencies of the Indonesian Government. Nevertheless, BP should encourage transparency wherever possible and should itself implement disclosure whenever possible.

In the immediate context, BP should encourage BPMigas to release the terms of the production sharing agreement (PSC) and the non-commercial elements or a summary of the Plan of Development (POD). This would establish appropriate precedents for release of fiscal information once production begins and revenues begin to flow. At the provincial level, BP should publish the Field Guidelines for Security with the Regional Police and disclose all payments or provisions made pursuant to the Field Guidelines for Security unless the Chief of Police asserts a legitimate objection. And at the local level, BP should publish for each DAV a

full accounting of the community development funds that have been allocated and spent together with remaining available funding. In addition, as the Panel has previously recommended, BP should work with national, provincial and local authorities to encourage transparency with regard to all receipts and disbursements regarding Tangguh revenues.

Recommendations:

- **Working with national, provincial and local authorities, BP should encourage clear publication of all receipts and disbursements regarding Tangguh revenues. Immediately, BP should encourage BPMigas to release the terms of the production sharing agreement and the non-commercial elements or a summary of the plan of development; publish the Field Guidelines for Security with the Regional Police and disclose any payments made thus far pursuant to that agreement; and publish for each DAV a full accounting of its community development fund expenditures.**

X. Environment

The Panel again met with environmental NGOs, which emphasized the ecological importance of Papua and commended BP's work thus far with the Global Development Alliance and its support for the publication of an environmental atlas for the region.²¹ These projects apparently have now been completed and the more direct environmental impacts resulting from construction and production will soon have to be dealt with. This involves far more than a unilateral BP commitment to the environmental obligations set forth in the AMDAL. It must also include a concerted effort working with local, provincial and national environmental authorities to safeguard the ecosystem of Bintuni Bay and the areas proximate to the Project site.

It is particularly critical that BP monitor and control all effluent and other discharges both onshore and offshore during construction, and that the results of that monitoring be shared with

²¹ The environmental atlas is an invaluable resource for the environmental protection of the Bay and its resources. The Panel understands that additional copies will be needed. BP should support reprinting the atlas so that copies are available where needed.

all appropriate authorities. The importance of this practice is underlined by the recent difficulties encountered by Newmont Mining regarding allegations of illegal discharges and inadequate permits. Whatever the outcome in the Newmont case, it illustrates the need to comply strictly with all environmental requirements and to consult regularly with environmental authorities.

As stated in previous reports, Bintuni Bay includes Southeast Asia's most extensive mangrove forest, located 80 kilometers east of the Project site in the Cagar Alam Nature Reserve. The Panel had previously recommended that BP strengthen its support for the preservation of this mangrove forest. The Panel reiterates its support for that effort. Preservation of Cagar Alam Nature Reserve will not only serve important global environmental goals, but it could also provide a recognizable ecological accomplishment that will always be associated with the Tangguh Project. The Panel recommends that BP continue its support for this project after the initial phase of the Reserve Management Plan is completed.

Recommendations

- **In addition to its commitments set forth in the AMDAL, BP should consult with local, provincial and national environmental authorities to safeguard the ecosystem of Bintuni Bay and the areas proximate to the Project site.**
- **BP should monitor all effluents and other discharges, both onshore and offshore, during construction and share the results with all relevant authorities.**
- **BP should reaffirm and continue its commitment to support the preservation of critical mangrove forests including the establishment of the Cagar Alam Nature Reserve in Bintuni Bay.**

XI. Public Information

Despite BP's attempts at improving information dissemination, it is clear that it is not yet communicating as effectively as it should with stakeholders in Papua and particularly with some of the most critical constituents in Bintuni Bay. The Panel recognizes the difficulty of

information dissemination in the Bay area, but reiterates the need for BP to communicate clear and understandable information to the people most affected by the Project.

The Panel is aware of very few articles published externally that describe the relocation of Tanah Merah and the material improvement in living standards for its citizens. The Panel has seen virtually no external publications regarding impending benefits to the health, education and economy of the Bintuni Bay area. It is critical that such communications improve as construction begins.

The Panel previously recommended that “to the extent possible” [BP’s communication] engage directly with the people of the region.”²² This remains the Panel’s primary recommendation in this area. It is inadequate for BP simply to announce that it will abide by all the social and environmental commitments of the AMDAL. This has no tangible meaning to the people of Bintuni Bay. Simple and specific information regarding concrete actions is required to reach its designated audience. Written publication alone will be inadequate. BP should explore the potential for radio or other media as a means for reaching the affected communities, as well as continued personal communications in the DAVs.

With construction soon to begin, it is also important that BP be prepared to deal with communicating accurately in the event of any accident or other adverse incident. Experience elsewhere has shown that any accident at the site of a project such as Tangguh attracts wide media attention, beyond the capacity of the local media staff. Accordingly, it is important that BP establish effective procedures for dissemination of information of any accident related to the Project.

²² TIAP Second Report at p. 23.

Separately, BP had previously proposed a Bintuni Bay Forum, the purpose of which was to provide a participatory process for the local peoples to discuss Bintuni Bay's development. It is unclear whether this Forum is being instituted. The Panel recommends that BP work with the Bintuni Regency to establish this Forum and that its discussions be publicized throughout the Bay area. The Forum can be utilized as a method for both publicizing issues related to Tangguh as well as increasing communications and understanding among the communities throughout the Bay area.

Recommendations:

- **It is essential to use new and innovative methods to communicate understandable and specific information regarding Project activities and commitments to the people of Bintuni Bay.**
- **BP should seek greater publication in external media of articles relating to existing and impending projects in the areas of health, education and economic development in the Bintuni Bay area.**
- **BP should establish procedures for media and communications relating to any accident or adverse incident related to the Project.**
- **Working with the Bintuni Regency, BP should establish the Bintuni Bay Forum as a mechanism for publicizing activities and issues related to Tangguh and increasing communications among the communities throughout the Bintuni Bay area.**

APPENDIX 1

INDIVIDUALS AND ENTITIES CONSULTED

Government Officials: Indonesia

Des Alwi, First Secretary (Economic Affairs), Embassy of Indonesia in London
H.E. Soemadi Brotodiningrat, Indonesian Ambassador to the United States
N.T. Dammen, Charge d'Affaires, Embassy of Indonesia in London
Ibnu Hadi, Counsellor, Economic Division, Embassy of Indonesia in Washington, D.C.
Sri Mulyani Indrawati, Chairman of National Development Planning Agency (Bappenas)
Manuel Kaisepo, Minister for Eastern Territories
Dr. Dorodjatun Kuntjoro-Jakati, Minister for Economics, Finance and Trade
Nabiel Makaraim, Environment Minister
Freddy Numberi, Minister of Maritime Affairs & Fisheries
A. Sidick Nitikusuma, Senior Executive Advisor, BPMIGAS (Executive Agency for Upstream Oil and Gas Business Activities)
I Made Pastika, Chief of Police for Bali, formerly Chief of Police for Papua
H.E. Juwono Sudarsono, former Indonesian Ambassador to the UK, Minister of Defense
Rachmat Sudibjo, Chairman, BPMIGAS (Executive Agency for Upstream Oil and Gas Business Activities)
Yoga P. Suprpto, Project Manager, Pertamina
Benny P. Suryawinata, Assistant Deputy for Foreign Affairs to the Coordinating Minister for Security and Political Affairs
General Yudhi, Deputy Chairman, LEMHANAS
Susilo Bambang Yudhoyono, Coordinating Minister for Security and Political Affairs
Purnomo Yusgiantoro, Minister of Mines and Energy
General Nurdin Zeanal, Regional TNI Commander for Papua

Government Officials: Papua

Abraham O. Atururi, Governor of Irian Jaya Barat
Colonel Max D. Aer, Chief of Operations of Papuan Police
Decky Asmuruf, Secretary
Frans Nikopas Awak, Babo Camat
John Ibo, President, Provincial Assembly
Deky Kawab, Deputy Regent of Bintuni
Pak Mandagan, Regent of Manokwari District
Pak Mandowen, President of Manokwari Representative Council
Daud Mandown, Ketua DPRD, Irian Jaya Barat
Mr. Mayjen, Pangdam Trikora
Colonel Molosan, Deputy to General Simbolon (during General Simbolon's post as Regional TNI Commander in Papua)
Bernard Nofuerbanana, Babo Adat leader
Lt. Daniel Pakiding, Regional Police Chief for Babo
Captain Puryomo, Local military commander
Jaap Solossa, Governor of Papua
Colonel Suarno, Director of Security of Papuan Police

Brig. Gen. Pol. Dody Sumantiawan, Chief of Police for Papua

Chairman, Committee on Security

Director of Planning for Manokwari, and several other senior officers of Manokwari

Government Officials: United States

H.E. Ralph Boyce, U.S. Ambassador to Indonesia

Karen Brooks, Director for Asian Affairs, National Security Council

Christopher Camponovo, U.S. Department of State, Bureau of Democracy, Human Rights & Labor

Richard Hough, Director of Programming, U.S. Agency for International Development (“USAID”)

Karin Lang, U.S. Department of State, Bureau of East Asian and Pacific Affairs, Office of Indonesia and East Timor

Allan D. Langland, Deputy Director, U.S. Department of State, Bureau of East Asian and Pacific Affairs, Office of Indonesia and East Timor

Jon D. Lindborg, Deputy Director, USAID

Anne Patterson, USAID

H.E. B. Lynn Pascoe, U.S. Ambassador to Indonesia

Maria Pica, Senior Advisor, U.S. Department of State, Bureau of Democracy, Human Rights & Labor

Fred Pollock, Director, Natural Resources Management Program, USAID

Michael Uyehara, Energy and Minerals Resource Officer, U.S. Embassy in Jakarta

Shari Villarosa, Economic Counselor, U.S. Embassy in Jakarta

John Wegge, Advisor, Office of Decentralized Local Government, USAID

Holly Wise, USAID

Government Officials: United Kingdom

H.E. Richard Gozney, UK Ambassador to Indonesia

H.E. Charles Humphrey, UK Ambassador to Indonesia

Eleanor Kiloh, Second Secretary (Political), UK Embassy in Jakarta

Jonathan Temple, UK Embassy in Washington, D.C.

Government Officials: New Zealand

H.E. Chris Elder, Ambassador, Embassy of New Zealand in Jakarta

Government Officials: China

Ma Jisheng, Counsellor (Political), Embassy of China in Jakarta

Tan Weiwen, Minister Counsellor (Economic and Commercial), Embassy of China in Jakarta

Xu Qiyi, Second Secretary (Economic and Commercial), Embassy of China in Jakarta

Residents of the Bird's Head Region of Papua

Pak Biam, Camat of Aranday, and a village leader of Aranday

Neles Tebay, Catholic Priest of the Diocese of Jayapura

Village leaders of Aranday

Villagers of Onar

Villagers of Saengga

Villagers of Tanah Merah, including the committee that oversees effects of the Tangguh project
Villagers of Taroy
Villagers of Tofoi

Non-Governmental Organizations

American Center for International Labor Solidarity (Timothy Ryan, Program Director, Asia Region)

Amnesty International (Charles Brown; Lucia Withers)

Asia Foundation (Rudi Jueng, Assistant Director)

British Council (Wendy Lee, Social Development Advisor)

Center for Human Rights at the RFK Memorial (Miriam Young; Abigail Abrash Walton)

Citizens International (John Wells)

Down to Earth (Liz Chidley)

ELS-HAM (John Rumbiak)

Earthwatch (Coralie Abbott, Corporate Programmes Manager)

FOKKER (Budi Setiyauto, Executive Secretary; Yul Chaidir, Steering Committee; Robert Mondosi, Steering Committee)

Human Rights Watch (Mike Jendrzeczyk)

IBLF, The Prince of Wales International Business Leaders Forum (Lucy Amis, Business and Human Rights Programme Manager)

Indonesia Human Rights Network (Edmund McWilliams)

International Committee of the Red Cross (Frank Sieverts, Assistant to the Head of the Regional Delegation, North America)

International Crisis Group (Sidney Jones, Indonesia Project Director; Kathy Ward, ICG Deputy Director)

International Labor Organization (Tony Freeman)

International Labor Rights Fund (Dr. Bama Athreya)

National Democratic Institute for International Affairs (Blair King)

The Nature Conservancy (Ian Dutton, Country Director for Indonesia; Titayanto Pieter, Conservation Partnerships Manager)

Papua Presidium Council (Thom Beanal, Willy Mandowen)

Proyek Pesisir (Maurice Knight, Chief of Party, Coastal Resources Management Project)

TAPOL, The Indonesia Human Rights Campaign (Danny Bates)

UK Overseas Development Institute (Michael Warner)

US-ASEAN Council (John Phipps)

West Papua Association UK (Linda Kaucher)

World Wildlife Fund (Heike Mainhardt; Benja Victor Mambai; Clive Wicks)

Various NGOs from Jayapura, Manokwari and elsewhere in the Bird's Head region, including LP3BH, YPPWI, LBH, YPMD and PTPPMA

Private Sector

AGI Security & Business Intelligence (Don Greenlees, Director, Research and Analysis)
Chemonics (Jonathan Simon, Senior Manager)
Citigroup International (Michael Zink, Citigroup Country Officer, Indonesia)
Halliburton KBR (John G. Baguley, Project Manager)
ISIS Asset Management (Robert Barrington)
JGC Corporation (Tadashi Asanabe, Project Director)
JMSB-KMSB-SIME Consortium (Ron E. Hogan, Project Director)
Kiani Kertas (Jend. TNI (Pur.) Luhut Panjaitan MPA, President Commissioner)
Perform Project, RTI International (Ben Witjes, Senior PDPP Regional Advisor)
YIPD/CLGI (LeRoy Hollenbeck, Director Business Development)

International Institutions

United Nations Development Programme (Bo Asplund, UNDP Resident Representative in Indonesia; Shahrokh Mohammadi, Deputy Resident Representative; Gwi-Yeop Son, Senior Deputy Resident Representative; Kishan Koday, Program Officer-Environment Unit; and Abdurrachman Syebubakar, Program Office-Community Initiative Unit)
World Bank in Indonesia (Bert Hofman, Lead Economist; Andrew Steer, Country Director, Indonesia; Scott Guggenheim, Principal Social Scientist)

Academic Institutions in Papua

UNIPA (University of Papua, Manokwari) (Rector: Frans Wanggai and Faculties)
University of Cenderawasih (Frans A. Wospakrik, Rector, and Faculties)

Individuals

Mr. Herbert Behrstock, International Development Consultant
Admiral Dennis Blair, Ret. U.S. Navy, Chair of the Indonesia Commission, Center for Preventative Action, Council on Foreign Relations
Dr. Jonah Blank, Professional Staff Member, U.S. Senate Committee on Foreign Relations
Professor Michael M. Cernea, Advisor to BP on Resettlement of Tanah Merah
Mr. Hugh Dowson
Mr. Bennett Freeman, Principal, Sustainable Investment Strategies
Mr. Brigham Montrose Golden
Mr. Bara Hasibuan, Intern, U.S. House of Representatives International Relations Committee
Dr. Ayse Kudat, Advisor to BP on Resettlement of Tanah Merah
Ambassador Edward Masters, Chairman, U.S.-Indonesia Society
Ms. Gabrielle K. McDonald, Human Rights Advisor to Freeport McMoRan
Mr. Octovianus Mote
Mr. David Phillips, Senior Fellow and Deputy Director of the Center for Preventative Action, Council on Foreign Relations
Mr. Ed Pressman
Mr. Gare Smith, Foley Hoag
Ambassador Barnabas Suebu, Former Governor of Papua