



# TL-EITI

## PROGRESS REPORT

### 2019 to 2021



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## **SUMMARY OF TL-EITI MSWG ACTIVITIES AND REVIEW OF IMPACT FROM EITI IMPLEMENTATION, JANUARY 2019 TO DECEMBER 2021.**

This document is to report MSWG's activities from January 2019 to December 2021 and how these activities could impact MSWG's performance in meeting the EITI Standard and transparency initiatives in the country.

The MSWG implemented following activities during the reporting period:

### **a). Appointment of New Independent Administrator**

In January 2019, Ernst & Young SROC. Assoc. was appointed by the Ministry of Petroleum and Minerals (MPM) as the Independent Administrator (IA) to assist MSWG in finalizing TL-EITI Reports for FY 2016, 2017 and 2018, feasibility studies for mainstreaming and beneficial ownership (BO). These tasks to be executed by December 2020 as per indicative timelines in terms of reference approved by MSWG in July 2018.

### **b). Preparation of TL-EITI Reports**

In mid-2018, the MSWG requested the EITI Board to grant an extension of deadline for publication of 2016 TL-EITI Report on the ground that due to political impasse, there is no budget to hire new or extending the contract of the previous IA to produce the said report by 31 December 2018. The political impasse was resolved through an early parliamentary election in May 2018 which resulted in the appointment of new government. The government's budget for 2018 was approved in November 2018. The Board granted the extension request on 13 February 2018.

There upon, the MSWG approved the ToR for recruiting the new IA for 2 year services, which include the preparations of TL-EITI reports for three fiscal years and feasibility studies. The terms of reference for the IA included the preparation the data collection templates for report reconciliation and investigation of beneficial ownership and mainstreaming definition and roadmap.

The 2016 TL-EITI report was published on 31 July 2019, while the 2017 TL-EITI report was published within deadline in December 2019. Both reports covered similar information previously published in other TL-EITI reports which followed the 2016 TL-EITI Standard requirements. Furthermore, the report also highlights the coverage of tax settlements between one operator and the government. This coverage was perceived by MSWG members as important for transparency purpose: to captivate public knowledge and enhance civil society's participation within the extractive industry's dialogue.

In response to Covid – 19 outbreak with increasing active cases in the country, the Government of Timor-Leste declared State of Emergency in order to inhibit the spread of the virus in Timor-Leste. The State of Emergency measurements include limiting of citizens circulation and gathering, all work-places to operate with minimum staff or closed unless considered essential, the population and workers were encouraged to work from their residents. This has affected MSWG's interactions and discussions to implement the planned activities. The MSWG explored virtual meetings which was a challenge due to unreliable internet connection.

The Independent Administrator held virtual meeting with MSG in early 2020 to discuss on the suitable strategies for MSG to elaborate the conventional TL-EITI report for 2018 fiscal year. Hence, several activities from data collection to consultation with the stakeholders were conducted virtually and through several obstacles MSWG was able to finalize the 2018 Report within deadline (Dec 2020). In February 2020, the Board decided to provide options for implementing countries to consider flexible

reporting amid the pandemic. The MSWG decided to maintain the conventional method of reporting for the 2018 to 2021 TL-EITI report. Templates for the entities data collection were updated to include new requirements in 2019 standard such as beneficial ownership and environmental payments. Despite the challenges faced by the IA and MSWG, the report was successfully published in December 2020.

In 2021, due to Covid-19 Delta variant, the government's extended the state of emergency and applied more rigorous travel restrictions, thus affecting the delays in recruiting new Independent Administrator and in turn no report published in 2021. The EITI Board granted TL-MSWG request to extend the deadline for publication of the 2019 report to March 2022.

### **c). Feasibility Studies**

#### **Beneficial Ownership:**

The MSWG tasked the AI to investigate on beneficial ownership (BO) as per requirement (2.5) which to be implemented in January 2020. The study aimed to assist MSWG in defining the term beneficial owners in line with the country's existing legal framework and also to identify any gaps or concerns that may affect implementation according to this requirement's objectives. In carrying out the research, the consultant (EY) used the country's Commercial Law no. 10/2017 as the basis to define the BO. The feasibility study report was submitted for MSWG consultation in 2019 and a final version of the study was approved for its implementation in 2020 which included: the definition of the company's "legal owners" and the minimal threshold that must be reported by the owner(s)/shareholder(s).

MSWG has discussed and approved the feasibility study of Beneficial Ownership (BO) that was carried out based on the relevant Law (Commercial Law of 2017). Using this legal reference, MSWG established a materiality threshold in percentage of the investment numbers in US Dollars owned by the extractive industry owners, shareholders and/or the legal owners. In 2020 and 2021, MSG managed to include in EITI data collection reporting templates information required from the companies (operators) to publish the details of their ownership including the legal owner(s). Furthermore, CSO acknowledged the importance of the BO term as means to battle corruptions in the country, thus have considered to include this subject in their forum discussion and public debates. A chapter of BO information is included in the recently published 2019 TL-EITI Report.

#### **Mainstreaming research:**

MSWG attempted to review in details the objectives of implementing the systematic disclosure (mainstreaming). MSWG has included in the same ToR for IA for the consultant to research the benefit, gaps and concern in implementing this reporting tool routinely in the future. Analysis on the pre-feasibility study on systematic disclosure which was reported by the International Secretariat on their visit to TL in 2017. Similar to BO research, this study attempts to identify gaps or concerns of the implementation of mainstreaming or systematic disclosure of extractive industry information. The draft feasibility report has submitted for MSWG consultation in 2020. Despite the obstacles identified by MSWG to implement the mainstreaming requirement, in the recent 2019 TL-EITI report, a chapter describing the progress of the mainstreaming study in Timor-Leste is included.

#### d). Sharing knowledge activities

On 17-19 June 2019, TL-EITI National Secretariat and the MSWG were invited to participate the 8th EITI Global Conference in Paris, France, that was centered on “Open Data, Build Trust” theme. The event also provides the opportunity to launch the new 2019 EITI Standard in which Timor-Leste as one of the implementing countries will have to adhere in 2020. Hence, FY 2018 TL-EITI report would be the first to be published in adherence to this Standard’s requirements.

On 13 November 2019, the International Secretariat (IS) representatives from Asia Pacific Regional Group visited Timor-Leste to present the content of the newly published EITI Standard. The purpose of the workshop was to provide analysis on changes of preexisting EITI requirements, implementation of new requirements and the validation aspect that will be assessed based on the new Standard. The IS also used the opportunity to consult with the Minister, individual MSWG members and the IA. Furthermore, with the new Standard also captures new requirements such as beneficial ownerships (2.5), gender report (6.3) and environmental payments (6.4), the National Secretariat and the MSWG decided to invite other public entities to participate the event. The event was attended by the Secretary of State of Environment, the Independent Administrator, all three constituents, Trade Invest and SERVE. The two latter ones would later join the membership of MSWG.

#### e). Dissemination

The MSWG and the National Secretariat held a dissemination activity on 10-11 October 2019 in the municipality of Manufahi, ~165 km south of Dili following publication of 2016 TL-EITI Report. There were over 100 participants represented by public servants, community leaders, local CSOs and students from several villages nearby attending the event. In 2020 there were no implementation outreach programs in the country due to the Government’s State of Emergency in relation to Covid19 outbreak. The State of Emergency encouraged the population to avoid dislocations/movement in the country. In October 2021, dissemination of 2017 and 2018 TL-EITI Reports was held in Covalima Municipality, southern Timor.

### TL-EITI WORK PLAN 2019

#### **1<sup>ST</sup> OBJECTIVE: To implement the recommendation from the last Validation in enhancing EITI principles in Timor-Leste**

**Rationale:** Based on the second Validation report on February 2018, the EITI Board agreed that Timor-Leste has satisfactorily implemented the Standard requirements which were applied for the country. The last published EITI reports have captured the objectives of requirements pertaining disaggregated information by revenues and by project level (4.7), data quality and assurance (4.9) and social expenditures (6.1). This result was obtained through the collective performance from MSG members, particularly with improving engagements from the industry sectors (1.3) and civil society (1.3) which contribute to the good governance of EITI Timor-Leste (1.5) Efforts were made by MSWG to continuously support EITI activities, includes responding to recommendation(s) from the EITI Board. MSWG would attempt to implement the recommendations that align with the preparation of EITI Report 2016-2017 and annual budget resource for EITI implementation.

ACTIVITIES	EXPECTED OUTCOME	TIMEFRAME	ESTIMATED COST	SOURCE OF FUNDING	RESPONSIBLE PARTY	COMMENT /STATUS
Discussion on the recommendation(s) from the Board based on the 2 <sup>nd</sup> Validation result, if applicable.	To improve implementation of EITI Standard.	Throughout 2019	NA	NA	TL-EITI Secretariat, MSWG, IA	Discussed on the recommendation section of the last published TL-EITI reports
Maintain inform the International Secretariat and the Board on the EITI implementation progress, particularly in regards to the country's current political situation.	To improve implementation of EITI Standard.	Throughout 2019	NA	NA	TL-EITI Secretariat and MSWG	Request for extension for EITI Report publication was granted by the Board

**2<sup>ND</sup>OBJECTIVE: To ensure the publication of EITI Report in timely manner and in accordance with EITI Standard 2016**

**Rationale:** The Standard requires an early selection of Independent Administrator (IA). Following the evaluation of the last IA performance, it was decided to re-tender the IA contract service to prepare the upcoming Timor-Leste (TL) EITI reports and conducting feasibility studies. Improvement of TL-EITI reports means considering the disclosure of contextual information of the extractive industry activities (e.g. oil and gas and mining) in the country, attempting to reduce discrepancies within reconciliation and carrying out research on non-implementing EITI Requirements (e.g. Req. 2.5 on Beneficial Ownership). MSWG decided to carry out research on mainstreaming and BO in 2019. MSWG acknowledged the recommendations from International Secretariat (IS) as described in previous mainstreaming feasibility held in 2017. The stakeholders has been pondered some recommended actions or decisions proposed by IS and hence agreed to hire an Independent Consultant to carry out a further analysis on the referred feasibility study. On BO implementation, MSWG intend to hire consultants to conduct an initial study in attempt to find a better approach for its implementation in 2018. MSWG expect that these consultancies would assist them in identifying the conditions/requirements, the benefits/drawbacks, and the gaps by implementing these requirements and also assist them in defining a real definition of BO and mainstreaming in Timor-Leste.

This objective wasnot fully implemented in 2018. MSWG members and TL-EITI Secretariat had also addressed in the previous work plan that the execution of this objective's activities may not occur when the budget is shifted to the new government plans (elected in May 2018). Furthermore, the implementation of new activities were not possible to be covered by the short term budgetary system (duodecimal system) in the first semester of 2018. A state budget was approved in October 2018 under the VIII Government with limited allocations however the bidding process for the new IA service only finalized in December. MSWG decided to maintain these activities in this year's work plan and expected an approval of 2019 public budget to cover the expenses.

ACTIVITIES	EXPECTED OUTCOME	TIMEFRAME	ESTIMATED COST	SOURCE OF FUNDING	RESPONSIBLE PARTY	COMMENT /STATUS
Selection of new IA to reconcile the upcoming EITI reports (Fiscal Years 2016-2017) and to carry out studies on mainstreaming and Beneficial Ownership (BO).	To improve transparency in EI governance and relevant EITI activities as well as producing comprehensive TL-EITI report that can be used for public discussion.	Jan - Feb	\$ 150,000 (include 2018 EITI Report)	Ministry of Petroleum & Minerals (MPM)	All constituents and TL-EITI Secretariat	Completed
Contract Award to IA.	To improve transparency in EI governance and relevant EITI activities as well as producing comprehensive TL-EITI report that can be used for public discussion.	Jan-Feb		MPM	TL-EITI Secretariat	Completed
Preparation of scoping analysis report and data reporting templates. This includes approval of data templates, Scoping study and Inception Report by reporting entities	To improve transparency in EI governance and relevant EITI activities as well as producing comprehensive TL-EITI report that can be used for public discussion.	Feb		MPM	IA and MSWG (reporting entities)	Completed
Reconciliation Process for upcoming TL-EITI Reports. This includes reconciliation of revenue data templates submitted by reporting entities, draft report for MSWG reviews and comments and final publication.	To improve transparency in EI governance and relevant EITI activities as well as producing comprehensive TL-EITI report that can be used for public discussion.	Feb – Jun (2016 EITI Report) and December (2017 Report)		MPM	IA and MSWG (reporting entities)	Completed. 2016 Report was published in June 2019 following extension given. 2017 TLEITI Report was published in Dec 2019.
Develop consultancy of Beneficial Ownership (BO). Hiring of consultants to carry out research & assist MSWG with BO Roadmap and definition.	To improve transparency in EI governance and relevant EITI activities as well as producing comprehensive EITI report that can be used for public discussion.	Feb-Mar 2019		MPM	IA or relevant consultant, MSWG constituents and TL_EITI Secretariat	Feasibility report completed
Develop consultancy on mainstreaming. Hiring of consultant(s) to conduct analysis on pre-existing studies on mainstreaming including those approached by IS. MSWG would	To improve transparency in EI governance and relevant EITI activities as well as producing comprehensive EITI report that can be used for public discussion	Feb-Mar 2019		MPM	IA, MSWG constituents and TL_EITI Secretariat	Draft feasibility report under MSWG review and discussed from time to time

further discuss on the findings of the research.						
Develop and produce TL MSG Annual Progress Report (APR) 2018. Include: Discussion and approval of the draft and submission or publication of the final report.	To report the implementation progress of WP and measure the outcome and impact on EITI implementation in the country.	Feb – end of Jun.	N.A.	N.A.	All constituents and TL_EITI Secretariat	Published

### 3<sup>RD</sup> OBJECTIVE: To encourage discussions on transparency in public expenditures, including investment decisions focus on economic diversification

**Rationale:** Enabling communication tools to the communities for accessing information about public expenditures and extractive activities in transparent manner. Through EITI, we expect local community can use EITI data to emphasize public debate and create discussions on extractive industry governance and on government activities in accordance to the relevant Laws. This objective particularly emphasized CSO active participation in EITI, thus sought the importance of CSO contribution within contextual information of EITI report as it has been implemented with the last two published reports. This objective was include in previous Work Plan and some activities were implemented. However, MSWG foresee the need to sharing information with specific audiences who may benefit the use of EITI information. The implementation of the activities subscribed in the table below relies on the approved state budget.

ACTIVITIES	EXPECTED OUTCOME	TIMEFRAME	ESTIMATED COST	SOURCE OF FUNDING	RESPONSIBLE PARTY	COMMENT/ STATUS
Dissemination information from the published 2014, 2015 and/or 2016 TL-EITI Reports, specifically to a relevant audience (e.g. academics, public sector).	Increased public awareness on EI and EITI data. Improve capacity of stakeholders and TL-EITI Secretariat staffs with public engagements.	Mar – Nov	\$ 18,140	MPM	MSWG, TL_EITI Secretariat and relevant entities	Conducted once in October 2019 for general audience Manufahi District, SW Timor-Leste.
Encouraging active participation of CSO members within EITI report, such as CSO analysis on their public engagement/discussions on extractive industry, PF, etc. towards development and relating information that capture EITI objectives.	Increased public awareness on EI and EITI issues for transparency purpose	During EITI reports preparation		MPM	MSWG, TL_EITI Secretariat and relevant entities	Completed. CSO provided their insight on the development of Petroleum Fund for sustainability in 2016-2017 TLEITI Reports. Some activities were unable to implement due to the country's limited budget as a result from political impasse
Maintained release information about transparency and EI such as: talk shows, media release, exposition tools (brochures, posters etc.).	Increased public awareness on EI and EITI issues for transparency purpose	Throughout 2019	\$ 30,000	MPM	MSWG, TL_EITI Secretariat	



**4<sup>TH</sup> OBJECTIVE: To encourage discussions on legal framework and maintain contract transparency within extractive industries and other revenues generate in Timor-Leste**

**Rationale:** MSWG acknowledge the importance of strengthening the EITI implementation within Timor-Leste legal framework. With the current debates in regards to maritime boundary and legal reform issues in extractive industry sector, it is important to monitor the changes which may affect transparency and EITI implementation. MSWG also conducting research on standard policies against the country’s policies to implement unfulfilled requirements e.g. Req. 2.5. This includes consultation with relevant institutions and other EITI implementing countries which have established legal regime to govern EITI. MSWG awares that some activities from this objective were not fully implemented in previous year and thus choose to maintain them.

ACTIVITIES	EXPECTED OUTCOME	TIMEFRAME	ESTIMATED COST	SOURCE OF FUNDING	RESPONSIBLE PARTY	COMMENT/ STATUS
Active participation in discussions on draft laws/ regulations to promote EITI principles e.g. oil & gas regulations, PSCs and Mining Law, Petroleum Act Law	To ensure that the Govt system encompasses EI and EITI for transparency purpose. Promote reforms through institutionalization of policies and relevant laws.	Throughout 2019		MPM	MSWG, TL_EITI Secretariat	Mostly discussed in MSWG meetings
Maintain update EITI Transparency Law study/research.	To ensure that the Govt system encompasses EI and EITI for transparency purpose. Promote reforms through institutionalization of policies and relevant laws.	Throughout 2019		MPM	TL_EITI Secretariat and MP	Under review

**5<sup>TH</sup> OBJECTIVE: To enhance EITI institutional development include capacity building for MSWG and National Secretariat members**

**Rationale::** This objective is to continually emphasize capacity building programs in order to enable stakeholders’ fully participation within EITI, particularly for CSO constituents and TL-National Secretariat Staffs. With the high demands concerning new EITI Standard, it is required stakeholders are fully trained and prepared to implement the established requirements and and enable to create advocacies.

ACTIVITIES	EXPECTED OUTCOME	TIMEFRAME	ESTIMATED COST	SOURCE OF FUNDING	RESPONSIBLE PARTY	COMMENT/ STATUS
Sharing knowledge between stakeholders and broader constituencies on EITI Standard, TL-EITI Reports and extractive industry (EI) governance and legislation e.g. learning on the recent updates of Law 13/2009 and maritime boundary issue.	Improving capacity of stakeholders and TL-EITI Secretariat staff members. Increased public engagement on EI and EITI data.	Mar – Dec	\$ 20,575	MPM	All constituents	Discussed regularly e.g. Petroleum Fund Consultative Council (PFCC) held a workshop on EITI Standard in August 2019
Sharing knowledge with other implementing countries, includes participation in EITI regional conferences, workshops and other international events.	Improving capacity of National Secretariat staff members and the MSWG and strengthening the institutional development of EITI in the country.	Throughout 2019		MPM	TL-EITI Secretariat and all constituents	e.g. Participation in Paris Conference
Strengthening capacity of National Secretariat include salaries and hiring additional staffs ( <i>if required</i> ).	Improving capacity of National Secretariat staffs and strengthen the institutional development of EITI in the country.	Throughout 2019	\$ 103,416	MPM	TL-EITI Secretariat and MPM	Maintained. Government still aimed to hire new National Coordinator.

## TL-EITI WORK PLAN 2020

### 1<sup>ST</sup> OBJECTIVE: to implement the recommendation from the last Validation in enhancing EITI principles in Timor-Leste

**Rationale:** The first Validation result as reported on the 11<sup>th</sup> of January 2017 indicated that Timor-Leste had made a meaningful progress in implementing 2016 EITI Standard. Efforts were made by the MSWG to improve these requirements and corrective actions were prepared to ensure increase participation of MSWG members. Through the publication of TL-EITI report in December 2017, (FY 2014 and FY 2015), and the implementation of previous work plans, Timor-Leste was validated on February 2018 by the EITI Board and considered to achieve a satisfactory progress in adhering to 2016 EITI Standard. In order to ensure continuing adherence of the Standard, several recommendations (req. 7.3) was proposed by the Board, especially for the recommended activities proposed by Independent Administrator (IA) in recently published TL-EITI report.

It is important to note that implementation of some of these recommendations may require approved budget within the government. Currently, the government does not have an approved budget to support the implementation of any new programs in 2020.

ACTIVITIES	EXPECTED OUTCOME	TIMEFRAME	ESTIMATED COST	SOURCE OF FUNDING	RESPONSIBLE PARTY	COMMENT /STATUS
MSWG and the National Secretariat (NS) to commence discussions and implementation of a comprehensive database for extractive industry data collection within the Secretariat, Beneficial Ownership and mainstreaming.  MSWG and NS to commence discussion on EITI Law. (See 4 <sup>th</sup> Objective )	To improve implementation of EITI Standard.	Throughout the year		<i>MPM</i>	TL-EITI Secretariat and MSWG	Many discussions were postponed due to the State of Emergency

### 2<sup>ND</sup> OBJECTIVE: To ensure the publication of EITI Report in timely manner and in accordance with EITI Standard 2019

**Rationale:** A new EITI Standard was released in May 2019 and it was effective by early 2020. Some of the new requirements are Beneficial Ownership (#2.5), environmental reporting (#6.1) and gender (#1.4, #6.3) and the implementation of these new requirements would need to be reported in the EITI report to be published in 2020. For 2018 EITI Report, the EITI International encourages Timor-Leste to maintain requirements that are already implemented such as disaggregation by project level reporting (#4.7) and SOE report (#2.6) but would require the assurance of its implementation by reporting entities (specially new companies) and full disclosure of financial flows from government to SOE (TIMOR-GAP) and/or vice-versa. .

The EITI Timor – Leste achieved this objective in 2019 and MSWG members agreed to maintain the same Independent Administrator (IA) to assist the MSWG with the preparation of TL-EITI Report for FY 2018, to be published in 2020. The IA will propose a new reporting template which incorporates new EITI Requirements (including BO data collection) and will continue to investigate the implementation of systematic disclosure (mainstreaming) (#4.1) in the country.

ACTIVITIES	EXPECTED OUTCOME	TIMEFRAME	ESTIMATED COST	SOURCE OF FUNDING	RESPONSIBLE PARTY	COMMENT /STATUS
Finalize scoping analysis report and data reporting templates. This includes approval of reporting templates, Scoping study and Inception Report by reporting entities.	To ensure compliance with 2019 EITI Standard, specifically in relation to the reporting template.	Mar - May	US\$ 73,800	MPM	IA, MSWG and reporting entities	Completed. Most activities for the 2018 Conciliation Report compilation were conducted by the IA on desk review due to the Covid19 State of Emergency. Data collection and consultancies with stakeholders were held virtually.
Reconciliation Process for FY2018 TL-EITI Reports. This includes reconciliation of revenue data templates submitted by reporting entities, draft report for MSWG reviews and comments and final publication.	Support government's effort in encouraging transparency within the extractive industry as well as producing comprehensive TL-EITI report that can be used for public discussion.	May – Dec		MPM	IA and MSWG (reporting entities)	
Continuous discussions on Beneficial Ownership (BO). Identify the relevant law& regulations that requires review in order to enable MSWG to implement req. 2.5 based on the agreed BO definition. IA to prepare the BO data templates for MSWG approval.	To ensure compliance with 2019 EITI Standard	Mar-May		MPM	IA, MSWG constituents and TL_EITI Secretariat	Feasibility study was established and MSG was able to integrate BO information within the contents of Data Collection templates for country's EITI Report in 2021
Maintain discussion on systematic disclosure (mainstreaming)	To identify gaps in public disclosures e.g. published production-export values, disaggregation of certain revenues collected by the govt. (FTPs, Profit oi, royalties), information on tender process and contract awards	Between July and November		MPM	IA, MSWG constituents and TL_EITI Secretariat	Feasibility report was occasionally reviewed by MSG and the IA but many of its discussions were postponed due to the State of Emergency.

Develop and produce Annual Progress Report (APR) for 2019, include submission of summary of impact(s) of EITI implementation for the country.	To provide report on the implementation of WP and reflect on the outcome and impact on EITI implementation in the country.	Apr – Dec	N.A.	N.A.	All constituents and TL_EITI Secretariat	Under new standard requirement, it has no fixed deadline but MSG will report the progress and publish for the future validation purpose
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**3<sup>RD</sup> OBJECTIVE: To encourage discussions on transparency in public expenditures, including investment decisions focus on economic diversification**

**Rationale:** Improves community awareness on accessing publicly available information in relation to government expenditures as well as extractive industry’s activities in the country. MSWG and EITI Secretariat expect local community can utilize EITI data to generate public debate and create discussions on extractive industry (EI) governance. This objective was included in previous Work Plan and some activities were implemented. MSWG foresee greater benefit by sharing information through talk shows or interviews, which will be broadcast to broader audiences who might be benefited from the use of EITI information. Implementation of the activities subscribed in the table below may rely on the approved state budget. Since outreach activities are conducted through “presence on the field”, implementations would be postponed this year, due to Covid19 pandemic.

ACTIVITIES	EXPECTED OUTCOME	TIMEFRAME	ESTIMATED COST	SOURCE OF FUNDING	RESPONSIBLE PARTY	COMMENT/ STATUS
Dissemination information from 2016 and 2017 TL-EITI Reports to selected audience (e.g. civil society, academic community and public sector).	Increased public awareness on EI and EITI data. Improve capacity of stakeholders and TL-EITI Secretariat staffs with public engagements.	Mar – Nov	\$18,140	MPM	MSWG, TL_EITI Secretariat and relevant entities	Postponed. Outreach/field activities and other means of travel were restricted due to State of Emergency (Covid19 situation). Activities to continue its implementation in 2021
Organize two workshops in 2020 to provide forum for discussions on public expenditures and investments from extractive sector towards economy diversification	Contribute to improving public awareness on EI and EITI data. Improve capacity of stakeholders	Mar – Nov		MPM	MSWG, TL_EITI Secretariat and relevant entities	
Maintained release of information on transparency and EI through talk shows, media release, exposition tools (brochures, posters etc.).	Increased public awareness on EI and EITI issues for transparency purpose	Throughout 2020	\$	MPM	MSWG, TL_EITI Secretariat	
Discussion on implication of the current global health issue towards oil & gas activities including impacts on oil prices and Petroleum Fund performances.	Contribute to improving public awareness on EI and EITI data. Improve capacity of stakeholders	Apr-Oct	NA	NA	MSWG, TL_EITI Secretariat and IA	Updates of the State of Emergency due to Covid19 situation through Whatsapp or emails.

#### 4<sup>TH</sup> OBJECTIVE: To encourage discussions on legal framework and maintain contract transparency within extractive industries

**Rationale:** MSWG acknowledge the importance of strengthening legal framework of EITI in Timor-Leste. With the current debates in regards to maritime boundary and legal reform issues on EI sector, it is important to monitor the changes which may affect transparency and EITI implementation.

MSWG will continue its research on EITI Standard to compare it against the country's policies to implement unfulfilled requirements, such as Req. 2.5 and other possible Requirements. This includes consultation with relevant institutions and other EITI implementing countries which have established legal regime to govern EITI. MSWG is aware that some activities from this objective were not fully implemented in previous year and thus choose to maintain them. In this Work Plan, MSWG is considering plans to disclose any new contracts to be awarded in EI.

ACTIVITIES	EXPECTED OUTCOME	TIMEFRAME	ESTIMATED COST	SOURCE OF FUNDING	RESPONSIBLE PARTY	COMMENT/ STATUS
Actively participating in discussions on draft laws and relevant laws/regulations for extractive industry in the country.	To ensure that Laws & Policies adopted by the Government are aligned with EITI Standard.	Throughout 2020	\$ ----	MPM	MSWG, TL_EITI Secretariat	Postponed due to the State of Emergency

Maintain an updated EITI Transparency Law study/research.	Promote transparency through review and amendments of relevant Laws, policies and contracts	Throughout 2020		MPM	TL_EITI Secretariat, MSWG and MP	Delayed
Referencing contracts published online on ANPM website, discussion on procedures of comprehensive disclosure of contracts and consider how to overcome legal barriers e.g. existing confidentiality provisions in PSCs which prevents public disclosure of Oil & Gas data (unless if mandatory by Law).	Promote transparency through review and amendments of relevant Laws, policies and contracts	Throughout 2020	NA	NA	MSWG, TL_EITI Secretariat and IA	Discussions postponed due to State of Emergency

#### **5<sup>TH</sup> OBJECTIVE: To enhance EITI institutional development for MSWG and National Secretariat**

**Rationale::** This objective aims to maintain a focus on the importance of continuous improvement in capacity for MSWG and TL-EITI National Secretariat. As the EITI Standard continue to evolve, it is crucial to ensure that all stakeholders are fully trained and prepared to implement the EITI Standard. The new Standard encourages implementing countries to adhere to new requirements such as Beneficial Ownership, Environment and Gender. Thus, an expansion of MWSG membership to relevant institutions is perceived necessary for TL-EITI. It is also important to consider infrastructure improvement in order to allow staff members and MSWG members to implement working from home during such emergency situation.

ACTIVITIES	EXPECTED OUTCOME	TIMEFRAME	ESTIMATED COST	SOURCE OF FUNDING	RESPONSIBLE PARTY	COMMENT/ STATUS
Organise for workshop and round table discussion amongst MSWG members and relevant public institutions to discuss EITI Standard,	Improving capacity of stakeholders and TL-EITI Secretariat staff members. Increased public engagement on EI and EITI data.	Apr – Dec	US \$ 33,291	MPM	All MSWG constituents, Nat. Secretariat (NS) and relevant entities	There was no additional funding from the 2020 State Budget allocated to EITI activities since the government was shifting its focus on the health emergencies in relation to Covid19 situation. The plan to organize workshop on EITI Standard with the Independent Administrator (IA) in 2020 but it canceled due to the State of Emergency which unable the IA to travel. Some
Participate in EITI regional conferences, workshops and other international events.	Improving capacity of National Secretariat staff members and the MSWG and strengthening the	Apr -Dec	US \$ 20,574	MPM	TL-EITI Secretariat and all MSWG constituents	

	institutional development of EITI in the country.					international events were virtually participated by MSG and NS.
Recruitment of additional staff(s)for EITI by the government and identifying relevant training to be attended by staff within EITI Secretariat	Improving capacity of National Secretariat staffs and strengthens the institutional development of EITI in the country.	Throughout 2020	US \$ 89,292	MPM	TL-EITI Secretariat and MPM.	The government planned to recruit a new National Coordinator but it remains inconclusive.



## TL-EITI WORK PLAN 2021

### 1<sup>ST</sup> OBJECTIVE: To implement the recommendation from the last Validation in enhancing EITI principles in Timor-Leste

**Rationale:** Based on the second Validation report on February 2018, the EITI Board agreed that Timor-Leste has satisfactorily implemented the Standard requirements. The last published EITI reports have captured the objectives of requirements pertaining disaggregated information by revenues and by project level (4.7), data quality and assurance (4.9) and social expenditures (6.1). This result was obtained through the collective performance from MSG members, particularly with improving engagements from the industry sectors (1.3) and civil society (1.3) which contribute to the good governance of EITI Timor-Leste (1.5) Efforts were made by MSWG to continuously support EITI activities, includes responding to recommendation(s) from the EITI Board.

ACTIVITIES	EXPECTED OUTCOME	TIMEFRAME	ESTIMATED COST	SOURCE OF FUNDING	RESPONSIBLE PARTY	COMMENT /STATUS
Discussion on the recommendation(s) from the Board based on the last Validation in 2018.	To improve implementation of EITI Standard.		NA	NA	TL-EITI Secretariat and MSWG	Completed
Encourage implementation of the recommendations from the recently published TL-EITI report.	To improve implementation of EITI Standard.	Throughout 2021	NA	NA	TL-EITI Secretariat and MSWG	
Preparation for the upcoming EITI validation in 2021 using new validation procedures by EITI Board.	To improve implementation of EITI Standard.	June to 1 July	\$ 10,000	NA	TL-EITI Secretariat and MSWG	Ongoing. Validation date was extended to July 2022. In April 2021, MSG requested an extension following the aftermath of a natural event and impact from Covid19 situation

**2<sup>ND</sup> OBJECTIVE: To ensure the publication of EITI Report in timely manner and in accordance with EITI Standard 2019**

**Rationale:** An early selection of Independent Administrator (IA) is necessary and MSWG decided to re-tender the IA contract service to prepare the upcoming Timor-Leste (TL) EITI reports and conducting feasibility studies. The contract for previous IA terminated in December 2020 with the completion of three reports and two feasibility studies.

Improvement of TL-EITI reports means considering the disclosure of contextual information of the extractive industry activities (e.g. oil and gas and mining) in the country, attempting to reduce discrepancies within reconciliation. Following the completion of the Beneficial Ownership (BO) feasibility study, the MSWG decided on the criteria to report for BO in the 2018 TL-EITI Report. Furthermore, MSWG acknowledged the recommendations from International Secretariat (IS) as described in previous mainstreaming feasibility held in 2017. The stakeholders has been pondered some recommended actions or decisions proposed by IS and hence agreed to hire an Independent Consultant to carry out a further analysis on the referred feasibility study The draft was completed in 2020 but MSG still has not provide comments. MSWG expect that these consultancies would assist them in identifying the conditions/requirements, the benefits/drawbacks, and the gaps by implementing these requirements and also assist them in defining a real definition of BO and mainstreaming in Timor- Leste. The systematic disclosure plans will be included in this year’s work plan as for contract transparency requirement which implementation comes to force in 2021.

In 2020, this objective was implemented by the MSWG members and TL-EITI Secretariat with the exception of mainstreaming implementation. A state budget was approved in October 2020 for this year’s expenditure and the funding allocation for TL-EITI could cover the preparation of one TL-EITI report (FY2019) and dissemination activities. . Also, this section still includes the Annual Progress Report and the review of impacts of EITI implementation for activities that were carried out between 2019 and 2020. With the flexibility on the deadline as per 2019 Standard, the document will be published prior to EITI Validation on 1 July.

ACTIVITIES	EXPECTED OUTCOME	TIMEFRAME	ESTIMATED COST	SOURCE OF FUNDING	RESPONSIBLE PARTY	COMMENT /STATUS
Selection of new IA to reconcile the upcoming EITI report (Fiscal Year(s) 2019).	To improve transparency in EI governance and relevant EITI activities as well as producing comprehensive TL-EITI report suitable for public discussion.	June-July	\$70,000	Ministry of Petroleum & Minerals (MPM)	All constituents and TL-EITI Secretariat	Selection completed in December 2021, hence the MSWG requested extension for 2019 TL-EITI report publication. It was extended to Mar 2022.

Contract Award to IA.	To improve transparency in EI governance and relevant EITI activities as well as producing comprehensive TL-EITI report suitable public discussion.	W3 June		MPM	TL-EITI Secretariat	Completed
Preparation of scoping analysis report and data reporting templates. This includes approval of data templates, Scoping study and Inception Report by reporting entities	To improve transparency in EI governance and relevant EITI activities as well as producing comprehensive TL- EITI report suitable for public discussion.	June-July		MPM	IA andMSWG (reporting entities)	Completed
Reconciliation Process for upcoming TL-EITI Reports. This includes reconciliation of revenue data templates submitted by reporting entities, BO list and draft report for MSWG reviews and comments and final publication.	To improve transparency in EI governance and relevant EITI activities as well as producing comprehensive TL-EITI report suitable for public discussion.	July-August	\$9,000	MPM	IA andMSWG (reporting entities)	Completed. 2019 TL-EITI report was published in Mar 2022.
Develop consultancy on mainstreaming. MSWG to further discuss on the findings of the research, defining plans and definition for its implementation.	To improve transparency in EI governance and relevant EITI activities as well as producing comprehensive EITI report suitable for public discussion	Throughout2021		MPM	IA, MSWG constituents and TL_EITI Secretariat	Discussions between MSG members did not implement in 2021 due to time constrain; however each stakeholder is reviewing separately the content of the feasibility report.

<p>To develop and produce TL MSG APR 2019-2021 and review impacts of EITI implementation. Based on 2019 Standard, report based on the timing flexibility of MSWG.</p>	<p>To report the implementation progress of WP and measure the outcome and impact on EITI implementation in the country.</p>	<p>Feb-Apr.</p>	<p>N.A.</p>	<p>N.A.</p>	<p>All constituents and TL_EITI Secretariat</p>	<p>It is under review by MSG and NS and expect to be publish prior to Validation in July 2022.</p>
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**3RD OBJECTIVE: To encourage discussions on transparency in public expenditures, including investment decisions focus on economic diversification**

**Rationale:** Enabling communication tools to the communities for accessing information about public expenditures and extractive activities in transparent manner. Through EITI, we expect local community can use EITI data to emphasize public debate and create discussions on extractive industry governance and on government activities in accordance to the relevant Laws. This objective particularly emphasized CSO active participation in EITI, thus sought the importance of CSO contribution within contextual information of EITI report as it has been implemented with the last two published reports. This objective was include in previous Work Plan and some activities were implemented. However, MSWG foresee the need to sharing information with specific audiences who may benefit the use of EITI information. The implementation of the activities subscribed in the table below relies on the approved state budget.

ACTIVITIES	EXPECTED OUTCOME	TIMEFRAME	ESTIMATED COST	SOURCE OF FUNDING	RESPONSIBLE PARTY	COMMENT/ STATUS
<p>Dissemination information for the published 2016-18 FY TL-EITI Reports, specifically to a relevant audience (e.g. Academics, public sector). It is encouraging discussion with individuals or organizations with relevant knowledge on transparency and extractive industry,</p>	<p>Increased public awareness on EI and EITI data. Improve capacity of stakeholders and TL-EITI Secretariat staffs with public engagements.</p>	<p>Jul – Nov</p>	<p>\$28,000</p>	<p>MPM</p>	<p>MSWG, TL_EITI Secretariat and relevant entities</p>	<p>Dissemination activity conducted in October 2021</p>
<p>Encouraging active participation of CSO members within EITI report, such as CSO analysis on their public engagement/discussions on extractive industry, PF, etc. towards development and relating information that capture EITI objectives.</p> <p>-</p>	<p>Increased public awareness on EI and EITI issues for transparency purpose</p>	<p>Jul –Nov</p>		<p>\$8,000</p>	<p>MPM</p>	<p>MSWG, TL_EITI Secretariat and relevant entities</p>

Maintained release information about transparency and EI such as: talk shows, media release, exposition tools (brochures, posters etc.).	Increased public awareness on EI and EITI issues for transparency purpose	Jul-Nov	\$10,000	MPM	MSWG, TL_EITI Secretariat	Government Exposition in November 2021
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**4<sup>TH</sup> OBJECTIVE: To encourage discussions on legal framework and maintain contract transparency within extractive industries and other revenues generate in Timor-Leste**

**Rationale:** MSWG acknowledge the importance of strengthening the EITI implementation within the country's legal framework. Current debates on maritime boundary, changes within the relevant extractive laws and policies and other legal reform issue, has been monitored by the MSWG. MSWG also acknowledge the inclusion of contract transparency requirement that must be adhered in 2021. MSWG aware that some activities from this objective were not fully implemented in previous year and would attempt to increase discussion on contract transparency.

ACTIVITIES	EXPECTED OUTCOME	TIMEFRAME	ESTIMATED COST	SOURCE OF FUNDING	RESPONSIBLE PARTY	COMMENT/ STATUS
Discussion on draft laws created for the Extractive Industry (i.e. Mining Law, PSC, Petroleum Mining Code, etc.).	To ensure that the Govt. system encompasses EI and EITI for transparency purpose. Promote reforms through institutionalization of policies and relevant laws.	March – May 2021		MPM	MSWG TL_EITI Secretariat	CSO participation of the recently published Mining Law discussion with the Government Authority at EITI Secretariat in January 2022
Develop schedule for discussion on recently drafted laws and policies (e.g. Mining Law, PSC, PMC, etc.)	To ensure that the Govt. system encompasses EI and EITI for transparency purpose. And increase participation from CSO.	March – May 2021		MPM	IA, MSWG constituents and TL_EITI Secretariat	

**5<sup>TH</sup> OBJECTIVE: To enhance EITI institutional development include capacity building for MSWG and National Secretariat members**

**Rationale::** This objective is to continually emphasize capacity building programs in order to enable stakeholders’ fully participation within EITI, particularly for CSO constituents and TL-National Secretariat Staffs. With the high demands concerning new EITI Standard, it is required stakeholders are fully trained and prepared to implement the established requirements and and enable to create advocacies.

ACTIVITIES	EXPECTED OUTCOME	TIMEFRAME	ESTIMATED COST	SOURCE OF FUNDING	RESPONSIBLE PARTY	COMMENT/ STATUS
Sharing knowledge between stakeholders and broader constituencies on EITI Standard, TL-EITI Reports and extractive industry (EI) governance and legislation. Organize <i>workshops</i> focusing in requirements that are subjected for validation this year.	Improving capacity of stakeholders and TL-EITI Secretariat staff members. Increased public engagement on extractive industry and EITI data.	May-June		MPM	All constituents, TL-EITI Secretariat & IA	Further internal MSG workshop plans to be developed with the IA. Series of PFCC meetings on EITI Standard and transparency sector between Sep and Nov 2021.
Sharing knowledge with other implementing countries, includes participation in EITI regional conferences, workshops and other international events ( <i>if required</i> )	Improving capacity of National Secretariat staff members and the MSWG and strengthening the institutional development of EITI in the country.	Throughout 2021	\$59,000	MPM	TL-EITI Secretariat and all constituents	MSG have participated in virtual international events scheduled by EITI Int’l.

Strengthening capacity of National Secretariat include salaries and hiring additional staffs ( <i>if required</i> ).	Improving capacity of National Secretariat staffs and strengthens the institutional development of EITI in the country.	Throughout 2021	\$50,000	MPM	TL-EITI Secretariat and MPM	Encouragement on the recruitment of National Coordinator for TL which remain inconclusive.
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### Outcome and impact from the implementation of Validation recommendation (1<sup>st</sup> Objective):

In spite of the limitation of budget and time affected by the political impasse in 2019 and the impacts from Covid-19 emergency states which lead to the impossibility of implementing new activities (e.g. public debate, National Secretariat) as recommended by the IA, MSWG members maintain discussed internally and/or virtually on the activities that are encouraged to be improved as per last Validation recommendation and proposed its inclusion in work plans regularly.

MSWG asserted that through the implementation of the EITI requirements, it has increased MSWG knowledge on the requirement objectives compare to previous year performances of EITI Standard also with improving quality disclosure on disaggregated information (4.7) and quality and assurance of data (4.9). MSWG continued to contribute towards EITI activities and would maintain active participation to improve the quality of EITI reports and its governance of extractive information.

Timor-Leste was initially scheduled to be validated in 2021 under the new Validation procedure based on 2019 Standard; however, an implication from the pandemic health situation and a natural disaster event (Tropical Cyclone Seroja) in April 2021 has contributed to infrastructural damage that affected the activities of some stakeholders. Thus, MSG and the Champion of TL-EITI, Minister of Petroleum and Minerals, requested the EITI Board to re-schedule the Validation to a later date. The accessibility of technology (e.g. internet) during the emergency state were not so efficient for stakeholders to implement EITI activities virtually from home as mandated by the government's policy between 2020 and 2021.

### Outcomes and impacts from publication of EITI reports within deadline and engage discussion on revenue management and economic diversification (2<sup>nd</sup> and 3<sup>rd</sup> objectives):

Similar to other EITI reports that were published following the requirements from 2016 Standard, the MSWG were able to maintain the same level of disclosure through the publication of FY 2016 and FY 2017 TL-EITI reports. MSWG also acknowledged the importance of EITI report information for the public knowledge, particularly information that were not previously reported in early publications nor required by the Standard (beyond EITI requirements). Thus, in these two reports, MSWG decided to include the statement on the tax reform and/or tax settlement issues that occurred in around the reported year(s) between the government and one extractive company. Beyond EITI, MSWG also have maintained disaggregated information on project reporting level for which stakeholders have discussed to document the definition of project level reporting and contract transparency. Moreover, the published reports substantially have increased information on mineral activities occurred in the reporting dates.



MSWG and National Secretariat have maintained the increased awareness of EITI's contribution to the economy and ensure that the information of EITI report are publicly disseminated. Although with limitations in time and cost, efforts were made by the CSO members to organize a public debate event with the community and using EITI as a platform to conduct discussion on budget transparency and impacts of the national budgets towards economy.

The new Standard has increased awareness in learning the influence of additional new requirements towards transparency's advocacy.

### **Outcomes and impacts from the implementation of the 4th objectives:**

Impact on EITI enabled contract disclosure, licenses and rationale for awarding licenses to entities. MSWG maintained the level of discussion and comprehensiveness on Production Sharing Contracts (PSCs). Also, with the newly established EITI requirements on beneficial ownership and environmental payments, stakeholders have emphasized discussion on relevant Laws with public entities such as SERVE, Trade Invest and the Secretary of State of Environment. As the result, MSG able to learn the status of pre-existing Laws (e.g. Commercial Law 10/2017) and correlate them with extractive industry's activities.

MSG also had the opportunity to raise discussion on limited legislation (e.g. Environmental Law) that can be used to govern the extractive industry in Timor-Leste as well as linking the pre-existing extractive sector policy (e.g. ANPM's Mineral Decree Law 05/2011) with the Req. 6.1. and 6.4. The CSO have been actively participated in the public discussion on Legal reforms of oil and gas sector (e.g. Petroleum Fund and Petroleum Activity Laws) with the Parliament and society and using these information to exchange knowledge with other TL-EITI stakeholders.

The recommendations from the recently published TL-EITI reports encourage the divulgence of confidentiality provisions within PSCs if mandated by relevant Law such as EITI Law in the future. However, MSG has stated that the nature of confidentiality provision of the PSCs in Timor-Leste remains as it is and that detailed information about PSCs to release to the operators were published in ANPM website. The emphasis of creating the country's EITI Law has been initiated since 2017 and still under review by the National Authority Legal Team, however preexisting extractive legislations of the country (e.g. Mining Code 2021 Art 52 & 150) have mentioned transparency initiative of extractive activities.

### **Outcomes and impact from EITI capacity building implementation of MSG and National Secretariat staff members (5<sup>th</sup> Objectives):**

As mentioned above, the necessity of engaging several entities discussed the new EITI requirement objectives, has encourage MSWG to expand its membership in order to facilitate the implementation of these requirements. In November 2019, using the opportunity of the International Secretariat's visit in Dili, MSWG were able to invite other entities (especially public sectors) whom the MSWG assumed may contribute their opinions on the new EITI Standard. Following the event, some entities e.g. SERVE and TradeInvest were invited to take part in the MSWG membership.

The current membership was able to encompass diverse discussion of several issues concerning the objectives of new requirements for which it helps strengthening the capacity of MSWG. Furthermore, this also evolve with the sharing knowledge with other individuals/entities outside the MSWG, e.g. SERVE bringing up discussion into the ministerial level on BO reform.

The CSO maintained using EITI information and using them to increase their capacity in making analysis and comparative studies e.g. analyzing information from the last published TL-EITI Reports with previous EITI report and CSO forums.

The Civil Society members were also able to enhanced ability to comment intelligently on public budget and increased understanding in extractive revenue systems and tax settlement issues and used them for advocacy.

Through the pandemic situation, in early 2020, MSWG have used online applications as the practical means to discuss EITI activities and shared knowledge amongst its constituents, with the IA, the IS, the National Secretariat and other country representatives

