



# Environmental and Social Monitoring Report

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Project Number: 38919  
April 2009 – October 2009

## INDONESIA: Tangguh Liquefied Natural Gas Project Operator's Social Report – Part Two Integrated Social Programme

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**

**April 2009 - October 2009**

# TABLE OF CONTENTS

<b>1</b>	<b>EVALUATION OF TANGGUH E&amp;S ISP PERFORMANCE .....</b>	<b>3</b>
<b>2</b>	<b>REPORT METHODOLOGY.....</b>	<b>3</b>
<b>3</b>	<b>SOCIAL CONTEXT OF THE TANGGUH PROJECT .....</b>	<b>3</b>
<b>4</b>	<b>OVERVIEW OF IPDF AND ISP IMPLEMENTATION .....</b>	<b>3</b>
4.1	GENERAL TRENDS.....	3
4.2	MODIFICATIONS TO ISP .....	4
4.3	PREPARATION OF ISP PHASE-2 .....	4
<b>5</b>	<b>ISP SUPPORT .....</b>	<b>5</b>
5.1	GOVERNMENT AND EXTERNAL ENGAGEMENT.....	5
5.2	COMMUNITY RELATIONS .....	5
5.2.1	<i>Grievances</i> .....	6
5.3	COMMUNICATIONS.....	7
<b>6</b>	<b>ISP COMPONENTS PROGRAMMES.....</b>	<b>7</b>
6.1	PAPUA AND BIRD’S HEAD PROGRAMMES.....	7
6.1.1	<i>Governance and Revenue Management</i> .....	7
6.1.2	<i>Civil Society and Adat Strengthening</i> .....	9
6.1.3	<i>Bird’s Head Business Empowerment</i> .....	9
6.1.4	<i>Workforce and Industrial Affairs</i> .....	10
6.2	KABUPATEN TELUK BINTUNI AND VILLAGES - DISTRICT LEVEL PROGRAMMES .....	11
6.2.1	<i>Teluk Bintuni Development Foundation (YPTB)</i> .....	11
6.2.2	<i>Governance (District and Village Level) and In-Migration</i> .....	12
6.2.3	<i>Integrated Community Based Security</i> .....	13
6.2.4	<i>Health</i> .....	13
6.2.5	<i>Education</i> .....	14
6.2.6	<i>Vocational Training</i> .....	15
6.2.7	<i>Livelihood</i> .....	16
6.2.8	<i>Women’s Empowerment</i> .....	17
6.2.9	<i>Community Action Plans</i> .....	17
6.2.10	<i>Land Acquisition and Resettlement Action Plan (LARAP)</i> .....	18
<b>7</b>	<b>FORWARD PLAN (NEXT 6 MONTHS).....</b>	<b>18</b>
<b>8</b>	<b>SUMMARY OF CORRECTIVE ACTION PLAN.....</b>	<b>18</b>
<b>9</b>	<b>SUMMARY OF PROGRESS IN IMPLEMENTATION OF RECOMMENDATIONS OF EXTERNAL PANEL .....</b>	<b>18</b>
<b>10</b>	<b>OTHER INFORMATION.....</b>	<b>19</b>
<b>11</b>	<b>NON COMPLIANCE.....</b>	<b>20</b>

# **1 Evaluation of Tangguh E&S ISP Performance**

This is the seventh 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 2008 to April 2009.

## **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, including British Council, USAID, IPB, IPGI, UNDP, Satunama, UGM and UNCEN.

## **3 Social Context of the Tangguh Project**

The highlight from Tangguh during this reporting period was the milestone achievement of the first LNG production at the end of June. The first shipment commenced shortly afterwards on July 6, with the Tangguh Foja tanker departing for the POSCO LNG terminal in South Korea. This marked the start of operations for Tangguh LNG in just around four years after the Government of Indonesia's sanction in March 2005.

Tangguh is one of BP's most challenging projects and achieving these milestones is very important for us. The achievement of safely delivering this project into the operational phase reflects many years of efforts on the part of BP, the Government of Indonesia, our partners, contractors and in particular the surrounding communities in Papua Barat.

At the end of September 2009, overall project progress stood at 99.4% and Tangguh employed around 2,100 workers for both operations and construction activities, of which 52% are Papuans (i.e. Papuan domicile). At the same time, recruitment, re-hire and transfers of DAV workers for Tangguh Operations continue.

## **4 Overview of IPDF and ISP Implementation**

### **4.1 General Trends**

During this reporting period livelihood programs are continuing well with the objective of opening opportunities for the community to improve livelihood and to increase their income. One of the milestones following the establishment of stocking points in Arguni is that three more stocking points have been established in Bintuni, Babo and Tanah Merah. This achievement gives a significant impact to the local economic development through increasing business opportunities for local people. Meanwhile CAPs is progressing on infrastructure development and capacity building in DAVs through community participatory processes (PBM) that are now organized by themselves.

In basic education area, partnering with British Council, the project supported the establishment of teachers working group in Manimeri, Bintuni and Aranday. This is an important milestone for teachers in the three areas as a resource forum to increase their capacity. One of the highlighted outcomes of the teacher's working group is the improvement of high school graduation rate in DAVs' schools assisted by Muhammadiyah, YPK and YPPK.

Yayasan "Anak Sehat Papua" (ASP) is continuing support to the Health Agency of Teluk Bintuni to provide health services for people in DAVs. The programs are keeping the focus on malaria, tuberculosis, diarrhoea, mother and child health and sanitation. Some of the achievements are development of water and sanitation strategy, and health education for community in DAVs to prevent the spreading of malaria, TB and diarrhoea.

## **4.2 Modifications to ISP**

Currently, a number of ISP points are under consideration for modification. These relate to: (a) the establishment of a People's Credit Bank (BPR) under the microfinance/microenterprise program; (b) the establishment of a local Security Enterprise under the ICBS, (c) the scope of the adat strengthening programme, (d) the establishment of a formal regional in-migration regulation, and (e) the provision of another deep water well in the RAVs.

In addition to the existing water wells in the RAVs, Tangguh will provide rain-water harvest tanks to individual households. The reason is due to substandard water quality of the ground water and more appropriate technology for village operations and maintenance.

## **4.3 Preparation of ISP phase-2**

The Strategy and Planning team is conducting pre-work to prepare ISP program beyond 2010 (ISP-2). Ongoing monitoring, evaluation and recent socio-economic survey are used as some of the measurements to review the existing programs.

The schedule for the ISP-2 preparation is as follows:

<b>No.</b>	<b>Action</b>	<b>Completion Date</b>
1	Internal workshops on ISP strategy	Oct 2009
2	Complete census survey with community perceptions	Dec 2009
3	Engage consultant to assist in writing strategy	Dec 2009
4	Draft outline to be reviewed by Lenders	Mar 2010
5	Seek stakeholder feedback (local government, NGOs, community, etc) on future development plans	Mar – Apr 2010
6	Develop draft strategy	May 2010
7	First draft to be reviewed by Lenders	Aug 2010
8	Feedback and input from Lenders	Sep 2010

9	Finalize draft.	Oct - Nov 2010
10	Internal communication and engagement	Dec 2010
11	Launch new strategy.	Jan 2011

## 5 ISP Support

### 5.1 Government and External Engagement

During this reporting period, Tangguh has hosted visits from several government officials, including the Minister of Energy and Mineral resources Purnomo Yusgiantoro and the Papua Police Chief, Inspector General FX Bagus Ekodanto. Andy Inglis, BP's CEO for Exploration and Production, visited Tangguh in mid July and was very pleased with the achievements. The visitors have commented that they were impressed with the achievement so far and the team spirit.

BP is pleased to announce that the new Tangguh Independent Advisory Panel (TIAP) will be chaired by the former United States **Senator Chuck Hagel**, based in Washington DC, and **Augustinus Rumansara**, based in Jayapura. The first TIAP ended in May 2009 and their reports and BP's responses can be found on [www.bp.com/indonesia](http://www.bp.com/indonesia). BP believes additional ongoing independent monitoring and external advice will remain useful for the sustained success of the project and announced in April 2008 the intention to commission a new TIAP to undertake this role. In recognition of the work of the Tangguh Lenders Group and the start of Tangguh operations – the new TIAP's focus will be to offer advice to BP on developments, and Tangguh's performance, in the matter of the non-commercial aspects of the Project - while not duplicating the existing Tangguh Lenders Group's independent external review procedures.

The External Panel to the Lenders Group paid a second visit this year in November 2009 during which they conducted a series of meetings with ISP, LARAP and EH&S stakeholders in Jakarta, Bintuni, Babo and Manokwari in Papua. Meetings were aimed to review compliance on ISP, LARAP and EH&S implementation to date, and included a close out review for LARAP programme and Project EH&S activities. The External Panel will issue the report to be posted on the ADB website.

In July 2009, Tangguh supported the local Election Committee (KPU) to conduct presidential election at the LNG site for Tangguh employees.

### 5.2 Community Relations

Community relations (ComRel) continue to support the communications with the local communities on ISP activities, such as the CAP programmes, stocking points and workforce.

Other major achievement is the successful engagement to secure the agreement for Babo airstrip lease between landlord and local government, and BP with local government.

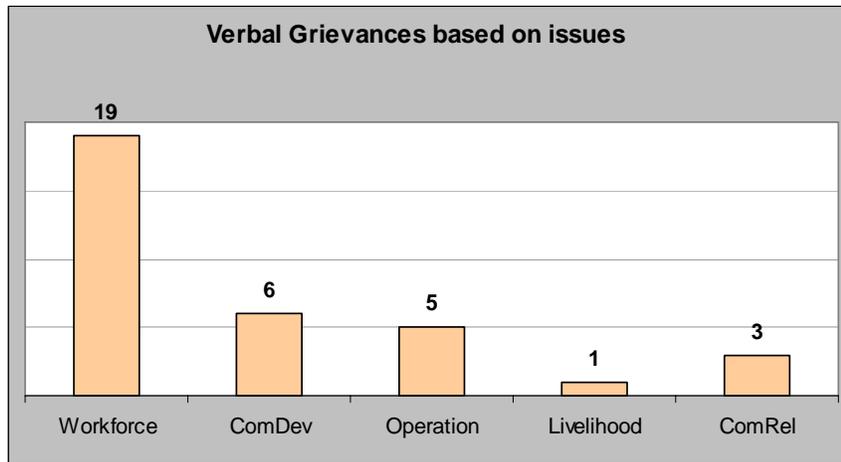
The team also successfully socialized the activities for Arguni seismic to the affected villages. No written grievances received from the community or Tangguh LNG workers. The seismic activities in Arguni were closed with an adat celebration.

## 5.2.1 Grievances

During this period, no written grievances were received from DAVs community. Some people considered that 2 weeks response period is too long while they need a quick solution. After the establishment of shelter and tracking radios in DAVs, community can submit their grievance and concern directly to the Comrel Officer in the shelter. The response can be received directly through the trunking radio that is connected to CRP team at the LNG Site.

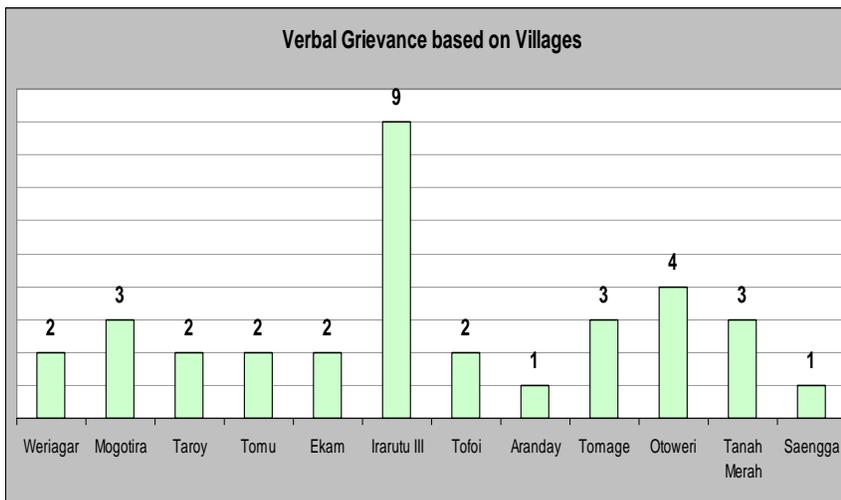
Some verbal grievances were recorded by Comrel team during this period; most of the grievances were related to workforce and the demand to accelerate CAPs program in villages. All these grievances were responded verbally or in writing within the timeframe.

**Figure 1: Summary Grievance, April - October 2009**



Source: Tangguh - Community Relation Team, November 2009

**Figure 2: Summary Grievance Filed by Village, April - October 2009**



Source: Tangguh - Community Relation Team, November 2009

### **5.3 Communications**

A journalist training for local Papuan media was conducted in August, nine journalists from media outlets in the Papua Barat province participated. The training was led by national level journalists with expertise in reporting on the oil and gas industry, as well as general news. One of the journalists is a native Papuan who has established himself as a well respected journalist working for a major newspaper in Jakarta. Materials provided during the two-day training included details on oil and gas regulation in Indonesia, how to cover health issues, in particular HIV/AIDS, in addition to basic reporting and news writing. This training was also attended by Hamdi Zaenal, BPMIGAS Head of Representative Office for Java, Papua and Maluku operations.

Information on Tangguh continues to be provided around the Bintuni Bay area through the regular channels i.e.: Kadate Newsletter, Tangguh Project announcement boards and public service announcement through community radio

## **6 ISP Components Programmes**

The milestones in the ISP programme during this period are explained in this section. In addition, the Project would like to note the progress on the activities of the Bintuni Development Foundation – which is an additional social investment program beyond the original ISP commitment.

### **6.1 Papua and Bird's Head Programmes**

#### **6.1.1 Governance and Revenue Management**

The Local Government Support Program's (LGSP) which started in 2007 with the aim to support Bird's Head local government staffs on capacity building on planning and budgeting ended in 2009. The 3-year program was supported through matching funds from USAID and BP.

Close-out ceremony was held on June 2009 in Manokwari, attended by representatives from USAID, BP, NGOs, the media, Papua Barat provincial government, as well as officials from the Sorong, Fakfak, Manokwari and Kaimana regencies. Fakfak regency was recognized by LGSP as having the best governance program implementation.

**Picture 1: LGSP Close-out Meeting in Manokwari**



*Source: Tangguh Governance and External Affairs, October 2009*

To provide transparency on the oil and gas and revenue sharing, Tangguh Governance and External Relation Team conducted a workshop in Babo and Fakfak, where participations came from 64 local government officials, local community leaders, external speakers from the well-known university of ITB, representatives of BPMIGAS and BP Tangguh.

**Picture 2: Workshop on Oil and Gas and Revenue Sharing in Babo**



*Source: Tangguh Governance and External Affairs, October 2009*

For the Center for Population and Policy in the regency level – University of Gadjah Mada (UGM) has been awarded contract for three years to increase the capacity of local government officials through assistance and mentoring, as well as advising the local counsellor. The initial work for the program is to conduct an assessment to understand the current capacity and performance of each local government office.

### **6.1.2 Civil Society and Adat Strengthening**

The NGO Network website was launched in Manokwari by the Institute for Research, Analysis and Development of Legal Aid (LP3BH), that is also supported by BP.

Two NGO meetings were conducted in Jayapura and Manokwari, mostly to share the latest update from Tangguh as well as to capture concerns from the NGOs. The meetings were also managed to capture the ideas and suggestion from the NGOs on how to deliver the necessary trainings to increase their capacity.

In the adat level, the Project adopts a different approach and follows the EP recommendation to focus on preserving the cultural and traditional values. Tangguh Civil Society team has selected the University of Airlangga Surabaya to conduct the research on art and cultural re-vitalization. The aim of the activities is to provide deeper knowledge of Sebyar and Simuri arts and cultural, that includes local language, dancing, singing, and local resilience. This will hopefully yield the same objective of strengthening the adat institution.

### **6.1.3 Bird's Head Business Empowerment**

Workshops and mentoring activities continued to build capacity of local business enterprises. During this period, trainings and serial workshops occurred in the topics of contractual processes including tendering and preparing business plans, attended by local businesses and organizations, including the local branch of Indonesian Business Women Association (IWAPI). Mentoring and workshop sessions were conducted in Sorong, Bintuni, Fakfak and Manokwari.

During this reporting period the mentoring programme has generated promising outcomes:

- 2 new local firms participated in tender from BP, other companies and government.
- 22 local firms passed tenders from BP, other companies and local government.
- 297 people from local firms trained, 119 are indigenous and 125 are women.

Kadin Province Papua Barat and BHBEP mentees formed an Oil and Gas Company Partnership Forum in Papua Barat, as a medium to communicate between mentees in the regions in sharing information on business opportunities and to improve business enabling environment for contractors/sub-contractors of oil/gas companies in Papua Barat.

## 6.1.4 Workforce and Industrial Affairs

During this reporting period, the number of employees involved in the construction of Tangguh Project continued to decline in line with the project time line, while employee numbers for operations increased.

**Table 1. Demobilized Workers**

Months 2009	DAV	Non DAV	Total
Apr-2009	23	402	425
May-2009	2	314	316
Jun-2009	38	314	352
Jul-2009	3	170	173
Aug-2009	7	166	173
Sep-2009	6	212	218
Oct-2009	10	163	173
<b>Total</b>	<b>89</b>	<b>1741</b>	<b>1830</b>

Source : Tangguh Workforce Management, October 2009

No significant industrial issues occurred during this period. During this period total 1830 employee were demobilized, 89 were from DAVs.

The numbers of employees during construction and operations as per October 2009 are listed below:

**Table 2. Construction Workforce (including contractor's employees)**

Skill Level	National				Expatriate	Total
	DAV	Bird's Head	Other Papuan	Non Papuan		
Unskilled	11	33	0	0	0	44
Low Skilled	0	0	0	0	0	0
Semi-skilled	8	61	0	2	0	71
Skilled	2	153	2	243	1	401
Supervisor	0	18	6	183	77	284
Manager/ Supervisor	0	0	0	22	29	51
<b>Total</b>	<b>21</b>	<b>265</b>	<b>8</b>	<b>450</b>	<b>107</b>	<b>851</b>
Percentage	2%	31%	1%	53%	13%	100%

Source: Workforce Management Team, October 2009

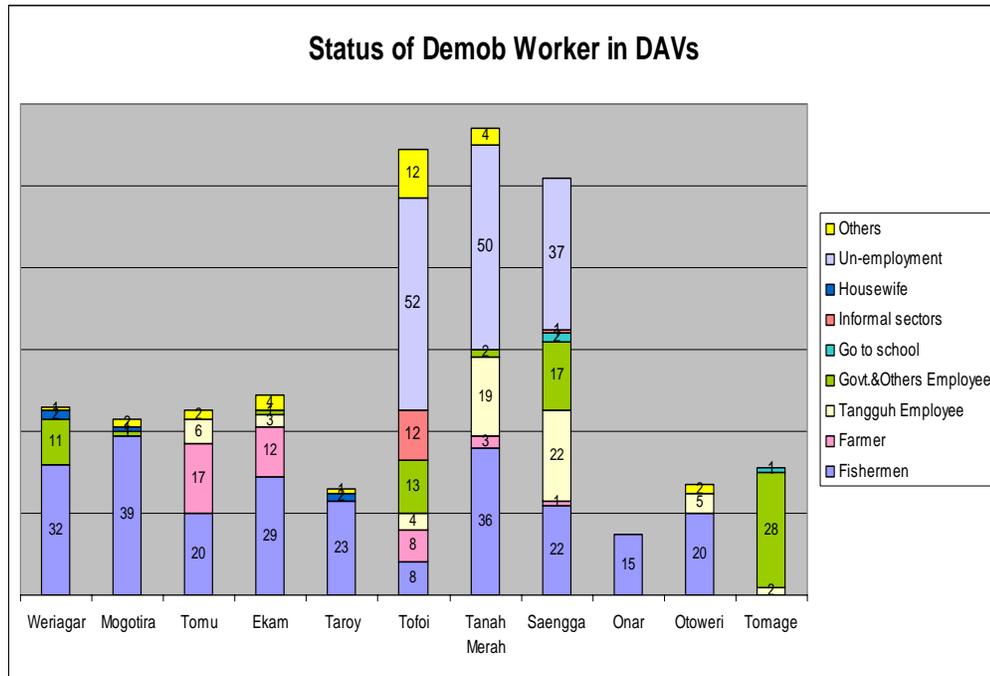
Employee demobilization is progressing well with no notable incidents. Employees have been demobilized to their original points of hire in Bintuni, Fakfak, Manokwari and Sorong. High performers, especially those from DAVs, were rehired for the operations phase.

**Table 3. Operation Workforce (including contractor's employees)**

Skill Level	DAVs	Bird's Head	Other Papua	National	Expatriate	Total
Unskilled	59	0	0	0	0	72
Low Skilled	292	363	0	0	0	642
Semi-Skilled	32	130	27	21	0	210
Skilled	9	173	71	795	22	1070
Manager/ Supervisor	0	17	6	183	11	217
<b>Total</b>	<b>392</b>	<b>683</b>	<b>104</b>	<b>999</b>	<b>33</b>	<b>2211</b>
Percentage	18%	31%	5%	45%	1%	100%

Source: Workforce Management Team, October 2009

**Figure 3. Employment Status of Demobilised workers in DAVs as of October 2009**



Source: *Tangguh Community Relation, October 2009*

Some of the demob workers returned as fishermen or moved to other companies that operate in Teluk Bintuni. Some people are still un-employed after demobilization, other people were re-hired to work in Tangguh, back to school, become farmers or work at the informal sectors (ojek, carpentry etc.). In Tofoi, Tanah Merah and Saengga, where unemployment post-project is high, Tangguh LNG has started to intensify the agriculture trainings and programs to increase the vegetables and fruit supplies to Indocater and make it a growing and more sustainable income source. The stocking point for vegetables and fruits for Indocater in Tofoi has also been established. This should provide more work opportunities for the unemployed villagers.

The presence of others oil companies in Bintuni (Genting oil, Hess and Cevron) have attracted people to work there after completion of their contracts in Tangguh. The work experience obtained from Tangguh has made these people more marketable for other projects in the Bintuni area that require low-skilled workers.

## **6.2 Kabupaten Teluk Bintuni and Villages - District Level Programmes**

### **6.2.1 Teluk Bintuni Development Foundation (YPTB)**

The Bintuni Foundation was established in July 2007 to address social jealousies between the North and South shore communities. The Foundation will provide infrastructure assistance to the North Shore communities in partnership with the Bintuni government. The Foundation is now formally established and going through registration process from the Ministry of Justice.

Activities during this period include:

- Completed 1 unit community jetty in Sebyar Rejosari
- Completed 2 units rain fed water system in Manunggal Karya
- Construction of 1 unit jetty and walkway in Kalitami are underway
- Installation of 2 units rain fed water system in Kalitami is progressing
- Construction of 5 units of teacher houses in Sebyar Rejosari are underway
- Construction of 3 units of teacher houses in Kalitami are underway
- Construction of 8 units public toilettes in Weriagar and Mogotira are progressing
- Construction of 1 unit bridge in Aranday is progressing

**Picture 3: Public Jetty constructed in Sebyar Rejosari**



### **6.2.2 Governance (District and Village Level) and In-Migration**

In cooperation with UGM and IPGI, mentoring for district and village officials on administrations, roles and responsibility, population data management and public services continues. The covered area are Sumuri, Babo Aranday, Weriagar and Tomu districts, and Weriagar Mogotira, Tomu, Ekam, Taroy, Sebyar Rejosari, Irtartutu III, Tofoi, Tanah Merah and Saengga. During this reporting period a total 114 officials participated.

Assistance from UGM to ensure ongoing updates of data population by village officials, has been very successtul in monitoring the number of in-migration in Tanah Merah, Saengga and Onar,. Figure of population structure is shown at following table:

**Table 4. Population in Tanah Merah, Saengga and Onar, Origin vs. Migrant**

Villages	Jun-2009	Oct-2009	△%
<b>Tanah Merah</b>			
Origin	652	564	-13%
In-migrant	215	168	-22%
Total Population	867	732	-16%
<b>Saengga</b>			
Origin	562	511	-9%
In-migrant	191	164	-14%
Total Population	753	675	-10%
<b>Onar</b>			
Origin	218	190	-13%
In-migrant	109	132	17%
Total Population	327	322	-2%

Source: Tangguh In-migration control program, Nov 2009

### 6.2.3 Integrated Community Based Security

Tangguh LNG Dock was established as a Special Port Facility and the ISPS Certificate has been verified. Security completed the arrangement for Tanker and Condensate arrival and the training for all Security Officers.

Some ICBS activities this period were coordinated together with Kapolres Fakfak to conduct, i.e. Law Socialization, JUKLAP Socialization and the formation of Security Forum with Kapolres Fakfak. Quarterly Coordination meeting with Bintuni and Fakfak polices was conducted in October.

### 6.2.4 Health

Our integrated health programs in Bintuni Bay continue with campaigns on reproductive health, healthy lifestyles, and personal hygiene for community members and students in Babo, Aranday, and the DAVs.

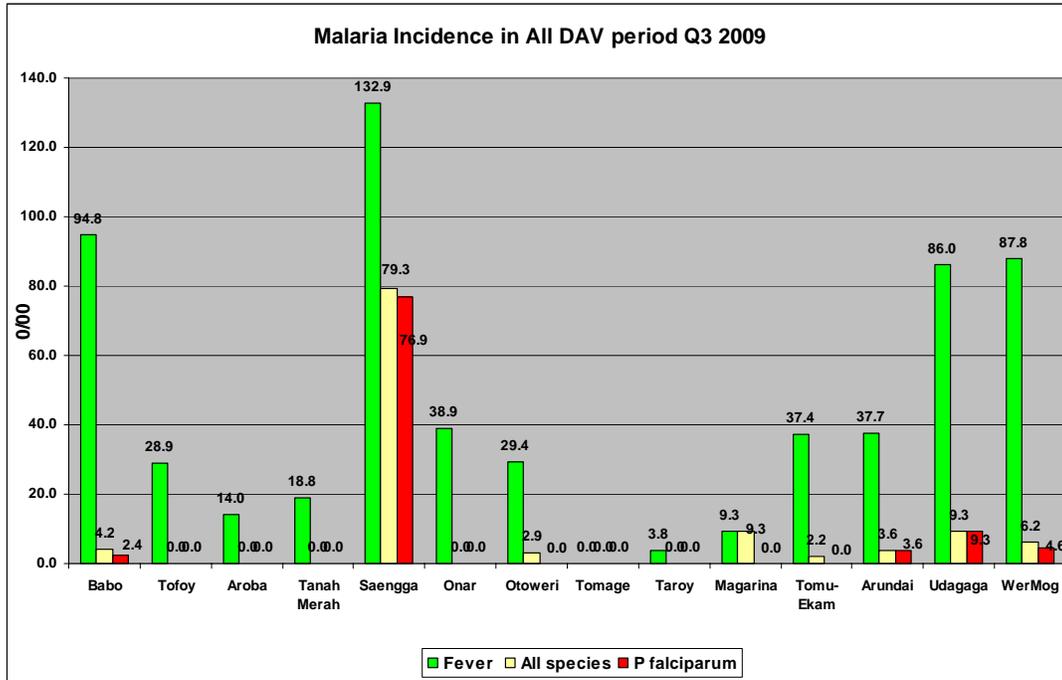
Healthy life and personal hygiene campaigns were conducted in DAV schools and communities in this period where 603 students and 263 women attended. Reproductive health education was conducted for a total of 2872 community members in Bintuni and the DAVs.

To prevent diarrhoea outbreaks, the Project continued the campaigns to build awareness and behaviour change to prevent the disease. Diarrhoea is still a health concern in the DAVs: 124 cases recorded in DAVs, with 7 fatalities.

Yayasan Anak Sehat Papua continued to conduct hand-washing campaigns for the communities and schools in the DAVs. Working with the Dinas Kesehatan (local government health section), continued to support the capacity building of the health posts (posyandu/postu) and surveillance of diarrhoea cases.

A malaria prevalence survey was conducted in Tomu, Ekam, Aranday, Udagaga, Tomage, Saengga, Otoweri, Tofoi, Weiagar, Manimeri, Bintuni, Tanah Merah and Aroba. Malaria prevalence dropped to 0.9% during this period, compare to 2.4% in 2008.

Figure 4. Malaria Incidence in DAV



Source: Tangguh Community Health/ Anak Sehat Papua Foundation, October 2009

On the Tuberculosis program, the Project worked with the District level Health Agency and the Implementing Partner (KNCV) to develop TB posts at Babo, Arundai, and Tofoi to provide a facility for TB early detection/diagnosis and TB drugs. Trainings for the health cadres in these posts were also provided, as well as education to the TB patients and families to help monitor the treatment of TB patients.

## 6.2.5 Education

The British Council continued to focus on the implementation of teachers training and mentoring, junior high school support, and organisational development support to the Department of Education in Bintuni Bay area.

The progress highlights on Education are as follows:

- Conducted trainings on community roles in education in Tofoi and Babo; 28 committee members from 9 schools attended.
- Active, creative, effective and funny learning (PAKEM) training conducted in 22 schools; 95 teachers participated.
- Conducted library management training in Bintuni, Manimeri, Tanah Merah and Saengga; 48 librarians participated

- Facilitated Education Stakeholders workshop in Bintuni, 207 participants attended from local governments of Teluk Bintuni, NGOs and schools representatives.
- Established Teachers Working Group (PKG) in Bintuni, Manimeri and Aranday. Workshop were conducted in each area; 58 teachers participated.
- Provided education assistance for 10 students to continue study in SMK Migas Cepu.
- Completed literacy intermediate training in Weriagar, Mogotira, Taroy and Tofoi; 91 villagers participated.

To support the quality of Senior High Schools in Bintuni, Tangguh supported Teluk Bintuni Education Agency to recruit high performance teachers. In cooperation with LP3SDM, 10 teachers were recruited from State University of Malang, East Java.

YPPK, YPK and Muhammadiyah continue to support education services in DAVs. Construction of additional 2 classrooms in Tofoi and 2 classrooms in Otoweri are underway.

To see the end of contract, British Council conducted a final evaluation, where 13 schools were visited and evaluated. The report is complete and will be used as input for the next-phase Education program.

**Picture 4. Community Roles Training for School Committee in Babo**



*Source: Tangguh Education and Vocational Training, October 2009*

## **6.2.6 Vocational Training**

The Arandai vocational training center (BLK) is under evaluation by the Bintuni government, who is responsible for BLK programs after the handover. Tangguh will continue its support once the government has completed their plan on vocational trainings.

Meanwhile, in Saengga and Babo, the project continued the training on fertilizer, attended by 39 farmers where 24 were women. In Weriagar and Mogotira *Tahu* and *Tempe* production training were conducted; 19 villagers participated. Other trainings were also conducted in the RAVs, which are reported under the LARAP section of the report.

## 6.2.7 Livelihood

The Project continue to provide community members with the training in Household Economics (PERT) intended to improve skills in managing household finances. In this reporting period, six training sessions training were conducted in Werigar, Taroy, Onar, Tofoi, Otoweri and Tomage. attended by 107 households.

One of the milestones in the small and medium enterprise and microfinance program was the signing of the MoU between Tangguh's contractor for catering and accommodations, PT. Indocater, and the Bintuni Mandiri cooperative organization to supply one ton of fresh fish and nine tons of vegetables every month to Tangguh. Meanwhile, the cooperative organization in Babo has started supplying 400-600 kilograms of crabs and 250 kilograms of vegetables to Indocater each month.

**Picture 5. First Delivery of Fish and Vegetables from Bintuni Cooperative**



**Picture 6. Agriculture Assistance for Tofoi Farmers**



In agriculture, the Project established trial vegetables field (demplot) in Tomage, Otoweri and Tomu; 24 farmers participated. Also, the mentoring on *sago* production in Tomu, Ekam and Mogotira continued with 32 people participated. In Tofoi, 60 households participated in composing and land cultivation.

In fishery, mentoring on dry fish production in Otoweri continued, with 70 kg product delivered to Babo market. In Wiriagar and Otoweri, the mentoring of salted fish production in Weriagar and Otoweri resulted in 143 kg produced by 64 households. The Project also delivered 50 units trammel nets for Taroy community.

## 6.2.8 Women's Empowerment

The Women's Forum continued to function as a means to support the role of women in the community. In this period, the project worked with women forum in Rejosari, Tomu and Ekam to discuss plan of cross program related village development and health.

Women's empowerment also remains to be monitored and emphasized throughout all ISP activities to encourage women participations and involvement in all activities supported by the Project.

## 6.2.9 Community Action Plans

CAPs program and infrastructure development in DAVs achieved good progress during this reporting period. PBMs were completed in Tomu, Ekam, Tofoi, Otoweri, Tomage and Sebyar Rejosari, while PBM Evaluations were conducted in Weriagar and Taroy. The events were held by community themselves including planning and implementation. As a forward plan, PBM will be integrated with the village development meeting (Musrenbang Desa) held by the regency government.

The CAPs achievements can be shown as follows:

- Completed the construction of the village integrated health post (*Posyandu*) in Tomu, while building construction of *Posyandu* in Tofoi is underway
- Completed Babo jetty and handed it over to the village government of Irarutu III
- Completed holy water shelters renovations in Weriagar and Otoweri
- Distributed 130 fishing nets to the fishermen in Otoweri
- Completed 230m walkway in Taroy
- Provided educational assistance for 343 students in DAVs
- Completed installments of 280 rain harvest tanks in Otoweri and Tomage in relation with the clean water program, while gutters and platforms installations are underway.
- Continue mentoring on husbandry for 30 farmers in Tomage
- Continue construction of 20 houses in Weriagar and Mogotira.

**Picture 11. Rain Water Harvesting System in Tomage**



#### **6.2.10 Land Acquisition and Resettlement Action Plan (LARAP)**

Please refer to the Operator's Social Report Part One – The Land Acquisition and Resettlement Action Plan (LARAP)

### **7 Forward Plan (Next 6 Months)**

Emphasis for the following reporting period will be to follow-up on findings and recommendations from the External Panel's compliance monitoring visit in November 2009. In addition to that, the Project will continue preparing the LARAP close out as well as delivering the first draft of the second ISP book.

### **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 Recommendations of External Panel**

The External Panel conducted the sixth compliance review in November 2009 that included LARAP and HSE completion audit. However, the draft report has not been issued when the Operator 6-monthly report was written for this period. The status updates below relate to the non-compliance points found during the fifth EP review conducted in March 2009. The IPSI findings being addressed were: CSO grants

provision, Adat Strengthening, Educational Assistance, Microfinance, and TB program.

The EP team wrote that Adat Strengthening activities seem to be stalled due to the fact that the grants were not disbursed. Our response is that the lack of grant disbursement did not stall Adat Strengthening activities. Adat Strengthening activities have continued through different activities: workshops and relationship building continue to be conducted with the objective of strengthening the capacity and organizational skills of the adat institutions, the selection of University of Airlangga to conduct study on cultural and traditional value of Sebyar and Sumuri tribe and also find ways to preserve these cultural values. These efforts are aligned with the recommendation made by the EP team; the project will gradually move its focus to support cultural and heritage preservation activities. At the same time, the Project has provided grants to at least two NGOs, although the grant amount is not at \$50,000, but it is deemed to be appropriate and effective. .

The EP team commented that the Scholarship scheme is not yet defined and operating. It was recognized that this is because education is free at primary schools in Bintuni and Fakfak. The Project has provided educational assistance for students living away from their families and in the early process of defining a scholarship scheme and selecting eligible students by working with the schools and the Regency Department of Education.

In microfinance, ISP launched the BRI Mobile Bank programme with parallel support from the Household Economic training. However, this collaboration has not progressed as well as hoped due to personnel and infrastructure constraints. The program is now exploring collaboration or parallel activities with the Credit Unions which are already well-established in the Bintuni area, in Tofoi, Bintuni, and Wireagar-Mogitira, as well as providing workshops for communities on basic co-operative skills and awareness. The Credit Union Mambuin in Tofoi also has established its operations in Tanah Merah Baru and Saengga, with membership reaching 128 people in TMB.

With regard to tuberculosis, a number of TB activities have taken place. The TB program started in 2004 with a donation of x-ray and laboratory equipment to the Bintuni Puskesmas to help in TB diagnosis. TB surveillance started in 2006, in both the project workplace and in the community. Assessment of regency health department capacity and capability, including lab facilities, for TB management was carried out in 2007 by KNCV, the Royal Dutch TB Foundation, (Tangguh's Global Development Alliance partner on TB). The activities during this reporting period has focused on developing TB posts in villages that have many TB cases, training for health cadres on TB treatment and providing TB education for the patients and families. Tangguh will continue to work on improving TB surveillance, providing technical assistance and building capacity to manage TB within the regency health department.

During the November visit, the EP team was satisfied with the progress and did not find any non-compliance in the areas above.

## **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.