

**MEETING MINUTES**  
**September 5th, 2017**  
**EITI-TL Secretariat, Farol, Dili**

**Participant Members**

Helio Dias da Silva	Haberan
Jose Lobato	Country Manager ConocoPhillips Timor-Leste (CP)
Filipe Nery Bernardo	Petroleum Fund Analyst- MoF
Sabino G. Fitun	Core Group Transparency (CGT)
Manuel Simeao	FONGTIL
Dulce Natalia	ANPM

**Alternatives, and Non-Voting**

Agostinho G. Ramos	MoF/ DNPMPR
Henrique Monteiro	TIMOR GAP E.P
David de Araujo	ConocoPhillips External Relations
Estefanus Coli	MDI
Pedro Brito	KSI
Martinha da Silva	Feto Hadomi Familia (FHF)
Rui Matos	Independent Administrator (IA) - Ernst & Young SA

**TL-EITI Secretariat:**

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

**Absent:**

Emanuel Angelo Lay	Director of Commercial ANPM
Antonio dos Santos	Woodside Country Representative
Angelina Branco	Eni Country Representatives
Fernando Carvalho	Chief of Account BCTL
Timoteo T. Pires	BCTL
Tobias Ferreira	BCTL

**Meeting opened at 9.30 AM.**

**1. Apologies**

Apology received from Mrs. Angelina Branco who cannot attend the meeting.  
Apology received from Mr. Angelo Lay who cannot attend the meeting. Mr Lay assigned Mrs. Dulce Soares 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 2015 EITI Reports Reconciliation Status from IA**

The meeting started with the introduction of the new members of CSO in MSWG: Manuel Simeao (main member), Estefanus Koli (alternate) and Pedro Brito (alternate), who replaced three former members.

**5.1. 2015 Data Reconciliation Summary**

Today's presentation delivered by the Independent Administrator (IA), Rui Matos (Ernst & Young). The discussion focused on the structure of the 2015 EITI report and on the missing information required to complete the said report. The IA is awaiting for the confirmation from two reporting entities (industries) on the reconciled data, MSWG message, the summary on Petroleum Fund activity from CSO and public debate on oil and gas management to include in the report. Once all reporting entities approved the content of the report, the IA will prepare the final version of the report for MSWG final approval and publication.

The IA also proposed two different layouts for MSWG to choose. The structure of 2015 EITI report is similar to 2014 report such as detailed information on tax and nontax revenues, the involvement of subcontractors, the contextual standard procedure of reconciliation, production and export disclosure etc. The production overall is decreased compare to previous years reported. As of 2014 report four types of revenues would be covered: Crude, Condensate, Liquefied Petroleum Gas (LPG) and Natural Gas (LNG). The reconciliation results for operators and subcontractors will be disclosed in separate segments of the report. For FY 2015, there are twenty one entities en globe operators, Government entities and AUSAid and sixteen out of twenty-six subcontractors in scope.

The IA summarised, around 99.7% of total revenue submitted by reporting entities have been reconciled with small adjustments to include. It comprises 97% reconciled amount from operators and Government entities and 2.92% from subcontractors. The remaining percentage accounts for unreported data from other subcontractors. The adjustment during reconciliation is not particularly an amount difference but to adjust any deviation or variation in reported data (e.g. an amount paid by a company varied with amount reported by Government). An explanation for any occurrence of adjustments would be disclosed in the report.

#### 5.2. Skeletal of the report

The content of the report also include an overview of Timor-Leste and EITI, extractive industries in Timor-Leste, Gross Domestic Products (GDP) of all sectors, type of fees (include pipeline fee), employment status in extractive industry for 2015 (non-reconciled amounts reported unilaterally). This report also display the legal framework segment, which include relevant laws and policies, the coverages of ANPM and licence and contract disclosures, TIMOR-GAP, TL exploration fields (e.g. Bayu Undan, TLEA), Petroleum Fund and mining industry (Artisenal small scale mining). Discussions were raised in the following report items:

##### *Direct Award*

In one of the segments of the report, it describes the nature of a direct award promoted by TIMOR-GAP in 2015 for an offshore exploration activity. The CSO representatives questioned on the direct award project for was not being publicly bidded. The IA explained that the inclusion of this information, following the EITI rules, the EITI reports shall disclose all activities related to extractive industry which aim to create a public debate in future.

##### *Beneficial Ownership (BO)*

The BO section lists the companies owners and the link to their investment references. IA propose the disclosure of BO in the report as an option for MSWG to decide since it is only become mandatory in 2020. Knowing that the difficulty for obtaining complete BO information for all subcontractors in scope, MSWG decided to solely disclose the list of publicly listed companies. This due to the subcontractors that provided services in 2015, there was no public registry system in Timor-Leste to register short term companies such as subcontractors and their ultimate owners. The MSWG would consider the disclosure of all beneficial owners in 2020 if Timor-Leste would maintain subcontractors in upcoming EITI reports.

##### *Social and Economic Expenditure*

As of 2014 EITI report, the chapter of social expenditure to include mandatory and voluntary expenditures. The IA explained that MSWG had agreed with local commitments defined in PSCs and/or in annual budget workplan agreed by operators and ANPM shall be categorized as mandatory expenditure. The same rule also apply for cost recoverable. It only consider mandatory if the expenditures are include in the annual plan. The CSO representative questioned whether the social expenditures activities were

described in annual state budget for the public knowledge. The industry (Conoco Philips) highlighted that the source of funding for these activities are not from public budget. All the social and economic activities of recoverable and non-recoverable expenditures are controlled by ANPM and detailed information is disclosed in ANPM's annual report. The IA will consult with ANPM to verify and validate the data reported in this section.

#### **6. Discussion of CSO Summary on Petroleum Fund Sustainability & Public Debate**

The industry (Conoco Philips) addressed that the transparency of Petroleum Fund activity shall also explore the state budget execution and sustainability aspects of the use of the fund by the Government. The CSO agreed with the proposal from the Industry and willing to provide a narrative explaining their perspective on petroleum fund sustainability on diverse development sectors in TL such as in agriculture and infrastructure.

The IA proposed further discussion on public debate and the inclusion of public debate progress in Timor-Leste into the content of report. One case, the IA suggested the CSOs when preparing a summary based on their perspective on Petroleum Fund section, can also provide links/reference to NGO website such as Lao Hamutuk organization where it usually display relevant press releases for oil and gas exploration issues.

The MSWG-Government representatives (MoF) addressed that there are several resources to access or to create public debate on State budget and Petroleum Fund instead of EITI reports. EITI reports display factual information provided by reporting entities and readers can use these facts as reference for publicly debated in the society. The debates can be established through outreach programs or NGOs local websites. MoF understood the concerns from CSO and agreed with CSO's summary inclusion into report if statements are made based on the described facts in report. MSWG-Government also notice that some information from the web address of Lao Hamutuk are factually biased and not updated with current facts. The CSO accept with inputs from the Industry and Government pillars and will discuss with other civil society colleagues with required knowledge to address the society's concerns on fund expenditure toward sustainability.

Upcoming activities on 2015 EITI report which require updates from MSWG and the IA: CSO to prepare draft summary on Petroleum Fund sustainability for MSWG comments, National Secretariat to draft MSWG message, additional images in which MSWG might provide to include in the report, IA to validate with ANPM on production and export data and discussion of public debate.

#### **7. Schedule next meeting**

Next MSG meeting with IA was scheduled for Friday, 8 September 2017.

The Chair declared the meeting closed at 11:55am.

Minutes approved and signed by:

(Name)

(Signature)

1.

Dulce N. da Silva

Dulce N. da Silva

2.

Helio ~~da~~ S.

Helio S.

3.

Henrique M.

H. M.

4.

Filipe Nery Bernardes

Filipe Nery Bernardes

5.

José Roberto Gonçalves

José Roberto Gonçalves

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**Annex 1** – Action List from previous meeting (28 July 2017)

No	Issues	Action needed	Responsible Entity	Progress Status
1	Mainstreaming in TL	. Review Int'l Secretariat's draft feasibility report	All MSWG pillars	Concluded and sent to Int'l Sec.
		. To consider in the upcoming Govt Annual Plan a scoping study for mainstreaming implementation in TL;	All pillars & TL-EITI Secretariat	Ongoing
2	Outreach Programs	. Selection of Delegation to Jakarta and Manila to participate EITI regional workshops	All pillars & TL-EITI Secretariat	Concluded
3	Reconciliation of 2015 TL-EITI Report	. First draft report be delivered by Independent Administrator (IA) for MSWG review.	All pillars and IA	Concluded. Draft report received & is under review.