

Timor-Leste EITI Multi Stakeholder Group

MINUTES

04 March 2016

09:41 – 11:56

Farol Office

Participant Members*

Elda Guterres da Silva	National Coordinator TL-EITI (MPMR)
Filipe Nery Bernardo	Petroleum Fund Analyst- MoF
Jose Lobato	Country Manager ConocoPhillips Timor-Leste
Alzira Sequera F. Dos Reis	Director Executive Alola Foundation

Alternatives, and Non-Voting

Henrique Monteiro	TIMOR GAP E.P
Francisco Alegria	TIMOR GAP E.P
Trifonio Flor Sarmento	Secretariat TL-EITI
Timoteo T. Pires	BCTL

Absent:

David de Araujo	ConocoPhillips External Relations
Helio dias da Silva	Habernan
Dulce Natalia	ANP
Angelina Branco	Eni Country Representatives
Fernando Carvalho	Chief of Account BCTL
Tobias Ferreira	BCTL
Agostinho G. Ramos	MoF/ DNPMR
Venancio A. Maria	BCTL
Sabino Fitun	Ba Los
Martina da silva	Director FHF
Nelson Miranda	Luta Hamutuk
Antonio C. Santos	Woodside Country Representative

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

Agenda to be discuss as following:

1. Review Meeting Minutes on 15 and 22 January 2016

The MSG was not able to approve the meeting minutes for 15 January and 22 January due to some proposed changes to the wording and further confirmation to those who wasn't participate in the meetings. The MSG agreed to provide further comments as soon as possible.

2. Review and update draft 2016 Work Plan

The draft 2016 work plan was developed based on the workshop held on 22 January 2016, where the MSG had discussed and agreed on the priorities and activities, final approval is subject to revision, if any. The MSG noted proposal from TG in regards to the Objective One (please see **Annex 1**-TG notes on Work plan 2016) and proposal of rewording and reformat of the templates for 2016 Work plan by MoF. MSG has accommodated it and has approved the work plan (**Annex 2**).

Secretariat TL-EITI informed that TIMOR GAP's recommendation on the priority program have been accommodated in the 2016 Work Plan and advise MGS to provide their comments on the revised work plan (Annex 2). TIMOR GAP re-stated its view that investment decision focus on economic diversification should not be considered as priority no 1 in the work plan due to the reason outlined from the notes (annex 1) sent to all MSG members recently, and recommended to have the second priority in the previous work plan as priority no 1. Government (MoF) responded that the priority programs in the work plan have been rearranged and most of activities that were under the second priority are now appear under the priority no one, and TIMOR GAP agreed to that rearrangement

3. Review draft supplement report 2013

The Secretariat of TL-EITI informed that the draft Supplement Report (SR) 2013 was prepared by government entity (MoF) based on the key findings and recommendation during the pre-validation assessment by EITI International Secretariat in November 2016. The draft SR has been circulated by the Secretariat to MSG, however so far the Secretariat has not received any comments from the MSG.

Government entity (MoF) apologizes not been able to provide the draft SR earlier to MSG due to other commitments. It was informed to the MSG that the reason for MSG themselves to prepare the SR due to no funds are available to engage third party to produce the SP. The SR was not intended to perform any reconciliation of data, but to address findings of the pre validation assessment and in accordance with the EITI Standards' requirement..

Government entity (MoF) noted that the level of information disclosed in the SR may have concerned the industry, however, if the MSG does not address the way the information is disclosed in the current EITI report as per EITI requirement, the MSG will be faced with the same issues in the future reports. Thus, even if the TL EITI reports contains more information beyond EITI eg revenue distribution and government expenditures, however if the data on production, revenue streams, etc are not disaggregated to the level required by the EITI, TLEITI report will remain not

meeting the EITI Standard as reflected in the assessment by the EITI International Secretariat.

Government entity (ANP) informed that the release of information in ANP website and annual report is in accordance with the Article 36 of the Interim Petroleum Mining Code (IMPC).

Government entity noted so far industries have yet to confirm whether to participate or not in producing the SP.

Industries (CoP) argued that any information released to the public should have received prior approval from their part. They also commented that the format template present in the SR partly are remaining sensitivity such as **Production Data, Export Data** and disclose **Disaggregate Data**. The Industry (CoP) stated that they will need to internally discuss the SR and will strive to provide comment by next week.

CSO expressed that they content the way SR format is presented.

4. Review ToR for IA

The Secretariat informed that they have circulated the draft ToRs for Independent Administrator (IA) for MSG's comments. The draft ToRs are for the IA to prepare and produce 2014 and 2015 Report and Supplemental report for 2013.

The Secretariat has received comments from Industry (Eni) on ToR for IA to produce SR, however as mentioned above that there is no available budget to engage IA to produce SR, hence the MSG must produce it by themselves. The current budget is allocated to produce the 2014 and 2015 reports. The Secretariat is still expecting the MSG to comment on the ToR for IA.

The Secretariat requested the MSG to make decision on whether to retender or extend the current contract for MS as soon as possible because if the decision is to retender, the tender process should commence in the end of March in order to meet the deadline in producing TL EITI report by end of the 2016.

5. Other Business

1. Validation

The Secretariat updated the MSG that based Board decision in the 7th EITI Global Conference in Peru, the 2nd validation for Timor-Leste will commence on 2-16 April 2016.

2. Public Debate

The Secretariat distributed a proposed plan to organize a public discussion as identified in the 2016 work plan- **Priority Two** (CSO to cooperate with the Academic Institutions for public meeting) in order to increase public awareness in relate to the state expenditure. However, the MSG was not able to discuss the proposed plan and request the Secretariat to circulate it to the MSG for comments and approval as soon as possible. (**Annex3**).

(Annex 1)

Notes on the EITI Work Plan 2016

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

While it is noted that economic diversification is a relevant public policy for a country's sustainable development, in our view it shouldn't be considered the first priority of the EITI Work Plan, as it is widening the scope of this instrument and the mandate of the multi-stakeholder group (MSG).

The first priority should remain the assessment that the payments made within the extractive industry are transparent and accountable for.

In identifying the national priorities for the extractive sector, one should take into account the principles of the EITI. Those principles state that the wealth from a country's natural resources should benefit all its citizens and that this will require high standards of transparency and accountability.

As an initiative that promotes transparency and accountability it is within the scope of the EITI to define and implement measures that not only seek the prudent use of natural resource wealth through the disclosure of payments and revenues but also through a public understanding of government revenues and expenditure over time.

Moreover, the main objective of the MSG is to assist in ensuring that all benefits due to the Government and to the people of Timor-Leste deriving from the exploitation and/or extraction of the country's natural resources are effectively paid or provided, duly accounted for, publicized and prudently utilized for the benefit of all Timor-Leste citizens on the basis of equity and sustainability.

Hence, it is believed that the mandate given to the MSG should focus and prioritize the government policies and strategies for the extractive sector, in particular to maintain contract transparency and public debates about issues concerning the extractive industries.

We believe that the portfolio of the EITI can be comprehensive but should not lose focus of its core mandate and scope. There are other internal venues to discuss the national strategic policies for the economy, in particular, what concerns the decision of economic diversification. We believe that these issues are addressed in the Timor-Leste Strategic Development Plan (2011-2030) and revisited in the yearly budget discussions in the National Parliament and have many appropriated organizations and forums to promote such debates.

In our view, the primary focus of the MSG should be to debate on how to maintain contract transparency within the extractive industry in Timor-Leste. It should also ensure that all stakeholders (eg. local communities, companies and the government) are working towards the same goal in respect to the extractive sector, to attract quality foreign investment, to assess what type of expenditures and investments should be made within the sector in order to obtain more revenue.

(Annex 2)

2016 Work Plan on implementation of the Extractive Industries Transparency Initiative (EITI) in the Timor-Leste

Objective	Action(s) Needed	Constraints	Timeframe	Responsibility	Estimated Cost & Source of Funding	Expected Output/ Outcome	Status
Priority one: Ensure publication of TL EITI report in timely manner and in accordance with the EITI standard.							
Development and publication of TL EITI Reports	TL EITI Supplement Report for 2013	Organize 1 day workshop to address findings and comments on TL EITI 2013 report as per pilot validation conducted by EITI International Secretariat		22 January			Supplement report for 2013 produced and submitted
		Prepare and submit 2013 supplement report		31 March		No funding required, unless MSG decided to use external parties.	
		Production of TL EITI report for FY 2014 and 2015	MSG to decide on engaging IA (contract extension or to retender)		February (Procurement to start immediately if the decision is to retender)	MSG, Secretariat	To be disclose once the contract is awarded

Objective	Action(s) Needed	Constraints	Timeframe	Responsibility	Estimated Cost & Source of Funding	Expected Output/ Outcome	Status
	MSG to discuss and approve ToR for IA, including decision to involve IA in the process of designing the Reporting Template, agreed on procedures on how the information/data will be presented in the 2014 & 2015 reports.		March	MSG			
	MSG to consider alternative approach to allow elimination of Confidential Agreement.						
	Discuss and approve 2014 & 2015 reports, including release to the public and post in website (Tetum, Portugues, Indonesia and English languages) + popular version		December 2016	MSG			
	MSG to submit exemption letter to the EITI Board for requirement 3.5a and b.						
	Review current plan for public dissemination of the report						
TL Annual Progress Report	Produce TL EITI annual progress report for 2015		July	MSG	No fund foreseen. Require time and effort		
2 nd Validation of the implementation of EITI principles in Timor-Leste	Organize and prepare for 2 nd Validation report		TBD	International Secretariat	Funded by International Secretariat		

Objective	Action(s) Needed	Constraints	Timeframe	Responsibility	Estimated Cost & Source of Funding	Expected Output/ Outcome	Status
Priority two: Encourage discussions on transparency in public expenditures, including investment decisions focus on economic diversification							
Increase public awareness on expenditures of state budget to encourage discussions on major investment decisions to reduce oil dependency	Organize talk-show or discussion on Radio or TVTL on issues related to the distribution of revenues from extractive sector through state budget -		Aim for monthly discussion in the media Up to 11 sessions discussion	Secretariat & MSG	\$ 10.000.00		
	Prepare and publish related information through brochures, booklet, banners, etc.						
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		3 times in a year	CSO	\$ 3.000.00		
	Include additional information within EITI report to capture government expenditures for investments, such as investments on State Own Enterprises or other government purchase of companies' shares		December 2016	MSG	Cost included in production of TL EITI report		
Priority three: Reforming the legal framework and maintain contract transparency within extractive industries and other revenues generate in Timor-Leste.							
Promote EITI principles in new oil and gas regulations	MSG's active participation in discussions e.g provide comments/input to draft law/ regulations		December 2016	Relevant pillar in MSG	No funding foreseen. Require time and effort		

Objective	Action(s) Needed	Constraints	Timeframe	Responsibility	Estimated Cost & Source of Funding	Expected Output/ Outcome	Status	
and/or PSC and new draft mining law								
Public awareness and comprehension on contracts ;	Ensure awarded contract in extractive sector is published and updated e.g. in ANP website (www.anp-tl.org)		Regular review	ANP	No funding foreseen. Require time and effort			
Priority four: Institutional development for TL EITI secretariat, including capacity building for the MSG and outreach activities								
Strengthen human resources within EITI Secretariat to ensure appropriate planning for all TL-EITI activities each year	Establish organic law for TL-EITI secretariat			Secretariat (through MPRM)	\$ 226,000.00			
	Ensure availability of budget for the Secretariat (through MPRM 2016 Budget)		June 2015 (inclusion in MPRM Budget FY 2016)	Secretariat				
	Ensure adequate human resource to support TL EITI Secretariat	Prepare and approval of ToR for the following positions: 1. Data Base Officer 2. Technical professional (consultant/advisor)		March 2016		Secretariat	Improve capability of TL EITI Secretariat	Re-advertise in 2016
		Recruitment of staff (vacancy announcement, interview and		April-June		Secretariat		

Objective	Action(s) Needed	Constraints	Timeframe	Responsibility	Estimated Cost & Source of Funding	Expected Output/ Outcome	Status
	employment offer)						
	Develop training plan for TL-EITI secretariat		February 2016	Secretariat			
Capacity Building & Outreach activities (National and International)	Prepare and execute activities for the workshop, seminar and training (eg. discuss topics, logistical arrangement, etc).		March 2016	Secretariat & MSG	\$100.000.00	Improve understanding of EITI implementation in TI (lesson learned)	
	Using proper communication tools (printing and Electronically) to raise public awareness		Q2-Q3	Secretariat, MSG			
	Participate in EITI events abroad (conferences, seminars, training, exhibitions, Board meetings, National Coordinator meetings, exchange program, etc)		February 2016			\$ 100.000.00	Share and gain experience with other countries encourage and influence countries to address EITI standard
Total Budget					\$469.000.00		

(Annex 3)

Public Debate (Draft Agenda)

Increase public awareness on expenditures of state budget to encourage discussions on major investment decisions.

Allow avenue for discussion on expenditures of state budget to ensure maximum benefit to the community.

No	Institute	Theme	Speakers	Topic	Date	Time	Participants
1	Proposing held in UNDIL University	Potential of extractive sectors in Timor-Leste	ANP	option 1: how is the recent low commodity prices (mining, oil and gas) implicating the future extractive sectors in Timor-Leste?	Tentative 17 & 22	9:00-12:00 Two options :	300 participants from variety department
				[or the new role of ANPM]			
			Option 2: What are the potential of extractive sectors in Timor-Leste				
			[or how attractive is TL's extractive sector]				
		Extractive Company	option 1: Industries point of view in how to expend the transparency in accordance with the EITI standard.				
			Option 2: How attractive is TL's extractive sector in the current low commodity prices?				
		Timor GAP	Option 1: The Tasi Mane Project- challenges and its potential impact to TL's economy				
			option 2: TG's role in the extractive sector in TL – a business point of view				
CSO	Option 1: Monitoring and how to improve the usage of petroleum revenues – TL case study						
	Option 2: CSO's role in extractive sector in TL – how can we do better?						
		Revenue distribution and fiscal sustainability					

			Directorate of State Budget /Macroeconomy Policy (MoF)	Option 1 : Allocation and expenditure of State budget			
				Option 2: Fiscal Sustainability and Economy Diversification			
			BCTL ou MoF	Option 1: Petroleum Fund Investment and performance			