

TANGGUH INDEPENDENT ADVISORY PANEL

**REPORT ON OPERATIONS
AND
PROPOSED EXPANSION
OF THE
TANGGUH LNG PROJECT**

December 2015

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ACRONYMS AND INDONESIAN TERMS

<i>adat</i>	Local and traditional customs, laws, and dispute resolution systems used in many parts of Indonesia
AMDAL	<i>Analisis Mengenai Dampak Lingkungan</i> –Environmental and Social Impact Assessment
ADB	Asian Development Bank
Bappenas	National Development Planning Agency
BBDF	Bintuni Bay Development Foundation (<i>YPTB – Yayasan Pembangunan Teluk Bintuni</i>)
BDS	Business Development Service
BIN	National Intelligence Agency
BPMIGAS	<i>Badan Pelaksana Kegiatan Usaha Hulu Minyak dan Gas</i> – the National Upstream Oil and Gas Implementing Agency, the Government of Indonesia partner in the Tangguh Project (which was declared unconstitutional and disbanded in 2012)
BPK	<i>Badan Pengawasan Keuangan</i> – State Audit Agency
Brimob	Mobile Indonesian police brigade
<i>Bupati</i>	The head of a <i>kabupaten</i> , or Regency
CAP	Community Action Plan – the support program approach to facilitating community-driven development projects in Directly Affected Villages
DAV	Directly affected village as originally identified by the Tangguh LNG project
DG Migas	Directorate General for Oil and Gas
<i>Dinas</i>	Agency
DPR	<i>Dewan Perwakilan Rakyat</i> – The House of Representatives
DPRD	<i>Dewan Perwakilan Rakyat Daerah</i> – Provincial House of Representatives parliamentary body
EITI	Extractive Industries Transparency Initiative
ENR	Energy and Natural Resources
ESDM	Ministry of Energy and Mineral Resources
GOI	Government of Indonesia

ICBS	Integrated Community Based Security
ICITAP	U.S. Department of Justice’s International Criminal Investigative Training Assistance Program
IEDP	Indigenous Enterprise Development Program
IPB	<i>Institut Pertanian Bogor</i> , or Bogor Institute of Agriculture
ISP	Integrated Social Program – an implementation unit within the Tangguh Project and the social-economic development programs managed by that unit
JUKLAP	Joint Field Guidelines for Security
JUKLAP/PAMBERS	2009 update to and extension of the JUKLAP agreement
<i>kabupaten</i>	District or regency
<i>Kapolda</i>	Papua Chief of Police
<i>Kapolres</i>	<i>kabupaten</i> (regency) police commander
<i>Kodam</i>	TNI provincial command
<i>Kodim</i>	TNI district command
<i>Kota</i>	City
LARAP	Land Acquisition and Resettlement Action Plan – the Tangguh Project action plan describing the involuntary resettlement impacts of the Project
LNG	Liquefied natural gas
MOE	Ministry of Environment
MOF	Ministry of Finance
MOU	Memorandum of Understanding
MRP	Papuan People’s Council – a representative body composed of religious, <i>adat</i> , and women’s leaders created by the Special Autonomy law
NGO	Non-governmental organization
OECD	Organization for Economic Cooperation and Development
OPM	<i>Organisasi Papua Merdeka</i> , or Free Papua Movement – a separatist organization
<i>Otsus</i>	Special Autonomy
<i>Pangdam</i>	Papua Military TNI Commander

<i>Perdasus DBH</i>	Special Autonomy regulation passed by the DPRD and approved by MRP for allocating oil and gas revenues (DBH)
PLN	Indonesia’s national electricity company
<i>Polsek</i>	District Chief of Police
<i>Proper</i>	Ministry of Environment national audit program
<i>Puskesmas</i>	Local health clinic
RAV	Resettlement Affected Village as originally identified by the Tangguh Project – Tanah Merah Baru, Saengga, and Onar
SBY	Former Indonesian President Susilo Bambang Yudhoyono
SKJ	Travel permit required that restricts access to Papua
SKKMIGAS	National Upstream Oil and Gas Implementing Agency, the Government of Indonesia partner in the Tangguh Project (which replaced BPMIGAS)
SOP	Standard operating procedure
THCU	Tangguh Health Care Unit
TIAP	Tangguh Independent Advisory Panel
TNI	<i>Tentara Nasional Indonesia</i> – Indonesian military forces
TSDP	Tangguh Sustainable Development Program – Tangguh social program that will replace the previous ISP under the new AMDAL governing Tangguh’s expansion
UGM	University of Gadjah Mada
UNIPA	State University of Papua at Manokwari
UNCEN	State University of Cenderawasih at Jayapura
UP4B	Unit for Accelerated Development in Papua and West Papua
VAT	Value-added tax
YSA	Yayasan Social Augustinus – a local foundation

I. Introduction

The Tangguh Independent Advisory Panel (“TIAP” or “the Panel”) provides external advice to senior BP decision-makers regarding non-commercial aspects of the Tangguh LNG Project (“the Project”). It specifically advises BP on how Tangguh can achieve its potential as a world-class model for development. The current Panel is chaired by former U.S. Senator Tom Daschle, who served as Majority Leader of the U.S. Senate, and includes Augustinus Rumansara, a Papuan who chaired the Asian Development Bank (“ADB”) Compliance Review Panel from 2003 to 2008, served as an advisor to the Governor of Papua from 2008 to 2010 and currently chairs the Papua Low Carbon Development Task Force.¹ The Panel utilized an independent counsel and secretariat at the law firm DLA Piper headed by Gary Klein and the additional support and counsel of Ilia Rodriguez of the Daschle Group.² The current Panel was established in 2011 and has been extended by BP through April 2017.

This is the Panel’s third full report and second report on the proposed expansion, and it comes at an important juncture. BP is considering a major expansion of Tangguh that would add 50% to its capacity and bring thousands of new workers to the site. The expansion would include a third train at the LNG site, an additional jetty, two new platforms and 16 new wells (hereafter referred to as “Train 3”).³ The project already has been postponed as a result of delays in regulatory approvals (at the earliest, construction will begin in 2016); and it may be delayed further or cancelled entirely as a result of world and regional oil and gas market conditions. In

¹ For the purposes of this report, the term “Papua” refers to the region encompassing both Papua province and West Papua province (“Papua Barat”). The term “Papua province” refers to the province of Papua following its split with Papua Barat province. The term “Papua Barat” refers to the province of Papua Barat (previously known as Irian Jaya Barat) following its establishment in 2004. A map of Papua and Papua Barat showing key locations related to Tangguh is included as Appendix I.

² The previous Panel, which monitored the initial construction phase of the Project, was chaired by former U.S. Senate Majority Leader George Mitchell and included Lord Hannay of Chiswick, Ambassador Sabam Siagian and Reverend Herman Saud.

³ See TIAP’s May 2014 report at 10 for a more complete description of the proposed expansion.

2014, BP completed the social and environmental impact statement (“the AMDAL”) that will govern its commitments during the construction of this expansion (initially scheduled from 2015-2019) and its operations thereafter. Many of BP’s new commitments, which are all community-based and government-endorsed, are contingent on the construction of Train 3. Yet, expectations are that all of these programs will be implemented promptly regardless of Train 3’s fate.

In addition to the delay, the collapse of world oil and gas prices puts tremendous pressure on BP’s costs at Tangguh, including those related to its social commitments. In this environment, it is particularly important to take care that long-developed relationships among stakeholders at all levels not be impaired and that the trust and credibility that BP has established not be sacrificed to short-term budgetary demands. This report will seek to bring TIAP’s experience and consultations to these subjects and to help guide BP in implementing its existing and contingent commitments. As with previous TIAP reports, this report will be published, along with BP’s responses, and will be presented to and discussed with interested parties in Jakarta, London and Washington, D.C.⁴

In addition to TIAP’s activities, Tangguh is monitored by the Tangguh Lenders Group, represented by the ADB (until 2014), Japan Bank for International Cooperation and Mizuho Corporate Bank, which has established an external panel that is staffed by independent experts who visit Tangguh. Their annual review is limited to issues of safety, environment, resettlement, and social programs. Until financing for Train 3 is arranged, it is not certain whether the lenders panel will monitor issues specifically related to construction of the expanded facility. In recognition of the work of the Tangguh Lenders Group, TIAP focuses on matters relating to security, human rights, governance, revenue management, the political environment and the

⁴ It will be available, together with BP’s responses, on BP’s website. See <http://www.bp.com/sectiongenericarticle.do?categoryId=9004751&contentId=7008791>

broader issues relating to how Tangguh affects the people of Bintuni Bay and Papua and how it is perceived by them. These factors, broader than strict compliance, relate directly to whether BP can achieve its goal of making Tangguh a world-class model for development.

In September 2015, TIAP visited Papua (Jayapura, Manokwari and Bintuni Bay) as well as Jakarta. The Panel met with national NGOs, Ministers, and other senior officials of the Government of Indonesia (“GOI”), including the Coordinating Minister for Security and Political Affairs, the Minister of National Development Planning (“*Bappenas*”), the head of SKKMigas, the Director General for Oil and Gas (“*DG Migas*”) of the Ministry of Energy and Mineral Resources (“ESDM”), the Deputy Minister of Finance and the Deputy Director of BIN (national intelligence).

TIAP met with the Vice Governor of Papua Barat and members of the DPRD (the Regional Parliament) and the MRP (the Papuan People’s Consultative Council), the *Bupatis* of both *Teluk Bintuni* (“Bintuni Bay”) and Fakfak Regencies, the Chief of Staff to the Papua TNI Commander (the “*Pangdam*”), the Papua province Chief of Police (the “*Kapolda*”), the Papua Barat Deputy Chief of Police, the Bintuni Bay Chief of Police (the “*Polres*”) and the Babo District Chief of Police (the “*Polsek*”), the Babo District Head and the local TNI Commander. The panel consulted with the Rector of the State University of Papua (“UNIPA”), the Vice Rector of the State University of Cenderwasih and Papuan NGOs, human rights advocates and scholars.

While at Tangguh, TIAP met with Papuan workers and BP personnel running the management, operations, Papuan development programs and security at the LNG site. In Bintuni Bay, TIAP toured both the new hospital in Bintuni and the health clinic in Babo, meeting with the directors and the medical staff. It had the opportunity to tour the new garment

production and air conditioning repair businesses recently started in Bintuni as part of the Indigenous Enterprise Development Program (“IEDP”). The Panel also met with BP’s implementing partners who are supporting and assessing BP’s social and economic development programs. The Panel had the opportunity to discuss Tangguh with both the U.S. and U.K. Ambassadors.⁵

The Panel reviews BP’s programs and activities in relation to the most respected current global norms that establish best practices for projects in developing countries. These include the long established Universal Declaration of Human Rights; the Organization for Economic Cooperation and Development (“OECD”) Guidelines for Multinational Enterprises; the International Labor Organization Convention Concerning Indigenous and Tribal Peoples in Independent Countries; the World Bank Operational Directive with respect to indigenous peoples and the U.S. – U.K. Voluntary Principles on Security and Human Rights (the “Voluntary Principles”). The Panel also consults the more recent global guidelines such as the United Nations Guiding Principles on Business and Human Rights (“the Guiding Principles”); the IFC Performance Standards on Environmental and Social Sustainability; and the Equator Principles (directly applicable only to financial institutions).

The Panel does not audit BP’s compliance with Indonesian or local law, but does review BP’s compliance with its social and environmental obligations under the AMDAL. This now includes obligations of the new AMDAL related to the Project’s expansion, many of which are not contingent upon Train 3 construction. The Panel was given complete access to all information it requested from BP and total independence in its inquiries and findings. The conclusions and recommendations in this report are those of TIAP alone. The Panel expects BP

⁵ See Appendix II for a full list of the stakeholders consulted by TIAP during its September 2015 visit.

to issue responses to each of its recommendations and, as noted above, anticipates conducting open meetings with interested parties to discuss this report and BP's responses.

II. Highlighted Issues

There are several areas in which BP is performing as well as can be expected and deserves to be commended. This includes the professionalism and seriousness of BP staff at all levels at Tangguh. TIAP witnessed widespread attention and commitment to safety, quality and detail. These attitudes seem to be adopted by and transmitted from the senior leadership down the ranks, and are particularly notable among Papuan staff.⁶

The single caveat is the neglect or deferral of necessary internal and external upkeep, specifically on non-hydrocarbon related buildings, including the administration center and dormitories at the LNG site, which are seen and used by both visitors and employees. This may be a contractor's responsibility, but BP should enforce strict standards for two important reasons: first, so that all visitors get a first impression and have a lasting experience that mirrors the quality and attention to detail regularly demonstrated by BP's employees and second, so that BP employees, who spend long shifts at the site, see and use facilities that are maintained to a standard that each of the employees is expected to maintain as they perform their own important functions. The physical environment of the site and its non-hydrocarbon production facilities should reflect this high level of care that BP demands and expects from all its employees.

Many of Tangguh's social programs are also performing well, which continues to benefit its neighbors. All of Tangguh's social programs, known as ISPs, were initially focused on the Directly Affected Villages ("DAVs") closest to the LNG site. Among these were the Community Action Plan annual grants to DAVs ("CAPs") that allowed each DAV to select its

⁶ Of course, TIAP interacted with only a small portion of the overall staff, who may have been on their best behavior when interacting with TIAP. Nonetheless, it was a representative cross section of all levels.

own specific priorities, and which have now ended after 10 years, the period required by the AMDAL.⁷ These programs are now part of the Tangguh Sustainability Development Program (“TSDP”), which broadens the beneficiaries to all indigenous people (“IP”) from the four historic tribes in Bintuni Bay (and now the neighboring *kabupaten*, Fakfak). Despite TIAP’s initial concerns with elimination of the CAPs, there has not yet been vocal dissatisfaction with this change in focus from residents of the DAVs.

The most successful of the benefits to the broader community that BP has undertaken has been health care. The recently-built hospital in Bintuni has been supported by BP and now shows great promise as it dramatically improves access to quality health care in the region. The health clinics in Babo and Bintuni and the health kiosks in the villages (originally the innovative Tangguh Community Health Units⁸) all have been part of the very successful fight to end malaria and to diminish other infectious diseases. This is not to suggest that these improvements are sufficient. The lack of essential life-saving equipment at any nearby location presents tremendous challenges. More needs to be done, particularly in support of maternal and child health, TB, HIV and other illnesses, but BP support has helped the region make major strides forward.⁹

In addition, BP’s environmental performance and attitude is first class. Although it has yet to achieve the coveted green/gold status in its environmental audits by the Ministry of Environment (“*Proper*”), this is entirely because the MOE requires achieving a blue rating for four years before being eligible for the green rating, which also requires a demonstration of

⁷ A description of the many projects and services selected by the DAVs and funded by the CAPs over this period is included in Appendix III.

⁸ See TIAP’s March 2009 report at 33-34, 64-65 and March 2008 report at 28-29.

⁹ See Section V(D) below.

environmental excellence.¹⁰ Current compliance seems unblemished, and the staff exhibits a focus and attention to environmental detail. There is no indication that pollutants in Bintuni Bay are elevated, and the most recent study on fisheries, marine mammals and mangroves in 2013 showed no degradation.¹¹ A serious challenge will be maintaining this record if and when thousands of construction employees are brought on site. Also, while BP has little control over its carbon emissions, one aspect it can regulate to some extent is flaring of gas. It has reduced flaring very dramatically over the past five years, to approximately 0.5% of feed gas; TIAP urges BP to continue these reduction efforts.

A critical area in which performance has improved dramatically is BP's relations with local elected officials. Possibly for the first time, leaders at all levels of local government, from the district to the regencies to the province, were pleased with BP's attitude and performance as it affected their constituents.¹² The only exception is the dissatisfaction among some legislators in the DPRD and traditional leaders in the MRP, both at the provincial level. Their criticism was primarily the result of lack of accurate information about BP's social programs, a problem that can be corrected with improved communication.¹³ But generally, BP has recognized the interests of its local stakeholders as it implements its social programs, and also (more recently) communicated more effectively with these elected officials and secured their approval.

There are, however, some serious issues that present challenges, several of which merit immediate attention and possible adjustment. The first challenge is the threat to Integrated

¹⁰ To reach a green rating, a company must achieve environmental excellent in these areas: 1) EMS; 2) Energy efficiency; 3) Emission reduction; 4) Water conservation; 5) Hazardous waste; 6) Solid waste; 7) Biodiversity protection; and 8) Community development. See TIAP's May 2014 Report at 54 for a description of the Proper program.

¹¹ See TIAP's May 2014 report at 55.

¹² TIAP is not suggesting that this positive attitude is universal. Despite three days in Bintuni Bay, the Panel could not travel to any of the former DAVs, on the north or south shore, because of other obligations. It is certainly possible that complaints would have been voiced by some in the former DAVs.

¹³ There was also direct criticism of BP for not paying compensation for the *adat* claims of local tribes.

Community Based Security (“ICBS”). Even though the ICBS program is now working effectively, both in terms of security for Tangguh and its interaction with the community, public security forces seriously question its reliance on private security and the limited involvement of police and TNI, thereby threatening its integrity.¹⁴ The establishment of a new police headquarters (“*Polda*”) in Papua Barat and the planned, and likely inevitable, establishment of a new TNI command (“*Kodam*”) in Papua Barat, together with the strong view by national intelligence (“*BIN*”) that public security forces must be more active at Tangguh and in the community, present a serious challenge to ICBS. BP should emphasize in its communication with external stakeholders, especially with public security officials, that the benefits of ICBS are much broader than only assigning security forces who have been trained in human rights to Tangguh. An equally important part of ICBS is maintaining good relations with the communities around the Project based on mutual respect.

Another broad challenge is dealing with the expectations related to expansion, particularly in the Papuan community. It seems like there is near certainty among stakeholders that Train 3 will occur and construction will commence next year, and that all the economic benefits and social commitments related to expansion will begin. TIAP, having no crystal ball into BP and its Tangguh partners’ future commercial decision-making, is not so sure. If Train 3 is delayed or cancelled, BP will be challenged to maintain its harmonious relations with the community; consequently, even before any final investment decision is made, BP should attempt to educate the community regarding the possibility that expansion may not begin in 2016.

The two most important aspects of this challenge are the commitments related to

¹⁴ See Section IV(C) below.

electricity and north shore housing. First, is electricity. Providing electricity to the people of Bintuni Bay has been a contentious issue since the original LARAP promised and delivered grid-based power to the resettlement villages.¹⁵ Predictably, once some villages had electric light every night, other villages wanted similar benefits from Tangguh. BP has been responsive to this disparity, building an 8MW substation at the LNG site and working with national electric company PLN to provide grid-based power to the DAVs, Babo and Bintuni town. As a result, Bintuni town and several north shore DAVs now have interconnections, but there is only part-time diesel generation for Babo town and other villages. Additional grid-based power has been discussed for several years with PLN, which is the only entity that can install the infrastructure. However, BP must continue to actively support these improvements, which should not be dependent on construction of Train 3.¹⁶ Indeed, one of the fundamental reasons for the harmonious relations between BP and the community is the belief that BP will deliver this benefit in the very near future.

Second, and almost as important, is north shore housing. This, too, has been a source of jealousy among the villagers since BP resettled Tanah Merah and rebuilt Saengga village with new housing and infrastructure.¹⁷ BP has several times commenced programs, working with local government, that were designed to improve the north shore villages.¹⁸ None of those programs has worked to correct this imbalance. The current plan is to institute a major restoration to indigenous people's homes in the two north shore districts, Weriagar and Tomu. The project will start when construction of Train 3 commences. Fundamentally, this is a

¹⁵ See TIAP's March 2007 report at 25, 29 and March 2006 report at 27-28.

¹⁶ See Section V(A) below.

¹⁷ See TIAP's February 2005 report at 13, 15-16, 21-23 and March 2006 report at 27-28.

¹⁸ See, *e.g.*, TIAP's March 2008 report at 33.

program that TIAP can endorse.¹⁹ However, TIAP is concerned about reactions among local villagers and officials if Train 3 is deferred and the housing program is delayed or, worse, cancelled. BP should be prepared to undertake a housing restoration program next year whether or not Train 3 commences in 2016.

Additional areas where BP has made some progress but faces continued serious headwinds are local education and business development, both of which are important to attaining AMDAL Papuan development commitments. There is unanimity on the importance of improving primary and secondary education. BP has supported several implementing partners who have worked to improve the local education department, brought teachers into the villages and provided scholarships to promising students.²⁰ But the programs thus far been unable to take many students to the next level by providing the best with opportunities for advanced education and possible careers at Tangguh. BP has committed to establish flagship schools at several locations to foster this goal, but little progress has been made in the 18 months since TIAP's last visit. As discussed below, this is a program that should be accelerated.²¹

Local business development is also an area where significant progress is being made. Several past efforts that sought to expand entrepreneurship beyond microenterprise, while helpful and well intentioned, have failed to produce meaningful results.²² The previous programs have been restructured into a new multifaceted Indigenous Enterprise Development Program ("IEDP"). The first two start-ups of this new indigenous business program are a clothing manufacturing facility and an air conditioning repair shop, both managed and staffed

¹⁹ See Section V(B) below.

²⁰ See TIAP's March 2007 report at 22-23, 27-28, March 2008 report at 29-30, 38-39 and March 2009 report at 30-32.

²¹ See Section V(E) below.

²² See TIAP's March 2009 report at 23-26, 61-62, the January 2011 report at 21-22 and the May 2014 report at 35-36.

by local Papuans, which TIAP toured. Both show great promise. In time, with sustained support, these and other businesses should start and grow. Notably, the uniforms of the AC repair workers, with the Tangguh logo, are one of the very few symbols of public recognition that these programs exist because of Tangguh support. This recognition should be much more widespread.

One additional issue that BP has dealt with properly, but which remains delicate and potentially troublesome, is the tribal property rights and compensation claims, or *adat*. This issue has nagged BP since inception, and is properly an issue that must be resolved by government, which, of course, legally owns all of the resource. But claims will continue to be made on BP until it is resolved. As before, BP should support local government efforts to settle this issue, by promulgating the regulations necessary to implement Papuan natural resource revenue sharing under Special Autonomy (Perdasus DBH).²³ BP also should continue to educate local stakeholders that *adat* compensation must come from revenue sharing and that it is the job of local government at this point to make this happen.

Despite the overall satisfaction with BP among local officials, there are two issues on which BP could arouse serious dissatisfaction among local stakeholders: one immediate and one long-term. First, BP considered, and has now deferred, a significant change in transportation policy for their Bintuni Bay workers at Tangguh. Until now, local workers, at the start and end of their shifts, have been picked up and dropped off at the local jetties of their villages. BP considered reducing the number of such points, therefore picking up and dropping off most local workers at more central locations and requiring them to find their own transportation to and from their home village.

²³ See Section VI below.

Although BP would provide some compensation for these individuals' additional transportation, just the rumor of such a change generated much anxiety. TIAP sees several potential adverse immediate consequences of this policy, including the safety, security and social impact to those affected, for both men and women, who have just been paid and are forced to spend time in distant villages. This change also could erode morale and the good feelings and trust of local villagers for BP. TIAP sees few, if any, meaningful benefits. To its credit, BP has determined not to implement the change at this time, but will revisit possible changes after the *kabupaten* government implements a functioning local water taxi service in Bintuni Bay, which is a priority of the current *Bupati*. TIAP endorses this deferral.

This potential change also illustrates two important broader issues. First, as noted above, the potential that short-term cost cutting could risk long-term trust and goodwill; and second, the importance of consulting with the workers and local leaders before fashioning any changes in policy that significantly affect the lives of local Papuans.

The second issue that requires both BP's immediate attention and continued focus going forward is the recruitment, retention and promotion of Papuans. There have been several iterations of BP's Papuan Development Program over the past 10 years,²⁴ but none have produced the momentum likely needed to meet BP's AMDAL commitments of 85% Papuan employment and 35% Papuan managers by 2029. The program has stalled at slightly more than 50% of Papuan employees and thus far has yet to produce a sufficient number of Papuans who can move up the ladder to positions of supervision and management. BP needs to address both the recruitment and the retention/promotion elements of this program.²⁵

²⁴ See TIAP's May 2014 report at 38-40, the January 2011 report at 20-21 and the March 2009 report at 62-63, 68-69.

²⁵ See Section V(C) below.

Regarding recruitment, BP has taken steps to support and partner with the new polytechnic school in Fakfak. This new two-year technical training facility graduated its first students this year. BP needs to recruit sufficient numbers of these graduates, or others from schools in Papua, every year to fill the ranks of its entry-level technical positions. Separately, it has been difficult to enforce Papuan employment targets on contractors, despite attempts to do so.²⁶ In response to this, BP is considering converting certain contractor jobs to BP direct employment. This possible change has the potential to rectify at least some of this deficiency. To obtain the results required, these efforts must become a focus of senior management, who must own it and be responsible for its success.

Regarding retention/promotion, the steps BP has taken, while beneficial, are not sufficient, and must be accelerated.²⁷ BP adheres to a policy of meritocracy once an employee is hired. TIAP fully endorses this policy. But it is clear that most Papuans need significantly greater support once hired, if they are to climb the ranks toward supervisor and manager. These needs include mentoring, coaching, English language training and better communication with management. BP should assign a senior manager in Indonesia, possibly the VP of Human Resources, to take responsibility and accountability for the retention and promotion of Papuans. That manager should schedule regular meetings with representative Papuan employees, to establish an ongoing dialogue with the staff in order to better address their needs and to provide BP with the opportunity to more effectively explain its Papuan development plans. Since TIAP's visit, BP has begun such a dialogue and instituted other significant changes to improve the results of its Papuan development program. This is encouraging. But management should also assign Papuan development targets to every middle manager at Tangguh, and enforce those

²⁶ See TIAP's May 2014 report at 41 and October 2012 report at 33.

²⁷ See TIAP's May 2014 report at 40 and January 2011 report at 20-21.

targets by including their achievement as a part of the managers' annual evaluations. Targets should be evaluated and adjusted annually, to put BP on a path to reach or exceed its AMDAL commitments by 2029. The changes BP proposes are promising, but without enforceable metrics, TIAP is concerned that BP will not meet these AMDAL commitments.²⁸

III. Recommendations

Highlighted Issues

- 1. BP should educate leaders and the community regarding the possibility that Tangguh expansion may not begin in 2016.**
- 2. Electrification of Babo and other DAVs should proceed promptly, whether or not Train 3 construction begins in 2016.**
- 3. BP should be prepared to begin a housing restoration program for north shore villages whether or not Train 3 construction commences in 2016.**
- 4. BP's commitment to establish flagship schools in Bintuni Bay for the most promising students should not be deferred further.**
- 5. BP should continue to educate local stakeholders that *adat* compensation must come from revenue sharing and that it is the job of local government at this point to make this happen.**
- 6. BP should not make any changes in local worker transportation policy until consulting with local workers and government leaders to explore options.**
- 7. Recruitment of skilled Papuans, as well as retention and promotion of Papuans, must become a focus of senior management, who must be responsible for its success. A senior manager in Indonesia should conduct regular meetings with representative Papuan workers.**
- 8. Communications with members of the regional DPRD and the MRP, both of which play an important part in Papuan government, should be improved and regularized.**
- 9. Upkeep of administration buildings and dormitories at Tangguh has been either neglected or deferred. BP should review its repair activities and enforce strict standards on its own personnel and its contractors.**

²⁸ See Section V(C) below.

10. **The Tangguh logo should be used more extensively to educate the local population regarding the benefits being derived from programs that are supported by Tangguh.**
11. **BP should continue to commit the resources needed to achieve green and ultimately gold status in its environmental review. It should also continue efforts to reduce flaring of natural gas.**

Security and Human Rights

12. **BP should resist any changes to ICBS, and seek continuation of the JUKLAP/PAMBERS agreement with the police during its current term. If necessary, it should enlist the support of SKKMigas, the Kapolda in Papua province and others to maintain the JUKLAP/PAMBERS until 2019.**
13. **BP should provide reasonable access to and, if requested, schedule visits by the Kapolda and other police officials to Tangguh, but should resist any permanent police presence at the LNG site or in the nearby villages.**
14. **BP's focus with the new police command should be on familiarization and implementation of the ICBS principles of the JUKLAP/PAMBERS, including the three rings of security, human rights training for all private security and police that may be called and the annual training exercise with full police participation.**
15. **If and when a new TNI command is established in Papua Barat or Bintuni Bay, communication and education with its leaders about ICBS should be BP's priority.**
16. **Regular communications should be established with BIN, which should be invited to observe the annual joint training exercise and to visit Tangguh. However, any requests to BP to support regular or permanent intel activities at the LNG site or in the nearby villages should be resisted.**
17. **BP should also emphasize in its communication with external stakeholders, especially with public security officials, that an important part of ICBS is maintaining good relations with the communities around the project based on mutual respect.**
18. **BP should engage directly with Genting on security arrangements, offer to share its experience with ICBS and invite Genting's security officials to observe the joint annual training exercise; it should also continue to urge SKKMigas and others to encourage Genting not to use TNI or police for site security.**

Electricity and Power

19. In coordination with SKKMigas, and working with PLN, BP should develop a phased schedule to expand electrification to every village where infrastructure is in place.
20. In those areas where PLN must still build out the grid, BP should increase its support for diesel generation capacity so that, at the very least, public facilities such as schools and health clinics can count on continuous adequate power.
21. BP should work with SKKMigas, ESDM and its regional partners to make sure that the LNG can be provided for Papuan power as soon as it is technically and legally viable; it should provide or sponsor technical support to accelerate this development.

North Shore Housing

22. BP should seek the support of SKKMigas and the new *Bupati* to commence the north shore housing restoration program in 2016, if necessary, even if final sanction of Tangguh expansion is postponed.

Papuan Employment

23. The recruitment of Papuans needs to be a core responsibility of a senior manager. Additionally, interim metrics should be established, on at least an annual basis, to measure the progress of each component and to adjust accordingly if targets are not met.
24. The retention and promotion of Papuan employees must also be the responsibility of a high level BP official, possibly the Vice President for Human Resources or the site manager for Tangguh. Specific metrics should be applied to gauge performance, and senior management should be held accountable. All senior managers should be required to become a mentor or a technical coach to a Papuan. All other managers should be encouraged to do so, and rewarded for doing so effectively.
25. Management communication with Papuan employees should be increased and made regular. Papuan workers at Tangguh, or a representative designated group, should meet regularly with the BP senior manager responsible for Papuan retention and promotion.
26. To the extent practicable, Papuan employees of the major contractors serving Tangguh also should be included in these communications to give BP a better understanding of difficulties with its contractors' implementation of Papuan retention and promotion.

Health Care

27. **BP should continue to support the capacity of the *kabupaten* health office, and for the health clinics (*Puskesmas*) serving both north and south shore villages. BP should make clear to the new *Bupati* its willingness to continue supporting the improving health care capacity of the *kabupaten*.**

Education

28. **The establishment of the first flagship school in Bintuni Bay should be BP's education priority with a target date prior to 2019.**

Papuan Business Development

29. **BP should take steps to increase local agricultural and fisheries purchases to 65% of Tangguh's operational needs, whether or not Train 3 construction begins in 2016.**
30. **The Procurement and Supply Chain Management group at Tangguh should identify potential products or services that could qualify for non-competitive procurement and communicate the results broadly so that Papuan businesses can focus on serving these needs.**
31. **BP should continue to support the Business Development Service (BDS) in its efforts to create additional IP run businesses in Bintuni and other towns in the region but should emphasize training and coaching for the IP to avoid long-term dependency on BP.**

IV. Political and Security Update

A. National Political Background

President Joko Widodo ("Jokowi"), the young, non-establishment Governor of Jakarta, took office last October after a bitterly fought campaign. He was initially nominated by his party, the PDI-P, which is chaired and controlled by Megawati Sukarnoputri, the President from 2001-2004, and the daughter of the founding father, Sukarno. By most accounts, she reluctantly allowed Jokowi to run as the party standard-bearer, acquiescing to his unquestioned popularity. As is typical in recent Indonesia national politics, Jokowi was ultimately endorsed by a number of parties, and became the nominee for a broad six-party coalition labeled the Awesome

Indonesia Coalition. His opponent, former General Prabowo Subianto (“Prabowo”), is a charismatic son-in-law of Suharto who had risen to the highest levels of the military but had been implicated in human rights abuses by the TNI in East Timor, Papua, and elsewhere. He formed his own party, Gerindra (Great Indonesia Movement Party) as his political vehicle, and became the candidate of a multi-party coalition representing much of the Suharto elites. Jokowi ultimately won by about 6%, after leading in most polls by 20% or more for several months before the election. However, the Prabowo coalition won a majority of the new Parliament, the DPR.

In part, Gen. Prabowo made significant gains by adopting a strongly nationalistic authoritarian approach, appealing to populist and anti-foreign sentiments, and endorsing the end of democratic elections at the provincial and local levels.²⁹ Jokowi also played to nationalistic sentiment, for example, by declaring his intention to put new restrictions in place to limit the inflow of foreign businesses. He did not push back very hard in the face of what seemed to be very popular feelings.³⁰ His principal campaign themes were clean government and corruption eradication, the issues that had vaulted him quickly from a small city mayor to Governor of Jakarta.

Initially, Gen. Prabowo refused to concede the election, appealing to the courts and prolonging the outcome for as long as possible. Because of Jokowi’s parliamentary minority, his lack of leadership in his own party, and the broad coalition needed to win election, he selected a cabinet with many party elites that had little, if any, loyalty to him or his policies. As a result, Jokowi began his Presidency with a bitterly opposed majority in the DPR, a party that he did not control and a disparate group of Ministers, many with their own agendas. Not

²⁹ See “Direct Elections Un-Indonesian: Prabowo,” *The Jakarta Globe*, July 1, 2014.

³⁰ See “Firm Nationalist Views Shared” *The Jakarta Post*, June 16, 2014.

surprisingly, he has had great difficulty establishing leadership or making policy.

During the course of Jokowi's first year in office, there have been several significant political developments that portend at least the potential for increasing his control of government, and possibly decreasing the antipathy toward foreign investment. First, Prabowo moderated his opposition, even supporting Jokowi actively on some key issues.³¹ In fact, recently much of Jokowi's strongest opposition has been from within his own party, the PDI-P. Second, as a result of party maneuverings, the Jokowi coalition gained a majority in the DPR, at least for now. And third, Jokowi fired several Ministers and "reshuffled" his cabinet in a bid to gain control and provide some economic stability. The "reshuffle" has already resulted in two economic initiatives: a broad deregulation/stimulus package and a more focused set of incentives for investors to increase assets in Indonesia's capital markets.³² More recently, Jokowi indicated in his visit to Washington in October that Indonesia would like to join in the Trans-Pacific Partnership. Time will tell whether these changes result in more coordinated and foreign investment-friendly policy.

The example of disjointed policy of particular relevance to Tangguh is Jokowi's new initiatives regarding Papua. He has expressed great interest in uplifting the economy of Papua and reconciling past grievances.³³ In his first visit to Papua as President in December 2014 to celebrate Christmas, he told a crowd in Jayapura that the government will form a fact-finding team to investigate the recent shooting of five young civilians in the province by security forces,

³¹ See "Checkmate: Jokowi Gets the Go-Ahead From Opposition," THE JAKARTA GLOBE, Jan. 29, 2015.

³² "We are making (investing in Indonesia) as attractive as possible," said Chief Economics Minister Darmin Nasution, announcing the latest measures along with several other ministers. "We must fix, simplify, make it cheaper." Oct. 1, 2015.

³³ This is not to suggest that former President Susilo Bambang Yudhoyono did not seek to improve the economy of Papua. He had several initiatives, including the New Deal for Papua in 2008 and the UP4B Task Force, specifically directed at improving infrastructure in Papua, in 2012.

which he termed “deplorable.”³⁴

On his second trip in May (itself unprecedented in returning to Papua so promptly) he advised the TNI and the Police to change their approach to resolving conflicts in Papua: “I expect the approach in Papua to be changed from repressive security approach to development- and welfare-based approach,” he said in front of hundreds of TNI soldiers and National Police officers at the Jayapura military regional command (“*Korem*”) base.³⁵

He also announced that foreign journalists and others would be allowed to travel to Papua without special permission (the SKJ that is required for all foreigners) and that five Papuan political prisoners would immediately be granted clemency and up to 90 others could also be freed (others apparently rejected this offer, seeking amnesty instead). He further announced several infrastructure projects for Papua, including a trans-Papua road, new bridges and an undersea internet fiber optic cable linking Papua to other provinces.³⁶

Jokowi’s visits to Papua seem to demonstrate a genuine concern for development issues and human rights concerns. However, no sooner than Jokowi landed back in Jakarta, these new initiatives were challenged not just by senior members of the DPR, but also by his own Ministers and the TNI. Regarding foreign journalists in Papua, Coordinating Minister for Political, Legal & Security Affairs Purdijatno (since removed) said the government would maintain its controversial “clearance house” team, which scrutinized the visits of foreign journalists to Papua. “We aren’t spying on them [the journalists]. We’re simply monitoring their activities.” Separately, Defense Minister Ryamizard Ryacudu said that the Jokowi

³⁴ “Joko Pledges to Resolve Papua Shootings,” THE JAKARTA GLOBE, Dec. 29, 2014.

³⁵ “President Advises Indonesian Military, National Police to Change Approach in Papua,” INVESTOR DAILY, May 11, 2015.

³⁶ During the inauguration of the Cable System, the President stated that the central government would allocate Rp. 4 trillion for infrastructure development in West Papua in 2015. See www.pasificpos.com, May 12, 2015.

administration was committed to opening up Papua as long as foreign journalists helped to communicate Indonesia's interests: "We will support them if they produce good reports, but we can easily expel them if they are found committing sedition."³⁷ Regarding the release of political prisoners, the House of Representatives Defense Commission chairman Mahfudz Siddiq urged the government to immediately formulate a road map to reduce the separatist movement in Papua before giving any amnesty.³⁸

At this point, both the change in access and the possible release of additional prisoners have been at least delayed or diluted and possibly blocked by this opposition.³⁹ Thus, intentions to change policy for Papua may not be translated easily into executive action.

In the weeks after his visit, Jokowi announced several additional initiatives. First, he terminated former President Susilo Bambang Yudhoyono's (SBY) creation for Papuan development – UP4B – and created a new vehicle for accelerating natural resource development in Papua. The regulation places the Minister for State Development Planning (Bappenas) in charge, but provides an initial mandate only until December 2015. At the time of TIAP's visit, the Minister had not yet been to Papua.⁴⁰ The President also announced that he would visit Papua three or four times a year⁴¹ and would build an official residence in Papua where he can receive guests and closely interact with residents.⁴² It is not clear whether this increased

³⁷ "Jokowi's ministers reluctant to open up Papua," THE JAKARTA POST, May 27 2015; see also "The National Intelligence Agency (BIN) will monitor the activities of foreign journalists in the future to avoid certain parties from taking advantage of these journalists." SINAR HARAPAN, May 27, 2015. In addition, we note that TIAP's visit to Papua in September still required application and approval of the SKJ.

³⁸ "House Questions Amnesty for Political Prisoners in Papua," KORAN TEMPO, Jun. 25, 2015.

³⁹ On November 19, 2016, Filep Karma, a Papuan who was sentenced to 15 years in prison for leading a rally to raise the Morning Star flag in 2004, was released four years before the end of his sentence. This is a promising development.

⁴⁰ Other members include the ministers of energy, finance, home affairs, law, environment and forestry, state enterprises, industry, trade, and agrarian affairs. Also on the team is the attorney general, the head of the Investment Coordinating Agency (BKPM), the Papua governor, the West Papua governor, and the deputy for monitoring and evaluation in the Office of the Presidential Staff.

⁴¹ In contrast, SBY visited Papua three times during his 10-year term.

⁴² "Jokowi to Build Official Residence in Papua," THE JAKARTA POST, July 30, 2015.

attention will result in a decrease in tensions.

B. Papuan Political/Economic Update

Papua Barat is generally stable politically and has experienced significant economic growth in recent years. Large transfers of revenue have poured into both Papua province and Papua Barat since Special Autonomy (“*Otsus*”) was enacted in 2001, and these amounts continue to grow. In recent years, the main *Otsus* fund has grown from Rp. 1.7 trillion in 2009 to Rp. 2.78 trillion (about \$200 million) in 2015.⁴³ Additional funds of about Rp. 750 billion in 2015 are dedicated to infrastructure development in Papua Barat. Revenues related to natural resource production also are continuing to increase. In 2014 (the most recent year available) natural resource revenue to the province, largely from Tangguh, reached Rp. 1.425 trillion, about 26% of total provincial revenues.⁴⁴

Under Special Autonomy, Papua Barat and its *kabupatens* and *kotas* (cities) will receive 70% of after tax revenues from natural gas production, rather than the 30% allocated to other provinces, until 2026.⁴⁵ Of this amount, only 6% goes directly to the province, while 40% is intended to be allocated by a special regulation, called the *Perdatus DBH*. In 2014, as part of the AMDAL process, agreement finally was reached by all parties on this *Perdatus*. Under that agreement, half of these revenues, or 20% of the total, are to be dedicated to an *adat* trust fund to be split between funding current development and future needs of the *adat* community.⁴⁶

This agreement was endorsed by the GOI. Unfortunately, as a result of political disputes in the

⁴³ Total funding for the two provinces in 2015 is Rp. 9.5 trillion, which includes Rp. 2.5 trillion for infrastructure development. See “Papua, Papua Barat to Receive Rp 9.5 Trillion in Special Autonomy, Infrastructure Development Funds in 2015,” www.detik.com, Aug. 24, 2014. See also TIAP’s May 2014 report at 49-52 and October 2012 report at 39-40.

⁴⁴ These amounts may decrease in 2015 as a result of the decline in LNG prices. See Appendix IV for a summary of both the Papua Barat and Bintuni Bay revenue sources.

⁴⁵ These revenue splits are described more fully in TIAP’s May 2014 report at 50.

⁴⁶ See TIAP’s May 2014 report at 51 for a complete description of the *Perdatus DBH*.

provincial DPRD, and the election of a new DPRD in 2014, the Perdasus DBH has not been ratified. It is difficult to predict when or if it will be finally promulgated.

BP has developed good relations with the Governor and Vice Governor of Papua Barat. Governor Atururi will complete his second and final term in January 2017. The Vice Governor, and the *Bupati* of Bintuni Bay, both of whom support Tangguh expansion and BP's commitments in the AMDAL, are potential candidates to succeed him.

The economy of Papua Barat officially grew by 5.38% in 2014 (approximately the rate of the country as a whole). This, of course, includes revenues from Tangguh, which government data indicates accounted for 55% of this growth. New development in Manokwari and Bintuni is apparent, with much construction underway. However, even with this development, Papua Barat ranks 30 out of 33 provinces in its human index quality and 32 out of 33 in the percentage of people in poverty.

Bintuni Bay is also growing, with much of the development focused in Bintuni town, which may now have a population of 21,000, about half of the entire regency.⁴⁷ Revenues to the *kabupaten* have increased by more than 25% in the past two years, reaching Rp. 1.1 trillion in 2014. This results largely from natural resource revenue from Tangguh, which reached its highest level of Rp. 246 billion, or 22% of Bintuni Bay's total revenues, in 2014.⁴⁸ The *Bupati*, Alfons Manibui, is pleased with the progress in human development made during his tenure and the contribution made by BP.⁴⁹ He is finishing his second term in November and is term-limited.

⁴⁷ Bintuni dalam Angka 2014.

⁴⁸ Under Special Autonomy natural resource revenue sharing, the producing *kabupaten* receives 12% of the total after tax revenues. Note that the Rp 246 billion also includes oil revenue from Sorong Petrochina, logging and palm oil.

⁴⁹ The *Bupati* estimates that approximately 40% of the population is below the poverty line, down from about 60% in 2005. But he added that the happiness index is high.

One of the many visible improvements to local infrastructure is the new bus transportation system, which TIAP utilized. These modern buses were sponsored by the Bintuni Bay Development Foundation, supported by BP.⁵⁰ Road construction is also widespread. The hospital built in 2013 has expanded, is better equipped and is growing further.⁵¹ However, there is limited public understanding that BP support was instrumental to these improvements.

Little of this development has reached the remote villages of Bintuni Bay. Although basic infrastructure, like walkways and jetties, churches and mosques, are improved from a decade ago, there is still little local health care, almost no land transportation (especially in the north shore), minimal education, poor housing and, in many cases, no reliable electricity.

Under the new AMDAL, Fakfak *kabupaten*, west of Tangguh on the south side of Bintuni Bay, will become a producing *kabupaten* because the development of Train 3 may include a platform and several producing wells in Fakfak. As a result, its indigenous people will become part of Tangguh social programs. Fakfak is a much more established historic center, with a significant port and broader economic development than Bintuni Bay. For the first time, TIAP met with officials from Fakfak. The *Bupati*, visiting Tangguh for the first time, is optimistic about his regency's new relationship with Tangguh. Significantly, the regency has recently opened the first polytechnic institute in Papua for training high school graduates in mechanical, civil engineering and computer science skills. The first class of 54 students graduated in September. TIAP is hopeful that this polytechnic school will play a key role in Tangguh Papuan recruitment.⁵²

⁵⁰ See TIAP's March 2009 report at 26-28.

⁵¹ See Section V(D) below.

⁵² See Section V(C)(1) below.

C. Security and Human Rights in Papua and at Tangguh

The security situation in Papua is generally stable, despite continued isolated incidents of violence and reactions by security forces that have resulted in injuries and deaths.⁵³ There is little evidence of organized separatist violence. Most shooting incidents have taken place in Papua province,⁵⁴ with many occurring in the highlands, and none near Tangguh, although serious incidents occurred in Manokwari and Sorong.⁵⁵

The Bintuni Bay region is peaceful and devoid of political or religious violence at this time. During the past 18 months, there have been some personal or tribal disputes that have become violent, and a few non-violent community protests at Babo relating to Tangguh.⁵⁶ ICBS continues to function well, with cooperation from all those involved and support from the police for the annual training exercise and human rights training; however, there are several serious threats to ICBS from the public security sector, in part because it is still a relatively novel model of security. After almost a decade of stability, there are possible changes in security policy by both the TNI and the police, as well as pressure from BIN. There are also threats related to the security forces being used by Genting Oil to guard its activities around the LNG site.

First, the police have established a new command for Papua Barat at Manokwari (“*Polda*”); therefore, the *Kapolda* in Papua province (Jayapura) will no longer have responsibility for Tangguh security. Although this restructuring in itself should not cause any change in policy, the new police command has suggested that it be more active in Tangguh

⁵³ See, e.g., “Joko Pledges to Resolve Papua Shootings,” THE JAKARTA GLOBE, Dec. 29, 2014.

⁵⁴ There were 12 shooting incidents from 2014 through June 2015 in Papua province. The most serious recent incident of violence was in Tolikara (in the highlands) on July 20, when a group of Christians objected to the sound levels of Idul Fitri prayers. Some set fire to shops run by migrant Muslims and the fire spread to a nearby Mosque, fortunately empty. Local Muslims safely performed their Idul Fitri prayers on a field near a military compound. See, “Officials Fear Backlash in Papua Mosque Burning,” THE JAKARTA GLOBE, Jul. 22, 2015.

⁵⁵ See, e.g., “Police hunt for instigators of ‘religious strife’ in Sorong,” THE JAKARTA POST, Apr. 23, 2014.

⁵⁶ According to the Tangguh Security Incident Register, there were three such incidents during this period.

security, citing the regulation that provides responsibility to the police for managing the security of vital national objects.⁵⁷ The new *Kapolda* is aware of the agreement between Tangguh and the Papua police (the “JUKLAP/PAMBERS”), which was amended and extended in 2014 until 2019 and that implements the security relationship between Tangguh and the police. However, it is not clear that the new *Kapolda* sees itself as a party to this agreement, because it was signed by the *Kapolda* of Papua province. As a result, it is possible that the *Kapolda* could seek changes to the JUKLAP/PAMBERS before it expires in 2019.⁵⁸

The JUKLAP/PAMBERS is fundamental to the ICBS arrangements. It implements for Tangguh the general Memorandum of Understanding (“MOU”) between SKKMigas and the National Police on security for oil and gas facilities. It governs the role of the police in response to any security emergency; it incorporates the Voluntary Principles on Security and Human Rights; it requires human rights training for all security personnel, including police, who could potentially be involved in Tangguh security; it provides for the annual joint training exercise.⁵⁹ It is important that this agreement continue in force through its term, if at all possible. BP should communicate this to the *Kapolda* and urge continuation of the current agreement. If necessary, it should enlist the support of SKKMigas, the *Kapolda* in Papua province (who fully supports ICBS and the agreement, and was the first *Kapolda* in Papua Barat) and others to maintain the terms of the JUKLAP/PAMBERS until 2019.

The Deputy *Kapolda* suggested the need for greater communication with Tangguh. Greater communication with the new *Kapolda* is plainly desirable, and TIAP endorses this

⁵⁷ Keppres 63/2004 (Presidential Decree on Protection of Vital National Assets). Tangguh was not recognized as a vital national asset until 2012, Kepmen 3407/2012.

⁵⁸ There was no such suggestion from the police commander in Bintuni, the *Polres*, who was pleased with the implementation of ICBS, including the human rights training and the joint annual exercise.

⁵⁹ See TIAP’s January 2011 report at 15-18.

suggestion. However, it was also suggested that police have greater access to the LNG site for intelligence purposes, increase their local corporate social responsibility (“CSR”) activities, and establish a police post in each of the villages of Bintuni Bay. These actions could be contrary to the principles of ICBS, and have the potential to create tension and instability around Tangguh. BP should provide reasonable access and, if requested, scheduled visits by the *Kapolda* and other police officials to Tangguh, but should resist any permanent police presence at the LNG site or in the nearby villages. BP’s focus should be on familiarization and implementation of the ICBS principles of the JUKLAP/PAMBERS, including the three rings of security, human rights training for all private security and police that may be called and the annual training exercise with full police participation.

The second potential risk to ICBS comes from the TNI, which indicated the need to establish a new *Kodam*, or provincial command, in Papua Barat. Until the police established a regional command at Manokwari, this did not appear to be a priority. Now, TIAP was informed that a new *Kodam* would be established at Manokwari, and a new *Kodim*, or district command, in Bintuni in 2016. The new *Kodam* would have approximately 7,000 troops stationed in Papua Barat province. In addition, there are plans to place an anti-aircraft unit in Bintuni Bay, and the Navy has taken steps to establish a new navy base at Sorong.⁶⁰

These plans do not impose any immediate threat, but are cause for concern in the longer term. The TNI has been actively promoting its availability for community service and other forms of “soft” power in Papua. The *Pangdam*’s Chief of Staff emphasized the need to provide proper security support for Tangguh as a vital national asset, and mentioned perceived threats to Tangguh from separatist organizations. Thus, if resources become available, the TNI may

⁶⁰ See “Nation to Add More Navy Bases,” *Republika*, Dec. 24, 2014.

increase its presence in Papua Barat and Bintuni Bay, and may seek a greater role in Tangguh security. (The TNI is not a party to the JUKLAP/PAMBERS agreement and does not, at this point, have direct responsibility for security at vital national assets).⁶¹ At this point, the TNI is satisfied with the annual joint training and believes the relationship with Tangguh is good. BP cannot directly affect TNI deployment decisions. But it can seek to ensure that TNI and others in public security are aware of ICBS, its mechanics and its effectiveness as a model. If and when a new TNI command is established in Papua Barat or Bintuni Bay, communication and education with its leaders should be BP's priority.

A third concern regarding the existing security comes from the suggestions of BIN, the National Intelligence Agency. Senior members of BIN were displeased with access of public security to Tangguh and communication with BP. BIN sees a need for greater intelligence and early detection of potential unrest, mentioning the Freeport model as a means to avoid conflict. The continuing dispute regarding *adat* compensation⁶² was cited as a source of local anger and a potential threat to Tangguh.

As with the police and the TNI, BP's best course at this point is better communication and reasonable, controlled access to the LNG site. BIN was not familiar with BP's successful social programs and the generally supportive position of most indigenous people. BIN should be invited to observe the annual joint training exercise and to visit Tangguh to see the private security arrangements; regular communications should be established. However, any requests to BP to support regular or permanent intel activities at the LNG site or in the nearby villages should be resisted.

⁶¹ There are discussions in Jakarta for changing the responsibilities for security regarding vital national assets and returning the TNI to a more primary role.

⁶² See Section II above.

Regarding officials in all the public security institutions, it is apparent that newly-appointed security officers are not well informed about ICBS. Thus, early communication with newly-appointed officers is important. This, and continuing communications, with these officials needs to make clear that ICBS is not only about external security, but that it has a broader scope of integrating with and maintaining good relations with the communities around the Project area based on mutual respect, especially respect for local cultures.

A separate threat to the peace and calm of Bintuni Bay comes from the practices of other oil and gas companies exploring for, and potentially producing, resources from the area, most significantly Genting Oil. Genting has been conducting exploration and production (“E&P”) near Tangguh for several years, and has discovered gas reserves within the fence. Genting had used off duty TNI soldiers for its security, housing them as close to Tangguh as Tanah Merah Baru (the resettlement village).⁶³ TIAP and BP raised concerns regarding Genting’s use of the military before, and changes were made. However, given its proximity to Tangguh (Genting has now constructed a 16km road adjacent to the LNG site perimeter), and its use of security forces, any incident caused by Genting security will surely impact BP/Tangguh. TIAP raised these concerns with local and national officials, urging them to encourage Genting to use the ICBS model for security. It is not clear that these requests will be effective. BP should engage directly with Genting on this issue, offer to share its experience with ICBS and invite Genting’s security officials to observe the joint annual training exercise; it should also continue to urge SKKMigas and others to encourage Genting not to use TNI or police for site security.

⁶³ See TIAP’s October 2012 report at 15.

Recommendations: Security and Human Rights

- 1. BP should resist any changes to ICBS, and seek continuation of the JUKLAP/PAMBERS agreement with the police during its current term. If necessary, it should enlist the support of SKKMigas, the Kapolda in Papua province and others to maintain the JUKLAP/PAMBERS until 2019.**
- 2. BP should provide reasonable access to and, if requested, schedule visits by the Kapolda and other police officials to Tangguh, but should resist any permanent police presence at the LNG site or in the nearby villages.**
- 3. BP's focus with the new police command should be on familiarization and implementation of the ICBS principles of the JUKLAP/PAMBERS, including the three rings of security, human rights training for all private security and police that may be called and the annual training exercise with full police participation.**
- 4. If and when a new TNI command is established in Papua Barat or Bintuni Bay, communication and education with its leaders about ICBS should be BP's priority.**
- 5. Regular communications should be established with BIN, which should be invited to observe the annual joint training exercise and to visit Tangguh. However, any requests to BP to support regular or permanent intel activities at the LNG site or in the nearby villages should be resisted.**
- 6. BP should also emphasize in its communication with external stakeholders, especially with public security officials, that an important part of ICBS is maintaining good relations with the communities around the project based on mutual respect.**
- 7. BP should engage directly with Genting on security arrangements, offer to share its experience with ICBS and invite Genting's security officials to observe the joint annual training exercise; it should also continue to urge SKKMigas and others to encourage Genting not to use TNI or police for site security.**

V. Social and Economic Programs for Papuan Development

A. Electricity and Power for Papua Barat

Much of the local support for Tangguh relates to the electrification of Bintuni town and certain villages around Bintuni Bay, as well as the expectation that this soon will expand to other parts of the *kabupaten*. Support among provincial leaders comes in part from the belief that LNG from Tangguh will ultimately power more reliable and less expensive electrical

generation throughout Papua Barat.⁶⁴ The social and derivative economic benefits of reliable power cannot be overstated and have long been a priority of TIAP.⁶⁵ But little progress has been made toward local electrification since TIAP's visit 18 months ago.⁶⁶ This may be largely the result of inaction by others, but BP should not be satisfied with continuing delays that may be the fault of other parties. Instead, it should itself take whatever steps it can to expand the electrified area on a systematic basis so that progress does not stall.

There are several villages where the infrastructure for power has been established, but no electricity is being provided.⁶⁷ In coordination with SKKMigas, which supports BP's efforts to increase benefits for indigenous people, BP should work with PLN to develop a phased schedule to expand electrification to every village where infrastructure is in place. In those areas where PLN must still build out the grid, such as Babo, Tofoi and certain north shore villages, BP should work with the local government to improve diesel generation capacity so that, at the very least, public facilities such as schools and the health clinic can count on continuous adequate power.

This is particularly important to the health clinics when they are dealing with emergency child delivery situations and are in need of use of certain equipment for the mother and infant. It is also important to note that while the Bintuni hospital has electricity, its emergency generator uses a hand crank which could take as long as 20 minutes to start in an emergency situation. That could have devastating impacts on babies in the neonatology unit using ventilation and other life-saving equipment. In order to ensure the safety of patients, it is important for the hospital to get assistance in acquiring a manual transfer switch for their

⁶⁴ See Section II above.

⁶⁵ See, e.g., TIAP's March 2007 report at 25 and TIAP's May 2014 report at 30-31.

⁶⁶ The electrical substation connecting Tangguh to the grid with up to 8MW was completed in January 2013.

⁶⁷ These include Onar, Tambanewa, Pera-pera, Sorandauni and Aranday.

generator, which would allow their generator to be operational in less than 30 seconds.

Separately, regional leaders see great benefit flowing from Tangguh's gas to power program. BP has committed in the new AMDAL to allocate up to 20 mmcf/day (or 0.16 mtpa) of LNG for power generation in Papua Barat province. Governor Atururi has championed this idea for several years, and it has been supported by TIAP. Legally, this is only an obligation if Train 3 is constructed.

There are many hurdles to overcome, but it is essential that this program be advanced whether or not Train 3 construction begins next year. This program is too important for Papuan economic development and Tangguh's place in Papua to be dependent on expansion. Fortunately, much can be accomplished technically before Train 3 construction, including testing the safety and feasibility of the mini-LNG tankers that will be used to offload and transport the LNG from the supertankers that now load at Tangguh, without the need for a new jetty at Tangguh. Of course, the system cannot function until LNG receiving facilities and power generation conversions are constructed in each city using the LNG.⁶⁸

The initial obstacles are principally legal/structural, related to the need to establish a local government company ("BUMD") qualified to purchase the LNG.⁶⁹ All parties seem to be supportive, and BP can only have a limited role on this aspect. BP is working, and should continue to work, with SKKMigas, ESDM and its regional partners to make sure that the LNG can be provided as soon as it is technically and legally viable; and should provide or sponsor technical support to accelerate this development.

⁶⁸ The LNG will be used for electric power generation only. It was suggested by the Deputy Director General for Oil and Gas that LNG also be supplied for "city gas," (*i.e.*, for distribution to residential and commercial customers). This is certainly a good idea for the long term, but much infrastructure will need to be constructed first.

⁶⁹ It is not clear why the purchaser cannot be PLN, which has expressed interest previously and, in any case, is the ultimate purchaser and owner of the generation facilities.

Recommendations: Electricity and Power

- 1. In coordination with SKKMigas, BP should work with PLN to develop a phased schedule to expand electrification to every village where infrastructure is in place.**
- 2. In those areas where PLN must still build out the grid, BP should work with the local government to improve diesel generation capacity so that, at the very least, public facilities such as schools and health clinics can count on continuous adequate power.**
- 3. BP should work with SKKMigas, ESDM and its regional partners to make sure that the LNG can be provided for Papuan power as soon as it is technically and legally viable; it should provide or sponsor technical support to accelerate this development.**

B. North Shore Housing

The restoration of north shore housing has been a contentious issue and the source of jealousy since the construction of the resettlement villages on the south shore began in 2005. TIAP has long urged BP to address these grievances; and it has made several attempts to do so, but all have failed.⁷⁰ The reconstruction of certain north shore housing is now a key commitment of the expansion AMDAL. Legally, no obligation exists until Tangguh expansion is finally approved. Nevertheless, in advance of final sanction, BP is supporting the preliminary work on infrastructure improvements and house design for Weriagar and Tomu Districts that will provide some protection from coastal and river infiltration in a challenging hydrological environment. Although these villages face severe threats from rising sea levels, the indigenous people and their elected representatives have opted for restoration rather than relocation. Based on a socio-economic census conducted by the University of Gadjah Mada (“UGM”), a total number of 456 houses will be constructed for these two districts. Although this is expensive because of the difficult environment, under the AMDAL that choice must be honored.

⁷⁰ See TIAP’s May 2014 report at 28-30 for a summary.

However, BP's commitment to north shore housing should not be entirely dependent on final sanction or commencement of construction of Train 3. The commitment to address this issue among the north shore villages is long-standing, well before there was any discussion of Train 3. Expectations are high that this program will commence in 2016. There will be a new *Bupati* in 2016 and much of this program depends on actions by local government. BP should seek the support of SKKMigas and the new *Bupati* to commence this program in 2016, if necessary, even if final sanction of Tangguh expansion is postponed. It should also explore expanding the program, over time, to other north shore villages. With SKKMigas approval, it should make clear to the new *Bupati* that it will work with him and provide technical assistance to support north shore housing restoration as quickly as possible.

Recommendation: North Shore Housing

- 1. BP should seek the support of SKKMigas and the new *Bupati* to commence the north shore housing restoration program in 2016, if necessary, even if final sanction of Tangguh expansion is postponed. It should also explore expanding the program, over time, to other north shore villages.**

C. Recruitment, Retention and Promotion of Papuans at Tangguh

1. Recruitment

One of BP's most fundamental AMDAL commitments is to develop Papuan human resources over a 20-year period so that Papuans then can be running much of Tangguh. By 2029, BP and its contractors must employ 100% Papuans in non-highly skilled jobs, and at least 78% in skilled and 33% in supervisory positions. To leaders in Papua, this result has always been viewed as Tangguh's legacy and lasting contribution to Papuans. BP has taken this commitment seriously, focusing on the issue from the start and making changes multiple times

designed to improve results.⁷¹ Significant progress has been made, but it is now apparent that additional efforts are needed to reach these objectives.

Overall Papuan employment levels have stalled at 54% of the workforce. While 54% and rising was commendable in 2011, that level in 2015 suggests serious obstacles. Most serious is the difficulty in promoting Papuans to skilled, managerial and supervisory levels, particularly indigenous Papuans (“IPs”). IPs represent only 1% of these positions in 2015. Other Papuans⁷² represent larger percentages, bringing the totals to about 30% of skilled workers and 23% of managers/supervisors. These levels must be increased to 78% and 35% respectively, by 2029. Although 2029 still seems a long way off, it is not a long time given the lengthy timeline needed to recruit, develop and promote sufficient Papuans to meet AMDAL commitments. Changes are needed with respect to both the recruitment process and the development of Papuan employees.

Recruitment of technically qualified Papuans has been difficult, both for BP and its contractors. There is a limited pool of college and technical institute graduates, (“polytechnics”), and even of qualified high school graduates. Previous efforts to increase this pool have generated some progress, but have not provided the numbers of applicants that will permit the ramp-up of Papuan skilled workers required. BP is taking new steps to address this concern.

Most significantly, BP is supporting the new Fakfak Polytechnic, that graduated its first class of 54 students in September. These young Papuans have been technically trained in mechanical and civil engineering and computer science skills. BP is seeking to hire about 40 of

⁷¹ See TIAP’s March 2007 report at 15-16, March 2008 report at 10-11, October 2012 report at 31-35, and May 2014 report at 38-41.

⁷² Other Papuans represent those who are partly Papuan or have lived in Papua for a considerable period. A full description of the classifications of Papuans is included in TIAP’s May 2014 report at 41.

these graduates from Fakfak and other schools each year for its technical apprentice program. It is also working with UNIPA and other regencies, such as Manokwari, to develop additional polytechnics in the region.

It has long been difficult for BP to enforce Papuan hiring and promotion targets on its contractors.⁷³ This is in part because of the limited term of the contracts. In response to that problem, BP is considering a plan to gradually bring more of these activities in house, as a core activity using BP employees. If this plan is adopted, BP would be in more control over the hiring and promotion of Papuans for functions currently contracted out, such as maintenance. TIAP encourages this response, because other efforts have been unsuccessful.

Separately, BP is supporting a welder training facility in Bintuni, an idea the *Bupati* proposed to SKKMigas. The graduates could be hired by Tangguh, or others. It is not clear that this will be immediately successful, given the experience of the vocational training facility in Aranday that BP developed to increase the skills of north shore villagers. But welding is a trade much in demand, not only at Tangguh, and Bintuni is a far larger community than Aranday. In addition, BP will also continue to support university scholarships for Papuan students, apprenticeships at Tangguh and its Challenger program for top ranked students, which will now focus on Papuans.⁷⁴

These are all good initiatives, and together, if pursued aggressively, they should produce results. But two other elements are necessary to guarantee success. First, the recruitment program needs to be a core responsibility of a senior manager, if at all possible, someone who can be expected to remain in Indonesia and manage the program for more than a few years. Second, interim metrics should be established, on at least an annual basis, to measure the

⁷³ See TIAP May 2014 Report at 40-41.

⁷⁴ See, e.g., TIAP's May 2014 report for a more robust description of these programs.

progress of each component and to adjust accordingly if targets are not met. For example, BP could increase the technician feeder pool if more entry level candidates are needed or provide more Papuan scholarships if that program is yielding better results.

2. Promotion

The growth of the skills of Tangguh's Papuan employees is the other essential element in developing Papuan managers and supervisors. This may be the more difficult task; while Papuan preferences (affirmative action) can be practiced in hiring, an absolute meritocracy must be the rule for promotions. So it is critical that Papuan employees be offered the training (including convenient English language classes), management support and feedback that allow them to move to higher levels. This, too, is a source of much TIAP commentary and several previous BP initiatives.⁷⁵ But, as with hiring, this program needs to be strengthened if success is to be ensured.

In its meeting with Papuan employees, TIAP learned of many instances where a well-intended policy from the top is not translated into effective results below. This is primarily due to a lack of communication and support. As all BP employees must know, having a sponsor or a mentor and a technical coach is critical to upward movement toward higher responsibility. Also important is having direct managers who have an interest in supporting their Papuan workers. This is particularly necessary for indigenous Papuans, many of whom are not fluent in English, and are not accustomed to the demands of a large industrial enterprise.⁷⁶ It is difficult to instill in all middle managers a commitment to Papuan employee development. But if this is

⁷⁵ TIAP has addressed this previously, although in its May 2014 report, it dealt principally with recruitment issues. See, in addition, TIAP's March 2012 report from 33-35 and January 2011 report from 20-21.

⁷⁶ With TIAP's strong support, BP is continuing its program in English language training for off shift employees in Manokwari, Sorong and Jayapura. This is something that managers can recommend to employees if they believe better English skills would be helpful in career development. See TIAP's May 2014 at 39-40.

to become effective, the initiative must come from the top, and its importance must be communicated.

TIAP recommends three changes to the Papuan Development Program. First, the success of the program must be the responsibility of a high-level BP official, possibly the Vice President for Human Resources or the site manager for Tangguh. Specific metrics should be applied to gauge performance, and senior management should be held accountable.

Second, managers must become more committed to this program. All senior managers should be required to become a mentor or a technical coach to a Papuan. All other managers should be encouraged to do so, and rewarded for doing so effectively. One key performance indicator for all managers should be the success of Papuan employee development on their team. This will also require stronger coordination among managers regarding individual team members who have multiple managers, because of different shift changes. This effort must be led and enforced from the top, and communicated as important to BP.

Third, senior management communication with Papuan employees should be increased and made regular. Papuan employees have very little opportunity to interact with management, where they could provide useful suggestions or explain grievances regarding their situations. Increasing this interaction, either through a representative committee of Papuans or the designation of pre-arranged times that management is available to meet with all Papuans, will help to increase understanding and remove obstacles to their growth.

BP has already begun to implement some of these recommendations, including a new program to support Papuan workers with additional mentoring and coaching, and a direct and regular dialogue between senior management and Papuan workers. These are welcome and encouraging changes. Their success will depend on management commitment over the long

term.

Recommendations: Papuan Employment

- 1. The recruitment of Papuans needs to be a core responsibility of a senior manager. Additionally, interim metrics should be established, on at least an annual basis, to measure the progress of each component and to adjust accordingly if targets are not met.**
- 2. The retention and promotion of Papuan employees must also be the responsibility of a high level BP official, possibly the Vice President for Human Resources or the site manager for Tangguh. Specific metrics should be applied to gauge performance, and senior management should be held accountable. All senior managers should be required to become a mentor or a technical coach to a Papuan. All other managers should be encouraged to do so, and rewarded for doing so effectively.**
- 3. Management communication with Papuan employees should be increased and made regular. Papuan workers at Tangguh, or a representative designated group, should meet regularly with the BP senior manager responsible for Papuan retention and promotion.**
- 4. To the extent practicable, Papuan employees of the major contractors serving Tangguh also should be included in these communications to give BP a better understanding of difficulties with its contractors' implementation of Papuan retention and promotion.**

D. Health Care

TIAP has previously recounted the considerable success of BP's health programs in Bintuni Bay, first with the Tangguh Community Health Unit ("TCHU") in the DAVs⁷⁷ and more recently with the broader support for Yayasan Sosial Augustinus ("YSA"), in promoting improved health care throughout the *kabupaten*.⁷⁸ In May, 2015, the Bintuni Bay malaria control program was recognized nationally, winning the Innovation in Public Service Award for its success in almost eliminating malaria in the DAVs, which was presented to the *Bupati* by the Vice President. YSA's goal is to eliminate malaria entirely from Bintuni Bay by 2021.

⁷⁷ See TIAP's March 2009 report at 33-34, 64-65 and March 2008 report at 28-29.

⁷⁸ See TIAP's May 2014 report at 31-32.

The *Bupati*, who is a dentist by training, has prioritized health care funding and facilities. The first hospital in Bintuni Bay, one of his signature accomplishments, already has increased services, including a surgery, an emergency facility and a neonatology unit. It has a dedicated and enthusiastic team, led by the Hospital Director and the Head of the Bintuni Bay health office, with plans for further improvement in public health by preventing and treating TB and HIV in the villages, as well as increasing the hospital's capacity as a referral hospital. These medical professionals are pleased with BP's support.

Capacity for maternal and child health, an area on which TIAP focused in 2014, has seen material improvement. With BP's support, the Babo clinic ("*Puskesmas*") now has a program for high-risk pregnant women and children on the south shore. BP is also supporting a similar *Puskesmas* program that will soon be functioning on the north shore at Aranday and in Kokas in Fakfak by 2018. A water ambulance service is now available to take high-risk mothers from Babo to Bintuni. Separately, but importantly, the Health team is working to expand the clean water/sanitation program and encourage behavioral change beyond the DAVs to the broader community.

BP's partnership with the *Bupati* on health care services has achieved nationally recognized results. Nonetheless, much remains to be done as health care and clean water in Bintuni Bay remain far inferior to many other areas of the country. BP's support for the capacity of the *kabupaten* health office, and its continued support for the *Puskesmas* serving both north and south shore villages, should continue. Hopefully, the new *Bupati* will be committed to these programs. Because the new *Bupati* will not be a health care professional, BP should make clear to him its willingness to continue supporting the ever improving health care capacity of the *kabupaten*.

Recommendation: Health Care

- 1. BP should continue to support the capacity of the *kabupaten* health office, and for the health clinics (*Puskesmas*) serving both north and south shore villages. BP should make clear to the new *Bupati* its willingness to continue supporting the improving health care capacity of the *kabupaten*.**

E. Education

BP has supported primary and secondary education in the Bintuni Bay area since the construction of Trains 1 and 2.⁷⁹ This support has been principally through assistance to partners providing teachers for the DAVs and improving the capacity of the local education department. It has also provided effective support for UNIPA in Manokwari⁸⁰ (which has provided some of the teachers) and has provided scholarships to Papuan students. All of these actions have had positive effects, most significantly in improving the basic skills of the elementary and secondary school students in the *kabupaten*.⁸¹ However, these programs have not been very successful in raising the performance of the top students in Bintuni Bay so that they could move to the next level. To meet this critical need, BP and the community agreed to establish a series of “flagship” high schools, where the best students could board and prepare for a university education. TIAP suggested initially one flagship on the north shore and one on the south shore, and urged BP to bring this concept to fruition promptly.

Unfortunately, there has been little progress toward this goal in the 18 months since TIAP’s last visit. Some of this inaction is the result of a failed tender process to replace BP’s previous education partner, British Council. Because of its importance and the length of time it will need to develop fully, this is not a program that can be deferred. Unless the newly-elected

⁷⁹ See TIAP’s March 2009 report at 30-31 and March 2007 report at 22-23.

⁸⁰ See TIAP’s May 2014 report at 59.

⁸¹ See TIAP’s January 2011 report at 23.

Bupati does not want to proceed promptly, BP should seek to accelerate the establishment of the first flagship school in Bintuni Bay to a date before 2019, its current target.

Recommendation: Education

- 1. The establishment of the first flagship school in Bintuni Bay should be BP's education priority with a target date earlier than 2019.**

F. Papuan Business Development

Development of local business capacity has been a part of Tangguh's AMDAL social commitment since inception. Its multiple components have included a micro-enterprise program, women's enterprise development, capacity building for regional businesses so that they could become suppliers for Tangguh and others, support for agriculture and fishing cooperatives and procurement of fruits, vegetables, fish and shrimp from local stocking points.⁸² BP's support for local enterprise is a vital part of its relationship to the region. It not only increases incomes and diversifies growth in the area, but it also broadens the direct benefits of Tangguh to a much wider group.

Procurement of supplies and, ultimately, services, has the potential for significant increases, particularly if Train 3 proceeds. Currently, local sources supply about 20% of the fresh agricultural products and almost 25% of the fresh fish products consumed at Tangguh. While it may not be possible to supply all the fresh fruits, vegetables, fish and shrimp from local sources to thousands of additional workers, major support should be provided to facilitate a ramp-up for a large increase in the stable supply of these products. The expansion AMDAL commits BP to procure 10% of Tangguh's needs during construction and 65% post-construction. Whether or not Train 3 construction begins in 2016, BP should now take steps to

⁸² See, e.g., TIAP's January 2011 report at 21 and March 2009 report at 35-36.

increase local purchases to 65% of needs. This has been the most successful local enterprise development undertaken and has much room to grow further over time; its expansion should continue to be a priority.

Separately, increased purchases of other goods and services from local vendors is now more viable as a result of a change in allowable procurement policy. SKKMigas has authorized contracts for less than \$20,000 to be procured directly from local qualified sources, without being subject to a competitive tender. It is important that the Procurement and Supply Chain Management group at Tangguh identify potential products or services that could qualify and that this be communicated broadly so that Papuan businesses can focus on serving these needs.

To support these business opportunities, which could serve Tangguh or other purchasers, BP's Indigenous Enterprise Development Program ("IEDP") has helped to establish a Business Development Service ("BDS"). This will foster new enterprise creation in Bintuni, Fakfak, Sorong and Manokwari. The program has the strong support of the local government and great potential for IP run businesses. TIAP met with the BDS in Bintuni and toured two of the first IP enterprise creations: a clothing manufacturing facility (run entirely by women) and an air conditioning repair shop. Both demonstrated professionalism and enthusiasm for their ventures. With reliable electricity now in Bintuni, AC/refrigeration repair (with house calls) will service a growing need; and with uniforms for Tangguh and potentially for almost every government official's wardrobe, shirt manufacturing should also thrive. The managers and workers of these new businesses, named SUBITU (for United Tribal Group of Bintuni), showed great pride in their initial accomplishments, and suggest to TIAP that BP should continue to support this program, which has potential for many other new enterprises. Over the long term, it is important that these newly established enterprises be run entirely by IP, without support from

BP staff or partners. Therefore, training and coaching of how to manage these enterprises independently by the IP should be emphasized in the future.

Recommendations: Papuan Business Development

- 1. BP should take steps to increase local agricultural and fisheries purchases to 65% of Tangguh’s operational needs, whether or not Train 3 construction begins in 2016.**
- 2. The Procurement and Supply Chain Management group at Tangguh should identify potential products or services that could qualify for non-competitive procurement and communicate the results broadly so that Papuan businesses can focus on serving these needs.**
- 3. BP should continue to support the Business Development Service (BDS) in its efforts to create additional IP run businesses in Bintuni and other towns in the region, but should emphasize training and coaching for the IP to avoid long-term dependency on BP.**

VI. Governance and Revenue Transparency

BP support for improved local governance and greater transparency has long been central to the development and sustainability of Tangguh’s social programs and to increasing the likelihood for the productive and transparent use of Tangguh revenues. BP cannot make its social programs effective or sustainable without a transparent functional local government partner. And it is clear that achieving this goal requires a sustained commitment.

After a decade of support for capacity development, much progress has been made, particularly at the *kabupaten* level. For the first time, the financial accounts of Bintuni Bay (for 2014) were rated “acceptable” by the national audit agency, BPK. This is not the highest level of “unqualified” that BP should continue to encourage, but it is a major improvement over the prior years’ audits which were unauditible (“disclaimer” rating).⁸³ Auditible transparent

⁸³ For an explanation of BPK audit categories, see TIAP’s November 2012 report at 37-38.

financial statements by the local governments will go a long way toward demonstrating both the level of revenues from Tangguh and their uses.

The provincial government, however, has not seen comparable improvement. Unfortunately, the financial reports of Papua Barat continued in 2014 at the lowest rating by BPK of disclaimer status. There were also serious corruption charges and convictions involving most of the DPRD.⁸⁴ Even more important in relation to Tangguh, the DPRD has failed to ratify the Perdasus DBH, the regional regulation needed to implement the resource allocation provisions of Special Autonomy. The terms of this regulation would finally allocate Tangguh's (and other resource projects') revenues transparently among the province, the producing *kabupaten*, and the *adat* groups that have ownership claims to the land. These provisions seem to have been agreed upon by all relevant parties, but political disputes in the DPRD have delayed ratification.⁸⁵ Until this process is completed, demands from the north shore Sebyar tribe for *adat* compensation to be paid by BP will continue. BP has done what it could to support this process; at this point, it can only continue to encourage the parties to ratify the regulation.

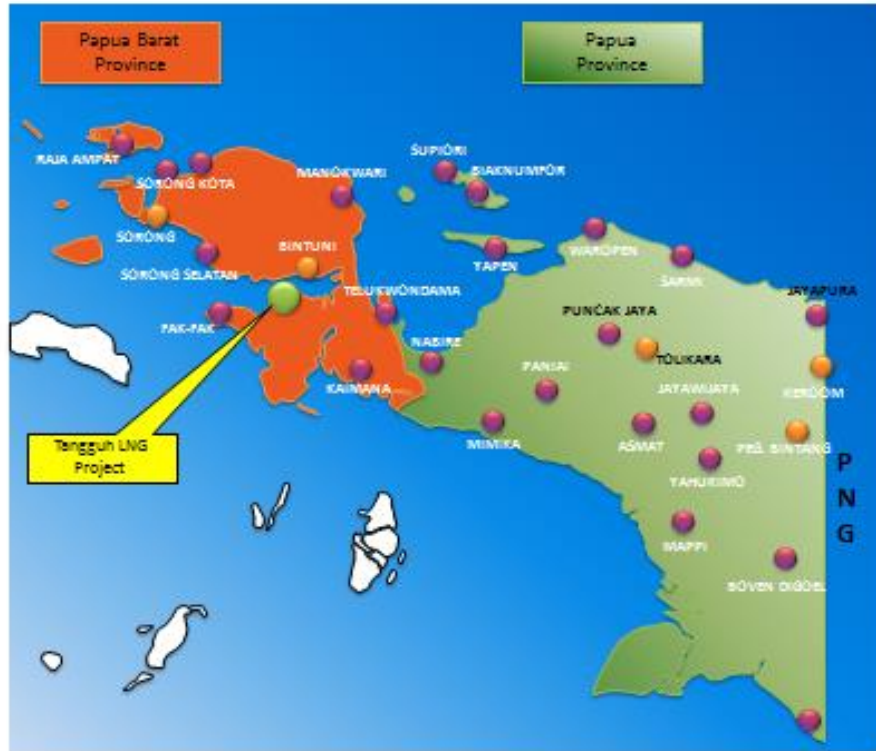
With elections coming soon in both the *kabupaten* and the province, governance will face a major test: the first transitions to new administrations since the establishment of both jurisdictions. BP cannot affect the results. But BP can provide both the new *Bupati* and the new governor assurances that it will continue to support capacity training and skill development for their new officials. Since UGM withdrew as BP's primary governance partner, BP has been working with the local government to define the scope and terms of a new contract, but it has not completed this process. This is not the time for BP to reduce or delay its governance

⁸⁴ See, e.g., "Replace All Members of Parliament in West Papua" Media Indonesia, Feb. 12, 2014.

⁸⁵ The details of the Perdasus DBH are described in TIAP's May 2014 report at 51.

support. As soon as the new *Bupati* is established, it should begin working with him to promptly conduct the process for selecting a new governance partner. If the gains made thus far by the previous *Bupati* are to be sustainable, BP must continue, without interruption, its support for the capacity of the local government and for the civil society organizations of Bintuni Bay.

APPENDIX I
MAP OF PAPUA AND PAPUA BARAT PROVINCES



APPENDIX II
STAKEHOLDERS CONSULTED BY TIAP
2015 VISIT

Government Officials: Indonesia

- Luhut Binsar Panjaitan, Coordinating Minister for Political, Legal and Security Affairs
- IGN Wiratmaja Puja, Director General of Oil and Gas, Energy and Mineral Resources
- Prof. Dr. Mardiasmo, MBA, Deputy Finance Minister
- Sofyan Djalil, Minister of National Development Planning/Head of National Development Planning Agency (Bappenas)
- Sofyan Basir, PLN President Director
- Amien Sunaryadi, SKK Migas Chairman
- Mr. Suropto, Deputy IV Economic Intelligent of BIN
- Brigjen TNI. Liston Simanjuntak, Director Maluku & Papua, under Deputy II National Intelligent of BIN
- Brigjen TNI Daru Cahyono, Head of BIN Papua Barat

Government Officials: Papua and Papua Barat

- Brigjen TNI Tatang Sulaiman, Kasdam Cendrawasih, Papua
- Paulus Waterpau, Kapolda of Papua
- Drs Imam Margono, Deputy Regional Police Chief, Papua Barat

Members of the DPRD – Papua Barat

- M. Sanuni R
- Leonard P
- Albert Kareth
- Xarerius K
- Ismael
- Ir. Ridwan Usman
- Febry J Andja
- Ortis F S
- Herdowina Isir
- Erik Manibuy
- Bram Goram
- Yonada Trogea
- Mauridi S
- Arifin S
- Saul Rante L

Members of the MRP

- Anike TH Sabami – 1st Deputy of MRP
- TH Wolas Krenal
- Mesianus Waney
- Lusia H
- Antonia Bauw
- Olla Dorkas D
- Zeth M
- Aris Waropen
- Christian R
- Frengky S
- Charles Winowoda

Government Officials: United States

- Robert O. Blake, US Ambassador to Indonesia
- Sara Litke, First Secretary, Energy and Extractive Industries, U.S. Embassy
- John Hansen, Director, Environmental Office, U.S. Agency for International Development, American Embassy

Government Officials: United Kingdom

- Moazzam Malik, UK Ambassador to Indonesia

Government Officials – Teluk Bintuni Regency

- Drg. Alfons Manibui, DESS – *Bupati* of Teluk Bintuni Regency (This meeting took place in Jakarta)
- Dr. Andreas Ciokan - Head of Bintuni Bay Health Office
- Dr. Eka Suradji, Director, Bintuni Hospital
- Gustaf Manuputty - First Assistant of Teluk Bintuni
- AKBP Harry Supriono - Kapolres, Bintuni
- Jamaludin Iribaram – Head of Workforce Department of Teluk Bintuni Regency
- Jacomina Jane M.Fimbay,S.pd. – Head of Women Empowerment Department of Teluk Bintuni
- Drs. Yoseph Rony - Head of Transportation, Information, and Telecommunication Department of Teluk Bintuni
- Simon Papa – Head of Commerce, Industry, Cooperation and Micro Finance Department of Teluk Bintuni

Government Officials – Fakfak Regency

- Mohammad Uswanas - *Bupati*, Fakfak
- Siti Rahma Hegemur, ST – Head of Local House of Representative of Fakfak Regency
- Ir Abraham Sopaheluwakan, M, Si – 2nd Assistant

- Ahmad Uswanas, S.Sos, Local Government of Fakfak Regency (General Affairs)
- Ir. Chesty J Sahetapy, Head of Local Environmental Agency
- Arobi Hindom, Head of Mining Department of Fakfak Regency
- Drs. Benny Thie, Head of Workforce Department of Fakfak Regency
- John Rawulu, *Bupati*'s Assistant
- Jufri Uswanas, ADC
- Taufiq, *Bupati*'s Secretary
- Chrisye Tala, Protocol
- Alimin Suli, Escort
- La Tasmin, Head of Public Relation of Fakfak Regency
- Khamid, Escort

Residents of the Bird's Head Region of West Papua, Teluk Bintuni Regency, Babo District

- Agus Suharjo, Chief of District, Babo
- Iptu Pol Robin Kumbarayuda - Babo TNI Representative
- Kapten Inf Dali Mendrofa - Babo Kapoloda Representative

Non-Government Organizations (NGOs)

NGOs in Jayapura

- Feri Marisan - ELSHAM Papua
- Fritz Ramandey - Komnas HAM Papua
- Benja Mambai – WWF Papua
- Decky Rumaropen – YPMD

NGOs in Jakarta

- Abdon Nababan, AMAN-Aliansi Masyarakat Adat Nusantara
- Dino Prayoga, The Nature Conservation
- Sapto H. Sakti, The Nature Conservation
- Meliana Lumbantoruan, Publish What You Pay

NGOs in Manokwari

- Yan Christian Warinusy – LP3BH
- Samuel Yansenem – LP3BH
- Andris Wapdaron – LP3BH

Implementing Partners

University of Indonesia – Income Survey Study Team

- Prof. Dr. Dody Prayogo MPSt
- Sakti Wirayudha

- Yosef Hilarius
- Evelyn Suleeman
- Chotib
- Sulastri

Kemitraan – Governance Study Team

- Erry Riyana Hardjapamekas
- Dr Agung Djojosoekarto
- Miftah
- Qisai

PUPUK – Indigenous Enterprises Development Program (IEDP)

- Bastian Annas Saputra
- Bina Swadaya Konsultan
Andi Rahman Kurniadi
- Nany Haryati

Bandung Institute of Technology – North Shore Housing

- Prof Rizal Z Tamin

UNCEN Representatives

- Julius Ary Mollet – Deputy Rector of UNCEN

Private Sector Analysts

- Douglas Ramage, Bower Asia Group
- Sidney Jones, Director, Institute for Policy Analysis of Conflict

Academic Institutions in Papua and Papua Barat

- Ir. Onesimus Yoku, MS, Acting Rector - UNIPA
- Y. S. Budiyanto, Vice Rector – UNIPA
- Linda Lindongi, Secretary – UNIPA

Individuals

- Dr. Suriel S. Mofu
- Reverend Herman Saud
- Amb. Sabam Siagian
- Agus Sumule, UNIPA, Independent Consultant

APPENDIX III

SUMMARY OF COMMUNITY ACTION PLAN (“CAP”) ACTIVITIES AND BUDGET SPEND FOR DAVs (2004-2015)

DAVs		2004	2005	2006	2007	2008	2009
1	Weriagar	a. Fishery equipment b. WP cooking and sewing training c. Outboard mechanic training d. Education assistance e. Mosque renovation Note: First year received IDR 250 juta due to village separation with Mogotira	a. Education assistance b. Clean water well program c. WP sago machine d. WP sewing Training e. Mosque renovation	a. Fishery equipment b. Walkway renovation c. Wave breaker construction d. Education assistance e. WP sago machine	a. Education assistance b. WP dry fish equipment c. Mosque renovation d. YP music and art assistance	a. Education assistance b. Wave breaker c. Mosque renovation d. House renovation e. Youth (shelter & computer program) f. Women program (health post & cooking training) g. Village extension (land clearing) h. Electricity (genset)	a. Education assistance b. Wave breaker c. Mosque renovation d. House renovation e. Youth (shelter & computer program) f. Sealine program (jolor) g. Electricity (genset house)
		2010	2011	2012	2013	2014	2015
		a. Education assistance b. Wave breaker c. Mosque and Church renovation & equipment d. Women (health post assistance) e. Sanitary program (latrine) f. House renovation g. Electricity (genset house) h. Walkway construction i. Youth (sport and music equipment) j. Sealine program k. Saltfish training	a. Health (incentive for cadres and additional nutrition) b. Walkway extension c. Education assistance d. Mosque and Church renovation	a. YP (sport equipment, mowing machine, and music instruments) b. Health (Posyandu equipment and incentive for cadres) c. Mosque and Church equipment d. Incentives for committee e. Education assistance f. Walkway extension	a. Transportation support (long boat provision) b. Education assistance c. Health (additional meals, and incentive for cadres) d. Stationary for village officials e. Fishery equipment	a. Health (incentive for health cadres and support posyandu program) b. Incentive for committee c. Support village officials activities	

No	DAVs	2004	2005	2006	2007	2008	2009
		a. Fishery equipment b. Economic management training c. Outboard mechanic training d. Education assistance e. Church renovation Note: First year received IDR 250 juta due to village separation with Weriagar	a. Clean water well program b. Walkway construction c. Education assistance d. Wave breaker construction e. Jetty construction	a. Education assistance b. Wave breaker construction c. Economic management training d. YP sport assistance	a. Land preparation construction b. Education assistance c. Church renovation d. WP dry fish equipment e. YP Music & Art Assistance	a. Education Assistance b. Youth (shelter & computer program) c. Electricity (genset house) d. Women program (health post & Cooking training) e. Agriculture fencing f. House renovation g. Walkway renovation	a. Education Assistance b. Youth (shelter & computer program) c. Fishery and agriculture training d. Computer for village office e. House renovation f. Walkway renovation
		2010	2011	2012	2013	2014	2015
		a. Education assistance b. Youth (computer program and sport equipment) c. Fishery (longboat and net equipment) d. Village hall construction e. House renovation f. Agriculture training g. Walkway construction h. Women (health post assistance)	a. Walkways extension and renovation b. Fishery equipment (fish net) c. Education assistance d. Health (equipment or health community center) e. Youth (sport equipment) f. Transportation (long boat provision)	a. Education assistance b. YP (sport equipment) c. Vegetables plantation d. Incentive for cadres e. Walkway extension	a. Education assistance b. Stationary for village officials c. Transportation support (long boat provision) d. Fishery equipment	a. Health (posyandu program and incentive for health cadres)	Report and Evaluation of previous programs still in progress, to be followed by development of new proposals

No	DAVs	2004	2005	2006	2007	2008	2009
3	Tomu	a. Fishery equipment b. Mosque renovation c. Education assistance d. Outboard mechanic training Note: First year received IDR 250 juta due to village separation with Ekam	a. Clean water well program b. WP sewing equipment c. Bridge construction d. Village hall construction e. WP sagoo machine	a. Housing renovation b. Education assistance c. WP cooking training d. WP sagoo machine	a. Housing renovation b. Education assistance	a. Education assistance b. Mosque renovation and equipment c. Playgroup building d. House renovation e. Women (health post) f. Youth (carpenter & masonry tools, sport equipment and computer) g. Outboard engine 40 pk and longboat h. Walkway renovation	a. Education Assistance b. Youth (Computer, Camera & Outboard engine) c. Women (Hall, health post & type writer) d. Library e. Mosque renovation & equipment f. Clean water program g. House renovation h. Walkway renovation
		2010	2011	2012	2013	2014	2015
		a. Education assistance b. Youth (hall construction and engine training) c. Agriculture and fishery training d. Village hall renovation e. Mosque renovation and equipment f. River cleaning g. House renovation	a. Youth (outboard 15 pk) b. Education assistance c. Mosque renovation and equipment d. WP (financial aid for PKK) e. House renovation f. Outboard g. Incentives for committee h. Committee office renovation	a. Village office building renovation b. Fishery equipment c. Education assistance d. Stationary and incentive for committee	a. Mosque renovation b. Education assistance c. Transportation support (boat bodies) d. Bridge renovation	a. CAPs program evaluation b. Health (additional meals and incentive for cadres)	

No	DAVs	2004	2005	2006	2007	2008	2009
4	Ekam	<ul style="list-style-type: none"> a. Fishery equipment b. Mosque renovation c. Education assistance d. Outboard mechanic training <p>Note: First year received IDR 250 juta due to village separation with Tomu</p>	<ul style="list-style-type: none"> a. Housing renovation b. Clean water well program c. Village hall construction d. WP sewing training e. Bridge construction 	<ul style="list-style-type: none"> a. Housing renovation b. Education assistance c. WP cooking training 	<ul style="list-style-type: none"> a. Housing renovation b. Posyandu construction c. Outboard machine d. Education assistance e. YP sport assistance 	<ul style="list-style-type: none"> a. Youth (sport equipment) b. Women (Cooking & Farming training, Sagoo engine & economic management training) c. Playgroup building d. Mosque renovation & equipment e. Housing renovation f. Household Economic Training g. Outboard engine 40PK & Longboat 	<ul style="list-style-type: none"> a. Education assistance b. Youth (sport equipment, computer, carpenter and masonry and hall) c. Women (farming training and health post equipment) d. Clean water program e. Walkway renovation f. House renovation g. Public lightening
		2010	2011	2012	2013	2014	2015
		<ul style="list-style-type: none"> a. Education assistance b. Women (health post assistance) c. Youth (sport equipment, computer, and genset) d. Outboard engine e. Farming and poultry seeds d. Long boat and fishing net 	<ul style="list-style-type: none"> a. Education assistance b. Youth (outboard provision 15 pk) c. Fishery (provision boat 5.5 HP) d. Mosque renovation e. Incentives and stationaries for committee 	<ul style="list-style-type: none"> a. Education assistance b. WP (livestock provision) c. Agriculture equipment d. YP (sport equipment) e. Fishery equipment f. Stationary and incentive for committee 	<ul style="list-style-type: none"> a. Mosque and Church renovation b. Education assistance c. Fishery equipment d. House renovation e. Stationary and incentive for committee 	<ul style="list-style-type: none"> a. Equipment for committee b. Mosque renovation, and support religious leader activity c. Education assistance d. CAPs program evaluation 	

No	DAVs	2004	2005	2006	2007	2008	2009
5	Taroy	<ul style="list-style-type: none"> a. Jetty construction b. Walkway construction c. Clean water well program d. Education assistance e. WP cooking training 	<ul style="list-style-type: none"> a. Mosque renovation b. Education assistance c. WP sewing training d. Village hall construction e. Jetty construction 	<ul style="list-style-type: none"> a. Mosque renovation b. Housing renovation c. WP dry fish equipment d. Education assistance e. YP sport assistance 	<ul style="list-style-type: none"> a. Mosque renovation b. Housing renovation c. Education assistance d. WP agriculture assistance 	<ul style="list-style-type: none"> a. Education assistance b. Mosque renovation c. Jetty extension 50 m d. Walkway 250 m e. Women fitness exercises f. Youth (shelter, outboard engine and chainsaw) 	<ul style="list-style-type: none"> a. Education assistance b. Youth (computer and chainsaw) c. Mosque renovation d. Walkway 250 m e. Village hall f. Sanitary program (latrine)
		2010	2011	2012	2013	2014	2015
		<ul style="list-style-type: none"> a. Education assistance b. Youth (computer and chainsaw) c. Mosque renovation d. Walkway 250 m e. Village hall 	<ul style="list-style-type: none"> a. Walkway renovation b. Mosque renovation c. Health (maternal, child, and emergency program) d. Education assistance e. Incentive and stationaries for committee 	<ul style="list-style-type: none"> a. Education assistance b. Shelter house renovation c. House renovation d. Aid for health emergency e. Incentive for committee f. Walkway extension g. Stationary for village officials h. Toilet renovation 	<ul style="list-style-type: none"> a. House renovation b. Transportation support for emergency c. WP (vegetable seeds provision) d. Health (support for Posyandu) 		

No	DAVs	2004	2005	2006	2007	2008	2009
6	Sebyar Rejosari (Indirectly Affected Village/ IDAV)	a. Education assistance b. Fishery (boat and net equipment) c. Agriculture seeds provision & training d. Mechanical training	a. Education assistance b. Fishery (boat and net equipment) c. Mosque & church renovation d. School equipment	a. Education assistance b. Jetty construction c. Women (Sewing equipment & training) d. Youth (Sport equipment)	a. Education assistance b. Women (Sagoo cokies & sewing training) c. Religious infrastructure assistance d. School infrastructure assistance	a. Education Assistance b. Women (Sagoo cokies & sewing training) c. Religious infrastructure assistance d. Sanitary (Latrine)	a. Education Assistance b. Women (Sagoo cokies & sewing training) c. House renovation d. Religious infrastructure assistance e. Sanitary (Latrine)
		2010	2011	2012	2013	2014	2015
		a. Education Assistance b. Women (Sagoo cokies training) c. House renovation d. Religious infrastructure assistance e. Sanitary (Latrine) f. Grass cutting engine	a. Women program (sewing training) b. Aid to celebrate Kartini's day c. Incentives for committee	a. Education assistance b. additional meals c. Jetty renovation d. Boat and outboard engine provision 40 pk e. YP (sport equipment) f. Mosque and Church renovation g. Clean water equipment h. mowing machine provision i. Incentive and stationary for committee	a. Education assistance b. Stationary for village officials c. Transportation support (long boat provision) d. YP (music instrument and equipment) e. WP (cooking training)	a. Education assistance b. Health (support posyandu program and incentive for cadres) c. WP (support Kartini's day, women livelihood program, cooking training) d. YP (sport equipment) e. Equipment for village officials f. House renovation	a. Laptop and printer for village officials

No	DAVs	2004	2005	2006	2007	2008	2009
7	Tofoi	a. Kiosk construction b. Clean water well program c. Economic management training	a. Jetty construction b. Health clinic construction c. Microfinance assistance d. Clean water well program e. WP sewing training	a. Education assistance b. WP sewing and cooking training c. Economic management training d. Clean water well program e. Health clinic construction		a. Education assistance b. Women (health post, fitness exercise) c. Dump truck d. Clean water program e. Youth (sport equipment and carpenter training) f. Small business management	a. Education assistance b. Youth (sport equipment and carpenter, computer training) c. Agriculture equipment d. Village hall renovation e. Women (Health post and cooking training)
		2010	2011	2012	2013	2014	2015
		a. Education assistance b. Red brick training c. Fishery (engine and long boat) d. Tractor and grass cutting engine e. Youth (sport equipment and carpenter, computer training) f. Women (hall and cooking training)	a. Fishery (fishery equipment) b. Health (maternal health activities, and awards for women cadres) c. Women program (sagoo machine) d. Education assistance	a. Health (pregnant women health nutrition program) b. Education assistance c. Incentive and stationary for committee d. Mosque and Church renovation e. Business financial aid for local women group f. Village hall renovation	a. Village hall renovation b. Health (additional meals, and incentive for cadres)	a. Health (posyandu renovation) b. Education assistance c. Incentive for committee d. Village hall renovation e. Church renovation	

No	DAVs	2004	2005	2006	2007	2008	2009
8	Irarutu III (Indirectly Affected Village/ IDAV)	a. Clean water well program		a. Education assistance b. Bridge construction c. Health Post assistance	a. Education assistance b. Women (cooking & sewing training) c. Religious assistance d. Art cultural assistance e. Youth (sport & music equipment) f. Market building	a. Education Assistance b. Women (Fishery, Farming & Management training) c. Religious infrastructure assistance d. Tribe and culture program e. Youth program	a. Education Assistance b. Women (Fishery, Farming & Management training) c. Religious infrastructure assistance d. Business center construction
		2010	2011	2012	2013	2014	2015
		a. Education Assistance b. Women (Fishery, Farming & Management training) c. Religious infrastructure assistance e. Business center construction	a. Fishery (equipment for crab fishing) b. Health (additional meals, and incentives for health cadres) c. Education assistance d. Incentives for committee	a. Education assistance b. Mosque and Church renovation c. Health (additional meals, and incentive for cadres) d. Incentive and stationary for committee e. Fishery equipment f. Financial aid for cooperative	a. Fishery equipment b. Education assistance c. YP (sport equipment, and computer) d. mowing machine	a. YP (sport equipment, computer, mowing machine) b. Fishery equipment c. CAPs committee operational	

No	DAVs	2004	2005	2006	2007	2008	2009	
9	Tanah Merah Baru	LARAP commitments implemented in 2004 --2009						<ul style="list-style-type: none"> a. Education assistance b. Fishery & Agriculture equipment & training c. Women (Leadership and cooking training) d. Youth (Computer training, cultural program and sport equipment)
		2010	2011	2012	2013	2014	2015	
		<ul style="list-style-type: none"> a. Education Assistance b. Fishery & Agriculture equipment & training c. Women (cooking training) d. Youth (Computer & English training, cultural program) e. Religious assistance 	<ul style="list-style-type: none"> a. Fishery (freezer and fuel provisions) b. Health (additional meals, incentives for cadres, equipment for Posyandus) c. Women Program (cooking training) d. Education assistance e. Incentive and stationary for committee f. Stationary for local officials 	<ul style="list-style-type: none"> a. Fishery equipment b. Agriculture equipment c. YP (music instrument and equipment) d. Health (additional meals, incentive for cadres, Posyandu equipment) e. Education assistance f. Mosque and Church renovation g. Transportation support h. WP (cooking and sewing training) i. Stationary and incentive for committee 	<ul style="list-style-type: none"> a. Education assistance b. Agriculture equipment and seeds c. Fishery equipment d. YP (support clothing provision) 	<ul style="list-style-type: none"> a. Health (support posyandu program and incentive for cadres) b. Village hall renovation c. Incentive for committee d. Education assistance e. Mowing machine provision f. CAPs evaluation 	<ul style="list-style-type: none"> a. Education assistance b. Health (support posyandu program) 	

No	DAVs	2004	2005	2006	2007	2008	2009
		LARAP commitments implemented in 2004 --2009					
10	Saengga	2010	2011	2012	2013	2014	2015
		a. Education assistance b. Cultural assistance c. Fishery & Agriculture equipment & training d. Genset for village office e. Women (cooking training) f. Church assistance g. Youth (Sport equipment & engine training)	a. Church renovation b. Health (health cadres empowerment) c. Stationary for local officials d. Fishery equipment e. YP (sports) f. Education assistance g. Incentives, stationary and computer for committee		a. Church renovation b. Incentive for committee	a. Church renovation b. Education assistance c. Health (support posyandu program and incentive for cadres) d. Clean water program e. Support for operational CAPs committee f. Agriculture equipment	a. Clean water equipment b. YP (sport equipment, support youth retreat program) c. Education assistance

No	DAVs	2004	2005	2006	2007	2008	2009	
11	Onar	LARAP commitments implemented in 2004 --2009						
		2010	2011	2012	2013	2014	2015	
		<ul style="list-style-type: none"> a. Education assistance b. Agriculture and husbandry seeds, equipment & training c. Youth (sport and music equipment) d. Women cooking and sewing training) e. Grass cutting engine f. Genset training 	<ul style="list-style-type: none"> a. Health (additional meals, incentive for cadres, transportation for emergency) b. Education assistance c. YP (sports, music, fuel for electricity) d. WP (cooking training) e. Stationary for committee 	<ul style="list-style-type: none"> a. Health (additional meals, and incentive for cadres) b. Education assistance c. Bridge renovation d. Fuel support for electricity (genset) e. Stationary and incentive for committee f. WP (cooking training) g. YP (sport equipment) 	<ul style="list-style-type: none"> a. Education assistance b. Fishery equipment c. Church renovation d. Health (additional meals) e. Incentive and stationary for committee 	<ul style="list-style-type: none"> a. Education assistance b. Transportation (outboard machine) c. Health (support posyandu program and incentive for cadres) d. Support for operational CAPs committee e. Fishery equipment 	<ul style="list-style-type: none"> a. Financial aid for women enterprises b. Agriculture equipment c. Transportation (long boat provision) d. Agriculture equipment provision 	

No	DAVs	2004	2005	2006	2007	2008	2009
12	Otoweri	a. Mosque renovation b. School renovation		a. Mosque renovation b. Education assistance c. Genset/electricity program d. WP cooking training e. WP women hall construction f. Jetty construction		a. Jetty renovation b. Women (women hall and health post building, saltfish, crispy and farming training) c. Mosque renovation d. Electricity (genset) e. Fishery program f. Youth (computer, sport equipment and chainsaw)	a. Education assistance b. Electricity (genset) c. Women (cooking training)
		2010	2011	2012	2013	2014	2015
		a. Education assistance b. Health post equipment c. Fishery (long boat and net) d. Women (sewing equipment and training) e. Farming training f. Youth (sport equipment) g. Grass cutting engine h. Mosque equipment	a. Education assistance b. Iqra book for kids Qoran school c. Mosque renovation and equipment d. Incentive for Qoran teachers	a. Health (toilet renovation) b. Education assistance c. Fishery equipment provision d. Public lighting e. Genset maintenance	a. Education assistance b. Public lighting c. Walkway renovation d. Health (additional meals and incentive for cadres) e. Mosque renovation	a. WP (boat provision to support livelihood for women) b. Support for CAPs operational committee c. Household toilet development d. Education assistance e. Clean water program equipment	a. Transportation (long boat provision) b. Fisherman equipment provision c. Genset maintenance d. Education assistance e. Walkway development f. Jetty renovation

No	DAVs	2004	2005	2006	2007	2008	2009
13	Tomage (receive portion from Otoweri)			a. WP cooking & sewing training b. Education assistance	a. Education assistance	a. Education Assistance b. Women (Cooking & Farming training) c. Youth (Sport equipment and chainsaw)	a. Church renovation b. Women (Cooking & Farming training) c. Youth (Sport equipment and chainsaw)
		2010	2011	2012	2013	2014	2015
				a. Church renovation b. Vegetable seeds provision c. Fishery equipment d. Education assistance	a. Church renovation b. Education assistance c. Fishery equipment d. Vegetable seeds provision e. Health (additional meals)	a. Church renovation b. Health (posyandu program and incentive for cadres) c. Fishery (long boat provision) d. Agriculture equipment e. Cooperative equipment f. YP (sport equipment)	

APPENDIX IV

PAPUA BARAT AND BINTUNI BAY REVENUE SOURCES

Exhibit B. Revenue composition for Papua Barat province and Teluk Bintuni regency

Papua Barat province (Rupiah)

Year	Dana Bagi Hasil Pajak	Dana Bagi Hasil Sumber Daya Alam	Dana Alokasi Umum	Dana Alokasi Khusus	Dana Otonomi Khusus	Dana Penyesuaian	Total
	Tax revenue funds	Natural resource revenue funds*	General allocation funds	Special allocation fund	Special autonomy funds	Adjustment funds	
2012	194,849,441,366	1,037,491,013,463	901,398,453,000	38,633,110,000	2,071,458,058,000	110,859,130,000	4,354,689,205,829
2013	228,987,539,922	879,859,337,698	1,064,872,637,000	64,931,200,000	2,295,407,163,000	114,799,820,000	4,648,857,697,620
2014	177,869,455,284	1,425,049,228,966	1,122,264,659,000	51,215,730,000	2,547,315,954,000	125,403,301,000	5,449,118,328,250

*This is for all natural resources revenue and includes
Tanggung

Teluk Bintuni regency (Rupiah)

Year	Dana Bagi Hasil Pajak	Dana Bagi Hasil Sumber Daya Alam	Dana Alokasi Umum	Dana Alokasi Khusus	Dana Otonomi Khusus	Dana Penyesuaian	Total
	Tax revenue funds	Natural resource revenue funds*	General allocation funds	Special allocation fund	Special autonomy funds	Adjustment funds	
2012	156,133,226,547	78,804,428,748	472,543,967,000	43,298,340,000		3,882,682,000	754,662,644,295
2013	213,567,759,924	151,912,641,787	550,845,412,000	84,695,770,000		4,323,516,000	853,432,457,924
2014	196,473,126,675	246,121,049,487	576,627,839,000	66,232,160,000		19,375,247,000	1,104,829,422,162