

Indonesia Mining for Development Alumni Day

28 May 2015

JS Luwansa Hotel, Jakarta

HIGHLIGHTS

Creating shared
prosperity from mineral
and energy resources



International Mining for Development Centre

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OVERVIEW

The International Mining for Development Centre (IM4DC) is proud to have hosted the Indonesian Mining for Development Alumni Day on Thursday 28 May at the JS Luwansa Hotel, Jakarta. The event theme **'Creating shared prosperity from mineral and energy resources'** encouraged collaborative discussions and sharing of knowledge between participants. Keynote speakers, alumni presentations and workshop dialogue focused on leading practice, future Australian capacity-building priorities and delivery modes, and ways to strengthen existing partnerships to progress local solutions and strategies to support development outcomes.

The Alumni Day was attended by more than 60 Indonesian alumni from Australian government Department of Foreign Affairs (DFAT) training and capacity building programs implemented through IM4DC and Australia Awards. Participants from across Indonesia made the most of networking opportunities with their counterparts in diverse sectors including: academia; industry; government agencies; research institutions; development partners; and civil society organisations.

Opening remarks from Ian Satchwell, the Director of IM4DC; Ibrahim Hardjawidjaksana, Cooperation Specialist, Education and Training Centre For Mineral and Coal, Ministry of Energy and Mineral Resources; and James Gilling, Minister, Development Cooperation and Ambassador for HIV/AIDS, Malaria and Tuberculosis from the Australian Embassy in Jakarta, set the tone and context for the day. Keynote speeches were then delivered by The Honourable Sudaryomo Hartosudarmo, former Ambassador of the Republic of Indonesia to Brazil and a Member of the Economic Diplomacy Taskforce, and Moh. Hanief Arie Setianto, Deputy Head, Performance Management Unit, Minister of Energy and Mineral Resources, the Republic of Indonesia. A stimulating alumni presentation, workshop session and cocktail function concluded the event.





Opening remarks



Ian Satchwell
Director International Mining for Development Centre

In his opening address, Ian Satchwell, Director International Mining for Development Centre, spoke of the IM4DC journey. First initiated four years ago, by the University of Western Australia (UWA) and the University of Queensland (UQ) under the support of the Government of Australia, it has significantly impacted the mining sector through its collaborative program of training, workshops, seminars, and action research. Mineral-rich Indonesia has been an active participant in IM4DC activities with training and workshops both in Indonesia and Australia involving more than 200 practitioners from industry, academia, and civil society. Ian shared his expectations of a proactive Indonesian Mining for Development (M4D) alumni network working together to progress the mining sector.



Ibrahim Hardjawidjaksana
Cooperation Specialist, Education and Training Centre Mineral and Coal, Ministry of Energy and Mineral Resources

Ibrahim Hardjawidjaksana, an active IM4DC alumnus and Cooperation Specialist, Education and Training Centre, Mineral and Coal, Ministry of Energy and Mineral Resources, is a passionate advocate for mining safety. He stressed the urgency and relevance of increasing the number of mining inspectors. Ibrahim also emphasised the important role M4D alumni have to play in the future of the Indonesian mining sector.



James Gilling
Minister, Development Cooperation and Ambassador for HIV/AIDS, Malaria and Tuberculosis
Australian Embassy Jakarta

The importance of building a team of people who have a good understanding was a key message from James Gilling, Minister, Development Cooperation and Ambassador for HIV/AIDS, Malaria and Tuberculosis, Australian Embassy Jakarta. He noted progressive changes in Indonesia citing differences from past decades, saying the relationship between Indonesia and Australia has developed and shifted. The future direction is now more focused on building an economic partnership.

Keynote speakers



The Honourable Sudaryomo Hartosudarmo
Former Ambassador of the Republic of Indonesia to Brazil and Member of the Economic Diplomacy Taskforce

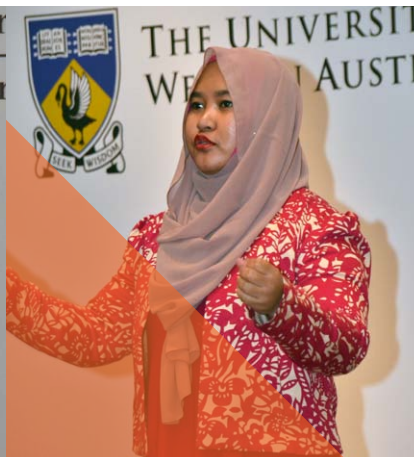
The Honourable Sudaryomo Hartosudarmo, Former Ambassador of the Republic of Indonesia to Brazil and Member of the Economic Diplomacy Taskforce, spoke of Indonesia's responsibility, as a country endowed with world-class mineral and coal deposits, to manage its resources prudently. He outlined the significance of the mining sector to Indonesia's domestic income and economic growth and how millions of people can be positively influenced by responsible and sustainable resource management. The Hon. Hartosudarmo explained the value of the resources sector to the GDP, export, government revenues, employment, and remote regional development. To give context

however, he shared widespread concerns over the negative impacts of the mining exploration. To illustrate this point, he referenced reports from a national NGO concerning environmental damage, human rights violation and transnational corporations global operations which focus on profit often at the expense of local community well-being. His presentation then focused on the opportunities, particularly around foreign investment, to be gained from improved business operations across the sector such as streamlining processes and clarifying licencing agreements. The Hon. Hartosudarmo paid tribute to the role IM4DC has played in lifting the quality of life in resource-rich developing countries. He felt that M4D alumni could continue to influence and develop the mining sector sustainably, paving the way for greater stakeholder understanding of government policy and stronger networks.



Moh. Hanief Arie Setianto
Deputy Head, Performance Management Unit, Minister of Energy and Mineral Resources, Republic of Indonesia

Moh. Hanief Arie Setianto, Deputy Head, Performance Management Unit, Minister of Energy and Mineral Resources outlined a philosophy to build public trust and a sense of community. He spoke of a new era, with a focus on community over hierarchy; developing culture instead of procedure, and encouraging innovation in place of bureaucracy and regulation. Practical changes should be made to permit processes, policy development and renegotiation solutions. In addition, Mr. Hanif stressed that the Indonesian M4D alumni could become a community who create cultures and enhance innovation to benefit the Indonesian people.



Alumni panellists

Report of IM4DC supported activity in Indonesia - Interactive alumni panel chaired by Dr. Muza Gondwe, IM4DC Alumni Coordinator.



Dr. Muza Gondwe
IM4DC Alumni Coordinator

Dr. Muza Gondwe, IM4DC Alumni Coordinator introduced the alumni presentation session by outlining IM4DC's role and program of activities to support and build mining sector capacity in more than 60 countries. IM4DC development opportunities have been shared throughout Africa, Asia, Pacific, and Latin America, with more than 200 alumni now in Indonesia. Muza stressed that despite the ending of the IM4DC project in June 2015, a strong network of alumni has been facilitated by M4DLink and its website m4dlink.org. The continuation and strengthening of this network is a legacy shared by all alumni.



Rani Febianti
Head of Legal Information, Directorate General of Minerals and Coal, the Ministry of Energy and Mineral Resources

IM4DC alumnus of Masterclass of Resource Governance 2013 and Mining and Regional Development 2015, Rani Febianti, Head of Legal Information, Directorate General of Minerals and Coal, the Ministry of Energy and Mineral Resources, presented results of a joint research project with the Sustainable Minerals Institute, University of Queensland, *Implementation of*

Public Private Partnership (PPP) Model on Community Development and Empowerment (CDE). She shared concerns over companies that spend large amounts of fund on CDE programs but deliver insignificant results. Rani also said in some cases companies should replace the government's function to provide infrastructure, with greater accountability of CDE funding revenue allocated to local government budgets to increase regional and national economic development.



Novaizal Utama
Head of Mine Inspection Office, department of Mine and Energy, Jambi Province

Novaizal Utama, Head of Mine Inspection Office, Department of Mine and Energy, Jambi Province, alumnus of Senior Mines Inspector Advanced Training 2014, outlined security, health, safety, and environmental issues in the small mine sector of Jambi Province. The region has mostly coal and some iron ore open pit mines which use basic operating techniques without blasting. Collectively they produce less than 50,000 ton per year. He discussed regional mine supervision constraints, including lack of coordination between provincial and regional offices; lack of guidance and implementation of security, health, safety, and environment; and limited number of mine inspectors. Novaizal was able to attribute recent improvements in mine inspector performance to documentation and improved processes being implemented in mines to address these constraints.



Budi Susilorini
Indonesian Country Coordinator, Black Smith Institute for Pure Earth

Budi Susilorini, Indonesian Country Coordinator, Black Smith Institute for Pure Earth, alumnus of Occupational Health and Safety Leadership 2014, shared her experiences from her long campaign to eradicate mercury use in small scale mines in Indonesia. Her efforts have focused on public education, technical assistance, and policy formulation. Budi spoke about publishing a guideline book "Emas Bebas Merkuri" or "Mercury-Free Gold" and her hopes for safer work practices.



Muhammad Syukril
Head of Spatial Planning Division, Regional Development Planning Board of Southeast Sulawesi

Muhammad Syukril, Head of Spatial Planning Division, Regional Development Planning Board of Southeast Sulawesi and alumnus of Masterclass Resource Governance 2014, spoke of his proposal to use spatial information to deliver more sustainable mining development. His project facilitates coordination and data sharing between government offices, to increase transparency and accountability, and to provide information support for decision makers. A key project learning for Muhammad was the importance of data base management, sharing data with stakeholders and public consultation.

Alumni workshop

Significant changes in mining for development in Indonesia

As part of the Alumni Day, thematic group discussions were held to discuss challenges and opportunities to drive changes in mining for development in Indonesia. Alumni were divided into thematic groups: research and training, local development and infrastructure, environment, OHS, policy, tax and royalty, community and ASM. They were asked to consider examples of significant changes within their sphere of influence; challenges and personal commitments for the future. Key points are outlined below.

Environment

Significant changes

- ▲ Negative Impact
 - Landscape changes /abandoned land
 - Social economic impact - (ghost town, etc.)
 - Environment pollution
- ▲ Positive Impact
 - Green mining concept: functional (e.g. reclamation, species community)
 - Involvement/alumni (e.g. research etc.)
 - Emergence of new regulation: Ministerial Regulation No.7, 2014 (e.g.: Reclamation Guarantee, Promotion and Preservation of the Environment (PPLH) etc.)

Future opportunities

- ▲ Increasing law enforcement
- ▲ Synchronizing central and local governments
- ▲ Changes in the community's social environment
- ▲ Independent workshop/education for the community
- ▲ Private sector, government and community involvement

Alumni and stakeholder roles

- ▲ Alumni: benchmarking Indonesia/ Australia, workshops, research and development
- ▲ Government: law enforcement
- ▲ NGO: research and development and advocacy
- ▲ Private sector: commitment in implementing the applicable regulation(s)

Local development and infrastructure

Significant changes

- ▲ Negative Impact
 - Infrastructure that is being built /has been built, does not meet required standards
 - Development not always linked to needs assessment
 - Available human resources still at low level
- ▲ Positive Impact
 - Improvement in infrastructure - road, irrigation, electricity, bridge, ports
 - Company community development program more sustainable
 - Developing local economy

Future opportunities

- ▲ Integrating mining sector (planning) with other sectors
- ▲ Study to understand community needs in relation to local capacity
- ▲ Involvement from local government, industry, community, government, NGO, IM4DC

Alumni and IM4DC roles

- ▲ HR capacity building
- ▲ Indirectly taking part in development
- ▲ Research in the improvement of mining infrastructure
- ▲ Encourage mining industry to support local development and other industries
- ▲ Integrated local development planning
- ▲ Stakeholders (government, community, NGO, Industry)

Tax and royalty

Significant changes

- ▲ Article 33 Directorate General of Taxation (DJP) - University of Parahiyangan in Bandung and University of Palangka Raya in Palangka Raya
- ▲ Increasing transparency (receivable tax and state revenue other than tax (PNBP)
- ▲ Administration system reforms and testing tax obligation compliance through Mineral and Coal (Korsup Minerba), Corruption Eradication Commission (KPK), Energy and Mineral Resources (ESDM), Local Government (Pemda) and Directorate General of Taxation of the Finance Ministry (DJP Kemenkeu) in 12 Provinces.
- ▲ Minerba One Map Indonesia (MOMI) - benefit tax collection and PNBP
- ▲ Market price collapsed in 2013-2014 (the closure of small factories was good for the government) (tax officers did not have the heart to collect tax)

Future opportunities

- ▲ General regulation and taxation protocols (UU KUP) sub-section 34: lodged to the House of Representative (DPR)
 - Obligation to keep data confidential was exempted for mining industry with the reasoning that natural resources = public money (just like the financial report obligation of the insurance and bank)
- ▲ Down-streaming raw material location with energy sources and market
- ▲ State Electricity Company (PLN), Pemda - joint studies with Australia
- ▲ Using EITI report data to empower and protect the affected community
- ▲ Alumni, NGO - policy memo, information synchronisation and highlight need to preserve communal forest
- ▲ Publicly monitoring tax licensing and receiving / PNBP



Community

Significant changes

- ▲ Conflict between community, government and investors - e.g.: land, political interest, economic interest
- ▲ Positive and negative aspect of health
 - availability of health infrastructure
 - changes in environmental conditions caused certain kinds of diseases to become endemic
- ▲ Company that has a long-term investment has a different type of strategy
- ▲ Insufficient transfer of information and education to the community
- ▲ Many local governments not capable of community management
- ▲ Empowerment fund - community empowerment activities have to connect with the government and company programs and the real need of the community

Future opportunities

- ▲ Community empowerment - not trickle-down effect - must come from bottom up - e.g. successful story of community empowerment program in Sumba, Nusa Tenggara
- ▲ Example of community empowerment program linked to an energy sustainability program - Sumba Iconic Island
- ▲ Ensure community development includes what is really needed

Alumni role

- ▲ Increase policy making capacity of local government and implement through community empowerment program (leadership)
- ▲ Inclusion of stakeholders in all planning
- ▲ Establishing community empowerment study centres to improve employment skills

Artisanal and small scale mining (ASM)

Significant Changes

- ▲ Acknowledgement of Small Scale Mining - environment and social impact
- ▲ Alternative livelihood options considered
- ▲ Need to stimulate law enforcement

Future opportunities

- ▲ Publicising alternative technology
- ▲ Integrated law enforcement
- ▲ Technology transfer and capacity building

Alumni and stakeholder roles

- ▲ Government agencies: integrated law enforcement
- ▲ Alumni: facilitate knowledge sharing
- ▲ NGO: education and publicity
- ▲ Company: capacity building

Occupational Health and Safety (OHS)

Significant changes

- ▲ Regulation
- ▲ Mining Safety Management System finalised
- ▲ Minister's Decree No 555K regarding Mining OHS need to be upgraded

Future opportunities

- ▲ Reduced number of accidents
- ▲ OHS to be given more adequate attention
- ▲ Information Technology - quantity, quality, curriculum
- ▲ Competency standards across all mining positions
- ▲ Formal education to match work competency demand
- ▲ Understanding and enforcement of certification process and obligation
- ▲ Vocational training provider (government/public) to bridge the gap between formal education and industry
- ▲ Education curriculum: middle vocational school, Diploma 2, Diploma 3 - aiming at job competency demand

- ▲ Regulated mapping of every job competency in mining and clear documentation
- ▲ Collaboration
 - Education Ministry
 - Research and Technology Higher Education Ministry
 - Energy and Mineral Resources Ministry
 - Development Study Institute in Mining
 - Industry as user
 - Manpower Ministry

Alumni role

- ▲ Sharing: experience, policy, knowledge, regulation, 'Best Practice'
- ▲ Participants training
- ▲ Improvement of participants/alumni competency
- ▲ Providing support
- ▲ Research, fellowship
- ▲ Collaboration: e.g. IT curriculum
- ▲ Encourage alumni to apply what they studied
- ▲ Increase the supervision of OHS

Wrap up and going forward

Alumni Day discussions clearly illustrated:

- ▲ The important role of IM4DC in Indonesia's mineral resources development
- ▲ Stakeholder focus should be on developing and promoting partnerships to maximise returns from mineral resources to support developmental efforts
- ▲ Government appreciates the collaborative efforts of IM4DC since 2011 and recognises the ongoing role for alumni to engage and communicate with stakeholders regarding sustainable resource management policies.

In closing, Ian Satchwell emphasised the importance of all M4D alumni to share values and contribute to developing the mining sector in Indonesia and throughout the world. He thanked all alumni who helped and contributed to the meeting, and speakers who shared ideas and experiences.



Indonesian training snapshot

Indonesian Course Participants (Life of IM4DC)

	2011/12	2012/13	2013/14	2014/15
Female	11	4	18	28
Male	49	13	100	98
Total	60	17	118	126

Training, courses and workshops

- ▲ Mines Inspector training
- ▲ Indonesian Training Agency Visit to IM4DC for MoU Signing
- ▲ Advanced mines inspectors curriculum and training package
- ▲ E-learning course on introduction to mining for roll-out in regions
- ▲ Resource conservation curriculum and course
- ▲ Participation in IM4DC global/regional courses e.g.
 - Life of Mine Large Volume Waste Management course
 - Resource Governance
 - Mineral Economics
 - Occupational Health and Safety Leadership

Research projects

- ▲ Mining and Development in Indonesia: an overview of the regulatory framework and policies
- ▲ Mining company-community conflict analysis: case studies from Indonesia
- ▲ Benchmarking the "status of safety": safety risks, practices, and beliefs in developing countries
- ▲ Rapid assessment frameworks (indicators) for mining and regional development
- ▲ The response of wetland plants to the geochemical conditions of discharged water from nickel mining operations in eastern Indonesia
- ▲ Mitigating acid mine drainage in the Asam-Asam Coal Basin, South Kalimantan, Indonesia
- ▲ A GIS-based exploration initiative to steer sustainable development in South East Sulawesi
- ▲ Public Private Partnership on Community Development and Empowerment (with DG Minerba)

Fellowships and scholarships

- ▲ World Economic Forum workshop organisation - Responsible Mineral Development Initiative, with World Economic Forum on East Asia 2015, Nusa Dua, April 2015