

Date: February 10, 2019

TTEITI Steering Committee and Secretariat Comments on Validation Assessment

The TTEITI Steering Committee (SC) and TTEITI Secretariat have reviewed the validation assessment and would like to thank the EITI Secretariat and Independent Validator Cowater Sogema for acknowledging our efforts in EITI implementation. The SC and Secretariat reviewed the list of corrective actions and strategic recommendations and in the table below comments and clarifications are provided.

One important clarification the SC and Secretariat wanted to place on record centers on inclusion of the mining sector in this validation assessment. The SC and Secretariat made it explicitly clear on Page x of the EITI Report 2016 that mining sector data is only included in the report as a part of a pilot project. Page 79 of the validation assessment also states that the mining sector is included as a pilot.

Given the modest contribution of the mining sector to Government revenue as well as historical challenges with revenue collection, license allocation and rehabilitation, the SC believed an incremental approach to including the mining sector in the EITI process was preferable. The SC and Secretariat made several attempts to engage with the mining sector between 2015 and 2018. These included encouraging five mining companies to engage in EITI implementation, hosting capacity building workshops for mining companies on quarry rehabilitation, corporate governance and auditing practices and hosting outreach workshops in fenceline communities affected by mining operations. If the EITI is measuring direction of progress these actions and the classification of the mining sector's inclusion as "a pilot project" should be considered for this assessment. The SC and Secretariat hereby request validation only takes into consideration the oil and gas sector and any mining sector data should be treated as a bonus and part of the aforementioned pilot project.

Table 1: Comments and clarifications on Validation assessment

EITI Standard Requirement	SC and Secretariat Comments and Clarifications
MSG Governance (# 1.4)	<p>1. The MSG to nominate new members to SC via open and transparent process. <i>Response:</i> A few SC members highlighted that Cabinet appointed the original SC committee members and would therefore have a say in vetting members selected by each constituency whether civil society, Government or companies.</p>
License Allocation (#2.2)	<p>1. The TTEITI should disclose the transfer of licenses for reporting year. <i>Response:</i> The EITI Report 2016 discloses information on transferred licenses in section 2.3.1 and appendix 9.13.</p>

<p>License Registers (#2.3)</p>	<p>1. The TTEITI is required to maintain a publicly available register for both oil and gas and mining licenses and ensure comprehensiveness. Response: The Secretariat prepared a register for the oil and gas sector that was vetted by the Ministry of Energy. The register highlights where information is missing and offers explanations on why some data is unavailable including “missing files” etc.</p>
<p>Production Data (#3.2)</p>	<p>1. The TTEITI Report does not document the value of mineral production. <i>Response:</i> Section Page 65 of the 2016 Report explains the difficulty in determining the market value of production given that local price for different minerals vary (i.e. there is no benchmark price of minerals sold on the local market).</p> <p>2. The TTEITI is encouraged to discuss with the Government whether there has been progress in improving the monitoring of both oil and gas and mining production. <i>Response:</i> the TTEITI has these conversations with the Ministry of Energy (including with the Minerals Unit) on a consistent basis. Also, the MSG’s Workplan 2018- 2019 carves out activities to follow up on the Government’s efforts to implement drone technology as an independent system to verify mineral production, as well as, to lobby the Joint Select Committee (JSC) of Parliament to encourage the Government implement the system. A brief was submitted to the JSC documenting the issue and several documented attempts were made to meet with the JSC on Energy Affairs for discussion.</p>
<p>Export Data (#3.3)</p>	<p>1. The TTEITI needs to disclose the value of exports by commodity.</p>

	<p><i>Response:</i> In our 2016 Report we disclosed the volume of exports by commodity and total exports values (not disaggregated). The Central Bank of Trinidad and Tobago provided disaggregated data on energy export values to the TTEITI Secretariat with a proviso that the information be used strictly for internal analysis. While it is not a perfect proxy, the Secretariat sought to estimate export values by calculating and disclosing the market values of production.</p> <p>2. The TTEITI should state when minerals have not been exported. <i>Response:</i> This was not done in the Report nor in the Supplementary Notes.</p> <p>3. The TTEITI should provide an explanation of the methodology used to calculate export volumes and values. <i>Response:</i> Section F.3 of the Supplementary Notes explains that the Central Bank of Trinidad and Tobago and the Central Statistical Office use direct surveys of oil and gas companies and use of benchmark prices to ascertain export values and volumes.</p>
<p>Comprehensiveness (#4.1)</p>	<p>1. The TTEITI should document omission of revenue streams, highlight total Government revenue from each of the streams agreed in the scope. <i>Response:</i> The materiality brief for the EITI Report 2016 documents the rationale for including and omitting several revenue streams (see Section 2 and Section 6). The supporting document file for the materiality brief, which is attached, also includes the total revenue Government receives from each material stream. The EITI Administrator, BDO Trinity, also explained the reason why the EITI reporting company total payments</p>

	surpassed the industry total in the attached e-mail of November 27.
In-kind Revenues (#4.2)	<p>1. The TTEITI is required to disclose the volumes and revenues received from the sale of the state’s participation in the sector and disaggregate the data by individual buying company.</p> <p>Response: Page 86-89 of the EITI Report 2016 outlines the gas sales agreements between the National Gas Company of Trinidad and Tobago and the leading upstream producers in the country. Section I of the Supplementary Notes also details the volumes and revenues the Government receives from disposal of its share of production by these upstream producers that market the oil and gas on behalf of the Government. Used in tandem with the gas sales agreement information from NGC, a clear picture of the NGC as buyer of the Government’s gas, via the State’s upstream partners, emerges.</p>
Transport Revenues (#4.4)	<p>1. The TTEITI is required to provide details on transportation tariffs, individual companies paying for this service, volumes transported and if practicable reconcile such payments.</p> <p>Response: The National Gas Company of Trinidad and Tobago and Petrotrin are the only two companies that earn transport revenue in the country’s extractive sector. The NGC’s revenues are reported annually in the EITI Reports and Petrotrin’s revenues are covered in Section K of the Supplementary Notes. The SC made a decision to include Petrotrin’s transport revenue in the next EITI Report and will outline the other information requested.</p>
Data Quality (#4.9)	<p>1. The TTEITI is required to identify whether the payments and revenues are subject to credible, independent audit,</p>

	<p>applying international auditing standards.</p> <p>Response: Independent Administrator to provide clarity and SC raised query on whether outstanding audits by Ministry of Energy can lead to question marks over the data reliability of information in the report.</p>
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