

FUELING THE FUTURE: CIVIL SOCIETY ORGANISATIONS ADVOCACY FOR EXTRACTIVE INDUSTRY RESOURCE TRANSPARENCY IN THE LOCAL LEVEL

Gita Widya Laksmi Soerjoatmodjo, M.A., M.Psi., Psi. ¹, and Desiana Samosir, S.H.²

¹Indonesian Parliamentary Center (IPC) / University of Pembangunan Jaya (UPJ)
gita@ipc.or.id / gita.soerjoatmodjo@gmail.com

² Indonesian Parliamentary Center (IPC)
desiana@ipc.or.id / desianasamosir@gmail.com

ABSTRACT

When Soeharto's New Order dictatorship was ousted in 1998, Indonesia experienced a myriad of dramatic changes. These include a significant shift in 1999 - from a highly centralized authoritarian system into a decentralized one. As a result, local governments, relatively inexperienced and unequipped for good governance and accountability, were all of the sudden put in charge for various issues, including natural resources management. To ensure effective performance of resource-rich districts and cities in Indonesia, civil society organizations (CSOs) operating in the local levels engage with them to promote sustainable development. One way to do so is through advocating revenue transparency gained from extractive industries to avoid 'paradox of plenty' – the paradox that areas with an abundance of natural resources obtained from oil, gas and mining tend to have worse development outcomes, due to mismanagement of resources, corrupt institutions and so forth. Through semi-structured interviews with CSO representatives, this preliminary, qualitative research aims to describe how they view and advocate revenue transparency and how they contextualize a global Extractive Industries Transparency Initiatives (EITI) standard to suit local situations and dynamics. It can be concluded that revenue transparency is important for fueling the future of the next generation through sustainable development. In advocating resource transparency, EITI as an international instrument is used as a perspective, alongside other national and local regulations. Challenges ahead based on CSO perspectives are numerous, including advocating this push for transparency with various stakeholders – some with contrasting and conflicting interests - to achieve institutional changes in the local levels.

Keywords: civil society organizations, decentralization, Extractive Industries Transparency Initiatives (EITI), natural resources.

BACKGROUND

Decentralization, Good Governance and Sustainable Development

In 1998, after Indonesia experienced 32 years of dictatorship, Soeharto's regime was toppled down and replaced by Habibie administration. Since then Indonesia underwent a myriad of changes. As New Order's institutional framework disintegrated, this situation set the stage for the emergence of a new political framework of decentralization as the country rolled out its devolution of power from the central to the local government.

One of the most important topics in development policy and theory debates in the last decades, decentralization is a global and regional phenomenon most developing and transitional countries have experimented with to varying degrees (Hadiz, 2004). Under Soeharto's regime, the government administration was highly centralized - divided into provinces headed by appointed governors, which in turn were divided into districts (*kabupaten*) and municipalities (*kota*, previously called *kotamadya*) that were headed by appointed local regents and city mayors respectively. These appointed heads of the executive branches of the local governments were answerable to the central government and acted as agents for the higher-level government. From budgetary and fiscal perspectives, regional and local governments were dependent on the central government's budgeting guidelines, fund allocation and transfers (Duek & Rusli, 2010). Specifically in oil and gas as well as other natural resource-related revenue sources, the central government collected most of tax revenues (Brodjonegoro, 2003).

This inter-governmental fiscal relationship generated a sense of regional disparity between Jakarta or Java representing the center and the rest of Indonesia. Natural resources-rich provinces in particular felt that the system neglected their interests and expressed dissatisfaction in a most vocal manner. This generated push for decentralization to allow more tailored social services and public decisions made with respect to local needs and aspirations as well as increased equity to occur in the use of public resources (Duek & Rusli, 2010). A number of provinces especially those home to extractive industries – oil, gas, mining, forestry and fishery – alongside with political and ethnical separatist movements led President Habibie and the People Consultative Assembly to formulate decentralisation laws: Law no 22/1999 on Local Autonomy and Law no 25/1999 on Fiscal Relations between Central and Local Government.

These laws granted local governments greater power to arrange their own policies, regulatory regimes and budgets (Brodjonegoro & Shinji, 2000). Law no. 22/1999 was to democratize the provincial and local governments' political processes and to devolve certain power of government to the regional governments. Law no. 25/1999 aimed to make more resources available to the local government by introducing natural resources revenue sharing and by devising the new system of inter-governmental fiscal transfers - by providing for greater revenue capability of the local government through widening the scope of tax sharing between the central and local government.

These laws significantly changed Indonesia's political and economic landscape (Duek & Rusli, 2010). Prior to these decentralization laws, Indonesia had 26 provinces and 310 districts and municipalities. From 1999 to 2004, the number of provinces increased to 33. By late 2008, the number of districts and municipalities increased to more than 490. As direct presidential election started in 2004, direct elections of provincial governors and local direct and municipal heads began in 2005 and the first round and election across the nation for all governors and local district and municipal heads was completed in 2008. While members of the central and local legislatures were still nominated by the respective parties in 2004, the 2009 general election started with direct central and local parliament elections, followed by the nation-wide presidential election.

This devolution of power brought particular implications for the natural resources sector. Extractive industries were of crucial importance due to economic and political reasons. Resource-rich provinces, districts and municipalities had historically been stronger and more active in their abilities and desired to gain more administrative and fiscal autonomy. Duek & Rusli (2010) highlighted that the natural resource sector, which includes oil and gas, coal and metal mining, as well as forestry, fishery and agricultural production, collectively makes up 25% of the country's GDP and 44% of the country's exports. Oil, gas and mining contribute almost 3/5 of the natural resource sector's GDP and 2/3 of overall sector exports. Decentralization increased the revenue shares from extractive industries

sectors that would be transferred to the local district and municipal governments. On oil and gas revenue, the central government now shares 15-25% of it with the provincial and local government of the producing region (Brodjonegoro & Shinji, 2000).

On the overall, the generally anticipated outcomes of decentralization include higher efficiency, distributional equity, better service delivery through increased competition, greater local democratic participation, and greater national cohesion and political stability, especially to main beneficiaries of the fiscal decentralization law were provinces rich in extractive industries: Aceh, South Sumatera, Riau, East Kalimantan and Papua (Duek & Rusli, 2010).

Yet Hadiz (2004) observed how Indonesia's decentralization has been characterized by the emergence of new patterns of highly diffuse and decentralized corruption, rule by predatory local officials, the rise of money politics and the consolidation of political gangsterism. Inexperience and inadequate institutional capacity could lead it to mismanagement at the local level, which could also be compounded by possible abuses of power and corruption by local bureaucracy and politicians, while legislature and judiciary at the local level are considered too weak to prevent local bureaucracy and politics from such (Brodjonegoro & Shinji, 2000). Many local governments are not ready for autonomy in terms of planning, programming and executing development project, because their institutional capacity remains under-developed as does their human resources capacity.

As a result, 'paradox of plenty' lurks around the corner - a condition in which resource-rich areas experience low growth, poor performance against human development indicators, more political and social unrest and even violent conflict (McPherson & MacSearraigh, 2007). Whereas natural resources are being over-exploitations in the local governments, for them, the notion of sustainable development is simply too abstract concept.

Sustainable development aims to meet the needs of the present without compromising the ability of future generations to meet their own needs (Véron, 2001). Sustainability is ensured when the total stock of these assets remains constant or is increased in the production process. Resulting from the growing awareness of the global links between mounting environmental problems, socio-economic issues to do with poverty and inequality and concerns about a healthy future for humanity, it suggests a potentially positive relationship between socioeconomic development and environmental sustainability (Hopwood, Mellor & O'Brien, 2005). Sustainable development means the future is fueled by the present, or in other words, it is 'fueling the future' (Revenue Watch, 2012a)

Sustainable development requires a political system that secures effective citizen participation in decision-making – or good governance, a process whereby societies or organizations make their important decisions, determine whom they involve in the process and how they render account (Graham, Amos & Plumtre, 2003). Good governance is epitomized by predictable, open and transparent policy-making; a bureaucracy imbued with professional ethos; an executive arm of government accountable for its actions; and a strong civil society participating in public affairs; and all behaving under the rule of law (Painter, 2002).

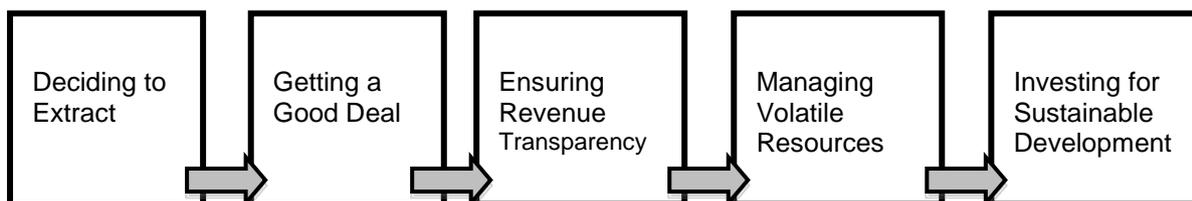
EITI, Revenue Transparency and Civil Society

In the international level, attempts to avoid paradox of plenty as well as securing sustainable development and good governance are embodied in a global standard of Extractive Industries Transparency Initiatives (EITI). Haufler (2010) elaborates that EITI started out as a UK foreign policy proposal launched by then Prime Minister Tony Blair at the 2002 World Summit on Sustainable Development. It is grounded in the idea that the prudent use of natural resource wealth of oil, gas and mining has the potential to provide the basis for sustainable economic growth and development. This initiative proposes that extractive industries corporations report taxes and fees paid to the government, and on the other hand, government should publish their income from resource development.

In EITI report both numbers are compiled into reports to be independently audited and validated so any discrepancies and misappropriation of funds be identified, and then the final reports are made publicly available – allowing citizens to scrutinize how revenue from this sector is managed. This architecture creates a framework of double-entry checks (Palley, 2003). McPherson & MacSearraigh (2007) argue by requiring transparency of payments made by companies and of revenues received by governments, EITI limits opportunities for corruption, promote accountability and address the paradox of plenty in resource-rich countries. Although the EITI is a voluntary initiative by the government, Ocheje (2006) emphasizes that once a host country endorses the initiative, participation in the process is mandatory for all extractive industry operators.

EITI addresses one step of extractive industries value chain, which is ensuring revenue transparency. Value chain itself is a framework describing the stages from the extraction of natural resources - to their processing and sale to the ultimate use of the revenue (Revenue Watch, 2012b). It goes from decision to extract natural resources and convert them into monetary or other benefits, establishing the legal and financial terms governing those rights through getting a good deal, ensuring revenue transparency, managing volatile resources by deciding how much to save and how much to spend to mitigate against the adverse affects of dependency on natural resource revenues, and finally investing for sustainable development. This approach stresses key steps in ensuring that natural resource wealth transforms into citizen wellbeing that comprises the following steps (Figure 1).

FIGURE 1. EXTRACTIVE INDUSTRIES VALUE CHAIN



Bracking (2009) highlights that EITI aims to join together in a common purpose governments, companies, civil society groups, investors and international organizations to improve governance to defeat the paradox of plenty and bring benefits to the public in economic growth and poverty reduction. EITI criteria itself encapsulates consensus on the need for collaborative efforts by the public and private sectors as well as civil society in ensuring accountability and good governance - as follows:

- (a) Regular publication of all material oil, gas and mining payments by companies to governments (“payments”) and all material revenues received by governments from oil, gas and mining companies (“revenues”) to a wide audience in a publicly accessible, comprehensive and comprehensible manner.

- (b) Where such audits do not already exist, payments and revenues are the subject of a credible, independent audit, applying international auditing standards.
- (c) Payments and revenues are reconciled by a credible, independent administrator, applying international auditing standards and with publication of the administrator's opinion regarding that reconciliation including discrepancies, should any be identified.
- (d) This approach is extended to all companies including state-owned enterprises.

- (e) Civil society is actively engaged as a participant in the design, monitoring and evaluation of this process and contributes towards public debate.
- (f) A public, financially sustainable work plan for all the above is developed by the host government, with assistance from the international financial institutions where required, including measurable targets, a timetable for implementation, and an assessment of potential capacity constraints.

The following table (Table 1) jots down EITI stakeholders, mechanism used in advocating revenue transparency from extractive industries as well as benefits given by EITI (Bracking, 2009).

TABLE 1. EITI STAKEHOLDER ANALYSIS

Stakeholder	Mechanism	Benefit given by EITI
Government	Improved governance Signal to investors and International Financial Institutions (IFIs) that government committed to 'strengthening transparency and accountability'	Sustainable development and poverty reduction Improved investment climate Increased investment Increased exports Increased revenues
Companies / Investors	Help mitigate investment risk Reduce corruption and political instability Rule of law improvements	Risk to (their) capital-intensive and long-term stakes reduced
Civil society	Increased information in public domain Increased information Empowered by knowledge	Increased ability to pressure for good governance Development gains in terms of social welfare as less revenue expropriated Increased ability to pressure for good governance Increased share of revenues as corruption reduced

Haufler (2010) emphasizes the EITI requires multi-stakeholder consultations and promotes action by governments, business, and civil society organizations (CSO). Ocheje (2006) emphasizes that government cannot control the process exclusively. It should be open to free discussion, scrutiny and debate by CSOs. EITI requires civil society to be involved in the process. Otherwise, results would be vulnerable to suspicion and long-term benefits envisaged by governments and investors would not materialize.

CSO Advocating for Extractive Industries Revenue Transparency

CSO is an organization that has the goal of advancing or expressing a common purpose through ideas, actions and demands on government (Gemmill & Bamidele-Izu, 2002). CSO is usually held to be the collective intermediary between the individual and the state, a realm in which society interacts constructively with the State – not to subvert and destroy it but to refine its action and improve its efficiency (Whaites, 2004). Gemmill & Bamidele-Izu (2002) elaborates how constructive interaction with the State is carried out through a variety of roles such as:

- Representation of the voiceless by vocalizing the interests of persons not well-represented in policy making
- Public opinion mobilization by campaigns and outreach
- Monitoring and assessment by scrutinizing government performance and compliance
- Expert advice and analysis by giving policy makers access to ideas from outside the normal bureaucratic channels
- Service provision by delivering technical expertise on particular topics as needed by policymakers as well as participating directly in operational activities

As abovementioned, EITI (2012) entails CSOs to participate on the overall process. In fact, in order to apply for EITI candidacy status, the government of a country is required to commit to work with civil society and companies on the implementation of the EITI (Requirement #2). To oversee the implementation of the EITI, the government is required to establish a Multi Stakeholder Group (MSG). MSG comprises of appropriate stakeholders including but not limited to the private sector, civil society (including the media and parliamentarians) and relevant government agencies. MSG, in consultation with key EITI stakeholders should also agree and publish a full-cost work plan, agree on the materiality and reporting templates, ensure the credibility of EITI report reconciler and the satisfactory result produced by the reconciler and make sure that the EITI Report is comprehensible and publicly accessible. After the report is validated, MSG also takes steps to act on lessons learned, address discrepancies and ensure the sustainability of EITI implementation. It should be taken into consideration that the production and dissemination of an EITI Reports are not the end of implementing the EITI (EITI, 2012). The value comes from as much the process as the product. EITI Reports leads towards the fulfillment of the EITI Principles by contributing to wider public debate that engaged all stakeholders.

In the international level, CSOs are known to play vital role in advocating transparency and good governance in extractive industries. Parham (2004) explains on the launching of UK-based Publish What You Pay (PWYP) in 2002 originated from Global Witness's investigation on the squandering of oil wealth from Angola and the role of international companies and institutions in exacerbating corruption and poverty by not being financially transparent. Founding members of PWYP includes Global Witness, the Catholic Agency for Overseas Development (CAFOD), Oxfam, Save the Children UK and Transparency International UK. PWYP membership continues to expand as more and more CSOs from around the world joined the network as they saw resource governance issues as a serious concern.

Advocating EITI in Indonesia: A Multi Layered, Multi Stakeholder Initiative

Indonesia started advocating for extractive industries revenue transparency in 2001 since former Minister of Environment Emil Salim was appointed by the World Bank to produce Extractive Industries Review (EIR) until the country is currently holding an EITI Candidacy from 2010 until this very moment (Soerjoatmodjo, 2012). The phases of this 11-year process range from understanding EITI (2001-2003) when stakeholders learned to know EITI, promoting EITI (2003-2007) when stakeholders referred to EITI for their anti-corruption and good governance advocacy, institutionalizing EITI (2007-2010) when stakeholders put together formal regulations to cement their commitment on EITI and implementing EITI (2010-now) when Indonesia has been accepted as EITI Candidate Country and stakeholders implements EITI rules accordingly.

One important milestone from CSO perspective is the establishment of Publish What You Pay Indonesia (PWYP Indonesia). This coalition was set up in 2007 comprising of 43 CSOs coming from resource-rich provinces all over the country. It played pivotal roles in the overall EITI advocacy in the national as well as local levels. This coalition served as a strategic platform because it comprises of a wide range of CSOs with an array of core concerns and key expertise complementing each other – all converging in inclusive fashion to promote their common interest (Soerjoatmodjo, 2012).

At the moment, PWYP Indonesia members comprises of Indonesian Parliamentary Center (IPC), Institute of Essential Services Reforms (IESR) and PATTIRO Institute (PI) collaborate with CSOs from Southeast Asian. Indonesian CSOs partner with Cambodian Resource Revenue Transparency (CRRT), Research for Social Advancement (REFSA) from Malaysia, Bantay Kita from the Philippines, Luta Hamutuk Institute from Timor Leste as well as People and Nature Reconciliation (Pan Nature) and Consultancy on Development Institute (CODE) Vietnam. This partnership was set up in order to share experience, exchange information and collaboratively build each others' capacities to advocate EITI in each country. It is developed with Revenue Watch Institute (RWI) as the leading partner and supports from USAID IKAT US Project (Revenue Watch, 2012c).

One of important features of Indonesian EITI experience is local or sub-national layer which revenue transparency is advocated by government, CSOs and extractive companies operating in the local level. It is due to the fact that a large share of the revenue from oil, gas and minerals are distributed to local government. Yet these revenues are not always transferred in a transparent manner and sub-national governments face a range of issues including land allocation questions, pollution, changes in the local economy, demands for services and guarantees of security and human rights (Revenue Watch, 2012b).

Decentralization in Indonesia provides good entry points for such initiative. It is because, according to Véron (2001), decentralization opens door to a more open and accountable decision making process as it is brought closer to local population, making the people more likely to have a sense of ownership and be more engaged in implementing, monitoring and enforcing in the process. Larson & Ribot (2004) however entail that in order to have effective decentralization, institutions has to be accountable and representative and this involves opening public dialogues with government institutions, local communities as well as CSOs. Since the fall of Soeharto, there was a momentum for negotiating and reformulating the balance of power between the state and its citizens – and CSOs in national as well as sub-national levels, have an important role to play in this, especially to contribute to the emergence of a discourse on good governance, accountability and transparency of public institutions (Antlöv, Ibrahim, Tuijl, 2005).

Inspired by EITI, the sub-national levels proposed a number of innovations on sustainable government and good governance through securing revenue transparency extractive industries. Revenue Watch (2012e) showcases the Biora district that has issued a decree to enable the transparency of financial information (oil revenue-sharing as well as interest paid directly by companies), social information (such as contributions to the corporate social responsibility fund, and health and safety mechanisms) and environmental information (such as the environment impact of drilling). Revenue Watch (2012e) also conveys how the Bojonegoro district has created a law that governs local investments made with proceeds from oil revenue-sharing, a revenue-sharing fund for villages, a new tax on oil companies and a draft regulation on corporate social responsibility. Considered as Indonesia's best practices in implementing extractive industries revenue transparency in the sub-national level, Biora and Bojonegoro are used as sites visited by partners from all over Indonesia as well as Southeast Asia to share information and exchange experience.

Bearing in mind those innovations, this writing focus on describing an array of views of CSO activists operating in the sub-national level in advocating revenue transparency from extractive industries sector, and how they contextualize a global standard of EITI to suit local situations and dynamics. This paper aims to address this series of questions: 1) how CSOs in sub-national level view extractive industries revenue transparency? 2) how they advocate it in their area of work? and the last one, 3) how they contextualize EITI to suit local situations and dynamics?

METHODOLOGY

The research is divided into following stages. First is the implementation when researchers designed the research and formulate research questions. It is agreed that this is a preliminary qualitative research due to the fact that this is an initial step to capture CSO revenue transparency advocacy in the local level done by gathering qualitative data.

Tool used for data gathering is a set of questions used as guidelines to interview participating subjects. Semi-structured interview is opted because it allows comparison between subjects yet still accommodates flexibilities for further explorations. The interview is conducted after subjects read informed consents regarding the purpose of the research as well as how it is going to be used.

Subjects are participants of a workshop for CSO activists held in Balikpapan East Kalimantan on 3-5 July 2012. They are assigned by their organizations to take part in this capacity building initiative organized by EITI Indonesian Secretariat. This workshop invites a number of resource persons from government, company and CSO to deliver materials relevant to advocating transparency from oil and gas as well as mining sectors. This opportunity is opened for CSO and it does not entail any requirements for the participants.

Some of the workshop participants admit that they are still new to the issues. Some others have advocated extractive industries revenue transparency and are decision makers of the organizations so they can speak on behalf of their organizations on advocacy strategies.

Interviews are conducted in 20-30 minutes with the participants outside workshop sessions, for example during break time. The interviews are recorded into audio files to be transcribed. These transcriptions then email back to the subjects to be verified. Out from 18 subjects interviewed, 9 of them verified the transcriptions. A close look on these who provided their verification reveals that those who do not submit their verification are CSO

activists who are still new to the issues. It is assumed that lack of expertise over the subject matter is their reason to withdraw from being the research subjects.

Due to the descriptive and qualitative nature of this preliminary research, the researchers decided to focus on these nine subjects – as they have the capacity to articulate answers relevant to the research questions: on how CSOs view extractive industries revenue transparency, how they advocate it in their area of work and how they contextualize EITI to suit local situations and dynamics. Below are details on the subjects (Table 2

TABLE 2. SUBJECTS

Subject	Organization	Origin	Note
1	National Secretary of FITRA (Forum Indonesia untuk Transparansi Anggaran / Indonesian Forum for Budget Transparency)	Jakarta, DKI Jakarta	Non resource-rich, yet core concerns and key expertise includes resource-rich areas in sub-national levels
2	FITRA Tuban	Tuban, East Java	Resource-rich (oil, gas)
3	FITRA Riau	Riau, Riau	Resource-rich (oil, gas)
4	Artikel 33	Jakarta, DKI Jakarta	Non resource-rich, yet core concerns and key expertise includes resource-rich areas in sub-national levels
5	Bojonegoro Institute	Bojonegoro, East Java	Resource-rich (oil, gas)
6	Gerakan Anti Korupsi (Gerak) Aceh	Aceh, Nanggroe Aceh Darussalam	Resource-rich (oil, gas, coal mining)
7	Pokja 30 (30 Working Group)	Samarinda, East Kalimantan	Resource-rich (coal)
8	Institute for Ecological Study (Infest) Priangan	Garut, West Java	Resource-rich (geothermal, coal mining)
9	IDEA Yogyakarta	Yogyakarta, DI Yogyakarta	Non resource-rich

It is then decided that these are the results used for the next analysis stage, in which common themes and topics are identified and categorized. To prevent subjective biases, the researcher conducting the interview is different from the one carrying out the initial analysis on identifying and categorizing common themes and topics. Next, both researchers examine the findings and conclusion is derived based on these agreed commonalities.

FINDINGS

Based on answers provided by the subjects interviewed, below are views from the representatives of participating CSOs on advocating extractive industries revenue transparency in the sub-national level (Table 3).

TABLE 3. CSO VIEWS ON EXTRACTIVE INDUSTRIES REVENUE TRANSPARENCY

It is important for CSOs to advocate extractive industries revenue transparency because...
<ul style="list-style-type: none">• It enables sustainable development planning.• It resonates commitment to good governance and accountability.• It complies with government's obligation in Freedom of Information law.• It prevents corruption and paradox of plenty.• It funds public services and infrastructure.• It translates to better-targeted government expenditures.• It facilitates community development.• It contributes to preserving ecological balance.

It can be concluded that CSO representatives are able to articulate an array of perspectives regarding the importance of extractive industries revenue transparency. They are able to establish linkages from transparency on revenues obtained from extractive industries to the larger contexts such as sustainable development and good governance. They are also able to draw solid relevance from this extractive industries transparency initiative to cases found in their area of work.

CSO representatives participating in this research also showcase a wide range of strategies in advocating their concerns as encapsulated in the following table (Table 4).

TABLE 4. CSO ADVOCACY ON EXTRACTIVE INDUSTRIES REVENUE TRANSPARENCY

CSOs in the local level advocate extractive industries revenue transparency through...
<ul style="list-style-type: none"> • Action research. • Regulation drafts. • Media monitoring. • Government performance monitoring. • Public awareness rising. • Budget literacy campaign. • Capacity building for the public in the local level. • Capacity building for the local government. • Engagement with the local government. • Engagement with the local parliament. • Engagement with the extractive industries companies in the local level. • CSO networking. • Community organizing. • Rallies and demonstrations. • Advocacy assistance to communities affected by extractive industries. • Participatory development planning involving extractive industries stakeholders.

Strategies proposed by the CSOs showcase an arsenal of advocacy with various levels of complexity, different target audience, numerous approaches as well as various roles they play vis-à-vis the government and companies. These findings resonate various types of constructive interaction CSOs establish with the State as elaborated by Gemmill & Bamidele-Izu (2002).

Regarding EITI as a global standard for extractive industries revenue transparency, it seems that EITI principles, requirements and mechanism as a multi stakeholder initiatives also echoes in CSO advocacy portrayed in this research. Having this group overseeing the whole process of ensuring revenue transparency from extractive industries essentially marks the partnership nature of multi stakeholder relationship. Such relationship requires skills, knowledge as well as attitude to make this partnership works and builds a series of consensus throughout the overall process. This reference to EITI and its MSG nature can be concluded in the following table (Table 5).

TABLE 5. EITI REFERENCE IN CSO REVENUE TRANSPARENCY ADVOCACY

In advocating extractive industries revenue transparency, EITI is referred in CSO activities on...
<ul style="list-style-type: none"> • Working in partnership with extractive industries multi stakeholders. • Establishing a multi stakeholder group in the local level to oversee transparency of revenue obtained from extractive industries. • Securing multi stakeholder engagement to advocate participatory approach in extractive industry related policy-making.

Meanwhile, CSO representatives participating in this research also showcase their knacks in navigating their advocacy through extractive industries value chain. Those who do

not directly draw reference to EITI multi stakeholder nature are establishing strong relevance with other links of the value chain such as deciding to extract by involving nearby communities and getting a good deal out of extractive industries contracts by ensuring good governance in the process of translation from revenues into expenditures.

A more in-depth look on answers provided by the CSO representative reveals that most of them do not yet indicate their inclinations to fully adopt partnership perspectives in their interaction with the companies and the government as extractive industries stakeholders. Those who are not exhibit advocacy approaches marked by their focus on responding to cases that emerges onto the surface by the current flows of political economy discourses within the local context. The sense of here and now is prominent in the answers provided by some of these CSO representatives.

Meanwhile a few who are clear on their wish to engage themselves in partnership with the companies as well as the government view their advocacy in long-term perspectives. Their answers display their articulation on the sustainability feature of their advocacy. Those who do so exhibit a sense of time that span and overreaches the future as they expressed views and strategies in advocating for revenue transparency. This is evident particularly as they aim at achieving institutional changes in the local level, by seeing this process as a continuous good governance cycle from planning to evaluation.

CONCLUSION

Decentralization has place actors on the local level onto the center stage. In terms of securing sustainable development, CSO aims at fueling the future through a framework offered by EITI built upon ideas on good governance and transparency. This is showcased by views expressed by the CSO in advocating revenue transparency. This array of views is advocated through wide ranged of strategies developed to suit the local contexts and needs.

EITI offers leverage in which CSO, government and company as extractive industries stakeholders can sit together on the same table. Considering that the three of them might, at some points in time, have contrasting positions and conflicting interests, it takes certain requirements for all parties to adopt this partnership perspective. One of those is the ability to envisage sustainability of their advocacy into the future time. This requires any organization, including CSOs, to acquire skills, knowledge and attitude to take part in the full cycle of good governance of extractive industries – rather than aiming at some of the links in the value chain. While the challenges may be daunting, it might be very well rewarding as institutional changes are deeply installed into the system.

REFERENCE

- Antlöv, H., Ibrahim, R., van Tuijl, P. (2005) *NGO Governance and Accountability in Indonesia: Challenges in a Newly Democratizing Country* in Jordan, L. & van Tuijl, P. (eds) *NGO Accountability: Politics, Principles and Innovations* London: Earthscan.
- Bracking, S. (2009) *Hiding Conflict over Industry Returns: A Stakeholder Analysis of the Extractive Industries Transparency Initiative* Brooks World Poverty Institute Manchester: University of Manchester.
- Brodjonegoro, B. (2003) 'Fiscal Decentralization in Indonesia' in Soesastro, H., Smith, A.L. & Ling, H.M. *Governance in Indonesia: Challenges Facing the Megawati Presidency* Singapore: The Institute of Southeast Asian Studies.
- Brodjonegoro, B. & Shinji A. (2000) Regional Autonomy and Fiscal Decentralization in Democratic Indonesia in *Hitotsubashi Journal of Economics*, 41 (2): 111-122 Tokyo: The Hitotsubashi Academy.
- Duek, A. & Rusli, R. (2010) *The Natural Resources Industry in Decentralized Indonesia: How Has Decentralization Impacted the Mining, Oil and Gas Industries* in Center for Research in Economic Analysis Discussion Paper Faculty of Law, Economics and Finance University of Luxemburg.
- Gemmill B. & Bamidele-Izu, A. (2002) *The Role of NGOs and Civil Society in Global Environmental Governance* in Esty, D. & Ivanova, M. (eds) *Global Environmental Governance: Options and Opportunities*. New Haven: Yale School of Forestry and Environmental Studies.
- Graham, J., Amos, B., & Plumptre, T. (2003) *Principles for Good Governance in the 21st Century* Ontario: Institute on Governance.
- Hadiz, V.R. (2004) 'Decentralization and Democracy in Indonesia: A Critique of Neo-Institutionalist Perspectives' in *Development and Change* 35(4): 697-781 Oxford: Institute of Social Studies.
- Haufler, V. (2010) 'Disclosure as Governance: The Extractive Industries Transparency Initiative and Resource Management in the Developing World' in *Global Environmental Politics* 10:3 August Massachusetts: Massachusetts Institute of Technology.
- Hopwood, B., Mellor M. & O'Brien, G. (2005) 'Sustainable Development: Mapping Different Approaches' in *Sustainable Development* 13, 38-52 Newcastle on Tyne: Sustainable Cities Research Institute.
- Larson, A.M. & Ribot, J.C. (2004) 'Democratic Decentralizations through a Natural Resource Lens: An Introduction' in *The European Journal of Development Research* 16, 1-25, London: Routledge.
- McPherson, C. & MacSearraigh, S. (2007) 'Corruption in Petroleum Sector' in Campos, J.E. & Pradhan, S. (eds) in *The Many Faces of Corruption: Tracking Vulnerabilities at the Sector Level* Washington: The World Bank.

- Ocheje, P.D. (2006) *The Extractive Industries Transparency Initiative (EITI): Voluntary Codes of Conduct, Poverty and Accountability in Africa.*
- Painter, M. (2002) 'Making Sense of Good Governance' in *Public Administration and Policy* 11 (2): 77-100 Hong Kong: City University.
- Parham, H. (2004) 'Publish What You Pay – Extractive Industries Transparency is in Everyone's Best Interests' in Traub-Merz, R. & Yates, D. (eds) *Oil Policy in the Gulf of Guinea: Security & Conflict, Economic Growth, Social Development* Friedrich-Ebert-Stiftung
- Revenue Watch (2012a) 'Indonesia: Fueling the Future' accessed from <http://www.revenuwatch.org/publications/indonesia-fueling-future> on 26 September 2012.
- Revenue Watch (2012b) 'The Value Chain' accessed from http://www.revenuwatch.org/training/resource_center/backgrounders/value-chain on 26 September 2012
- Revenue Watch (2012c) 'Bringing Indonesia's Lessons to the Wider Region' accessed from <http://www.revenuwatch.org/news/blog/bringing-indonesias-lessons-wider-region> on 26 September 2012.
- Revenue Watch (2012d) 'Subnational' in *Issues: Project* accessed from <http://www.revenuwatch.org/issues/subnational> on 26 September 2012.
- Revenue Watch (2012e) 'Acting Locally: Policy Recommendations for Indonesia' in *News* accessed from <http://www.revenuwatch.org/news/blog/acting-locally-indonesia-seminar-ends-policy-recommendations> on 26 September 2012.
- Soerjoatmodjo, G. (2012) *EITI in Indonesia: A Multi-Stakeholder Advocacy* per 31 July 2012 Jakarta: RWI USAID IKAT US Project.
- Véron, R. (2001), 'The "New" Kerala Model: Lessons for Sustainable Development' in *World Development* Vol. 29 No. 4 pp. 601-617.
- Whaites, A. (2004) 'Let's Get Civil Society Straight: NGOs, the State, and Political Theory' in Pearce (ed.) *Development, NGOs, and Civil Society* London: Oxfam GB