

MINERAL RESOURCE MANAGEMENT MODEL BASED ON COMMUNITY EMPOWERMENT USING FINANCIAL INCLUSION

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Abstract : *Indonesia has the potential mineral resources such as gold, silver, copper, nickel, tin, lead, aluminum, iron, manganese, chromite, petroleum, natural gas, coal, iodine, various salts, various industrial minerals (asbestos, bentonite, zeolite, sulfur, phosphate, limestone and others), precious stones including diamonds and building materials. Allegedly, potential mineral resources owned by Indonesia rank 6th in the world. Undeniably, mineral resources as one of the natural resource, a resource that is very important in supporting the Indonesian economy. Even some types of minerals, namely oil and gas, has become a cornerstone of the economy. However, mineral resources have not been managed for the maximum welfare of the people, especially the people around which is still classified as poor. After doing research, made mineral resource management model based on community empowerment through financial inclusion, namely training, provision of appropriate technology, Assistance, Post Management and Financing.*

Keywords : Management, Mineral Resources, Community Empowerment, Financial Inclusion

I. INTRODUCTION

Indonesia has the potential mineral resources such as gold, silver, copper, nickel, tin, lead, aluminum, iron, manganese, chromite, petroleum, natural gas, coal, iodine, various salts, various industrial minerals (asbestos, bentonite, zeolite, sulfur, phosphate, limestone and others), precious stones including diamonds and building materials. Allegedly, potential mineral resources owned by Indonesia rank 6th in the world. Undeniably, mineral resources as one of the natural resource, a resource that is very important in supporting the Indonesian economy. Even some types of minerals, namely oil and gas, has become a cornerstone of the economy.

However, on a national scale, we see a lot of objections to the activities of exploration and exploitation (mining) mineral resources. See, how the public rejected mining exploration activities in the sub-district Lambu, Bima district of West Nusa Tenggara by a company that has obtained permission from the Government. About 800 residents

protested in the village of the District Ngelu Lambu that turned into a riot. Reported plans of gold mining activities in the sub-district Lambu, it will be carried out by a mining company PT Sumber Mineral Nusantara with an area of 24,980 hectares mine (Head of sub-district Lambu, 2014).

Not to mention the environmental damage caused by the activities of exploration and exploitation of mineral resources. For example, PT. Freeport has discarded tailings by category B3 (Hazardous Toxic Substances) through Ajkwa. This waste has reached the coast of the Arafura Sea. Freeport tailings dumped into Ajkwa exceeded the total suspended solid (TSS), which is allowed under Indonesian law. Freeport's tailings have also been polluting the waters in estuaries Ajkwa and contaminate a large number of different species and threatened waters with large amounts of acid mine water. From the results of an environmental audit conducted by Parametric, revealed that that the tailings are disposed of Freeport is a material capable of generating acid liquid is harmful to aquatic life (WALHI, 2006).

Furthermore, the results of Rumzi Samin and colleagues (2008) under the title *Against Mining Impact Community Socio-economic Conditions District of Tanjung Pinang City Riau Islands Province*, indicates the presence of mining there is no significant influence on the formal / informal as largely financed by the community itself, while entrepreneurs do not have *Corporate Social Responsibility* (CSR). From the standpoint of jobs, only a minority of the population employed in mining on the grounds did not have adequate skills, most of them working as fisherman. From the point of public income, income tends to decline as more and more people away catchment and catch some fishermen reduced due to mining.

However, mineral resources processing must be performed for prosperity and the welfare of mankind, because in principle God created all that is contained in the universe for human welfare itself.

Background of the case, should be what will be done about the management of the potential of mineral resources devoted to the welfare of the surrounding communities and do not harm the environment. For that, we need a Mineral Resource Management Model Based on Community Empowerment Through Financial Inclusion.

II. LITERATURE REVIEW

A. Community Empowerment

Community empowerment as a strategy, it has been widely accepted, has even grown in the literature in the western world. Summit Conference in Social Development in Copenhagen in 1992 also had to load it in a variety of deal. However, the effort to make it happen in the practice of development does not always been go smoothly.

Many thinkers and practitioners who do not understand and probably do not believe that the concept of empowerment is an

alternative solution for the development dilemmas to dealt with. Those who cling to the theories of development the old model is not easy to adjust to the views and demands of justice. Those who are not comfortable with the concept of participation and democracy in development will not feel at ease with the concept of empowerment. Furthermore, it was also realized there is the various bias towards community empowerment as a new paradigm of development. Community empowerment is a concept that summarizes the economic development of social values. This concept reflects the new paradigm of development, namely that is "participatory, empowering, sustainable" (Chambers, 1995 in Kartasasmita, 1996).

This concept is broader than merely satisfy basic needs or provide a mechanism to prevent the further impoverishment (safety net), which in thinking recently has been developed as an effort to find an alternative to the concepts of growth in previous days.

The birth of the concept of empowerment as the antithesis of the model of development that are less in favor of the majority of the people. The concept is built on the logical framework as follows:

- 1) that the process of concentration of power awakened from the concentration of production factor;
- 2) centralization of production factors would give birth to the worker and the outskirts entrepreneur;
- 3) the power will construct the top building or the system knowledge, the political system, the legal system and ideology systematically that manipulative to reinforce the legitimacy; and
- 4) implementation of the knowledge system, political system, the legal system and ideology systematically creates two groups, namely the public in power and impotent

public (Priyono and Pranarka, 1996).

Finally, what happens is that dichotomy, namely the powerful community and human which is controlled. To free up the situation mastered and controlled, then it should be released through a process of empowerment of the powerless.

One can think the above is in line with the terminology of empowerment itself or known by the term empowerment that originated from the word of power. Power in the sense of power that comes from within, but can be reinforced with reinforcement elements are absorbed from the outside. This is a concept to cut the vicious circle that connects power to the distribution of welfare. Underdevelopment and poverty that emerged in the development process due to an imbalance in the ownership or access to sources of power. Long historical process that led to power disempowerment, namely the elimination of power in most societies, consequently people do not have adequate access to productive access is generally controlled by those who have power. In turn economically backwardness causing them further and further away from power. That's a vicious circle that rotates continuously. Therefore, empowerment aims both directions. First, let go of the shackles of poverty and underdevelopment. Second, strengthen the position of society in the economic structure and power.

Conceptually, community empowerment is the effort to improve the dignity of society who can not afford under present conditions to escape from the trap of poverty and underdevelopment. In other words, is to enable and empower the community independence.

According to Priyono and Pranarka (1996), the concept of empowerment, man is the subject of himself. Empowerment process that emphasizes the process of providing the ability to people to be empowered,

encourage or motivate individuals to have the ability or the empowerment to determine the choice of his life. Further said that empowerment must be aimed at groups or segments of society are left behind.

According to Sumodiningrat (1999), that the community empowerment is an attempt to memandirikan embodiment society through their potential abilities. The community empowerment always involves two interrelated groups, namely the public as the party empowered and those who put the parties concerned as who empowering.

Mubyarto (1998) emphasizes that it is closely related to the economic empowerment of the people. In the process of community empowerment directed at human resource development (in the countryside), creation of opportunities sought in accordance with the wishes of the people. Society determines the type of business, the condition of the area which in turn can create institutions and service system of from, by and for the local community. Community empowerment is then on the economic empowerment of the people.

Empowerment in the context of society is the ability of individuals who fused in the community and build community empowerment is concerned. A society where the majority of members are physically and mentally healthy, educated and powerful, of course, has a high empowerment.

Community empowerment is a basic element that enables a society to survive, and in terms of dynamic development themselves and achieve progress. Community empowerment itself be the source of what is in the political insight is called national security. It means that people have a high economic capacity, then it is part of the national economic resilience.

Within the framework of the effort empower people think that is the first to be initiated by creating an atmosphere or climate that allows the potential of the

developing society. Here the starting point is the recognition that every human being, every society, has the potential to be developed. That means that no community completely without power, because in this case they will be extinct. Empowerment is the effort to build the power itself, by encouraging, motivating and raise awareness of their potential and strive to develop it.

Furthermore, such efforts followed by strengthening potential or power possessed by the community itself. In this context it is necessary more positive steps, apart from just creating a conducive climate and atmosphere. This reinforcement includes concrete steps, and involves the provision of various inputs, as well as the opening of access to the various opportunities that would make people become more empowered (Kartasmita, 1996). Thus, empowering not only include the strengthening of individual members of society, but also institutions. Instilling the values of modern culture such as hard work, thrift, transparency, accountability and others which constitute the principal part of the effort to empower itself.

Development problem is a complex problem. The example of the complexity of management means necessary planning, implementation, monitoring and evaluation. From the side of the field to be built also has a very broad aspects of life. Aspects of life that includes political, economic, social and cultural as well as defense and security. In the management of centralized authoritarian rule, in reality the community is positioned as objects of development. When the present democratic government to be developed, then there is a change in the position of the original society more as objects of development became the subject of development.

Positioning the development of society as a subject in order to be effective it needs to look for alternatives community empowerment strategies. Options right strategy is expected to improve the capacity and independence of the

community. This paper focuses more on offer exposure to a wide range of community empowerment strategies.

Empowerment as a process of developing, making independent, cultivate, Strengthen the bargaining position of the lower layers of society against suppressive forces in all areas and sectors of life (Sutoro Eko, 2002). The concept of empowerment (people) can be understood also by two perspectives. First, empowerment is interpreted in the context of putting public standing position. The position of the community is not the object of the beneficiary (beneficiaries) are dependent on the provision of external parties such as the government, but rather in the position of the subject (agent or participant who acts) that act independently. Act independently does not mean escape from the responsibility of the state. The provision of public services (health, education, housing, transport and so on) to the community of course is the duty (obligation) country as given. Independent community as participants means open space and develop capacity-creation potential, environmental control and own resources, to solve the problem independently, and also determine the political process in the realm of the state. Communities participate in the development process and governance (Sutoro Eko, 2002).

Regulation of Ministry of Commerce Indonesian Republic No. 7 of 2007 concerning Cadre Community Empowerment, stated that empowerment is a strategy used in the construction of society in an effort to realize the capabilities and independence in society, nation and state (Article 1, paragraph (8)). The core notion of community empowerment is a strategy to leverage the power and independence of the community.

The goal is to enable the community development and the community's independence, especially from poverty and underdevelopment / gap / powerlessness.

Poverty can be seen from the indicators of fulfillment of basic needs are not sufficient / feasible. The basic needs, including food, clothing, shelter, health, education, and transportation. While underdevelopment, such as low productivity, weak human resources, limited access to land when a dependency on the agricultural sector is still very strong, the weakening of local markets / traditional because it is used to supply the needs of international trade. In other words, the problem regarding structural underdevelopment (policy) and cultural (Sunyoto Usman, 2004).

J. Nasikun (in Jefta Leibo, 1995), has proposed community empowerment strategy that includes :

- 1) Development Strategy of mutual cooperation,
- 2) Strategy development - Technical Professionals,
- 3) Conflict strategies,
- 4) cultural defection strategy.

In mutual cooperation strategy, see the community as a social system. It means that society is composed of top portions of mutual cooperation to achieve common goals. Mutual cooperation is believed that changes in society, can be realized through the broad participation of all components of society. The procedures in mutual cooperation is democratic, performed on its own strength and volunteerism.

Technical development strategy - Professional, in solving various problems society by developing norms, roles, new procedures to deal with new situations are always changing. In this strategy the role of agents - agents of renewal is very important. The role played by agents of renewal, especially in Determining the development program, to provide the Necessary services, and Determine the actions required to Realize the development program. Renewal of the agency working group consisting of some of the citizens who Elected and trusted to find a more creative way. How can

Reviews These obstacles, so that the obstacles in the implementation of development programs can be minimized.

Conflict strategies, seeing in public life dominated by a handful of people or a small number of special interest groups. Therefore, this strategy advocated the need to organize a layer of poor people to channel their requests for resources and for the treatment fairer and more democratic. Conflict strategy to put pressure on the attention oraganisasi and regulatory changes (structure) through the distribution of power, resources and community decisions.

Cultural defection strategy, emphasis on subjective individual level changes, ranging from changes in personal values to the new humane lifestyle. Ie lifestyles love of neighbor and the full participation of community people. In the language of Pancasila is the humanist-relegius. This strategy is a reaction (defection) to the life of modern industrial society that developed in contrast to the development of human potential.

Regulation of Ministry of Commerce Indonesian Republic No. 7 of 2007 concerning Cadre Community Empowerment, in the preamble states that in order penumbuhkembangan, sense of initiative and community participation and self-help in the development of mutual cooperation in the village and kalurahan necessary to form Village Community Empowerment Cadres. Further stated that the Community Empowerment Cadres of Villages Government partners the necessary existence and role in community empowerment and participatory development in Villages. The role of Community Empowerment Cadre (KPM) is to accelerate the core enablers, mediators, educators, planners, advocates, activists and technical implementation (see Article 10 Regulation of Ministry of Commerce Indonesian Republic No. 7 of 2007).

Thus it can be stated that the Regulation, it seems the community

empowerment strategies can be expressed in line with the development strategy - Technical Professionals.

Community empowerment can be done by many elements: government, universities, NGOs, the press, political parties, donors, civil society actors, or by local community organizations themselves. Government bureaucracy is of course very strategic because it has many advantages and tremendous strength than other elements: have the funds, which many officers, the authority to create a legal framework, a policy for the provision of public services, and others. The process of empowerment can take place more robust, comprehensive and sustainable if the various elements of building partnerships and networks that are based on the principle of mutual trust and respect (Sutoro Eko, 2002).

B. Financial Inclusion

Financial inclusion is all efforts aimed at negating any form of obstacle in form of price and non price, to access the public in using financial services. Financial inclusion is a national strategy to promote economic growth through equitable distribution of income, eliminating the poverty and financial system stability.

In the National Strategy for Financial Inclusion, financial inclusion is defined as: The right of every person to have access to and full services of financial institutions in a timely, convenient, informative, and affordable cost, with full respect to the dignity and status. Financial services available to all segments of society, with special attention to the poor, the productive poor, migrant workers, and people in remote areas (Bank Indonesia, 2014).

This financial inclusion a national development strategy to promote economic growth through equitable distribution of income, poverty and financial system

stability. The strategy centers on this community needs to target groups that experience barriers to accessing financial services. Financial strategy inclusive explicitly targeting the group with the greatest need or have not been met on financial services are of three categories of the population (the poor in low-income, working poor / poor productive, and the near-poor) and three cross-category (migrant workers, women, and residents underdeveloped regions).

III. DISCUSSION

Interesting what is said Chairman of the State Wealth Rescuing Committee, Marwan Batubara (2013), "I personally do not want to someday in the future, Indonesia recorded as the oppressor nation to the people of Papua. Papua community are our brothers, let them enjoy the product of nature in their country, while the government acts to protect them so that they can enjoy the product of natural resources that come from their land."

By borrowing the term Marwan, natural results that are owned by the Indonesian people, it is proper to be enjoyed by the people of Indonesia. Thus need to be made a Mineral Resource Management Model Based on Community Development Using Financial Inclusion.

With the management of mineral resources based on community empowerment, the expected level of life of the community, especially people living in the location / owner of the mineral resource potential can be better. Of course with due regard to environmental aspects.

So the paradox that occurs during this time can be eliminated, the public can receive the exploration and exploitation of mineral resources, increase public welfare, environmental damage can be minimized.

Mindset

To create a Mineral Resource Management Model Based on Community Empowerment using the Financial Inclusion, use the following mindset :



Figure 1. Mindset Model Management of Mineral Resources Based on Community Empowerment using the Financial Inclusion

A. Training

The main livelihood of the population in Indonesia is farming, trading and fisherman. Therefore, for the society who lives around the potential location of mineral resources need to be given training in mineral processing which is from upstream to downstream.

Training mineral processing above can be referred to, for example:

- a. Training processing of gold;
- b. Training processing of gold cyanide;
- c. Training processing of silver;
- d. Training nickel ore processing;
- e. Training processing of iron ore;
- f. Training processing of coal;
- g. Training processing of granite;
- h. Training processing of other minerals.

The actual training had been undertaken by the private sector, but limited to the participants of the entrepreneurs engaged in mining and investors.

B. Provision of Appropriate Technology

In an effort to implement the diversification of mining and management of mining enterprises efficient should be improving and expanding efforts to inventory and mapping, exploration and exploitation of mines by utilizing appropriate technology.

Mastery of mining technology continuously improved through technology transfer, including technology exploration and exploitation of minerals. In addition, mining development continues to be integrated and harmonious with energy development, regional development and development of other sectors. Mining business people still nurtured and

developed in order to support the implementation of local economic development, equal opportunities and the chance to work.

Thus the application and development of appropriate technology in order to empower communities in the utilization of mineral resources should be directed wisely. Therefore, community development aimed at the empowerment of communities to manage mineral resources in the surrounding areas by utilizing the appropriate technologies are needed to optimally in order to improve the living standards of people through strengthening human resources and its organization in the community so that through the application of appropriate technology can produce products that have standardization to market needs. In other words, the touch of appropriate technologies provide positive implications in building a village that has competitiveness. To that end, the public should be provided appropriate technology in order to processing mineral resources.

C. Assistance

Assistance is done at each stage of processing mineral resources. Assistance is done for the purpose of supervision, the extent to which people do mining in accordance with the laws and regulations that apply to mining and to prevent early occurrence of mine accidents and reduce the risk of damage to the environment and conservation of minerals, according to the Law of Mines that mining is to be precise as technically and Environmental.

D. Post-Production

Of all these stages, it is necessary to set up a institution in charge of the results of mineral processing is done by the community. The Board consists of representatives from the government and society.

In addition, post-processing activities necessary to the activities planned,

systematic, and continue after the end of part or all mining activities to restore the function of the natural environment and social functions according to local conditions in the mining areas, such as reclamation.

E. Financing

The most important factor in this model is the financing. Support from national banks in financing the mining sector in Indonesia is still very minimal. In fact, efforts in the mining sector requires huge funds to finance the exploration and exploitation activities. Therefore, to consider that the proportional credit guarantee scheme through inclusive finance. The lack of banking support was due to the high level risk of mining operations.

Capital is needed in managing mineral resources. In the absence of sufficient capital, it is difficult to change the riches buried in the bowels of the earth into the real wealth that can be utilized. It is generally known that the development of mineral resources require funds and high technology or often referred to as capital-intensive and technology-intensive, as well as the ability of human resources.

In the development of mineral resources there is a risk on the quantity and quality of the deposits are yet to be resolved. Namely variations in the number and quality of the deposits are very large, ranging from there are no minerals at all, until the findings are very large with very good quality. Due to the risks and opportunities for the development of mineral resources is often said to resemble a betting / gambling. Obviously the risk is high, but if successful, the profit (return on investment, ROI) will double.

Granted that the investor / investors put a high security risk factors in investment. The risk is too high will not appeal to them. Likewise the banking world, generally will not lend money or give credit to a very large risk project This is

one of the problems in the development of mineral resources. using an understanding of these permasalahan, will be found to do with the policies taken by the Government so far in the development of mineral resources.

As mandated in the 1945 Constitution, mineral resources controlled by the state, therefore the development of mineral resources must be done by the state. It can be ascertained that the state also has limitations in capital, therefore the state needs to find funds or capital for the development of mineral resources. One way to enable the development of mineral resources is through the Mining Authority right. In the early days of independence, the difficulty is lack of capital owned by a national private or state-owned holder of the Mining Authority right to be able to carry out its activities. This situation lasted until the issuance of the Act - the law on foreign investment in 1967, which allows the participation of foreign private capital in the development of mineral resources.

At that time management elements of the Indonesian nation is simply the absence of data or data alleged presence of minerals that have been gleaned through systematic geological mapping. In the capital constraints, the Government adopted a strategy to set aside part of the budget to reveal the richness in advance, so that it will be an attraction for investors, both from home and abroad.

Geological conditions can give a general idea of the minerals contained in the earth. Geological conditions usually determine the presence of a mineral, so after finding out it, able to obtained information on the possibility of mineral therein. Further investigation to prove it, require greater time and costs that tend to be handed over to private parties.

In the field of mineral resources development, financing sources generally do not come from the bank, except at the stage that has been established and safe where the risks and opportunities can be

measured. In brief, financing sources are classified as follows :

1. The Government equity participation to the State-Owned Enterprises (SOE). The shape can vary - wide, ranging from another state loans, loans from international financial institutions, technical assistance, grants, etc.. If the Government obtain this capital from loans, these loans are usually passed on to State Owned Enterprise referred to; Therefore, this kind of loan is called "two-step loans". Undertaker to the creditor is the government, while the relationship with SOE is as owner of the company that lends additional capital to the company. The company then repay the debt from the funds set aside from revenue.
2. Funds were deliberately excluded from the profit of the company for development. Such funds are budgeted plan for the development. Minerals at some point will run out (depleted), so it is necessary to find and hold. The company did not hesitate to set aside part of its profits to explore.
3. Non-bank financial institutions. This agency is a company that can find and administer the credit for the investment. In general, agencies or companies of this kind is also known as the fund arranger.
4. Capital market or the stock market. In this way the fund for development of mines expected to be always available, because the source is wider, ie society.

Financing has a very important influence in determining the success of the management of mineral resources. Various issues such as the proposed financing is eventually did lead to the privatization of state enterprises. Besides as financing solutions, the overall privatization aims to improve efficiency. Low levels of efficiency that can occur because of defective supervision. By other terms, the lack of transparency. The most potent transparency mechanism is social control,

namely the public to supervise directly. To involve the public, they should have an interest, that is, if they come to have the company.

Privatization happens mainly because the state needs money to do their function. With limited capital, the company's development will be very slow, perhaps development even not experienced at all (stagnation). In the world of management, stagnation is to begin the process of death. Therefore, sooner or later many state-run company will experience death.

Privatization can be done in various ways. Some of them are commonly implemented in the form of :

1. Amalgamation or merger with a private sector which is more capable of performing appearance (acquisition or liquidation)
2. Joint operations, respectively - each party bringing the equipment and the ability to be combined.
3. Through capital markets or public offerings (initial public offering, IPO). People are given a direct opportunity to buy shares in state companies.

But one thing to remember that the source of financing generally forming characteristics of an industry. This occurs because of the role of the owners of capital in determining the policies pursued by the company. In the mineral resources industry, especially that are strategic and vital, these conditions may be at odds with the state status as ruler of mineral resources. If the role of the owners of capital are preferred, then the top priority target is to increase profits for the owners of capital. While the function of the state as the ruler of the mineral resources is to use it for the greatest prosperity of the people. Both interests are mutually contradictory.

The Government shall take a greater role in the management of mineral resources. However, due to the limited ability to direct management, these roles can be realized through the setting or

policies that favor the interests of the people. Designing laws - laws governing the matter should be prepared carefully in order to become the policy most appropriate formula, able to anticipate the possibilities and do not cause problems in the future. Privatization can work well and meet the people's sense of justice, if first made the right policy so that the people's interests still come first.

Financial strategy is needed in the management of mineral resources industry. In the absence of adequate financial capacity, it is difficult to transform natural wealth still buried in the bowels of the earth into the real wealth that can be utilized. This is because the management of mineral resources is an industry with characteristics somewhat different from other industries in general. Management of mineral resources should be implemented through the various stages that require expertise and high technology, so that these activities can ultimately economic value.

Moreover, in the development of mineral resources there are also risks on the quantity and quality of the deposits are yet to be resolved. There is the possibility of variations in the number and quality of the deposits are very diverse, ranging from minerals are not at all, until the findings are very large with very good quality. Because of the magnitude of the likelihood of success and failure that may occur, the development of mineral resources is often said to resemble a betting or gambling. Obviously the risk is high, but if successful, the profit (return on investment, ROI) will double. Therefore, strong financing factors will greatly influence the success of these activities.

Based on the review of financing problems, it appears that the financial strategy has a very important influence in determining the success of mineral resources management. The success achieved by PT. Freeport Indonesia, for example, can not be separated from the financial strategy in the form of

privatization that is based on the concept of efficiency. Through privatization and joint venture, the company gets fresh funds as capital for the survival and development of enterprises at the same time technical and strategic advantage because of the burden of responsibility has been transferred to the investor who is more professional in his field.

Financial strategy as proposed in principle can also be applied to the mining industry in general. Through privatization, as well as capital solutions, overall can also be addressed in order to improve efficiency. Low levels of efficiency that can occur because of defective supervision, with another term, a lack of transparency. The most potent transparency mechanism is social control, namely the public to supervise directly. To involve the public, they should have an interest, that is, if they come to have the company.

Privatization on an industry occurs primarily because the industry requires financial capital to carry out its functions. With limited capital, the development of an industry will be very slow, perhaps even not at all experienced development (stagnation). Therefore, sooner or later many companies will die if it can not find a solution and the right financial strategy.

Privatization can be done in various ways, as has been pursued successfully by PT. Freeport Indonesia. But one thing that needs to be taken into account is that financial capital resources generally establish the orientation of an industry trend. This occurs because of the role of the owners of capital in determining the policies pursued by the company.

Without the right financial strategy, it is difficult to transform natural wealth still buried in the bowels of the earth into the real wealth that can be immediately utilized. This is because the management of mineral resources is an industry with characteristics somewhat different from other industries in general.

Apart from being a solution to capital, the overall financial strategy in the form of

privatization aims to improve efficiency. Low levels of efficiency that can occur because of defective supervision as a result of the limited ability of the company to control all activities related. In the case of PT. Freeport Indonesia, privatization occurred mainly because companies need a huge capital to achieve its economic goal.

Besides privatization, other financial strategies to obtain the needed funds is through cooperation with other mining companies are more established with joint models. By way of this cooperation the company can continue to grow and grow larger without having to rely solely banking support or sell shares as was done previously.

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As mentioned earlier, the management of mineral resources industry has very different characteristics to other industries that also require development of a more conducive climate. Management of Mineral Resources through mining activities is a very complex sector because it involves various integrated industry.

Development of mineral resources through mining and other related industries have some of the following characteristics :

1. Require large capital both at the stage of exploration and production,
2. The presence of high-risk investment with a relatively small degree of success,
3. Require the use of advanced technologies,
4. Is a long-term industry can not immediately get results (quick-yielding)
5. A great impact on the social environment and society.

Due to the limited number and nature of mineral resources that are not renewable in itself requires different handling with other resources which is renewable. Development of mineral resources as an industry must go through proper planning in order to achieve economic benefits whereas preventing the emergence of environmental problems and other negative impacts. Therefore, in the mining activities as a whole, there are several phases of activity. This phasing adapted to the permit that must be requested from the Government, despite the fact that in the field is different phasing technically. Stages of these activities in the form of public inquiry, exploration, feasibility study or feasibility study, preparation of EIA, construction, exploitation in the form of mining and processing, transportation and marketing or sales.

Whereas technically phases of these activities generally in the form :

1. Survey and General Investigation,
2. Exploration,

3. Exploitation,
4. Processing.

Supports from national banks in financing the mining sector is still very minimal. In fact, efforts in the mining sector requires huge funds to finance the exploration and exploitation activities. Therefore, to consider that the proportional credit guarantee scheme. The lack of banking support was due to the high level of risk mining operations.

Financing in the mining sector is a long-term investment, while banks funds are generally short-term . To that end, the processing of mineral resources in the sector need to consider alternative non-bank financing, such as capital markets and issuance of securities that are relatively long-term in accordance with the characteristics of the mining sector business. In addition to the increase in business that is conducive, the government could consider any guarantee or credit insurance scheme proportionally. The establishment of a credit bureau is also expected to reduce the perception of risk is still high in banking circles.

IV. CONCLUSION

Let us in carrying out any regulations that have been made with strict and careful planning. The current government needs to have a pretty good legal framework as a foothold in the repair of mining governance, good governance of licensing, supervision, social and environmental protection, as well as the optimization of profits for local development and local communities. Efforts to maximize profits from the mining sector should continue to run, should not be retreated. Short-term interests must not beat the long-term interests. Related to Downstream mineral central and local governments, and communities should sit down together to synergize in formulating what to do.

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