



Social Monitoring Report

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INDONESIA: Tangguh Liquefied Natural Gas Project

Prepared by BP Berau Limited
Tangguh LNG Project Operator

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Asian Development Bank



**Operator's Social Report – Part Two
Integrated Social Programme
Tangguh LNG Project**

October 2006 – April 2007

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1 Evaluation of Tangguh E&S ISP Performance

This is the second bi-annual report to the Asian Development Bank (ADB) and Japanese Bank for International Cooperation (JBIC) Lenders Group. The Social report consists of two sections: (a) the Land Acquisition Resettlement Action Plan or 'LARAP', and; (b) the Integrated Social Programme or 'ISP' as required under Section 1.12 of the ADB Tranche PSC Parties Agreement (or Section 1.18 of the JBIC Tranche). This report covers implementation of the ISP for the period October 2006 to April 2007.

Programme implementation for the majority of the fourteen ISP programmes has been retained under the ISP organisation. However, to streamline work processes as the Project moves into the Operations phase, three ISP programmes have been transferred to BP Indonesia's Business Unit Level organisation – which is equivalent to Country Management organisation in other companies. These three programmes are: (i) governance and revenue management at the national and provincial level – work at the Kabupaten level continues to be managed by the ISP team, (ii) Bird's Head Business Empowerment; and (iii) Integrated Community-Based Security.

In addition to that, personnel changes in the ISP Senior Management team have also taken place to accelerate the development of Indonesian nationals.

2 Report Methodology

This report has been prepared with reference to ISP monthly reports, site visits, discussions with various programme managers, and reports from ISP implementation partners, among others: British Council, USAID, UNDP, IFC and UNIPA.

3 Social Context of the Tangguh Project

During the reporting period, the Irian Jaya Barat Province, which was created in 2003, has been completing the development of its administrative organisation by setting up technical agencies. The provincial government has also announced a change of name to Papua Barat Province to become consistent with the larger province of Papua.

The three-year old Teluk Bintuni Regency government has also continued its development. It has completed the establishment of its organisational structure. During the reporting period, a number of Regency staff has participated in various training activities held in conjunction with the ISP team. Meanwhile however, progress of organisational development at the village level is slow.

Although relationships with the local communities remain good there has been an increase in demands relating to *adat* rights for gas. We continue to work with local government and BPMIGAS (Indonesia Oil and Gas Regulatory Agency) to ensure that this issue is handled in the appropriate manner, which is through government channels.

4 Overview of IPDF and ISP Implementation

4.1 General Trends

The ISP programmes continue to be supported and implemented. Various key social development activities have been delivered at different levels and areas, which included the Directly Affected Villages, Bintuni Bay and the broader Bird's Head area. During the reporting period, community development activities continue to progress well. Key to these has been start up of support for the basic education programme in Bintuni Bay, and implementation of the clean water project in the North Shore villages of Tomu, Ekam, and Taroy. Clean water projects are also being progressed in the South Shore villages of Tomage and Otoweri, where the Project is assisting the communities to drill water wells.

The community development programmes in the North Shore continue to make progress in the areas of clean water and development of infrastructure. The Vocational Training Centre in Aranday is under construction. The administration building has been completed structurally and will be fitted-out by the end of the year.

There were no major security incidents during the period. However, a security guard supervisor was dismissed following an investigation into an allegation that he had used inappropriate force against an individual when three people were caught trespassing into the LNG site through a hole that had been cut in the boundary fence. The investigation also revealed that a number of security guards who had been recruited for the contractor's security team had not received human rights training. The Project is rectifying this and recognises that the human rights training programme will need regular refresher as the guard force increases in size and also to ensure that the guard training remains current. This will be a constant challenge until the Project establishes the guard force number in the operation phase.

There was a joint exercise including the Tangguh security guards and police held at the Babo camp facility in February 2007. Papuan NGOs participated in the event, along with government officials i.e.: Police, Navy and Army. There will be a need to continue the joint security exercises as a means of reinforcing the JUKLAP guidelines and building confidence and rigour in the implementation of the guidelines in the context of a number of potential scenarios.

During the reporting period, the ISP team concentrated on implementing the various MOUs that have been signed with the implementation partners – as mentioned in the previous reports.

4.2 Grievances

The project received 44 grievance submissions during the reporting period. This is an average of just over 7 grievances per month.

In terms of location, Tanah Merah Baru villagers filed the most grievances (16 submissions) with resettlement issues as the top concern (9 submissions). Meanwhile, Otoweri and Tofoi villagers were in second and third place with workforce and community development items as their main concerns – as shown in the grievance table on the following page.

The top three concerns were workforce (12 submissions), community development (11 submissions) and resettlement (10 submissions). The workforce grievances were about employment opportunities at the LNG site. Regarding community development grievances, the villagers' concerns were about village public facilities, scholarships, and education assistance. On resettlement issues, the villagers raised their concerns about public facilities and vegetation.

The villagers also filed grievances regarding health, adat and ICBS items to a lesser extent.

It is important to note that all grievances submitted during the reporting period have already been responded to, within the two week time period specified by the Grievance Procedure.

Table 1: Summary Grievance Filed by DAVs, October 2006-April 2007

No	Village	Work-force	Comm Dev	Resettle-ment	Health	Adat	ICBS /COP	Religious Affairs	Women Empower-ment	Communi-cation	In-migration	Total
DAVs												
1	Tanah Merah	2		9	1		1	1		1	1	16
2	Otoweri	9										9
3	Tofoi		5			1						6
4	Taroy		2		1							3
5	Mogotira	1	2									3
6	Onar Baru				1				1			2
7	Tomage		2									2
8	Saengga			1								1
9	Tomu						1					1
10	Ekam											-
11	Weriagar											-
Others												
12	Aranday					1						1
13	Babo											-
	Total	12	11	10	3	2	2	1	1	1	1	44

4.3 Modifications to ISP

There have been no changes to the ISP to date.

5 ISP Support

5.1 Government and External Affairs

BP senior officers continue to have periodic meetings with senior government officials at national and provincial levels (i.e. Department of Energy & Mineral Resources, Directorate General of Oil & Gas, BPMIGAS, Department of Home Affairs, Department of Finance, Provincial Governments of Papua and Papua Barat and other related institutions) to exchange information and to promote better alignment.

At the local level, the Tangguh Liaison Offices in Bintuni, Fakfak, Manokwari and Sorong were moved to new locations during the reporting period in order to optimise their support functions. These liaison offices are used to facilitate ISP team meetings with relevant stakeholders.

The MOU that the ISP team has signed with the Teluk Bintuni local government regarding health, education, economic development, governance and infrastructure development entered into the implementation stage during the reporting period. Details of implementation are set out in the relevant sections of this report.

5.2 Community Relations

Various meetings and engagements have been carried out by the Project's Community Relations team to ensure high quality communications to and from community stakeholders and to facilitate entry to the communities for the implementation of various development programmes.

Additionally, during the reporting period, the Project's Community Relations team carried out extensive consultation and socialisation at the village and district levels of stakeholders prior to the commencement of significant Project activities. These included the socialisation of the exclusion zone, activities related to the Gas Processing Facilities (GPF), the installation of two offshore platforms and the drilling campaign.

The socialisations were aimed at ensuring an early and improved understanding among community stakeholders about the Project's activities.

5.3 Communications

The Project recognises that communications within the Bintuni Bay area are critical and will remain a priority throughout the life of the business. During the reporting period, the Project took on board certain suggestions and

recommendations from stakeholders (among others, TIAP and the Papua Stakeholder Review Meeting which took place in 2005) and has expanded the communications team as well as diversified its communications products with a focus on the DAVs and the Bird's Head area.

The bulletin *Kabar dari Teluk* (KaDaTe), which means 'News from the Bay', is published monthly. Targeted at the people living in the DAV's and the 4 regional centres in the Bird's Head, distribution has increased to 10,000 copies per month. The tabloid has been made more interactive with a dedicated page for readers' letters and opinions. Findings from the media effectiveness survey that was completed in 3Q 2006 by the independent media surveyor SIGI, indicated high readership, with the tabloid being the most read paper in the Bintuni Bay area. Several information boards have been established in the cities of Bintuni and Manokwari to enhance accessibility of the bulletin. Efforts are now being pursued to expand the boards in DAVs, Babo, Aranday and other Bird's Head areas such as Fak-Fak and Sorong.

During the reporting period, the two community radio stations (Radio Sebyar in Aranday and Radio Sumuri in Tanah Merah) that were established in 2005 have remained popular with the people in the Bay area. The Papua Community Radio Network (JRKP), a Papuan NGO whose interest is focused on community radio development in the Bird's Head, continues to carry out a capacity building programme for radio officials. Training is now being provided in programming, management, and technical maintenance, in addition to overall mentoring. The community radio has been used by the Project to socialise the Project's activities in several areas, including the community grievance procedure, workforce recruitment and demobilisation, the safety exclusion zone, community health and community development. Radio Sebyar has facilitated the broadcast by teachers in the area of tutorials for kindergarten, elementary and high school students.

To ensure a wider area of coverage, another community radio station in Babo (Irarutu III) is being considered. Consultation with local stakeholders has been carried out by JRKP to ensure early understanding and buy in from the community. The radio station is now in the trial stage for broadcasting, while JRKP and the Irarutu III community continue to engage in developing strategic plans for this radio station in the future. Once this radio is launched, it will be the third radio to be established in the Bay by JRKP, with support from the Project. Beyond these three radio stations, there is only one private radio station operating in Bintuni Bay.

Further, several ad hoc communications products have been produced on various aspects of the project to support the socialisation programme, such as the poster system on GPF activities and the exclusion zone, a picture book on workforce demobilisation and various videos. Publication of the Tabura newsletter and the stakeholder report/update continue to be issued regularly to transmit high level Project messages, update and inform national and international level of stakeholders.

As part of our commitment to transparency and public accountability, the Project conducted several media events in 2006. For the local media, the Project hosted media briefing in Manokwari. The event was attended by 14 media professionals.

To wrap up 2006, a year-end media briefing was organised in December and attended by various media outlets including three from Papua. The event provided the opportunity for media to meet and talk with the Project senior management team.

Aside from these major activities, regular updates and contact with media continues.

6 ISP Components Programmes

6.1 Papua and Bird's Head Programmes

6.1.1 Governance and Revenue Management

In addition to our Government and External Affairs staff, BP senior officers continue to have periodic meetings with related senior government officials at both national and provincial levels, to achieve better alignment in implementing the programme. The main agenda for governance and revenue management is to ensure transparency and improve government capacity.

Governance programmes aim to improve government capacity to manage budgets, conduct planning and improve the delivery of key social services in a transparent and accountable manner. The Project is supporting these programmes through its partnerships with the UN Development Programme (UNDP) at the provincial level; with the Centre for Local Governance Innovation/Yayasan Inovasi Pemerintahan Daerah (CLGI/YIPD) and the US Agency for International Development (USAID) at the regency (kabupaten) level; and with Indonesian Partnership for Local Governance Initiatives (IPGI) and University of Gadjah Mada (UGM) at the village and district levels.

As part of the Project supported "Capacity 2015" planning initiative that is being facilitated by UNDP in support of the central and provincial governments, UNDP moved staff to Manokwari shortly after the inauguration of the Papua Barat Governor. The UNDP staff spent much of Q4 2006 supporting the provincial government in the development of its draft medium term development plan (referred to as the *RPJM*). The *RPJM* has now been published, and outlines Papua Barat's 5-years medium term development priorities in which the Diversified Growth Strategy concepts are also being adopted.

UNDP is now pursuing the second phase of its Capacity 2015 programme, covering the period of July-December 2007 that will focus on the promotion of the diversified growth strategy. The key priorities will include capacity building for government institutions and its human resources, assisting regency government to develop a *RPJMD*.

UNDP has facilitated the interface between the Papua Barat government and the national planning agency (BAPPENAS) by providing technical assistance on revenue sharing issues. However, issues around revenue sharing remain to be resolved.

Supplementing the governmental capacity building for Teluk Bintuni, the Project, through an MOU with USAID, continues to support similar

government capacity efforts in a number of other kabupatens in the Bird's Head region.¹ The governance work is being managed under USAID's Local Governance Support Program (LGSP). Its aim is to promote good governance and sound financial management that uses strategic and participatory planning and performance budgeting. During the reporting period, LGSP continued to develop assistance frameworks and modules, select sites and outline assistance priorities with local government partners.

At the village level the objectives of the governance programme are similar, but the Project's implementing partners are IPGI and UGM. IPGI is focusing on its activities on the North Shore villages and UGM is in the South. The governance programmes have commenced but are moving slowly as the new government apparatus is still being formed and competencies in village government structures remain weak.

6.1.2 Civil Society Strengthening

The civil society strengthening programme aims to build trust with NGOs to better enable them to deliver social and community development programmes and to support *adat* institutions in clarifying customs and traditions.

The Project has continued its engagement with NGOs both in Papua and in Jakarta. The Project has regular one-on-one meetings with key NGOs. Another key activity during the reporting period has been the annual Papuan stakeholder review meeting, which was held in February in Bintuni. Representatives of various NGOs in Papua were among the attendees of this meeting to discuss various Project commitments and implementation to date.

The Project has been working with FOKER LSM Papua (the networking forum comprised of approximately 100 NGOs) which has begun to prepare a formal programme to enable civil society strengthening to be consolidated. Furthermore, the Project continues to promote dialogue, and engage through our ISP programmes on human rights promotion, civil society and adat institution strengthening.

6.1.3 Bird's Head Business Empowerment

IFC-PENSA, as Tangguh Project's implementation partner for Bird's Head Business Empowerment Programme (BHEBP), has delivered training, mentoring activities and education products during October 2006-April 2007 to enhance local businesses competencies.

The training – delivered jointly with Austraining - has covered topics such as Functional Business, Prospecting Work, and Winning and Managing Contracts. The various training sessions were held in Manokwari, Bintuni, Sorong, and Fakfak. About 71 local businesses had representatives at these training sessions.

¹ The USAID Birds Head Development Initiative is being supported through a contribution by the BP Foundation.

The mentoring activities – also delivered jointly with Austraining - are intended to strengthen knowledge gained from the training through one-on-one consultations. They covered topics such as basic bookkeeping, filing, quality control, marketing, and HSE. More than 20 local businesses participated in these mentoring sessions, which also took place in Manokwari and Fakfak. These activities will also help to assess long-term potential local businesses.

Products either issued or in progress by IFC-PENSA include: (i) a database of local Bird's Head businesses for BP and prime contractors, (2) a database of potential training providers suitable for local vendors; and (3) training videos on tendering processes and HSE management.

6.1.4 Mitigation of In-Migration and Induced Impacts

The purpose of the In-migration and Induced impact mitigation programme is to avoid the “honey-pot” syndrome and to mitigate the impact of excessive spontaneous in-migration into the Bintuni Bay area. The villages at high risk of inward migration are Tofoi, Irarutu III (Babo), Tanah Merah and Saengga due to their proximity to the Project site, and in recognition of Tanah Merah and Saengga benefiting from Project resettlement-related new housing and other facilities.

The Project has been cooperating with the local government, religious groups and women's groups by providing information to the communities about the impact of excessive inward migration. Throughout 2006, socialisation of in-migration impacts has been carried out in all of the DAV villages and Irarutu III to enhance the communities' understanding of the possible impacts of in-migration and ways of controlling it.

While there is some evidence of inward migration, the Project's policy of no recruitment at the LNG site combined with the continuing socialisation efforts have been key in avoiding much more significant inward migration. Challenges remain as local government capacity is low and short term gains can appear appealing to local officials and villagers without factoring in the long term risk associated with inward migration.

Table 2: Number of In-Migrants Recorded by In-Migration Forum (Jan-May 2007)

Village	Male	Female	SubTotal
Irarutu III (Babo)	227	92	319
Tanah Merah	215	59	274
Saengga	157	60	217
Onar	52	13	65
Tofoy	56	3	59
Total	707	227	934

6.1.5 Workforce and Industrial Affairs

The Project's commitment under the AMDAL is to demobilise workers back to their point of hire. For DAV workers this means demobilising workers back to

their villages. The Tangguh Project has provided materials (in the form of picture books) to DAV workers explaining the demobilisation process. It will also inform workers about opportunities to get involved with the Institute of Agriculture of Bogor (IPB) programme, which aims to improve fisheries, and about opportunities for training at the vocational training centre on the North Shore, opening later in 2007. The plan is to provide training in carpentry, plumbing, electricity and welding.

Regarding grievance handling at the LNG Site, the Project has people onsite dedicated to regularly monitor industrial relations issues. This is very important, and the Project will continue to monitor this process.

On workforce composition, the Tangguh Project intends that Papuans occupy a number of semi-skilled and skilled positions throughout the operational phase of the Project. Since 2004 the Project has been training Papuans, now over 50 in number, to international standards to take up skilled operation-technician positions. In the third quarter of 2006, the Project advertised for new operation-technicians in the four Bird's Head towns and Papuan universities. The Project received over 400 applications and over 100 candidates were interviewed. Of these, 24 were hired. In addition, the Project has more than 50 Papuans on its staff. They are being developed in operational positions including those in geology, administration, planning, community relations and development as well as communications.

6.2 *Kabupaten Teluk Bintuni Programmes*

6.2.1 Governance

Following the execution of an MoU between BP and CLGI/YIPD to support government capacity building with the new government of Kabupaten Teluk Bintuni, governance programmes have commenced and are expected to finish at the end of 2007. Various training sessions targeting government officials in Kabupaten Teluk Bintuni have been and will be carried out by CLGI/YIPD in the following areas:

- Kabupaten-level government strategic planning & management, including the use of participatory-based planning approaches and stakeholder forums;
- supporting and improving capacity in performance budgeting mechanisms;
- providing assistance in financial management;
- training to improve local legislature capacity for legislative drafting, and;
- improving delivery of basic public services in health, education, infrastructure and economic development through the placement of technical advisors by assisting in the development of sector policy and strategic plans.

Capacity building programmes for district and village governments have been established. These activities are run in partnerships with IPGI and Centre for Demography and Policy of Universitas Gajah Mada (PSKK-UGM). Focus during the reporting period was to improve understanding about roles and responsibilities among district government officials, and development of programme activities at village level. Thereafter, IPGI will assist the Project in

providing assistance to one district (Aranday) and 12 villages while PSKK-UGM will assist one district (Babo) and seven villages.

6.2.2 Strengthening Adat Institutions

The ISP team has conducted an initial socialisation event with the *adat* institution assessment team, which was formed by the Bupati as per the Bintuni Bupati's Decree no. 76/2006 in October 2006 in Bintuni. The socialisation event was well attended by 40-50 participants (initial expectations were only 24 attendees). The objective of this event was to share knowledge about the need for an *adat* institution assessment.

In November 2006, the institution assessment team conducted socialisation and assessment for *adat* institutions among the Sebyar and Irarutu tribes. These activities were aimed at developing awareness and understanding among the tribal members about the need for *adat* institutions as a tool for discussion. Key elements – religious, cultural, government, youth and women - from the two tribes participated in these socialisation and assessment.

From the assessment, the team identified requirements for the provision of *adat* houses and *adat* institution offices, and capacity building for people who will manage these *adat* institutions.

6.2.3 Integrated Community Based Security

The Project continued socialising Integrated Community-Based Security (ICBS) and the Joint Security Field Guidelines (JUKLAP) with the public security forces. It also continued providing human rights training and took action to embed community based policing in the area. There are 273 guards in the ICBS programme of whom 258 are Papuan. All of the guards have been trained in human rights or are scheduled for training, in partnership with NGOs. The next human right training is scheduled on May 23 – 25, 2007 where 50 new guards will be joining the class.

The detailed socialisation of ICBS and the JUKLAP that took place during 2006, culminated in a five day joint exercise between police and Tangguh security in February 2007. The aim of the exercise was, to test the field guidelines in a simulated environment. More than 150 people were involved. Observers attended from BPMIGAS, Indonesian police headquarters, NGOs and the Indonesian Armed Forces (TNI). The TNI observers included the commander from Sorong and three senior officers.



Figure 1: Human Rights Training in Bintuni



Figure 2: Joint Exercise in Babo

Community Oriented Policing (COP) – a partnership programme with the Centre for Human Rights Studies at Universitas Islam Indonesia (PUSHAM UII) - continued during the reporting period with mentoring activities in 24 villages for a 6 month period up to December 2006. The mentor worked with each village's COP committee for a week at a time. The content of the mentoring programme is the provision of public security services based on human rights.

6.2.4 Health

Malaria Control

The malaria control programme has continued regular activities in 2 districts of Teluk Bintuni (social marketing, diagnosis and treatment) and steady progress has been measured in several villages by prevalence surveys in the first quarter.

Table 3: Result of Malaria Prevalence Survey Q1 2007

Locality	Date visit	Total	% Positive
Saengga	12 Feb	52	0
Onar	27-28 March	94	4
Aroba	27-28 March	55	20
Weriagar	05 Feb	133	14
Taroi	21 Feb	80	5
Total:		414	

HIV & TB Programme

There were no changes in the overall direction and activities of the HIV programme in Teluk Bintuni and the Project workforce in the first quarter of 2007, when compared to 2006. The Public Health Educator position has been filled by the contractor company and a survey of 'HIV knowledge, attitudes and practice' has been carried out, with results to follow shortly. The Tangguh Community Health Unit (TCHU) has identified two health clinics, namely Clinic Fatima in FakFak and Clinic Lidwina in Bintuni, and new field staff to implement sexually transmitted infection/voluntary counselling and testing (STI/VCT) services and an outreach programme in both locations. Furthermore, TCHU is awaiting Family Health International (FHI) to provide a schedule of technical support to develop these programmes. KNCV (Royal Dutch TB Foundation) made an assessment visit to Teluk Bintuni and is developing a work plan for implementing directly observed treatment short (DOTS) in the kabupaten.

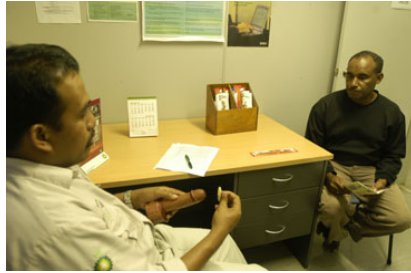


Figure 3: Demo on Contraception Usage at TCHU Clinic in Babo



Figure 4: Blood Testing at TCHU Clinic in Babo

Maternal and Child Health (MCH) Programme

Due to the low impact of the programme on childhood malnutrition, which was measured at the programme's mid-term evaluation in September 2006, the strategy for this programme has been changed to achieve more intensive engagement of the mothers and cadres at the nutrition posts. Field facilitators are now focusing on one nutrition post at a time, where they give more intensive supervision to the village health workers, cadres, mothers and children before moving to another nutrition post. Ready for use therapeutic foods (RUTF), made from locally available foods, have been introduced through the nutrition posts. The overall nutrition post coverage is still low across the 2 districts (Babo and Aranday).

Capacity-Building

TCHU has commenced implementation of a plan to transition their programmes into a locally-based health NGO. Among the objectives of the transition plan is to complete the establishment a well-managed, technically and functionally competent local health NGO in Teluk Bintuni by Q4 2008, to identify and develop full-time Papuan-based human resources for the NGO, with preference given to those living in the immediate area of Teluk Bintuni or Papua. Where appropriate skills are not available, a strategy for transferring this technology into the region will be developed, to identify and develop areas of collaboration and sharing with local government and other NGO's. TCHU will seek endorsement of its programmes from local government, to consolidate and further develop the 'model' programmes which have been implemented in the DAV's since 2003. These 'model' programmes will incorporate new paradigms of health service delivery, improved programme sustainability through community based health financing approaches, utilisation of a social marketing approach, private-public sector collaboration and leveraging of increased health funding for the region.

6.2.5 Education

The Project cooperates with British Council with an objective of improving educational service quality in Teluk Bintuni. Following the MOU signing between BP and British Council in November 2006, the British Council has started working with Kabupaten Teluk Bintuni Education Department and the

Local Planning Agency to discuss programme plan, education fund analysis, and school mapping.



Figure 5: Schoolchildren in Bintuni



Figure 6: Education Campaign in Bintuni

The British Council has also opened an office in Bintuni and plans to conduct a workshop to encourage the establishment of an Education Council in Kabupaten Teluk Bintuni.

Partnership programmes with Yayasan Muhammadiyah, YPPK (the Catholic Education Foundation), and YPK (the Christian Education Foundation) continued running during the reporting period. These programmes centred on renovation of school facilities and construction of housing for teachers.

Table 4: Education Facility Development in DAVs until February 2007

SCHOOL	Number of Student	CONSTRUCTION ACTIVITY			
		Number of Renovated Classroom	Number of Constructed Classroom	Number of Teacher Housing	Number of Rest Room
Yayasan Muhammadiyah					
SD Inpres Tari	118	4	-	4	1
SD Inpres Kampung Tomu	196	4	-	4	1
SD Inpres HAKI 01	155	3	-	4	1
SMPN 01 Aranday	163	6	-	6	1
YPPK					
SD YPPK Santa Theresia	246	-	6	-	-
SD YPPK Tofoi	251	-	-	-	-
SD YPPK Saengga	126	-	-	-	-
SD Tomage	32	4	-	4	-
YPK					
TK YPK Tanah Merah	42	-	2*	-	2*
SD YPK Serito Tanah Merah	92	-	6*	-	2*
SMP YPK Sumuri Tanah Merah	73	-	6*	-	2*
SD YPK Onar	25	-	3*	-	2*

* constitutes a part of resettlement programme in Tanah Merah Village

Additionally, the Project and the US Agency for International Development (USAID) established a global development alliance known as the Bird's Head Initiative (BHI), which comprises three development sectors; including education, governance and health. Through BHI, USAID's Decentralised Basic Education Programme will be implemented in various Papua Barat regencies to improve teacher capacity in the region. In March 2007, the

Decentralised Basic Education (DBE) Programme opened an office in Sorong. Furthermore, DBE recruited a local coordinator in January 2007 for Papua Barat with responsibility for Kabupaten Sorong Selatan, Kota Sorong and Kabupaten Manokwari.

6.2.6 Vocational Training

A programme to improve adult literacy and numeracy was successfully launched in the DAVs during 2006. This programme continued throughout the reporting period.

Among the aims of this programme is to support the transition of the LNG construction workforce to non-Project employment as construction-related employment starts to decline. Ongoing work includes the construction of the Vocational Training Centre in Aranday District in Bintuni Bay which is scheduled to be completed by the end of 2007. The Project together with local government will utilise the centre to facilitate training in vocational skills. The centre will also be used for training on livelihood skills. The Project also intends to develop a relationship with existing vocational training centres in Papua, in Jayapura and Sorong.



Figure 7: BLK Aranday under Construction



Figure 8: Visit by External Panel & Lenders' Consultant to Aranday

With regard to the LNG facilities Operations phase employment, a training programme for future LNG operators is also continuing in the LNG facilities in Bontang, East Kalimantan. Some 82 trainees, of whom more than 50 are Papuan, will continue the programme until 2008. Batch 1 and 2 of the trainees have already graduated and are currently undergoing an induction programme in BP's offices in Jakarta and at the LNG Site in Bintuni.

6.2.7 Microfinance and Microenterprise

The goal of the ISP micro-finance and micro-enterprise programmes is sound and sustainable savings and enterprise development opportunities that strengthen and diversify long-term economic opportunities and thereby lead to improved livelihoods through improved incomes, employment, and a reduced long-term dependency on the Tangguh LNG Project.

Objectives of this programme are:

- Improved individual and household awareness, access to savings vehicles, and improved level of savings

- Improved capacity to develop micro- and small-enterprises that can meet some of the operational needs of the LNG plant and/or that responds to new opportunities arising from the on-going economic development occurring within the Bay

To achieve the goal and objectives stated above, starting in 2006, the Project has been working collaboratively with various partners such as IPB, Yayasan Satunama, YPA, YPMD, CU, BPD (Bank Papua) and Bank Rakyat Indonesia (BRI) to develop microfinance activities (i.e. savings-loan) and micro-enterprises. The activities mostly related to capacity building such as assisting and mentoring the development of business skills.

In 2007, implementation of the programme continues to develop and broaden. The mentoring programme, for example, not only provides services to DAV communities, but also to non-DAV's. The number of people who join the capacity building programme tends to increase with time. Technical assistance has not only provided and improved quantity and quality, but also developed access to the economic infrastructure including markets.

Micro-finance

On micro-finance, work with Yayasan Satunama has been started and an early stage of BPR (Bank Perkreditan Rakyat/community credit bank) has taken the form of KSP (Koperasi Simpan Pinjam/saving-loans cooperative) Damai Sejahtera in Sebyar Rejosari. Previously, membership in the cooperative was only around 40 people, but has increased to more than 70 by the end of 2006. KSP helped to provide loans to its members, who generally consist of small enterprises.

Development of micro enterprises has been stimulated by Credit Union (CU) Mumbuin Tofoi that provides savings and loan services for micro-enterprises in Tofoi. Most community members in Tofoi have become members of this CU. Soon after its establishment, CU enlarged its services to the North-shore by opening TP (Tempat Pelayanan/Point of Service) in Weriagar.

Campaigns to promote saving have been run by various partners such as CU, Yayasan Satunama and IPB, in addition to ISP staff themselves. CU Mumbuin and ISP have been working to promote saving amongst the community as well as increase the capacity of local CU staff in delivering services to the community.

In 2006, Lembaga Pengelola Finance (CEMSED) has agreed to develop Lembaga Pelayanan Keuangan Simpan Pinjam (savings and loan services unit) to provide communities living under the poverty line with access to loans and savings. This CEMSED Programme is scheduled to be implemented by the end of 2007.

Micro-enterprise

In 2006, Micro-enterprise activities were run in several DAVs such as Tofoi, Babo, Taroy, Tomu, Ekam, Weriagar and Mogotira. Activities began with training in financial administration and business management. In Tofoi, 9 households launched new home-based ventures such as grocery stalls (kiosks), gasoline and kerosene suppliers, farming and fishing – with mentoring provided by YPMD. In other villages, the new ventures took the

form of community-based grocery stalls (kiosks), and gasoline & kerosene suppliers.

Other business ventures that have been tried are dried fish businesses by housewives in Weriagar. These businesses started in September 2006 and are ongoing. The products have so far been marketed in Bintuni, Babo and Tofoi, and Timika.

Technical Assistance

In 2006, IPB and UNIPA were invited to support the development of integrated farming and fishery projects in the Regency of Bintuni. They conducted several studies to develop business strategies. Early on the programme involved various stakeholders, such as UNIPA, local government, community leader, and NGOs.

In 2007, the programme entered the implementation stage, which focused on 3 locations including Bintuni, Babo and Taroy. Activities started with identifying groups of fishermen, and issues and challenges faced by these fishermen

The ISP team also collaborates with local government to ensure programme alignment between the Project and local government. For infrastructure, especially ice factories, it has been agreed with the Fishery Department (Dinas Perikanan) to build two ice factories, one in Bintuni and one in Aranday. The Regency government will build the ice factory in Bintuni and the Tangguh LNG Project will build the ice factory in Aranday. Planning for the Aranday ice factory has entered the feasibility study stage. Construction of these ice factories is scheduled to start in 4Q 2007.

6.2.8 Women's Empowerment

The Project's goals for this programme are:

- (i) the establishment of a Women's Forum in Bintuni Bay,
- (ii) an awareness campaign on women's issues including health, education and micro-enterprise development, and
- (iii) mitigation of the Project's immigration and adverse induced impacts through various programmes, including the media, targeted participation of women for scholarship and micro business programmes.

By April 2007, the Women's Forum of Bintuni Bay had 29 members, representing 12 DAV villages from 4 Districts in Bintuni Bay, including the North and South shore areas.

During the reporting period, members of this Forum have attended training in Health (Malaria and HIV/AIDS), Education, and Leadership. The trainers are ISP Programme Managers and instructors from PiBi (Pusat Business Incubator IKOPIN).

An awareness campaign (outreach) on women issues was started by distributing items with women's themes including the Suara Perempuan

tabloid and Agenda 2007 to the village heads and community leaders. The outreach activities conducted by individual Forum members varied from facilitating HIV/AIDS awareness session to promoting Malaria prevention, educational promotion in pre-schools, and supporting women's group activities in skills training like sewing and cooking.



Figure 9: Sewing Training in Tomu/Ekam



Figure 10: Cooking Training in Tomu/Ekam

The women's empowerment programme also involved local Papuan organisations e.g.: Pusat Studi Wanita (PSW) of Universitas Cendrawasih, LBH HAM from Sorong West Papua and Dinas Pemberdayaan Perempuan of Teluk Bintuni Regency government. By April 2007, the ISP team had signed an agreement for a work order with PSW and LBH HAM to conduct activities for the Women's Forum capacity building and outreach. At the same time, Dinas Pemberdayaan Perempuan Teluk Bintuni has agreed to be present in the training sessions to observe what is being done, and jointly conduct the campaign with the Women's Forum.

6.2.9 Community Action Plans

With Community Action Plans (CAPs), the Project provides development funds of Rp. 300 millions per village per annum for a period of ten years for the nine DAVs. In addition to that, the Project extends similar assistance to Aranday and Babo towns – at Rp 100 million per town per annum.

The Tangguh Project is working to implement the CAPs in the DAVs to help ensure that the funds are used to improve the community. If the villages do not use the CAP in a given year, the funds roll over into the next year. The CAPs have already resulted in tangible benefits in health, education, access to water and other local improvements selected by the villagers.

Weriagar & Mogotira Villages

With the CAP fund, Mogotira villagers constructed wave breakers to prevent shore erosion. Weriarag villagers also plan to do the same with their CAP fund and are waiting for building materials to arrive.

The CAP fund has also enabled the Weriarag community to receive training in dried fish production. During the reporting period, the Weriarag community started producing dried fish, both for their own consumption and for sale.

In March 2007, the ISP team presented soccer uniforms to Mogotira youths to support their interest in sports activities.

Tomu & Ekam Villages

The renovation project in Tomu has improved the roof condition of 27 houses. The next step will be the renovation of a further 34 houses.

In Ekam, the renovation project has completed the re-roofing of 47 houses. Thereafter, the renovation project will focus on improving the terraces and kitchens in Ekam.

Taroy Village

The CAP fund has been used during the reporting period to carry out mosque renovation and to provide cooking training for women. The mosque renovation is ongoing and is expected to be completed by the end of 2007.

Tofoi Village

The villagers plan to utilise the CAP fund to enable electricity to be installed in their houses. Planning and consultation with the community is currently in progress.

6.2.10 Land Acquisition and Resettlement Action Plans

Refer to the Lender Social report – The Land Acquisition and Resettlement Action Plan (LARAP)

7 Forward Plan (Next 6 Months)

During the next reporting period, the Project will focus on delivering the ISP Plan, as outlined in the ISP document. It will include, among other things, the completion of the Aranday Vocational Training Centre (administration and workshop buildings), recruitment of trainers for this Training Centre, intensification of microfinance and micro enterprise activities and ensuring a smooth demobilisation process.

8 Summary of Corrective Action Plan

This section provides a summary of all Corrective Action Plans (to the extent related to the indigenous people aspects as described in the Tangguh ISP) that were closed out during the reporting period. As no Level 2 Non-Compliance events were recorded for the ISP, no corrective actions have been developed during the specified period.

9 Summary of Progress in Implementation of Recommendation of External Panel

This section provides a summary of progress made during the reporting period in the implementation of all outstanding recommendations (to the extent related to

the indigenous people aspects as described in the Tangguh ISP) made by the External Panel in the context of any review or monitoring conducted by it under the External Panel Terms of Reference. As at the time this report is being written, the External Panel has not published the Final Report with its recommendations, therefore no implementation of recommendations can be reported at this point.

10 Other Information

This section provides other information as the Tranche Lender may reasonably request that the Operator include in such report in relation to the Tangguh E&S Project's progress on the indigenous people aspects as described in the Tangguh ISP during the reporting period. No requests for additional information have been received.

11 Non Compliance

This section reports (in matrix format) failures to comply with, and actions and omissions which were inconsistent with, the indigenous people aspects as described in the Tangguh ISP (which such failure, action or omission constitutes or constituted a Level 2 E&S Non Compliance) during the relevant reporting period. No Level 2 Non-Compliance issues have been identified.