

## MEETING MINUTES

May 18, 2017

Farol Office

### Participant Members

Emanuel Angelo Lay	Director of Commercial ANPM
Helio Dias da Silva	Haberan
Dulce Natalia	ANPM
Jose Lobato	Country Manager ConocoPhillips Timor-Leste

### Alternatives, and Non-Voting

Henrique Monteiro	TIMOR GAP E.P
Rui Matos	IA (Ernst & Young)
Jose Roque	IA (Ernst & Young)

### TL-EITI Secretariat:

Elda Guterres da Silva	National Coordinator
Trifonio Flor Sarmento	Outreach Officer
Octavio Jordão de Araújo	Adviser
Abelina Emilia do Rosario	IT Officer

### Absent:

Martinha da Silva	Feto Hadomi Familia (FHF)
Filipe Nery Bernardo	Petroleum Fund Analyst- MoF
Antonio dos Santos	Woodside Country Representative
Angelina Branco	Eni Country Representatives
Sabino G. Fitun	Core Group Transparency (CGT)
Agostinho G. Ramos	MoF/ DNPMR
David de Araujo	ConocoPhillips External Relations
Fernando Carvalho	Chief of Account BCTL
Timoteo T. Pires	BCTL
Nelson Miranda	Luta Hamutuk
Tobias Ferreira	BCTL
Francisco Alegria	TIMOR GAP E.P

**Meeting opened at 9.35 AM.**

**1. Apologies**

Apology received from Mrs. Angelina Branco who cannot attend the meeting.  
Apology received from Mr. Luis Martins who cannot attend the meeting. Mr Martins assigned Mr. Henrique Monteiro as alternate.

**2. Approval of the agenda**

The MSG agreed to the agenda of the meeting.

**3. Approval of the meeting minutes**

There were no minutes discussed and approved.

**4. Business arising from the minutes not otherwise included in the agenda**

The MSG discussed issues as identified in Annex 1. Action progress and status of the issue(s) are as outlined in the Annex 1 of the minutes.

**5. Discussion of 2014 & 2015 EITI Reports Reconciliation Status**

Today's presentation delivered by the Independent Administrator (IA), Rui Matos (Ernst & Young), which is mainly captured update from last week discussion on Timor-Leste current reporting process. Today's discussion focused on the structure of the reports and the contextual information of the body of report.

Tax settlement and license direct award is under discussion. On social expenditure, the IA would continue to discuss with MSG. It was understood that all payments expended for social activities described under the PSC are considered mandatory expenditures. The IA would require more information from entities on the procedures of voluntary social expenditures as a cost recoverable to describe in the upcoming reports.

In terms of differences identified from data reconciliation of some reporting entities (subcontractors) and issues related to production or export data, will be discussed thoroughly with ANPM and the operators next week. Further assistance will be required from the operators and ANPM cooperatively, in order to obtain reasonable amounts of the difference in production, either by barrels or by US\$.

Following last week's MSG meeting (11/05/2017), the IA held a video conference with International Secretariat to discuss the findings from the meeting. The items discussed were:

- Disaggregated data: the IA informed that new changes of data templates were sent to MSG for approval.

- Beneficial Ownership: the International Secretariat persisted its disclosure in upcoming EITI reports, however the IA considered the request as a recommendation for MSG but not as an obligation to include in these reports. The International Secretariat agreed on the recommendation and will leave to MSG to discuss for future reconciliation.
- Licensing and application date, the IA explained that there is no information available for the earlier applications (PSCs signed at when Timor-Leste was yet became independent). There will be an explanation on this in the introductory section of the upcoming EITI reports as agreed last week by MSG. Further discussion will be conducted with ANPM on recent PSCs and mining licenses.

ANPM commented on the request from EY on production revenue streams. ANPM stated that the nature of the FTP payments by far only engage the contractors (operators) and ANPM has provided the production data by barrel of equivalent (BOE) as agreed. However, ANPM received the latest request from the IA to obtain the data of the BOEs per entity and hereby required clarification from IA.

The IA responded that they received reports from the partnership within the entitlement beside the operators themselves. The issue relied on the amounts disclosed by operators and the partners (JVs) that not matched with the ones reported by ANPM. The amount difference reported by the two entities are quite substantial. The aim of requesting information per entity was to meet the disaggregation requirement however the importance is to guarantee the total production per area, either reported in barrels or in US dollars by commodity, as agreed by both parts. The IA and ANPM agreed to discuss the matter and will exchange email to report the missing information required for the reconciliation.

## **6. Discussion of skeletal of 2014 EITI Report**

The IA informed that 70 percent of the content of the upcoming report captured information commented by MSG in the scoping report. The presentation of the draft began with the proposed coverage image and table of content. Suggestion made by MSG to disclose images/photographs that are representing the extractive sectors in Timor-Leste on the cover and/or images that are representing the contextual information of each report section. The IA allowed MSG stakeholders to provide relevant pictures for the upcoming reports if they are royalty guaranteed images.

The topics of the 2014 EITI report sequentially include:

- Introduction: summary of the history of Timor-Leste and EITI implementation process in the nation;
- Methodology: summary of the scoping study process, explaining the established materiality and threshold, an overview of the mining sector and the description of the revenue streams and data quality and assurance. Also, to mention the methods

- of the items that are not applicable in Timor-Leste such as: transportation, infrastructures and barter arrangement.
- An overview of the extractive industry in Timor-Leste. This includes general information from the National Statistics Department on gross domestic production (GDP) and export and import, for both oil & gas and non-oil and gas sectors. Also in this section, includes a general description of the fields in production in 2014, Bayu Undan and Kitan, discussed production by commodity and disaggregation of the petroleum revenue, both for tax and non-tax information.
  - An overview of the regulatory framework as has explained in scoping study include: relevant laws, contracts and licensing process disclosure (e.g. direct awards' PSCs). This section also includes the participation of state owned enterprise such as Timor Gap and mining legislation in Timor-Leste.
  - The reconciliation section to include the data templates reported by entities. The presented data is expected to adopt the latest recommendation from International Secretariat on disaggregation. The information will be disaggregated by entity and by revenue stream, and to report separately the tax revenue for operators and subcontractors as agreed by MSG. Tax settlement reported by Woodside will be covered in this section. The IA would discuss with Woodside and ANPM on the preparation of the draft of its contextual information.
  - Social expenditures to be included on reporting data templates. The IA will contact the entities that engaged in several social activities, e.g. Conoco Philips, for clarification prior to publishing it.
  - Recommendations section and appendixes.

Moreover, the upcoming 7<sup>th</sup> and 8<sup>th</sup> EITI reports will include introductory messages and letter from the Minister, stakeholders and from the IA. The first draft of 2014 EITI report will be delivered to MSG for review, discussion and provide feedbacks. The IA also proposed to share the draft with ANPM's mining directorate and to International Secretariat for comments. The IA proposed one week for review to accelerate the final draft reporting process before deadline on 15 June 2017.

## **7. Schedule next meeting**

Next MSG meeting yet to schedule.

The Chair declared the meeting closed at 11:25am.

Minutes approved and signed by:

(Name)

(Signature)

1.

Dulce Natalia

Dulce Natalia

2.

José Lobato Gonçalves

José Lobato Gonçalves

3.

Henrique Monteiro

Henrique Monteiro

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**Annex 1** – Action List from previous meeting (11 May 2017)

No	Issues	Action needed	Responsible Entity	Progress Status
1	Data templates to cover disaggregated information	The amended data templates will send to MSG for approval this afternoon	IA	Completed and approved
2	Tax settlement coverage in future EITI reports (i.e. 2016 report)	<ul style="list-style-type: none"> <li>. To maintain a thorough discussion on any tax information before disclosure in upcoming EITI reports</li> <li>. To consider discussion with validators in the next validation process</li> </ul>	MSG and IA	<p>Maintained</p> <p>Ongoing</p>
3	License awards and local commitment	. To obtain detailed information on license awards publication, direct award with Timor Gap and social expenditures.	IA, ANPM and Timor Gap	Ongoing. Social expenditure information will be reviewed once disclosed in the draft 2014 EITI report.
4	Skeletal of the 2014-2015 EITI reports	. To present the skeletal of the reports next week meeting including table of content and contextual information already covered in the scoping study	IA	Completed
5	Other agendas	<ul style="list-style-type: none"> <li>. CSO updates on capacity building workshops;</li> <li>. Feasibility study on mainstreaming to discuss in next MSG meeting</li> </ul>	All stakeholders	Ongoing. CSO will prepare the report on their activities. Feasibility report is under review and to discuss after the completion of 2014 EITI report.