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- China and Myanmar border conflict.
- CSO call for transparency in Myanmar

The Demands of Transparency in Southeast Asia: Civil Society Call

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The issue of good governance of the extractive industry remains important for the ASEAN members.

Lack of transparency leads to the mismanagement and the presence of corruption and is still a latent threat in Southeast Asia.

This concern then raises the demand for transparency by civil society in a number of countries in Southeast Asia. In Cambodia, the issue of transparency in the extractive sector,

Highlights & trends:

In a region where most of the countries are ranked high in terms of corruption, there is real concern for the management of natural resources. According to Transparency International, for five years, the CPI of most of Southeast Asian Nations were below the value five, which can be used as an indicator of lack of transparency.

Countries	CPI 2005	CPI 2006	CPI 2007	CPI 2008	CPI 2009
Brunei Darussalam	NA	NA	NA	NA	5,5
Cambodia	2,3	2,1	2,0	1,8	2,0
Laos	3,3	2,6	1,9	2,0	2,0
Indonesia	2,2	2,4	2,3	2,6	2,8
Malaysia	5,1	5,0	5,1	5,1	4,5
Myanmar	1,8	1,9	1,4	1,3	1,4
Philippines	2,5	2,5	2,5	2,3	2,4
Singapore	9,4	9,4	9,3	9,2	9,2
Thailand	3,8	3,6	3,3	3,5	3,4
Vietnam	2,6	2,6	2,6	2,7	2,7

give sector, especially for oil and gas, was high due to the bribery issue that **involved BHP.**

The issue which then known with the 'tea money' scandal, attracted the attention of civil society groups like Global Witness, due to the large amount of money that the government has received from this company. Slow but sure, the call for transparency in Cambodia has reached the government's attention.

In the recent contract with Total, the government of Cambodia disclosed publicly their revenue from Total.

This is a good sign of the public transparency on state's revenue, although the announcement was made aggregately and without appropriate system to ensure the accuracy of the data, especially in the terms of the state expenditure from the payment.

The civil society plays an important role in urging for





The Pailin province, mining area was famous for blue sapphire. In fact the Thai word blue sapphire is 'Pailin'. <http://clearcutinc.com/journey.html>

the payment from BHP as "tea money" -- a customary Cambodian term for an unofficial payment

transparency in Cambodia.

The organization "Cambodia Resource for Transparency" (CRRT) demands the engagement of civil society in order to promote transparency in the extractive sector.

The other call comes from Indonesia. The signature of the Presidential Regulation to join the EITI in April 2010 is the result of years of hard work by various civil society groups in Indonesia. EITI is an International standard to call

for transparency in extractive industry especially in the term of state's revenue from this sector.

Engaged in the coalition named "Publish What You Pay-Indonesia", more than 30 civil society organizations strive for the transparency in the extractive industries governance in Indonesia. Also happened in Burma. In a release in April 2010, over 160 non-governmental organizations, labor unions, investment firms, scholars, and policy

leaders, including the former Prime Minister of Norway and the former President of Ireland, on the oil companies Total, Chevron, and Thailand's PTTEP to publish over 18 years of payments to the Burmese military regime. (Earth Right International). Across the region, civil society gets on their feet and raises their voices to achieve a better extractive sector governance for the public welfare & sustainability of the development process.

CAMBODIA: BHP Issue, "Tea Money Scandal."

The discovery of oil reserves by Chevron has led to an overestimation of Cambodia's potential to produce oil. Following the discovery of oil in 2005, Cambodia was quickly identified as the next potential petro-state in Southeast Asia. Already, most of the Kingdom has been divided by the Cambodian National Petroleum Authority (CNPA) into distinct areas and blocks.

The only areas that remain undeclared are three regions on the western border with Thailand, in the far northwest, and east stretching around block 24 near the Tonle Sap, which also has not been classified.

The reticence

to disclose investment follows criticism by interest groups of the allegedly murky nature of Cambodia's energy deals. Consent raised amongst civil society activists towards the transparency issue.

The need for transparency in the Kingdom has also been the subject of much domestic discussion in recent months as groups such as Cambodia's NGO Forum call for accountability in the sector to ensure benefits from the extractive industries are spread throughout the country.

One of the transparency issues that get public attention is the BHP case on 'tea money scandal'. The speculation of bribery occurred due to the comments that made by Minister of Water Resource Kim Kean Hor in

2007 to the National Assembly. Kim Kean Hor said that BHP had paid US\$ 2.5 million in unofficial fees to secure rights to a bauxite mining concession in Mondul Kiri.

He described the payment from BHP as "tea money" -- a customary Cambodian term for an unofficial payment. This payment, later well known with "Tea Money Scandal." In September 2006, BHP-Billiton paid \$US1 million to the Cambodian government for a mining concession to conduct exploratory drilling for bauxite on 100,000 hectares in Mondul Kiri province. BHP also gave the government an additional \$US2.5 million to go towards a "social fund" for development projects for local communities. Global Witness said the financial document about

US\$1 million that had been paid by BHP never recorded in that year.

In a 2008 letter to Global Witness, BHP, said the \$2.5 million that Lim Kean Hor called “tea money” had gone to a social development fund overseen by the government and BHP personnel for projects in Mondulkiri.

According to BHP, they paid the government US\$ 1 million as part of the formal concession agreement in 2006. But Global Witness said that the payment was not accounted for in the government’s official revenue figures for that year.

More info can be accessed in :

<http://www.businessday.com.au/business/bhp-urged-to-open-up-on-payments-20100427-tq62.html>

<http://www.phnompenhpost.com/index.php/2010050538730/Business/slick-money-in-cambodias-oil-sector.html>

<http://www.brisbanetimes.com.au/business/bhps-tea-money-missing-in-cambodia-20100514-v4fs.html>

This issue raised consent by civil society activist. Oxfam demanded that BHP should respect the principle of Extractive Industry Transparency Ini-

tiative (EITI), an international initiative and standard to promote transparency in extractive industry, for BHP is a supporter of EITI.

"BHP has invested in the development of policies to encourage responsible business conduct including an anti-bribery standard. But the Cambodian allegations show policies alone are not enough," Oxfam's mining advocacy co-ordinator, Serena Lillywhite said.

"Our view is that BHP, and indeed all Australian miners, can make a decision to voluntarily disclose all payments to governments. "

She added, "I think the Cambodian incident sends a very strong message to all companies operating in high-risk countries that they do need to develop and implement robust, transparent and verifiable policies and practices, and that includes revenue transparency."

<http://www.businessday.com.au/business/bhp-urged-to-open-up-on-payments-20100427-tq62.html>

From the government side, it was said that the money was for a "social fund" established in an agreement between Australia and Cambodia, and was used to build a hydroelectric dam, schools and hospitals.

"I proposed taking the money to develop hydroelectricity in Pursat, and later on the company asked to use the money to develop schools and hospitals in Mondulkiri," Hun Sen said adding that's in the contract but it's not money under table.

According to Hun Sen, when he signed the formal concession agreement with BHP in 2006, it was established that the \$2.5 million would support development projects in the Kingdom.

"This issue is written in the contract. It is not the under-the-table money," Hun Sen told in a meeting between the government and private sector which Australia's ambassador to Cambodia also attended.

Hun Sen statement's was supported by Wildlife Conservation Society country director Mark Gately that his organisation had received \$24,000 from BHP in 2008 for a project in Mondulkiri.

Heng Ratana, deputy director-general of the Cambodian Mine Action Centre, said his group had received roughly US\$1.1 million from BHP for projects in Mondulkiri since 2007.

<http://www.phnompenhpost.com/index.php/2010042838271/National-news/hun-sen-backs-bhp-in-speech.html?Itemid>

Total and Cambodia

Total and Cambodia National Petroleum Authority (CNPA) has signed the agreement in October 2009 to explore the 2,430-square-kilometre offshore block designated Area III. Even if exploration of Area III will not be undertaken until Cambodia and Thailand reach an agreement on their maritime boundaries.

Cambodia Prime Minister, Hun Sen, confirmed the agreement by announcing that Total had agreed to pay the government US\$28 million for offshore Block 3, of which \$8 million would be dedicated to a “social development fund”. The company paid a \$20 million signature bonus to the CNPA in January and is planning an \$8 million social development fund. Total's \$8 million social fund payment will be “administrated by committees that will include representatives from the CNPA and Total”. <http://www.phnompenhpost.com/index.php/2010043038428/National-news/total-confirms-8m-social->



There are several debates that occurs in the detail of implementation

Indonesia: Presidential Decree and EITI Implementation in Indonesia

In Indonesia, the striving for the EITI implementation has been done for years. This hard work then gained result when the government issued Presidential Regulation Republic Of Indonesia Number 26 Year 2010. This Presidential Regulation is a good sign for Indonesia to implement the EITI standard. In the late April, the civil society has made a press release about their opinion in the release of the regulation. More info about the press release can be acceded in IESR official web- <http://www.iesr-indonesia.org/2010/05/press-release-pemerintah-dan-perusahaan-ei-indonesia-diserukan-untuk-serius-terapkan-eiti/>

There are several debates that occurs in the detail of implementation. Some of them are about the audit mechanism. Director General for Oil and Gas, Evita Herawati Legowo said that the disclosure of the companies' panyment will not be made directly to the public but through BPMigas, instead. At the beginning, BPMigas rejected the implementation of EITI because it was not clear who will carry out the audit, but now it is clear that BPKP (State Development Financial Comptroller) that will carry it out.

<http://www.thejakartapost.com/news/2010/05/24/ri-may-join-transparency-scheme-oil-mining-sector.html>, Monday, 24th May 2010. This opinion raises the concern in civil society for the BPKP is a state auditor. Using BPKP to carry out the auditing process is just like auditing ourselves.

Philipine: Civil Society Ask for More

Alyansa Tigil Mina (ATM), civil society organizations an advocacy group on nationwide, demands environmental and human transparency in community rights issues and people's dealings of MacroAsia movement composed of Nickel Corporation in more than eighty (80) Brooke's Point, Palawan. It organizations from mining- was reported by mining affected communities and affected communities in

Brooke's Point that MacroAsia conducted a closed door focus group discussion (FGD) exclusive to its pro-mining allies held at the Palawan State University (PSU) on Saturday, March 20.

Election and The Future Extractive Industry in Philippine

What: The **winning of Benigno 'Ninoy' Aquino** in the last election in Philippine raised concerns amongst the mining analyst, which fear that the **election of** Aquino will have a negative impact toward Philippine's mining sector.

Allan & Associates, a Hong Kong-based security risk management consultancy,

fear that Benigno Aquino will most likely follow his ancestor in implementing policies, which are not mining friendly. Besides, Ninoy Aquino was considered as a political actor who builds strong relations with civil society activist, NGOs and anti mining alliances.

<http://www.miningweekly.com/>

[article/philippines-election-result-wont-likely-mean-good-news-](http://www.miningweekly.com/article/philippines-election-result-wont-likely-mean-good-news-)



Anti Mining Activist Shot in Philippine



The environmental and human rights group Alyansa Tigil Mina (ATM) seeks the government help to fast-track investigations into a series of killings and violence that targeted anti-mining leaders in Buguey, Cagayan and calls for a stricter implementation of peace and order measures in the province.

(<http://newsinfo.inquirer.net/breakingnews/regions/view/20100519-270891/Govt-asked-Probe-Cagayan-anti-mining-activist-killings>)

The same event also happened on the eve of the election day in the Philippines, where Conrado Buenafloa a member of the Citizen Action Unit (CAU) and head of the Task Force Lapu-Lapu, which monitors shoreline mining and illegal fishing activities in Buguey, was shot by an unidentified gunman.

More info: <http://www.gmanews.tv/story/191246/anti-mining-groups-condemn->

[killing-of-cagayan-activist.](http://www.gmanews.tv/story/191640/environmentalists-want-cagayan-killings-probed)

The shootings have raised consent among civil society activist. "We have already recorded five deaths of anti-mining activists within the span of six months since November last year," said ATM national coordinator Jaybee Garganera.

[http://www.gmanews.tv/story/191640/environmentalists-want-cagayan-killings-probed.](http://www.gmanews.tv/story/191640/environmentalists-want-cagayan-killings-probed)

<http://www.alyansatigilmina.net/content/story/march2010/anti-mining-activist-shot-dead-cagayan>

We have already recorded five deaths of anti-mining activists within the span of six months since November last year,"

Burma - A Call for Revenue Transparency in Burma

In an initiative launched on April 26th over 160 non-governmental organizations, labor unions, investment firms, scholars, and policy leaders, including the former Prime Minister of Norway and the former President of Ireland, called on the oil companies Total, Chevron, and Thailand's PTTEP to publish over 18 years of payments to the Burmese military regime.

The statement's impressive signatories included over 60 Burmese-led organizations representing every major ethnic group in the diverse Southeast Asian country and the world's leading human rights, anti-corruption, and environmental NGOs, hailing from over 20 countries worldwide.

Also behind the effort are labor unions representing 24 million workers, investment firms managing a cumulative

US\$15 billion dollars of capital, and policy leaders from the United States and Europe, including Mary Robinson, the former President of Ireland and former U.N. High Commissioner of Human Rights, Kerry Kennedy, the founder of the Robert F. Kennedy Center for Justice and Human Rights, and Kjell Magne Bondevik, the two-time former Prime Minister of Norway. <http://www.earthrights.org/campaigns/oil-companies-burma-urged-open-their-books>

The alliance believe that if Total, Chevron, and PTTEP publish comprehensive data and information about their payments to the Burmese authorities since 1992, the companies would send a positive message to the people of Burma and help contribute to a more constructive presence of their company in the country.

They also believe that revenue transparency will help the companies and their home states avoid the appearance of complicity in mismanagement of the gas revenue generated for the Burmese authorities, which could also improve shareholder value.

The companies' revenue transparency will also send an important and constructive message to other oil companies involved in new extractive projects in Burma. <http://www.earthrights.org/sites/default/files/documents/press-release-burma-revenue-transparency.pdf>

The same call had also been addressed by Naing Htoo in front of a shareholders meeting of Chevron. In the meeting, Naing Htoo had a chance to **convey** his community sufferings caused by the Yadana Pipeline project operated by Chevron. More info about this issue could be accessed on: http://www.irrawaddy.org/article.php?art_id=18365



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*Energy & Persistence Conquer All Things-
Benjamin Franklin*

The Extractive Industry Reform is one of 4 program from IESR. The program promotes extractive industry (oil, gas and coal) management reforms in Indonesia through the implementations of good governance principals in all value chains of the extractive industries.

The present focus is to push and monitor the implementation of the “Extractive Industries Transparency Initiative” (EITI) – looking at the state income deriving from oil, gas and coal industries in Indonesia. Moreover, IESR programs intend to strengthen civil society capacities to push and monitor extractive industries reforms on local, national and regional (ASEAN) scale.

IESR is a member of “Publish What You Pay” (PWYP), a coalition of international NGOs who work on the implementation of extractive industries transparency.

SUB— PROGRAM of EXTRACTIVE INDUSTRI REFORM

1. **Promoting EITI in ASEAN:** IESR implements a regional campaign along with the Revenue Watch Institute (RWI) aiming to build support from social institutions and organizations (CSO) in ASEAN, to demand and support EITI adoption as a standard receiving device for the country’s income from extractive industries by ASEAN member countries.
2. **Civil Society Support Program:** This sub program has a range of activities like a (1) series of workshops for civil society about technical and economic issues regarding extractive industries (oil, gas and coal). (2) Furthermore IESR collects and disseminates information about extractive industries issues in Indonesia and the ASEAN region, as (3) also conducts EITI advocacy and campaign programs by PWYP .

