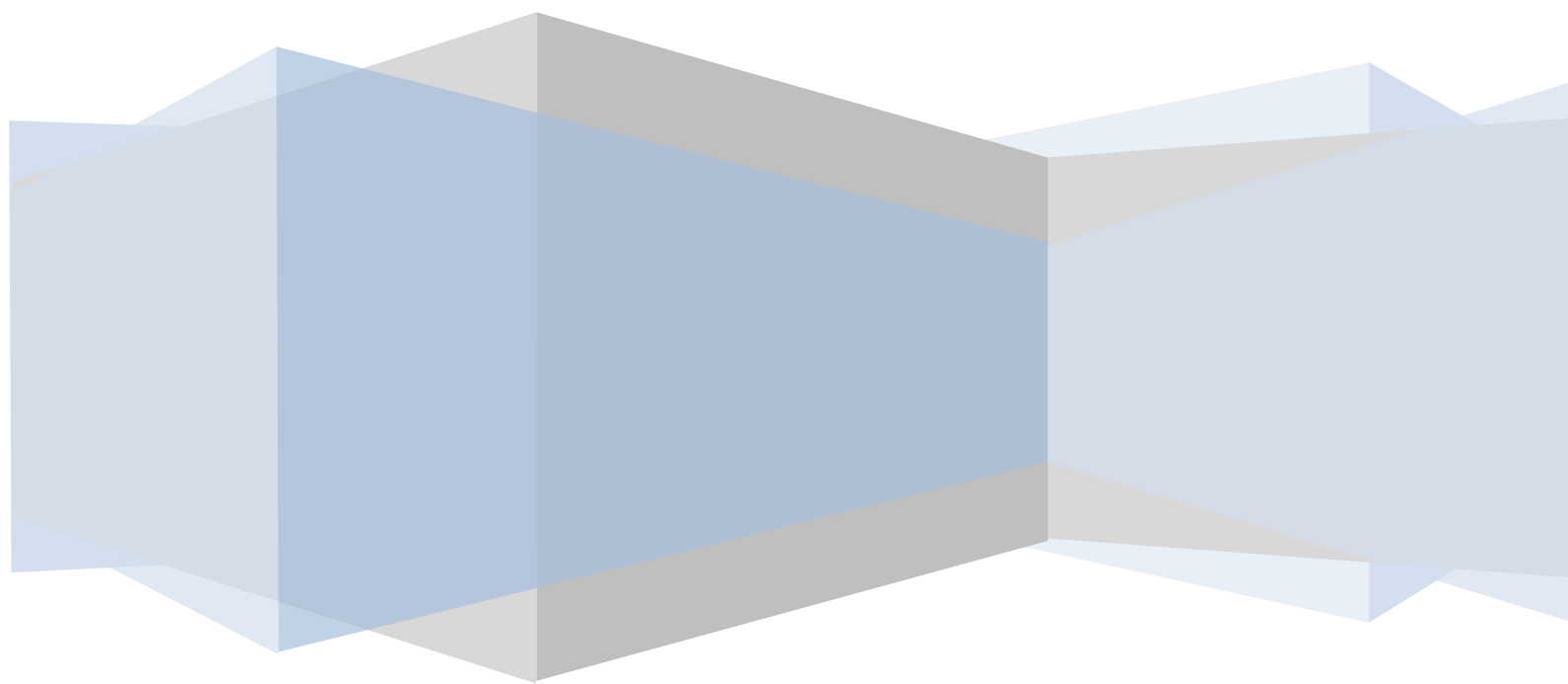


**2017 ANNUAL
PROGRESS REPORT
TIMOR-LESTE EITI**

Multi-stakeholders Working Group and Secretariat



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I. General assessment of year's performance

I.1. Publication of 7th (2014) and 8th (2015) Timor-Leste EITI Reports

In 2017, Timor-Leste published its 7th (FY 2014) and 8th (FY 2015) EITI Reconciliation reports. Early in the year, its status as EITI Compliant was temporarily suspended due to the delay in publication of the 7th (FY 2014) EITI report which required to be released by the end of 2016 (Req. 8.6.a).

Various factors contributed to the delays, including procurement and engagement processes for the Independent Administrator, completion of scoping study aiming at aligning TL-EITI reports to the 2016 EITI standard, as well as addressing findings of the Validation report released in November 2016.

MSWG and the reporting entities contributed extensively in drafting and finalising the content of EITI reports to ensure achievement of meaningful progress for the country. Some of the achievements are compliance with requirements to disaggregate information by entity and by revenue (4.7), data quality (4.9) and social and economic expenditures (6.1) and compliance of the 2016 EITI Standard.

These efforts have resulted in the revoking of the suspension issued to Timor -Leste based on the publication of the 7th TL EITI report on 30th of June 2017, followed by the 8th TL EITI report on 30 December 2017.

It is expected that the publication of the reports would enable readers to access information about extractive industries governance in the country and enhance public debate among the community.

I.2. 2016 EITI Standard Validation procedures

Two Validation procedures were conducted for Timor-Leste EITI implementation in regards to 2016 EITI Standard requirements. Based on the validation report dated 11 November 2016, Timor-Leste did not achieve satisfactory progress for all requirements. Some requirements were assessed as meaningful progress, particularly requirements related to: *1.2. Companies' engagement, 1.3. Civil Society engagement, 1.4. MSWG Governance, 4.7. Disaggregation of information, 4.9. Data quality and assurance, 6.1. Social and economic expenditures, and 7.4. Outcomes and impacts of EITI Implementation.*

The extractive industries and civil society representatives have responded to the Board's decisions on 1.2 and 1.3, respectively. A representative of extractive companies sent a letter to the Board expressing companies' different view on industry's engagement in Timor-Leste's EITI, which extractive companies believed they had made substantial contributions to support EITI process in the country. As in previous reports extractive industry contributed for the preparation of EITI reports and had actively cooperated with the Independent Administrator (IA) in fulfilling the information inquisition within data collection templates. CSO has also committed to improve its engagement and participation in the MSWG discussion. All constituents had actively participated in meetings and fully engage in the reconciliation process.

The MSWG and reporting entities also addressed requirements *4.7- level of disaggregation*, *4.9-data quality* and *6.1- social expenditures by extractive companies* in the 7th (FY 2014) and 8th (FY 2015) TL-EITI Reports. The improvements were specifically focused on data collection format/template, as well as ability of reporting entities to submit audited financial data, which were disaggregated into individual company and type of revenues. All reporting templates and minutes were approved and signed to assure the quality assurance (QA) requirement.

The MSWG also addressed requirement *7.4* by including the study of outcomes and impacts from the EITI implementation in the 2016 Annual Progress Report. A narrative statement on the efforts to strengthen the MSWG engagement was also included and it is expected that these achievements would be continuously monitored and improved in the future.

I.3. Work shop and training

I.3.a. Capacity building Workshop with EITI International Secretariat

The International Secretariat delegation visited Timor-Leste on 24 and 25 April 2017 to assist and guide MSWG on implementing the 2016 EITI Standard and discuss issues related to implementation of mainstreaming from Timor-Leste.

Following are the details of the two events:

i. Mainstreaming

On 24 April 2017, International Secretariat delegation met with MSWG to discuss mainstreaming process in Timor-Leste with the objective to enable MSWG to better understand the purpose of mainstreaming within EITI implementation and transparency effort. The following areas were covered in the meeting:

- To explain the purpose of mainstreaming and how it applies to the EITI Standard requirements;
- Identify benefits and challenges for nations when implementing mainstreaming;
- Discuss examples of case study related to mainstreaming in Timor-Leste and other countries;
- Conduct a feasibility assessment on the list of mainstreamed data which are available in Government webpage (*i.e.* ANP Lafaek database). Through this exercise, it was expected that MSWG is able to identify gaps, constraints and challenges and to assess the quality and the timeliness of the disclosed data per EITI requirement.
- Understand the way mainstreaming can lead to an improvement in future EITI reporting through online data analysis.

The MSWG would consider mainstreaming in the future plan of EITI implementation in Timor-Leste.

ii. 2016 EITI Standard

The CSO representatives expressed their difficulties in understanding 2016 EITI Standard, particularly with technical description within the standard due to the language barrier. This event was held to assist MSWG members, particularly CSO representatives and local organizations, to understand a country's benefit in implementing EITI, the benefit of CSO's involvement in EITI and to assist CSO in understanding the objectives of EITI requirements.

The topics covered during this session were as follows:

- Introduce the objective of each EITI requirement;
- Identify issues/challenges confronted by CSO on understanding extractive sector governance in Timor-Leste and CSO's main focus within this sector;
- Identify challenges on CSO participation in EITI and to help build their understanding on their roles in EITI implementation;

- Attempt to identify solutions and strategies to address the known issues;
- Further steps to enhance capacity building for CSO and other constituents.

Outcomes and lessons learn from this experience:

- A corrective action plan was created with inputs from all participants and has been reported to the Ministry of Petroleum and Mineral Resources. A summary of this corrective action plan was submitted to EITI International Secretariat.
- The main focus in the corrective action plan are;: knowledge sharing between MSWG members on EITI Standard and the extractive sector; provision of EITI materials in local language(s); encourage other CSOs to contribute ideas before and after MSWG meetings; propose for continuing support from Government

I.3.b. Knowledge Sharing with the Community (Public Debate)

The CSO constituents and the National Secretariat organized a workshop with the community in Aileu district, which was held between 21 and 24 July 2017, as part of the CSO's corrective action plan related to the capacity building. The speakers were from the MSWG representatives and National Secretariat with the focus of discussion on the 2016 EITI Standard, the role of each pillar and current progress in the EITI implementation in Timor-Leste, including revenue management, the Petroleum Fund (TL's sovereign wealth fund), taxation and the usage of the revenues through State Budget. Participated in this event were Local NGOs and Community Leaders from remote areas in Aileu, Baucau, Bobonaro, Ermera, Liquiça and Viqueque (six municipalities in the country).

The participants appreciated organizer's effort to reach out to them in the remote areas on such an important issue to increase their understanding on the EITI principals, specifically in understanding the benefit of the Petroleum fund to the Timorese people.

I.3.c. Beneficial Ownership (BO) Regional Conference

The National Petroleum and Mineral Resources Authority (ANPM) represented MSWG at the Beneficial Ownership Conference held on 23 and 24 October 2017 in Jakarta, Indonesia.

The objectives of the conference were to: 1) provide guidance on beneficial ownership definition and BO roadmaps undertaking by EITI implementing countries;

2) give opportunities for implementing countries such as those in Asia Pacific Region to share knowledge with BO pioneer countries such as the UK and Ukraine; and 3) share experience, practices and systems based on lesson learned and challenges from implementing countries.

Timor-Leste was invited to contribute in parallel workshop sessions covering topics related to “identifying corruption risks downstream and in the supply chain” where Timor-Leste shared its experience in dealing with subcontracting, procurement and the detected risks on this process. ANPM also discussed its role, obligation and the legal procedures in dealing with subcontracting.

The conference highlighted the required steps and lessons learnt that Timor-Leste could adopt in implementing BO that includes full support from the Government -e.g. extension of Tax Office requirement on tax payers to provide more information regarding the shareholder/real owner of the company, established clear and achievable roadmap, stakeholder engagement, relevant legislations and policies on BO implementation-e.g. Personal Information Protection Act and so forth.

I.3.d.38th EITI Regional Workshop/Training

A delegation of TL-EITI MSWG represented by ANPM (Government constituent), TIMOR-GAP (company constituent), two members of CSO and two representatives from the National Secretariat participated in EITI Regional Workshop held in Manila, Philippines from 25th to 27th October 2017 concurrently with the Board Meeting. The workshop involved members of MSWG and national EITI staffs from seven (7) implementing countries of Southeast Asia and the Pacific Regions such as: Indonesia, Myanmar, PNG, Solomon Islands, Mongolia, Timor-Leste and the Philippines.

The objectives of the event were to deepen the understanding of the multi-stakeholders group on the current EITI Standards and knowledge sharing on progress and development with Beneficial Ownership, project level reporting and mainstreaming in each implementing country. At the event, participants also discussed advantages and challenges of implementation of EITI and impacts from Validation in their countries. .

Timor-Leste delegation learnt from the experiences the advantages in sharing information with other implementing countries; but also identify challenges and obstacles of implementing the Standard.

The following items were identified as a lesson learn and outcomes from the implementing countries in Asia and Pacific region:

The use of strategic stakeholder map to emphasize a dynamic working network and a tactical implementation of MSWG agenda;

The importance of the Standard's Guidance notes for country representatives and readers to understand the objectives of EITI requirements. The International Board members would ensure adequate information in the guidance notes which capture the capacity level of national secretariat and MSWG and the region's circumstances to implement EITI. Country representatives mostly emphasized to the Board to improve guidance notes for Beneficial Ownership (Req. 2.5), Project Level Reporting (Req. 4.7) and CSO protocol (Req 1.3);

Timor-Leste's Civil Society constituents through interaction with other CSO members discussed actions to address challenges identified from CSO involvement in EITI. Such actions included sharing of knowledge and increase coordination with other CSOs through online forum discussion or social media, getting feedbacks on their performance and understanding the content of CSO Protocol where the Government should facilitate CSO participation within EITI;

Timor-Leste public data system has been consider as an advanced pathway for mainstreaming. It provides substantial information for public disclosure (e.g. ANPM website –Lafaek database) which were periodically updated and can be used as an example for other EITI implementing countries.

II. Assessment performance against EITI Requirements

EITI Requirements	Progress
<p>Requirement 1. Effective oversight by MSG multi-stakeholder group</p>	<p>Timor-Leste EITI has once struggled with active engagements from the companies (Req. 1.2) and CSO (Req. 1.3.) constituents which subsequently influenced MSWG governance (Req. 1.4), however, with the assistance of IA in providing guidance on the new Standard requirement objectives, efforts were progressively made by each constituent to fully cooperate in the implementation of EITI.</p> <p>Between January and December 2017, the MSWG convened thirteen (13) meetings where some key decisions were made as the following:</p> <ul style="list-style-type: none"> a) MSWG approved the 2017 work plan which captures activities adhering the EITI standard, including activities aligning with national priorities, achieving targets and deadlines. b) MSWG agreed on threshold definition for data reconciliation of Fiscal Years 2014 and 2015; c) MSWG agreed the scoping study proposed by the IA as of data collection and reporting templates; d) MSWG approved the inception report from the IA; e) MSWG discussed and reviewed the draft of 2014 (7th) and 2015 (8th) EITI reports, this include analysis of reconciled data, summary inputs on revenue management from CSO, orthographic editing, etc.; f) MSWG approved the final versions of the aforementioned EITI reports. All constituents are pleased with the results and publications within deadline; g) MSWG discussed and review draft of feasibility report on mainstreaming from International Secretariat; h) MSWG discussed the preparation for Timor-Leste participation in oversea trainings held in October 2017 in Indonesia and the Philippines, particularly with mainstreaming and beneficial ownership; i) Through the end of the year, MSWG discussed preparation on 2nd Validation on 2016 EITI Standard for Timor-Leste to be held in mid-January 2018; j) MSWG discussed and approved Annual Progress Report 2016;

EITI Requirements	Progress
<p>Requirement 2. Legal and institutional framework, including allocation of contracts and licenses</p>	<p>Timor-Leste has yet to establish EITI (Transparency) Law. The draft law will require a wider consultation in which have not taken place yet due to other reform that is currently taking place.</p> <p>Detailed description of the legal framework and fiscal regime governing the extractive industry is included in the TL-EITI reports.</p> <p>Most of petroleum regulations and Production Sharing Contracts (PSC) were disclosed in Lafaek database of National Petroleum and Mineral Authority (ANPM) website¹.</p> <p>Licenses are addressed in the TL-EITI reports and available in ANPM website².</p> <p>Disclosure of Beneficial Ownership (BO) for publicly registered companies is included in 2014 & 2015 TL-EITI reports. MSWG continuously discussed the BO roadmap to set recommendations and objectives for the transparency purpose. MSWG has also shared knowledge with other implementing countries and International Secretariat to identify gaps and further action in determining BO definition for the country as required by EITI Standard.</p>
<p>Requirement 3. Exploration and Production</p>	<p>Information related to petroleum production, exploration and exports for FY 2014 and 2015 are addressed in the 7th and 8th TL-EITI reports. EITI reports clearly covered information on production and export in volume unit (BOE) and in dollar terms. In addition, those information mentioned above can be also assessed publicly in ANPM website³ for monthly basis.</p>
<p>Requirement 4. Revenue collection</p>	<p>Recently published TL-EITI reports clearly defined taxes and revenues which are disclosed based on agreed materiality threshold (Req. 4.1). So far, there is no payments in Timor-Leste covered for revenue collections in-kind (Req. 4.2), infrastructure provisions and barter arrangements (Req. 4.3), transportation revenues (Req. 4.4) and sub-national payments (Req. 4.6).</p> <p>Based on previous assessment by the EITI International Secretariat in November 2015, MSWG agreed to address the lack of disaggregation of information (Req. 4.7.) by providing financial data disaggregated by each reporting entity and by each type of revenue streams. The results can be consulted in 2014 and 2015 EITI Reports.</p>

¹ <http://www.anpm.tl/jpda2/> and <http://www.anpm.tl/tlea>

² <http://www.anpm.tl/timor-leste-eiti/>

³ <http://web01.anpm.tl/webs/anptlweb.nsf/pgLafaekFieldList> and <http://www.anpm.tl/publish-what-you-pay/>

EITI Requirements	Progress
	<p>MSWG assured that payments and revenue data provided are subject to credible and independent audit applying international standards, therefore, an Independent Administrator (IA) was hired to undertake the reconciliation work (Req. 4.9a) & 4.9b)).</p> <p>MSWG has agreed on details within the IA's data collection templates for TL-EITI reconciliation reports. All information require for data collection are approved and signed by the entity's financial division.</p>
<p>Requirement 5. Revenue allocations</p>	<p>Revenues from oil and gas sector have been a supporting factor for more than 85% of annual government expenditures. The information on how much revenues collected and transferred to the Petroleum Fund are captured in the Central Bank of Timor-Leste(BCTL) website⁴, whereas expenditures-distribution information can be observed in Ministry of Finance website⁵, under the budget and Petroleum Fund sections. The related information can also be seen in Timor-Leste Transparency Portal⁶ which covers budget, Aid, eProcurement and Government results portal. TL-EITI Reports also provide summary on the development of Petroleum Fund and revenue management in the country (Req. 5.1 and 5.3). There is no information applied for subnational transfer (Req. 5.1)</p>
<p>Requirement 6. Social and economic expenditures</p>	<p>The social expenditure information are reported in 2014 & 2015 TL-EITI Reports. MSWG pillars have unilaterally decided on how to classify projects define by mandatory vs. voluntary social expenditures following a thorough discussion with the IA (Req. 6.1).</p> <p>So far, there is no information about quasi-fiscal expenditure to be disclosed (Req. 6.2).</p> <p>Information of contribution of the extractive sector to the economy has been captured in aforementioned reports. This includes information on the size of the industry (GDP percentage), total government revenues, exports and employment in extractive industry. All of these information are reported in absolute terms and in %. (Req. 6.3 a)-d)).</p> <p>The information on contribution of the extractive sector to the economy are captured in TL-EITI reports and in State Budget</p>

⁴<https://www.bancocentral.tl/en/go/about-petroleum-fund>

⁵<https://www.mof.gov.tl/budget-spending/budget-treasury-documents/?lang=en>

⁶<https://www.mof.gov.tl/budget-spending/budget-transparency-portal/?lang=en>

EITI Requirements	Progress
	books ⁴ and National Account ⁵ .
Requirement 7. Outcomes and impact	<p>The MSWG assured that the last TL-EITI reports are publicly released through the national secretariat website⁷ and expect that the information within would contribute to public debate (Req. 7.1). MSWG Work plan 2017 enlisted schedules for dissemination of 7th and 8th reports and public debates; however, a scheduling conflict with the national election process has affected the implementation of the programs. It has been rescheduled for 2018 work plan.</p> <p>A summary (in Excel) of contextual and reconciliation information of the published TL-EITI reports have been prepared and provided to International Secretariat (Req. 7.2).</p> <p>Discrepancies and recommendations from EITI reports have been addressed within the content of the report (Req. 7.3). A review on the outcomes and impact of EITI implementation in Timor-Leste, includes progress assessment of each activity addressed in Work plan 2017 and a narrative statement of efforts to strengthening the identified impact on natural resource governance has been covered in Annual Progress Report 2016 (Req. 7.4).</p>

⁷ <http://www.eiti.tl/secretariat/reports/tl-eiti-reports>

⁸ <http://www.eiti.tl/secretariat/reports/progress-reports>

III. Assessment performance against targets and activities set out in the work plan

The following table provides achievement details on activities identified in Work plan 2017, include the list of outcomes and impacts from the implementation of each set of priority.

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 the 7th (2014) & 8th (2015) TL EITI Reports.	The IA presents draft scoping study analysis and reporting templates	MSG still review draft, changes were constantly by reporting entities	Jan -Feb 2017	MSG, Independent Administrator TL-EITI Secretariat	\$104,000.00	To improve transparency in EI governance and relevant EITI activities as well as producing comprehensive EITI report that can be used for public discussion.	Completed
	MSG (reporting entities) in Dili to discuss with the IA about the scoping study and additional information if required		Feb-March				Completed
	Final Scoping Study draft report & data collection reporting templates to approve (the templates proposed by the IA were addressed to each reporting entities to disclose disaggregate information (by revenue stream)		W2 March				Completed

Objective	Action(s) Needed	Constraints	Timeframe	Responsibility	Estimated Cost & Source of Funding	Expected Output/ Outcome	Status
	All entities in scope to complete data collection templates following the instructions given. All data provision to be approved and signed by authorized management staff of each entity's financial department	Upgrade contact details of the reporting entities (companies)	W2-W4 March				Completed
	The IA to perform reconciliation of revenue data collection submitted by reporting entities		W1-W2 April				Completed
	Submission of the draft reports by the IA for review and comments.		W4 April				Completed
	Presentation of the draft reports		W2 May				
	Publication of the reports		W4 May- W2 June				TL-EITI Secretariat & MSG
Develop and produce TL MSG Annual Progress Report	Draft Progress report prepared by Secretariat TL-EITI		Jan-March	TL-EITI Secretariat & MSG	No fund foreseen. Require time and effort	To report the implementation progress of Work Plan and measure the outcome and	Completed
	Present the draft progress report to MSG for discussion and approval		End of March- end of May				

Objective	Action(s) Needed	Constraints	Timeframe	Responsibility	Estimated Cost & Source of Funding	Expected Output/ Outcome	Status
	Submission of the approved MSG annual progress report to the EITI International Secretariat		W2 June			impact on EITI implementation in the country.	
	Publication of the annual progress report		W3 June				Completed. Published on 30 June 2017.

Outcomes and impact of Priority One: Ensure publication of TL EITI report in timely manner and in accordance with the EITI standard.

Increased level of disclosure within the content of latest EITI reports. Readers may access the information that were not previously reported and that capture the objectives of the current EITI Standard. MSG has increased efforts on extending the scope of the report in which would have invited subcontractors to engage in the reporting process. Reporting entities have been cooperated to provide disaggregated data by each entity and by each type of revenue streams. Also, Government and company constituents have reported information about social and economic expenditures which would reflect the contribution of the extractive industries into society through community activities. Civil society constituents have put maximum effort to involve in the reporting process. CSO members have had contributed within the content of EITI report about their perspective on Petroleum Fund impact on economic development of the country.

Aside from increase awareness of EITI contribution to the economy, EITI reports have influenced community knowledge on national policies and legal reform by providing tools to access legal information and social audit leading to accountability. It is expected that with the publication of EITI reports will enable a pathway to influence a public debate amongst community.

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

Increase the volume of public information on the state budget expenditures and transparency	To participate in talk-shows or discussions with local media (Radio or TVTL).		Aim for two to three times per year	TL-EITI Secretariat & MSG	\$8,000.00		Complete. Presentation about EITI Timor-Leste on local radio channels, re-recorded 9 times per week.
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Objective	Action(s) Needed	Constraints	Timeframe	Responsibility	Estimated Cost & Source of Funding	Expected Output/ Outcome	Status
Allow avenue for discussion on expenditures of state budget and major investment decisions for the benefit of the community.	To share printed information to the community			TL-EITI Secretariat & CSO		To increase/improve public awareness on extractive industry and EITI issues for transparency purpose	Complete. Printed copies of EITI reports 2012-2013 and other logistical service for public debate in Aileu.
	To prepare articles about transparency sector in Timor-Leste , include EITI implementation progress and challenges		Every 3 months	TL-EITI Secretariat			Some information can be assessed through www.eiti.tl . Maintain update in upcoming work plan (WP).
	Relevant government members (Ministries of Agriculture & Fisheries, Commerce & Industry, Tourism, Strategic Planning & Investment and Petroleum Mineral Resources) to share information to MSG about major investment of the important development sectors	Election period (Jan-Aug)	Once per Year	TL-EITI Secretariat	No funding foreseen. Require time and effort	Maintain update in upcoming WP.	
	With the government authorization, the MSG and TL-EITI Secretariat will disseminate the information to the community, include		3 times in a year	TL-EITI Secretariat & MSG	\$10,000.00	Re-schedule the dissemination information of 2014 and 2015 EITI reports for 2018.	

Objective	Action(s) Needed	Constraints	Timeframe	Responsibility	Estimated Cost & Source of Funding	Expected Output/ Outcome	Status
	academic institutions						
	To obtain information on expenditure budget and investment planning from RAEOA/ZEEMS			TL-EITI Secretariat	No funding foreseen. Require time and effort		Identify information which available publicly.
	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		17-Mar	MSG, Independent Administrator TL-EITI Secretariat	Cost included in production of TL EITI report		Completed. Content available in 2014 & 2015 EITI reports.

Outcomes and impact of Priority Two: Encourage discussions on transparency in public expenditures, including investment decisions focus on economic diversification.

Increased ability in discussion on public expenditure. Civil society organizations and National Secretariat have been actively update EITI activities and EITI report data through outreach program (national & international), interviews with the media (*i.e.* radio, TV show, newsletter). Outreach event, for example, CSO representatives' sharing knowledge with other implementing countries on the nation's revenue management in last year's regional workshop. The publication of the recent EITI reports and meeting minutes had incited the reaction from various civil society organizations in the country. Organization such as Lao Hamutuk used EITI data and discussed comparison with their data.

Priority three: Reforming the legal framework and maintain contract transparency within extractive industries and other revenues generate in Timor-Leste.

Objective	Action(s) Needed	Constraints	Timeframe	Responsibility	Estimated Cost & Source of Funding	Expected Output/ Outcome	Status
Promote EITI principles in new oil and gas regulations and/or PSC and new draft mining law	MSG's active participation in discussions e.g. provide comments/input to draft law/regulations			Relevant pillar in MSG	No funding foreseen. Require time and effort	To ensure that the Government system encompass extractive industry and EITI for transparency purpose. Promote reforms through institutionalization of policies and relevant laws.	MSG continually discussed new and existing laws/regulations to strengthen EITI implementation
	Establish Transparency Law for TL-EITI			TL-EITI Secretariat (through MPRM)	\$20,000.00		Progress were not made in 2017; requires continued analysis on the draft law.
<p>Outcomes and impact of Priority Three: Reforming the legal framework and maintain contract transparency within extractive industries and other revenues generate in Timor-Leste</p> <p>Impact from the EITI implementation in enabling disclosure of contracts, licenses and awarding processes. Increased understanding on PSC definition among MSGW constituents, particularly for CSO participants and the benefits of these data for the community. CSO representatives have been actively discuss about legal framework through their participation in EITI.</p>							
<p>Priority four: Institutional development for TL EITI secretariat, including capacity building for the MSG and outreach activities</p>							
Strengthen human resources within TL-EITI Secretariat to ensure appropriate planning for all TL-EITI activities each year	Develop training plan for TL-EITI secretariat		May- June	Secretariat	\$30,000.00		Completed

Objective	Action(s) Needed	Constraints	Timeframe	Responsibility	Estimated Cost & Source of Funding	Expected Output/ Outcome	Status
Capacity Building	Prepare and execute activities for the workshop, seminar and training (eg. discuss topics, logistical arrangement, etc).	Election process	W3 April-October	Secretariat & MSG	80,000.00	Improve capacity among stakeholders and TL-EITI Secretariat staff members. Increased public engagement on extractive industry governance and EITI data.	Partially completed. Maintain knowledge and experience sharing activities in upcoming WP.
	Increase knowledge on new EITI standard between CSO-MSG member and other CSO stakeholders in Timor-Leste						
Outreach activities (National and International)	1 Participate in EITI events abroad (conferences, seminars, training, exhibitions, Board meetings, National Coordinator meetings, exchange program, etc)						Completed
	2. To participate in EITI events in Timor-Leste (conferences, seminars, exhibitions, meetings, exchange program, etc)	Election process	July - Oct				Completed. <i>e.g.</i> EITI training in Hotel Timor

Objective	Action(s) Needed	Constraints	Timeframe	Responsibility	Estimated Cost & Source of Funding	Expected Output/ Outcome	Status
	3. Dissemination of the 7th & 8th EITI reports	Election process			\$ 14,000.00		Re-schedule the dissemination information of 2014 and 2015 EITI reports for 2018.
	Ensure availability of budget for the Secretariat (through MPRM 2017 Budget)		June 2016 (inclusion in MPRM Budget FY 2017)		\$ 273.000.00		Proceeded.

Outcomes and impact of Priority Four : Institutional development for TL EITI secretariat, including capacity building for the MSG and outreach activities

Ability to increase understanding on the objective of the 2016 EITI Standard requirements in order to improve the quality of the EITI reports. The Regional Workshop in the Philippines and Indonesia had given the opportunity for the stakeholders and national secretariats to share knowledge with other implementing countries on different strategies in implementing the Standard. Through this experience, implementing countries were able to detect gaps and discussed alternative method to address the challenges to implement EITI. For instance, Timor-Leste's contribution on revenue management, mainstreaming and Validation assessment and learning skills with other countries on the Beneficial Ownership.

Stakeholders believe that their efforts to contribute for 2014 & 2015 EITI reporting process would enable to response the corrective actions from the Validation. For instance, companies' provision of disaggregated information and CSO summary on extractive sector's contribution to the economy within the Report are expected to improve the country's implementation progress.

IV. Overview of the multi stakeholder group's responses to the recommendations from reconciliation and validation.

A good progress has been made to meet most, if not all, of the recommendations from the reconciliation and validation. Please see Section I and II above.

V. Specific strengths or weakness identified in the EITI process

Highly committed in the implementation of EITI principles.

TL-EITI MSWG maintained its commitment on the implementation of the EITI Standard by ensuring maximum participation and ensuring that the released EITI reports would capture the objective of each requirement. MSWG members continued to promote an open communication and being transparent in every discussion amongst the stakeholders as well as with the community as a whole. This is evident in the progress as discussed in the previous sections.

Addressing the language barriers.

One of the findings in validation was the lack of participation from the CSO representative, mainly related to language barrier and difficulties in understanding the technical terms and the complexity of the extractive industry. The CSO has addressed this through reappointment of new representatives with ability to communicate in English and established a capacity building plan.

Compliance with EITI Standard.

Not all EITI Standard can be applied to Timor-Leste's context. For example, the level of disaggregation that required by the Standard (Req. 4.7 – project level reporting). Timor-Leste has relatively small number of extractive industry activities (e.g. currently there is only one (1) oil and gas field in operation). This has become a concern for the companies to provide a detailed information that may have commercial sensitivity. Other issues related to lack of legislation and policy, particularly related to protection of individual/group information which may delay in the implementation of Beneficial Ownership (Req. 2.5) and Open Data Policy (req. 7.1c). Stakeholders continues to discuss these items and consider to include them in future work plan.

The National Secretariat has continuously attempted to look forward with the draft of Mining Code and EITI/transparency Law which is currently under review. These Laws would encourage active participation of reporting entities. The progress of the preparation of these Laws directly relates to establishment of new government.

Improving responsiveness and decision making process

TL-EITI MSWG have also attempted to address the delayed on the progress of document reviews and decision making process required for EITI activities, which directly resulted from frequent scheduling conflict faced by each constituent. The decision to enhance the capacity of National Secretariat by hiring additional staff has immensely assisted the

workload faced by stakeholders. The stakeholders and the National Secretariat will engage in knowledge sharing activities (*i.e.* workshop, trainings) in the upcoming work plan to increase capacity.

VI. Total cost of implementation

TL-EITI Secretariat is fully funded by the government through the annual budget of the (former) Ministry of Petroleum and Mineral Resources. In 2017, a total amount of US\$ 275,206 was allocated to finance the EITI activities in 2017. From this budget, around US\$ 274, 105 (99.6%) are spent, which contribute to 1.9% for permanent staff salaries, 97.7% for good and services (include hired staff salaries).

VII. Membership of the MSG during the period of progress report (including details of numbers of meetings held and attendance record)

No	Name	Institution	Total Meetings held	Attendance	Remarks
Government Representatives					
1	Filipe Nery Bernardo	PFAU- MoF	13	10	Core member
2	Emanuel Angelo Lay	ANPM	13	7	Core member
3	Agostinho G. Ramos	DNPMR-MoF	13	7	Core member
4	Dulce Natalia	ANPM	13	11	Alternate
5	Honesia Araujo	ANPM	13	1	Alternate
6	Hamud Alkateri	ANPM	13	2	Alternate
7	Darson Silva	ANPM	13	4	Alternate
Company Representatives					
8	Angelina Branco	Eni	13	10	Core member
9	Antonio dos Santos	Woodside	13	5	Core member
10	Jose Lobato	ConocoPhillips	13	6	Core member
11	David de Araujo	ConocoPhillips	13	5	Alternate
SOE Representatives					
12	Henrique Monteiro	TIMOR GAP E.P	13	10	Member
13	Francisco Alegria	TIMOR GAP E.P	13	5	Observer

CSO Representatives					
14	Sabino G. Fitun	Core Group Transparency (CGT)	13	8	Core member
15	Helio Dias da Silva	Haberan	13	11	Core member
16	Nelson Miranda	Luta Hamutuk	13	3	Core member (replaced by Manuel Simão)
17	Manuel Simão	Fongtil	13	2	Core member (replace Nelson Miranda)
18	Martinha da Silva	Feto Hadomi Familia (FHF)	13	6	Alternate
19	Pedro Brito	Fongtil	13	1	Alternate
20	Estefanus Coli	MDI	13	1	Alternate

National Secretariat Staffs

No	Name	Institution	# Of Meeting Held	Attendance	Remarks
1	Elda Guterres	MPRM	13	13	Coordinator/ Technical Specialist
2	Trifonio Sarmento	MPRM	13	13	Outreach Officer
3	Octavio Jordao	MPRM	13	11	Adviser
4	Abelina do Rosario	MPRM	13	11	IT Officer