

Timor-Leste EITI Multi Stakeholder Group

MINUTES

22 January 2016

09:45 – 04:47

Farol Office

Participant Members*

Elda Guterres da Silva	National Coordinator TL-EITI (MPMR)
Filipe Nery Bernardo	Petroleum Fund Analyst- MoF
Dulce Natalia	ANP
Jose Lobato	Country Manager ConocoPhillips Timor-Leste
Angelina Branco	Eni Country Representatives
Nelson Miranda	Luta Hamutuk (absent 2:00-4:47)
Antonio C. Santos	Woodside Country Representative

Alternatives, and Non-Voting

Francisco Alegria	TIMOR GAP E.P
Trifonio Flor Sarmento	Secretariat TL-EITI
David de Araujo	ConocoPhillips External Relations
Helio dias da Silva	Haberan (absent 2:00-4:47)
Hamud Alkatiri	ANP

Absent:

Henrique Monteiro	TIMOR GAP E.P
Alzira Sequera F. Dos Reis	Director Executive Alola Foundation
Timoteo T. Pires	BCTL
Fernando Carvalho	Chief of Account BCTL
Tobias Ferreira	BCTL
Agostinho G. Ramos	MoF/ DNPMR
Venancio A. Maria	BCTL
Auxiliadora do Rosario Coelho	MPMR
Angelo Lay	Director of Commerce, ANP
Sabino Gusmao Fitun	Director Ba Los
Martina da silva	Director FHF

Chair by: Elda Guterres da Silva National Coordinator TL-EITI (MPMR)

Agenda to be discussed as following:

1. Review and update draft 2016 Work Plan

MSG has reviewed and revised accordingly 2016 work plan (see annexed 3)

Decision to retain or open for tender regarding International Aggregate Body for 2016 EITI MSG agreed to review ToR once it is finalized where MSG will decide whether an open tender or retain with MS to prepare and produce 2014 & 2015 report.

2. Discuss the supplement 2013 report

Secretariat TL-EITI have annexed again pilot validation assessment findings and comments for 2013 report provided by EITI International Secretariat in order to enabling MSG discussion and the way forward to address in the supplement report.

In addition to that secretariat TL-EITI presented several options of draft reporting templates (*see Annexed1*) the way to respond finding 1 **Lack of Disaggregate, Production data and Export data** (see ANNEX 2) and also presented several example from other countries (Tanzania, Mongolia and Ghana) that have produced the report in accordance with the EITI requirement 5.2e and 3.5 a&b.

Secretariat TL-EITI was informed that certain information regarding contractual information and local content are published on ANP website and ANP annual report. MSG discussed and has yet to reach agreement on to refer such 'link to ANP website as an alternative option or include it in the supplement report.

MSG noted, the most difficult findings required MSG to response in short period are ***the findings on Lack of Disaggregate data, Production data, and Export data*** due to commerciality sensitivity.

Government entities inform revenue by commodity which is disclosed in ANP website by monthly but not break by company.

MSG has discussed findings and comments to be address in supplement report as following:

Nu	Findings	Industries	Government Entity	CSO	TG	action
1	Lack of disaggregate data	<p>Industries express thank for reference provide in order to comparing but will try to review through it.</p> <p>Industries noted EITI reports only provide summary discloser disaggregate by companies and aggregate by revenue stream and then disaggregate by revenue stream and aggregate by companies (see pg 31-32).base on template report agreed by MSG it was break by company and revenue stream. And 2010 & 2011 report more details.</p>	<p>According to the EITI standard required to disclose information by Companies, Government entity and Revenue stream.</p> <p>Government entity proposing as following:</p> <ul style="list-style-type: none"> - Using back 2013 reporting template format - Using back 2009 reporting template format - annex each company template report in the EITI report as an options <p>Exp. Ghana 2014 (Pg 23-24) report discloses by monthly, project and commodities.</p>			Government entity (MoF) will prepare draft template report (in accordance req 5.2e) then circulate to MSG for discussion
2	Production data and export data	<p>Situation in Timor-Leste is different from other countries Timor-Leste only has two fields production, with different commodity production.</p> <p>Other countries maybe disclose information only in EITI report but in Timor – Leste ANP have disclose revenue by commodities if disclosure of production data and export data by</p>	<p>ANP publishes total production data from Bayu Undan and Kitan in BOE. However for Export data ANP did not put in the website due to commerciality sensitivity.</p> <p>ANP 2013 annual report (Pg 23-24) disclosed production data</p>			Government entity (MoF) will prepare draft template report (production and Export data) then circulate to MSG for discussion

		commodity will be more sensitive.			
3	Employment data		Available in ANP 2013 annual report (pg 32)		Link to ANP website
4	Mandatory Social Payments	Industries note EITI report (pg 37) CSR and Local content are not disclose in details exactly with reporting template (f) agreed by MSG.	Is also available in ANP 2013 annual report (Pg 30-31)		MSG need to review the reporting template and accommodate accordingly
5	Contract	Link to ANP website but partly is not function	<p>Most of PSC were disclosing except PSC of BU and Greater Sunrise as both PSCs are regulated under Interim Petroleum Mining Code but the summary of all existing PSCs can be assessed publicly,</p> <p>ANP will continue to disclose any new PSC that may establish in the future</p> <p>All JPDA PSCs are accessible however three TLEA PSCs are unable to open due to few blocks have been relinquished in 2011 except block E. ANP will check with the technical team to upload PSC for block E</p>		Reference IPMC (article 13) publish contract but it also depending to the PSC some clause is not require disclosing the PSC.
6	Licenses		In relation to the PSC 11-106 awarded, the details already covered in the EITI 2013 Report page 16		ANP can put reference to any law or regulation that give single source or PSC to

						company then the need to justify. Partly PSC award to companies through bidding process.
7	Audit Financial Statements					Include statement “ all companies have confirmed that they had audited financial statements in 2013”

At the moment each industry has internal discussion but have yet decided to **commit to participate or not to produce the supplement report**, In other hand industries propose to have separate agreement with the *ANP due to information disclose in ANP website partly are unknown by industries* and maybe not in *accordance with the exits law or regulations* therefore Industry cannot validate the supplement report. Industries will strive to discuss with their colleagues as well as with the ANP.

MSG considers to reengage with MS with short term contract period but only to prepare supplement report. industries informed the CA has to be maintain, the draft content can be circulate to MSG to provide comments but the data remain be hidden.

Annex 1 Reporting templates
Option 1

Company name:

Reporting period: 2013

N°	Description of Payment	Per Company			Per Government			Final difference
		Original	Adjust	Final	Original	Adjust	Final	
Petroleum Tax Directorate							-	-
1	Income tax	-	-	-	-	-	-	-
2	Additional Profits Tax/Supplemental Profit Tax	-	-	-	-	-	-	-
3	Branch Profits Tax	-	-	-	-	-	-	-
4	VAT	-	-	-	-	-	-	-
5	Withholding Tax	-	-	-	-	-	-	-
6	Wages Tax	-	-	-	-	-	-	-
7	Penalty / Interest	-	-	-	-	-	-	-
8	Other Payments	-	-	-	-	-	-	-
National Petroleum Authority		-	-	-	-	-	-	-
9	FTP - Condensate/Crude Oil/ LPG & LNG	-	-	-	-	-	-	-
10	Profit oil & gas payments	-	-	-	-	-	-	-
11	JPDA - Application Fee	-	-	-	-	-	-	-
12	JPDA - Seismic Data Fee	-	-	-	-	-	-	-
13	JPDA - Development Fee	-	-	-	-	-	-	-
14	JPDA - Contract Service Fee	-	-	-	-	-	-	-
15	TL Exclusive Area - Application Fee	-	-	-	-	-	-	-
16	TL Exclusive Area - License Fee/Surface Fee	-	-	-	-	-	-	-
17	TL Exclusive Area - Seismic Data Fee	-	-	-	-	-	-	-
Central Bank of Timor-Leste		-	-	-	-	-	-	-
18	Financial support during the operation of pipeline	-	-	-	-	-	-	-
Total payments							-	-

Option 2

Company name:

Reporting period: 2013

N°	Description of Payment	Per Company			Per Government			Final difference
		Original	Adjust	Final	Original	Adjust	Final	
Petroleum Tax Directorate							-	-
1	Income tax	-	-	-	-	-	-	-
2	Additional Profits Tax/Supplemental Profit Tax	-	-	-	-	-	-	-
3	Branch Profits Tax	-	-	-	-	-	-	-
4	VAT	-	-	-	-	-	-	-
5	Withholding Tax	-	-	-	-	-	-	-
6	Wages Tax	-	-	-	-	-	-	-
7	Penalty / Interest	-	-	-	-	-	-	-
8	Other Payments	-	-	-	-	-	-	-
National Petroleum Authority		-	-	-	-	-	-	-
9	FTP - Condensate/Crude Oil	-	-	-	-	-	-	-
10	FTP - Liquefied Petroleum Gas	-	-	-	-	-	-	-
11	FTP - Gas	-	-	-	-	-	-	-
12	Profit oil & gas payments	-	-	-	-	-	-	-
13	JPDA - Application Fee	-	-	-	-	-	-	-
14	JPDA - Seismic Data Fee	-	-	-	-	-	-	-
15	JPDA - Development Fee	-	-	-	-	-	-	-
16	JPDA - Contract Service Fee	-	-	-	-	-	-	-
17	TL Exclusive Area - Application Fee	-	-	-	-	-	-	-
18	TL Exclusive Area - License Fee/Surface Fee	-	-	-	-	-	-	-
19	TL Exclusive Area - Seismic Data Fee	-	-	-	-	-	-	-
Central Bank of Timor-Leste		-	-	-	-	-	-	-
20	Financial support during the operation of pipeline	-	-	-	-	-	-	-
Total payments							-	-

Option 3

Company name:

Reporting period: 2013

N°	Description of Payment	Per Company			Per Government			Final difference
		Original	Adjust	Final	Original	Adjust	Final	
Petroleum Tax Directorate								-
1	Income tax	-		-	-		-	-
2	Additional Profits Tax/Supplemental Profit Tax	-		-	-		-	-
3	Branch Profits Tax	-		-	-		-	-
4	VAT	-						-
5	Withholding Tax							-
6	Wages Tax	-						-
7	Penalty / Interest	-		-	-		-	-
8	Other Payments	-		-	-		-	-
National Petroleum Authority								-
9	FTP - Condensate/Crude Oil/ LPG & LNG/ profit Oil & Gas Payments	-		-	-		-	-
11	JPDA - Application Fee	-		-	-		-	-
12	JPDA - Seismic Data Fee	-		-	-		-	-
13	JPDA - Development Fee	-		-	-		-	-
14	JPDA - Contract Service Fee	-		-	-		-	-
15	TL Exclusive Area - Application Fee	-		-	-		-	-
16	TL Exclusive Area - License Fee/Surface Fee							
17	TL Exclusive Area - Seismic Data Fee	-		-	-		-	-
Central Bank of Timor-Leste								-
18	Financial support during the operation of pipeline	-		-	-		-	-
Total payments								-

ANNEX 2

PRODUCTION DATA

OPTION 1

Disaggregate by project and commodities

ConocoPhillips (Timor Sea) Pty Ltd	LPG	
ConocoPhillips (03-12) Pty Ltd	LNG	
ConocoPhillips (03-13) Pty Ltd	Condensate	
ConocoPhillips (03-19) Pty Ltd	Crude Oil	
ConocoPhillips (Emet) Pty Ltd		
ConocoPhillips JPDA Pty Ltd		
Eni JPDA 03-13 Ltd		
Eni JPDA 06-105 Pty Ltd		
Eni Timor Leste S.p.A.		
Inpex Sahul		
Santos		

Option 2

Disaggregate by companies and commodities

CoP (6)	LPG		or		
	LNG			Gas	
	Condensate			Oil	
Eni (3)	Crude oil				
Woodside					
Inpex Sahul					
Santos					

Option 3

aggregate by companies and disaggregate by commodities

all companies/total production	LPG		or	Gas	
	LNG			Oil	
	Condensate				
	Crude Oil				

Option 4

Aggregate Companies disaggregate by commodities

Companies	Production Volume		Export volume	
	Oil		Oil	
	Gas		Gas	

Option 5

By field project disaggregate by Commodities

BU	LPG		or	Gas	
	LNG			Oil	
	Condensate				
Kitan	Crude Oil				

Annex 3

Draft 2016 Work Plan

Strategy work plan National Priority

Priority one: Encourage discussions on transparency in public expenditures, including investment decisions focus on economic diversification

Objective	Action(s) Needed	Constraints	Timeframe	Responsibility	Estimated Cost & Source of Funding	Expected Output/Outcome	Status
Increase public awareness on expenditures of state budget to encourage discussions on major investment decisions To reduce oil dependency	-Group Discussion on Radio or TV -Create brochure pamphlet		Aim for monthly discussion in the media Up to 11 sessions discussion	Secretariat & MSG	\$ 10.000.00		
Allow avenue for discussion on expenditures of state budget to ensure maximum benefit to the community.	CSO to cooperate with the Academic Institutions for public meeting Include additional information within EITI report to capture government expenditures for		3 times in a year	CSO	\$ 3.000.00		

Objective	Action(s) Needed	Constraints	Timeframe	Responsibility	Estimated Cost & Source of Funding	Expected Output/Outcome	Status
	investments, such as investments on State Own Enterprises or other government purchase of companies' shares						
Priority two: Maintain Contract transparency within extractive industry in Timor-Leste.							
Continue EITI's effort to ensure a well-informed community.	Prepare and submit 2013 Supplement Report -One day workshop (Discuss and finalize 6 pilot validation findings and comments on 2013 report provided by reporting committee (EITI International secretariat)		31 March 2016 22 January 2016	MSG and IA MSG	NF foreseen	To be completed	
Public awareness and to comprehension on contracts ;	Link to ANP website (www.anp-tl.org)		Regular review	ANP	NA		

Objective	Action(s) Needed	Constraints	Timeframe	Responsibility	Estimated Cost & Source of Funding	Expected Output/Outcome	Status
	<p>Production TL-EITI Report for 2014 and 2015</p> <p>MSG to decide on engaging IA (contract extension or opening tender</p> <ul style="list-style-type: none"> - MSG to Discuss and approve ToR for IA - The MSG consider to involve Independent Administrator in the process of designing the Reporting Template, agreed on procedures on how the information/data will be presented in the 2014 & 2015 reports, as 		31 March	MSG & Independent Administrator	To be disclose once the contract is awarded		

Objective	Action(s) Needed	Constraints	Timeframe	Responsibility	Estimated Cost & Source of Funding	Expected Output/Outcome	Status
	<p>an alternative way to remove CA.</p> <ul style="list-style-type: none"> - Discuss and approve 2014 & 2015 reports. release to the public and post in website (Tetum, Portugues, Indonesia and English languages) + popular version - MSG to submit exemption letter to the EITI Board for requirement 3.5a and b. - Review current plan for public dissemination of the report 						

Objective	Action(s) Needed	Constraints	Timeframe	Responsibility	Estimated Cost & Source of Funding	Expected Output/Outcome	Status
Priority three: Reforming the legal framework within extractive industries and other revenue generate industries							
Promote EITI principles in new oil and gas regulations and/or PSC and new draft mining law	MSG's active participation in discussions Provide draft law/ regulations to MSG for comments		December 2016	Relevant pillar in MSG	Time and effort		
Priority four: Institutional development for TL EITI secretariat							
<ul style="list-style-type: none"> Strengthen human resources within EITI Secretariat to ensure appropriate planning for all TL-EITI activities each year 	<ul style="list-style-type: none"> recruitment to increase number of staff (data Base officer & EITI advisor establish data base within TL-EITI secretariat include EITI budget within national budget develop, recruitment and training plan for TL-EITI secretariat 		30 Nov 2015			Improved capability of TL EITI Secretariat	Re-advertise in 2016

Objective	Action(s) Needed	Constraints	Timeframe	Responsibility	Estimated Cost & Source of Funding	Expected Output/Outcome	Status
	<ul style="list-style-type: none"> Establish organic law for TL-EITI secretariat 						
Capacity Building & Outreach activities (National and International)	<p>Discuss and make preparation for the Workshop, Seminar and training, then execute it.</p> <p>Using proper communication tools (printing and Electronically to rise public awareness</p>		March 2016	Secretariat & MSG	\$20.000.00		
Participate at the EITI events abroad (conferences, seminars, training, exhibitions, Board meetings, National Coordinator meetings, exchange program, etc)	<ol style="list-style-type: none"> Prepare Materials/documents regarding to the EITI implementation in TL since beginning up to date for 		February 2016		\$ 100.000.00	<p>Share and gain experience with other countries</p> <p>Promote and share country achievement</p> <p>Gain lessons learn, encourage and influence countries to address EITI</p>	

Objective	Action(s) Needed	Constraints	Timeframe	Responsibility	Estimated Cost & Source of Funding	Expected Output/Outcome	Status
	global conference in Peru including EXPO 2. Implement board decision and Prepare submission regarding to the Board circular 3. Prepare logistic note					standard	
Total Budget					\$469.000.00		