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# Workshop

## Mining Sector Policy & Management



Pullman Hotel, Thamrin  
Thursday, May 2, 2019  
1.00 - 6.00 PM

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Global Affairs  
Canada



PERHAPI



Pullman Hotel, Thursday, May 2, 2019

## Background

The Mining Sector Diagnostic or MSD is a data-driven tool that the World Bank has developed to comprehensively assess a country's mining sector. Specifically, the tool clearly identifies the mining sector's strengths and weaknesses along the Extractive Industries Value Chain (EI value chain). It also explores stakeholders' views on the key areas for sector reforms. The MSD takes a detailed look at both the legal and regulatory framework of the sector as well as the implementation of these rules, including the capacity of the ministries and agencies involved. In doing so, the MSD considers the views of three different stakeholders—government, industry, and civil society.

- In many respects Indonesia's mining laws and regulations reflect modern approaches to mining sector management and are well defined, but the performance of the management in Indonesia is uneven, with most weaknesses attributable to poor implementation of otherwise reasonable policies and regulations.
- Somewhat counter-intuitively, the findings also demonstrate that in some areas in which the laws and rules are weak or poorly defined, administration is nonetheless perceived to be effective – a notable case being administration of mining taxation. This highlights the need for stronger institutional performance, coordination and administrative capacity.
- Those areas identified as in need of improvement at the first stage of the EI value chain (“Contracts, Licenses, and Exploration”) include strengthening the operation of the mineral rights cadastre, especially at provincial level, enriching available geological data and better assurance of the technical and financial capability of mineral right holders.
- In the second stage of the EI value chain (“Operations”) areas of weaknesses include poor performance in managing artisanal and small-scale mining, poor administration of resettlement and compensation obligations and more generally poor coordination among government agencies.
- Performance with respect to the third stage of the EI value chain (“Taxation and State Participation”) is viewed overall, quite favorably. The areas of improvement should include clearer definitions of tax rules, including more stakeholder consultation, and the introduction of simplified tax procedures for artisanal miners.
- The area in which the room for improvement seems to be greatest is in managing local impacts of mining. Performance needs to be strengthened especially with respect to consultation with local communities, public disclosure and dissemination and the monitoring of environmental and social impacts and mitigation measures, and grievance mechanisms generally.
- In terms of factors affecting the investment climate (“Context and Enabling Environment”), the MSD provides evidence of concern about the impact of the political environment on investment. All four indicators of the political environment – expropriation risk, political stability, predictability mining and tax policy, and control of corruption – still need to be improved as they are rated low.
- Finally, a significant finding is that stakeholders have very different views on their priorities for sector reform. Government and industry stakeholders agree on “Clarity and Harmonization of Sector Rules” and “Sector Management and Intra-Governmental Coordination” as key priorities. Government and civil society stakeholder both prioritized “Environmental and Social Impact and Mine Closure Management” as a priority. There are no areas that all three groups of stakeholders identified as key priorities.

The next step in the World Bank's assistance through the National Resources for Development (NR4D) Program with the support of the Canadian Government will therefore build on the MSD findings to assist the Government to design a reform program for the Indonesian mining sector and will bear the thematic “From MSD to Mining Policy Transformation in Indonesia.”

# Agenda

Date and Time:		Thursday, 2 May 2019; 13.00 – 18.00	
Location:		Hotel Pullman Thamrin, Jakarta	
Participants:		DG Minerba, Private Sector, Embassy of Canada (GAC), CSOs, Academia, Media	
13:00 – 14:00	1''	Registration and Snack	
14:00 – 14.25	5' 5' 10'	<b>Welcoming Remarks</b>	Perhapi Chairman, Rizal Kasli  The World Bank, Bryan C. Land  Vice Minister EMR, Arcandra Tahar (tbc)
	5'	<b>Group Photo</b>	
14:25 – 14:40	15'	<b>Indonesia Mining Sector Review (Paralel Presscon)</b> Background and Overview	Director General Minerba, Bambang Gatot Ariyono
14:40 – 14:55	15'	<b>Mining Sector Diagnostic (MSD) Report</b> Findings and Recommendations for Mining Investment & Governance	Indonesia Mining Institute, Prof. Irwandy
14:55 – 16:35	90'	<b>Breakout Session</b> <i>Snack is served in each room</i>	Group Moderators (tbc)
16:35 - 17:50	75'	<b>Group Presentation (15' each)</b>	Perhapi, Resvani
17:50 – 18:00	10'	<b>Closing Remarks</b> Summarizing the main points of discussion Next Plan Actions	Director of Minerba Program Development, Muhammad Wafid
18:00 ~	60'	<b>Dinner</b>	

