







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Indicator	Score
4.1.1	Context
4.1.1	Context

4.1.1.050: Has the government created a special fund or natural resource fund that concentrates revenue directly from oil, gas or mineral extraction?

Score: A B C

Comments:

According to the IMF:

"After emerging from a long struggle for independence and internal conflicts between 1999 and 2006, Timor-Leste has made substantial progress toward restoring stability and rebuilding the country...The government launched its Strategic Development Plan to transform Timor-Leste into an upper-middle-income country by 2030. To achieve this goal, the government plans to scale up public investment to improve poor infrastructure. Capital expenditure increased rapidly in 2011 so total government spending is estimated to have risen to \$1.2 billion, from \$0.8 billion in 2010. Owing to rising petroleum revenue, however, the overall fiscal balance is expected to have continued to record a large surplus of 50 percent of GDP in 2011, and the Petroleum Fund to have risen to about \$9 billion. Most of the Petroleum Fund is invested in US government bonds."

References:

Timor Leste established a Petroleum Fund under the Petroleum Fund Act no 09/2005.

IMF. 1 Feb 2012, PIN 12/8 <http://www.imf.org/external/np/sec/pn/2012/pn1208.htm>

4.1.1.051: What authority is responsible for the natural resource fund?

Score: A B C D E

References:



According to Article 11.1 "The GOVERNMENT [the Minister of Finance] is responsible for the overall management of the Petroleum Fund". Article 11.2 of the Petroleum Fund Act makes a reference to the Minister, and Article 2.(h) defines "Minister" means the Minister in charge of finances.

Meanwhile the Banking and Payment Authority of Timor Leste (BPA) is responsible for the operational management (see page #1 of Petroleum Fund Annual Report 2011).

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Indicator		Score
4.2.1	Comprehensive reports	92 
4.2.2.056	Audited reports	100 

4.2.1 Comprehensive reports

4.2.1.052: Are the rules for the fund's deposits and withdrawals published, including the formula(s) for deposits and withdrawals?

Score: A B C

References:

The rules and formula of deposit and investment is part of the Petroleum Fund Law No 09/2005. Article 14, for instance, specifies the investment rules on the amount, and article 15 specifies investment qualification from the Fund.

However, the Law does not specify the amount to be transferred to the state budget account (annually), although there are layers of decisions and procedures about these transfers.

Peer Review Comments:

Articles 8 and 9 in the Petroleum Fund Law regulate the requirements for transfer from the fund to the state budget. There is a specific formula called Estimated Sustainable Income (ESI) with a standard 3% withdrawal.

link: <http://www.mof.gov.tl/wp-content/uploads/2011/09/Petroleum-Fund-Law-English.pdf>

4.2.1.053: Does the fund management or authority in charge of the fund publish comprehensive information on its assets, transactions and investments?

Score: A B C D E

References:

It is in the annual report as required by the Petroleum Law (article 23), released by the Ministry of Finance. See, for instance, the petroleum fund annual report 2010, released by the Ministry on August 2011.

4.2.1.054: Are the reports containing information on the fund's assets and transactions understandable?

Score: A B C D E

References:

As can be seen in the annual report (2010 as this note refers to), the information is significantly comprehensive and detail. However, there is still a lack of narrative sections or notes on methodology to help the report be understood by ordinary citizens.

4.2.1.055: How often are financial reports published by the fund management or authority in charge?**Score:** A B C D E**References:**

The quarterly and monthly performance reports are available on the Central Bank website (BCTL), and the annual report is available at the Ministry of Finance website.

4.2.2.056 Audited reports**4.2.2.056a: Are the fund s financial reports audited?****Score:** A B C D E**References:**

The petroleum fund is audited annually in accordance to article 34.1, 36, and of the Fund law. It is confirmed, for instance, the annual report 2010, audited by Deloitte.

It is also audited every six months by the bodies responsible for internal audits (article 22).

4.2.2.056b: Are the audited financial reports published?**Score:** A B C**References:**

Audited reports are available on the Ministry of Finance's website <http://www.mof.gov.tl/>

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Indicator	Score
4.3.1 Legal Framework and Practice	78 ■

4.3.1 Legal Framework and Practice

4.3.1.057: Are the rules governing deposits into the fund defined by legislation?

Score: A B C

References:

It is defined by legislation, in the Petroleum Fund Law No 09/2005.

Peer Review Comments:

The fund has experienced several amendments of regulation, and the Petroleum Fund Act 2005. The amendments include:

- Amendment of Operational Management Agreement: Actualisation of Maximum Limit for the Remuneration of the Banking and Payments Authority for Year 2011, 2 February 2011
- Amendment of Operational Management Agreement: Annex 1 – Qualifying Instruments, Benchmark and Investment Mandate, 8 October 2010
- Amendment of Operational Management Agreement: Annex 2 – Remuneration of the Central Bank, 11 March 2010
- Law No. 09/2005 Petroleum Fund Act
- Petroleum Fund Management Agreement – 25 June 2009

Those related documents can be accessed from the Ministry of Finance website:

<http://www.mof.gov.tl/category/documents-and-forms/petroleum-fund-documents/petroleum-fund-legal-framework/?lang=en>

4.3.1.058: In practice, does the government follow the rules governing deposits to the natural resource fund?

Score: A B C D E

Comments:

Lao Hamutuk submitted two submissions.

At first it reminded: "(1) It's too soon to put half the Fund in the stock market, (2) Don't weaken the sustainable income rule. (3) Keep the Banking and Payments Authority as Operational Manager of the Fund. and (4) Maintain the independence of the Investment Advisory Board."

In its second submission Lao warned: "(1) The encumbrance of up to 10% of the fund as collateral for borrowing is an unnecessary risk which undercuts the principle of intergenerational equity which is fundamental to the Petroleum Fund. (2) The waiver of standards contracted External Investment Managers who are Timorese nationals is a "license to steal" which should be sharply limited if it is to be included at all. Timor-Leste's recent experiences with substandard local infrastructure projects assigned to local contractors makes it illogical and self-destructive to repeat this practice."

References:

According to the auditor's statement in the fund's annual report, there are no notes about problems with deposits. However, Luta Hamutuk and Lao Hamutuk have been complaining about the deposit side of the Fund.

Peer Review Comments:

A complaint has also been submitted by the Consultative Council of the Petroleum Fund.

4.3.1.059: Are the rules governing withdrawal or disbursement from the fund defined by legislation?

Score: A B C

References:

See the Petroleum Fund Law, Article 30, Article 8 and 9, as well as the Schedule 1 on the detail estimation (the annex of the Law) .

4.3.1.060: In practice, does the government follow the rules governing withdrawal or spending from natural resource fund?

Score: A B C D E

References:

Lao Hamutuk, an NGO based in Dili notes that, "In 2009, the Government overspent the ESI by \$104 million. The original 2010 budget stayed within the re-estimated \$502 million ESI, but the mid-year Budget Rectification exceeds it by \$309 million. The proposed 2011 budget recalculates ESI at \$734 million by assuming higher future prices for oil and gas sales" (see their bulletin titled Revising the Petroleum Fund Law, updated 2 April 2012, at <http://www.laohamutuk.org/Oil/PetFund/revision/10PFRevision.htm>).

Peer Review Comments:

The Parliament always approves the budget including exceeding withdrawals of the fund, because the majority of members in the Parliament are the coalition party members which is formed the rulling government; in the case of exceeding withdrawals, there is one case that has been taken to the Supreme Court by the opposition in the Parliament. However, the budget was still passed in the Parliament without taking into consideration the court decision.

4.3.1.061: Are withdrawals or spending from the fund reserves approved by the legislature as part of the budget process?

Score: A B C

References:

It is required by the Fund Law, article 8 and article 9.

4.3.1.062: Are officials of the natural resource fund required to disclose information about their financial interest in any oil, gas or mining projects?

Score: A B C

References:

There is no provision in the Petroleum Fund Law No 9/2005 that requires the officials of the natural resource fund to disclose information about their financial interest in any extractive activities or projects.

The only provision is for the Investment Advisory Board and the Petroleum Fund Consultative Council members to submit a declaration concerning their assets and income from property and capital, including information relating to their bank accounts (Article 17.4 and 27.6).

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Indicator	Score
5.1.1	Context

5.1.1 Context

5.1.1.063: Do central governments transfer resources to subnational authorities based on extraction of mineral resources?

Score: A B C **D** E

References:

Timor Leste does not have a fiscal decentralisation law/act. But according to the Ministerio da Administracao Estatal E Ordenamento Do Territorio's issued document (March 2008) "POLICY ORIENTATION GUIDELINES FOR DECENTRALIZATION AND LOCAL GOVERNMENT IN TIMOR-LESTE", it is said that, "...it is clear that in the short and medium terms, Municipalities will largely rely on fiscal transfers from central government" (paragraph 2.6 and paragraph 3.2.2. A relevant mention also at paragraph 1.2.1).

5.1.1.064: Are conditions imposed on subnational government as part of revenue sharing regime?

Score: A B **C**

References:

As indicated in the previous indicator note, there is no regulation on sub-national transfers yet. So there is no basis to judge this indicator.

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Indicator	Score
5.2.1	Disclosure

5.2.1 Disclosure

5.2.1.065: Are the rules for revenue transfers from central to sub national governments published, including the formula(s) for revenue sharing?

Score: A B **C**

References:

As indicated in the previous indicator note, there is no regulation on sub-national transfers yet. So there is no basis to judge this indicator

5.2.1.066: Does the central government publish comprehensive information on transfers of resource related revenues to sub-national governments?

Score: A B C D **E**

References:

As indicated in the previous indicator note, there is no regulation on sub-national transfers yet. So there is no basis to judge this indicator.

5.2.1.067: Are the reports containing information on transfers of resource related revenues to sub-national governments understandable?

Score: A B C D **E**

References:

As indicated in the previous indicator note, there is no regulation on sub-national transfers yet. So there is no basis to judge this indicator.

5.2.1.068: How often does the central government publish information on transfers of resource related revenues to sub-national governments?

Score: A B C D **E**

References:

As indicated in the previous indicator note, there is no regulation on sub-national transfers yet. So there is no basis to judge this indicator.

5.2.1.069: Do sub-national governments publish information on transfers received from central governments?

Score: A B **C**

References:

As indicated in the previous indicator note, there is no regulation on sub-national transfers yet. So there is no basis to judge this indicator.

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Indicator	Score
5.3.1 Legal Framework and Practice	N/A

5.3.1 Legal Framework and Practice

5.3.1.070: Are arrangements (including formulas and responsible institutions) for resource revenue sharing between central and sub-national governments defined by legislation?

Score: A B **C**

References:

As indicated in the previous indicator note, there is no regulation on sub-national transfers yet. So there is no basis to judge this indicator.

5.3.1.071: In practice, does the government follow the rules established by resource revenue sharing legislation?

Score: A B C D **E**

References:

As indicated in the previous indicator note, there is no regulation on sub-national transfers yet. So there is no basis to judge this indicator.

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Context

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Indicator	Score
1.1	Context

1.1 Context

1.1.001: Does the country have a clear legal definition of ownership of mineral resources?

Score: A B C D E

References:

Article 139 (1) Constitution of Democratic Republic of Timor Leste

1.1.002: Who has authority to grant hydrocarbon and mineral rights or licenses?

Score: A B C D E

References:

The National Petroleum Authority (ANP) is the agency responsible for managing and regulating petroleum activities. It was established on July 1st 2008 in accordance to the Decree law Number 20/2008.

Peer Review Comments:

The link to the decree law No 20/2008 (Portuguese version) is <http://www.jornal.gov.tl/?mod=artigo&id=1265>

However, it also can be accessed in the English version by non-official translation published by the NGO Lao Hamutuk <http://www.laohamutuk.org/Oil/PetRegime/NPALaw/DraftNPA-DecreeLaw2June08En.pdf>

1.1.003: What licensing practices does the government commonly follow?

Score: A B C D E

References:

Decree Law No 07/2005 of Public Tendering in Respect of Petroleum Contract Awards. In its consideration, it is stated, that:

"Law No. 13/2005on Petroleum Activities stipulates that the granting of authorizations, including the award of petroleum contracts, be preceded by a public tender as a rule of thumb. This decree-law empowers the Government to also issue regulations on matters relating to petroleum operations, including petroleum exploration and production. It is therefore necessary to regulate the public tendering process in respect of petroleum contract awards."

1.1.004: What is the fiscal system for mineral resources?

Score: A B C D E

References:

Petroleum Tax Law 2005 and Petroleum Law 2005

Peer Review Comments:

Timor-Leste has applied two models of PSC, PSC model JPDA which is applied only for the Joint Petroleum Development Area, and PSC model Timor-Leste which applies only for the Timor-Leste exclusive area. Both of these documents can be accessed through the Lao Hamutuk website.

- <http://www.laohamutuk.org/Oil/PetRegime/PSC%20model%20270805.pdf>

- <http://www.laohamutuk.org/Oil/PetRegime/JPDA%20PSC%208-05.pdf>

1.1.005: What agency has authority to regulate the hydrocarbon and mineral sector?

Score: A B C D E

References:

National Petroleum Authority (ANP) as stipulated by Decree Law Number 20/2008.

Peer Review Comments:

The link to the decree law No 20/2008 (Portuguese version) is <http://www.jornal.gov.tl/?mod=artigo&id=1265>

However, it also can be accessed in English version by non-official translation published by NGO Lao Hamutuk <http://www.laohamutuk.org/Oil/PetRegime/NPALaw/DraftNPA-DecreeLaw2June08En.pdf>

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Disclosure

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Indicator	Score
1.2.006 Information on licensing process	100 
1.2 Contract transparency	67 
1.2.008 Environmental and social impact assessments	0 
1.2 Access to information and legislation	67 

1.2.006 Information on licensing process

1.2.006.a: What information does the government publish on the licensing process before negotiations?

Score: A B C D E

References:

Timor Leste's Petroleum Act and Petroleum Taxation Act, as well as the Decree Law No 07/2005 of Public Tendering in Respect of Petroleum Contract Awards, clearly stipulate terms and conditions for licensing rounds.

Peer Review Comments:

The type of license is also described in PSC model Timor-Leste and PSC model JPDA.
links: - <http://www.laohamutuk.org/Oil/PetRegime/PSC%20model%20270805.pdf>
- <http://www.laohamutuk.org/Oil/PetRegime/JPDA%20PSC%208-05.pdf>

1.2.006.b: What information does the government publish on the licensing process after negotiations?

Score: A B C D E

Comments:

The licensing rounds in TL are not regular yet and there is no link on the National Petroleum Authority website <http://www.anp-tl.org/> that supposedly discloses such information.

However, in legal terms, the answer should be A. But in practice, the answer should then be D.

References:

Timor Leste's Petroleum Act clearly defines the types of information that should be disclosed by the government (Article 30 of the law).

Peer Review Comments:

According to Timor-Leste Petroleum Act, article 30 of the law is correct, however in Timor-Leste production sharing contract does not permit any such information to be disclosed to the public, please see in:

15.5, 15.6 and 15.7

13.6, and 13.7

and 14.3

These documents describe how to use information data, including confidentiality and trade secrets.

The links are - Timor-Leste PSC : -

<http://www.laohamutuk.org/Oil/PetRegime/PSC%20model%20270805.pdf>

- Petroleum Mining Code (JPDA): -

<http://www.laohamutuk.org/Oil/PetRegime/JPDA%20PMC%208-05.pdf>

- PSC model JPDA: - <http://www.laohamutuk.org/Oil/PetRegime/JPDA%20PSC%208-05.pdf>

- Timor-Leste model of PSC, article

- PMC model JPDA, article 13.5,

- PSC model JPDA, article 14.1, 14.2,

1.2 Contract transparency

1.2.007: Are all contracts, agreements or negotiated terms for exploration and production, regardless of the way they are granted, disclosed to the public?

Score: A B C D E

Comments:

In practice many contracts are published and available on the website of CSO Lao Hamutuk (at <http://www.laohamutuk.org/Oil/PSCs/10PSCs.htm>). These are not leaked versions; they have been disseminated by the government.

References:

According to the Petroleum Act, there is an obligation to disclose contracts in full, its summary and its changes. See Article 29 and 30 of the Petroleum Act.

However, in practice such documents are not yet published.

Peer Review Comments:

The links are - Timor-Leste PSC : -

<http://www.laohamutuk.org/Oil/PetRegime/PSC%20model%20270805.pdf>

- Petroleum Mining Code (JPDA): -

<http://www.laohamutuk.org/Oil/PetRegime/JPDA%20PMC%208-05.pdf>

- PSC model JPDA: - <http://www.laohamutuk.org/Oil/PetRegime/JPDA%20PSC%208-05.pdf>

1.2.008 Environmental and social impact assessments

1.2.008.a: Does legislation require that mining, gas and oil development projects prepare an environmental impact assessment prior to the award of any mineral rights or project implementation?

Score: A B C

References:

Timor-Leste does not yet have effective laws requiring an Environmental Impact Assessment prior to the award of any mineral rights or project implementation. The Petroleum Act does not have adequate provisions to protect the environment and minimize the social impact of petroleum activities.

Peer Review Comments:

It is true that Timor-Leste does not have any laws regarding to environmental impact. However, the Petroleum Mining Code (PMC) section 5.3 requires applicants for tenders to provide a proposal for environmental protection. It is also reflected in article 5 of the Production Sharing Contract which requires a proposal of environmental protection, and also in the decree law for the establishment of the National Petroleum Authority, as specified in article 3, No 1 (j) which ensures good practice in the conservation and preservation of the environment.

links: - <http://www.laohamutuk.org/Oil/PetRegime/JPDA%20PMC%208-05.pdf>
 - <http://www.laohamutuk.org/Oil/PetRegime/PSC%20model%20270805.pdf>
 - <http://www.laohamutuk.org/Oil/PetRegime/NPALaw/DraftNPA-DecreeLaw2June08En.pdf>

Furthermore, several studies have been conducted, such as the environmental baseline study in 2000, followed by an environmental monitoring survey in 2004 and 2009 and lastly in May 2010 another environmental baseline study which was conducted in the JPDA area, (Annual Report, 2010, pp 25-26).

link: [http://www.anp-tl.org/webs/anptlweb.nsf/vwAll/Resource-2010%20ANP%20ANNUAL%20REPORT/\\$File/2010%20ANP%20ANNUAL%20REPORT.pdf?openelement](http://www.anp-tl.org/webs/anptlweb.nsf/vwAll/Resource-2010%20ANP%20ANNUAL%20REPORT/$File/2010%20ANP%20ANNUAL%20REPORT.pdf?openelement)

1.2.008.b: Are environmental impact assessments for oil, gas and mining projects published by the authority in charge of regulating the sector and is there a consultation process?

Score: A B C **(D)** E

References:

UNDP-UNEP Poverty-Environment Initiative, in their fact sheet publication
<http://www.unpei.org/what-we-do/pei-countries/timor-leste.html>

What requires for such disclosure is the Indonesian Environmental Impact Assessment (AMDAL) Law No. 27/1999. See Luta Hamutik Submission on to the National Directorate for Environment June 30, 2010.

<http://www.laohamutuk.org/Oil/Project/Reliance/10LHsubRelianceDrillingEIA30Jun10En.pdf>

Peer Review Comments:

It is true that Timor-Leste does not have any laws regarding to enviromental impact. However, the Petroleum Mining Code (PMC) section 5.3 requires applicants for tenders to provide a proposal for enviromental protection. It is also reflected in article 5 of the Production Sharing Contract which requires a proposal of enviromental protection, and also in the decree law for the establishment of the National Petroleum Authority, as specified in article 3, No 1 (j) which ensures good pratice in the conservation and preservation of the enviroment.

links: - <http://www.laohamutuk.org/Oil/PetRegime/JPDA%20PMC%208-05.pdf>
 - <http://www.laohamutuk.org/Oil/PetRegime/PSC%20model%20270805.pdf>
 - <http://www.laohamutuk.org/Oil/PetRegime/NPALaw/DraftNPA-DecreeLaw2June08En.pdf>

Furthermore, several studies have been conducted, such as the enviromental baseline study in 2000, followed by an enviromental monitoring survey in 2004 and 2009 and lastly in May 2010 another enviromental baseline study which was conducted in the JPDA area, (Annual Report, 2010, pp 25-26).

link: [http://www.anp-tl.org/webs/anptlweb.nsf/vwAll/Resource-2010%20ANP%20ANNUAL%20REPORT/\\$File/2010%20ANP%20ANNUAL%20REPORT.pdf?openelement](http://www.anp-tl.org/webs/anptlweb.nsf/vwAll/Resource-2010%20ANP%20ANNUAL%20REPORT/$File/2010%20ANP%20ANNUAL%20REPORT.pdf?openelement)

1.2.008.c: Does legislation require that mining, gas and oil development projects prepare a social impact assessment?

Score: A (B) C

References:

The Petroleum Act of 2005 does not require social impact assessments, nor do other regulations.

Peer Review Comments:

It is true that Timor-Leste does not have any laws regarding to environmental impact. However, the Petroleum Mining Code (PMC) section 5.3 requires applicants for tenders to provide a proposal for environmental protection. It is also reflected in article 5 of the Production Sharing Contract which requires a proposal of environmental protection, and also in the decree law for the establishment of the National Petroleum Authority, as specified in article 3, No 1 (j) which ensures good practice in the conservation and preservation of the environment.

links: - <http://www.laohamutuk.org/Oil/PetRegime/JPDA%20PMC%208-05.pdf>
- <http://www.laohamutuk.org/Oil/PetRegime/PSC%20model%20270805.pdf>
- <http://www.laohamutuk.org/Oil/PetRegime/NPALaw/DraftNPA-DecreeLaw2June08En.pdf>

Furthermore, several studies have been conducted, such as the environmental baseline study in 2000, followed by an environmental monitoring survey in 2004 and 2009 and lastly in May 2010 another environmental baseline study which was conducted in the JPDA area, (Annual Report, 2010, pp 25-26).

link: [http://www.anp-tl.org/webs/anptlweb.nsf/vwAll/Resource-2010%20ANP%20ANNUAL%20REPORT/\\$File/2010%20ANP%20ANNUAL%20REPORT.pdf?openelement](http://www.anp-tl.org/webs/anptlweb.nsf/vwAll/Resource-2010%20ANP%20ANNUAL%20REPORT/$File/2010%20ANP%20ANNUAL%20REPORT.pdf?openelement)

1.2.008.d: Are social impact assessments for oil, gas and mining projects published and is there a consultation process?

Score: A B C (D) E

References:

There is no provision on social impact assessments in the petroleum regulations. There are a couple of ministries/secretaries of state which seem to be responsible on this sector, but no online information to verify their position on this issue.

Peer Review Comments:

It is true that Timor-Leste does not have any laws regarding environmental impact. However, the Petroleum Mining Code (PMC) section 5.3 requires applicants for tenders to provide a proposal for environmental protection. It is also reflected in article 5 of the Production Sharing Contract which requires a proposal of environmental protection, and also in the decree law for the establishment of the National Petroleum Authority, as specified in article 3, No 1 (j) which ensures good practice in the conservation and preservation of the environment.

links: - <http://www.laohamutuk.org/Oil/PetRegime/JPDA%20PMC%208-05.pdf>
- <http://www.laohamutuk.org/Oil/PetRegime/PSC%20model%20270805.pdf>
- <http://www.laohamutuk.org/Oil/PetRegime/NPALaw/DraftNPA-DecreeLaw2June08En.pdf>

Furthermore, several studies have been conducted, such as the environmental baseline study in 2000, followed by an environmental monitoring survey in 2004 and 2009 and lastly in May 2010 another environmental baseline study which was conducted in the JPDA area, (Annual Report, 2010, pp 25-26).

link: [http://www.anp-tl.org/webs/anptlweb.nsf/vwAll/Resource-2010%20ANP%20ANNUAL%20REPORT/\\$File/2010%20ANP%20ANNUAL%20REPORT.pdf?openelement](http://www.anp-tl.org/webs/anptlweb.nsf/vwAll/Resource-2010%20ANP%20ANNUAL%20REPORT/$File/2010%20ANP%20ANNUAL%20REPORT.pdf?openelement)

1.2 Access to information and legislation

1.2.009: Does the government publish detailed mineral/hydrocarbon resource legislation?**Score:** A B C D E**References:**

Although the ANP website (www.anp-tl.org) is still under construction there are links to relevant regulations in this sector.

Peer Review Comments:

Yes, there are a number of laws that regulate Minerals and Hydrocarbons in Timor-Leste, see the links to those laws published by the ANP website.

-<http://www.anp-tl.org/webs/anptlweb.nsf/vwAll/Laws%20Treaties%20and%20Regulations>

1.2.010: This country has adopted a rule or legislation that provides for disclosure of information in the oil, gas and mineral sectors.**Score:** A B C D E**References:**

Article 30 of Petroleum Act 2005 guaranties substantial access to public information in this sector.

Peer Review Comments:

Article 30 of the Petroleum Act requires public disclosure of certain information. Technical data and trade secrets are protected by the Petroleum Mining Code article 14.1, 14.2 and 14.3 and Production Sharing Contract Article 15.5, 15.6 and 15.7 as well as the PSC model JPDA article 13.5, 13.6 and 13.7.


links: - <http://www.laohamutuk.org/Oil/PetRegime/JPDA%20PMC%208-05.pdf>
- <http://www.laohamutuk.org/Oil/PetRegime/PSC%20model%20270805.pdf>
- <http://www.laohamutuk.org/Oil/PetRegime/JPDA%20PSC%208-05.pdf>

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Legal Framework and Practices

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Indicator	Score
1.3 Legal Framework and Practices	67 

1.3 Legal Framework and Practices

1.3.011: The authority in charge of awarding licenses or contracts for mineral or hydrocarbon production is independent of the state owned company (SOC) or other operating companies.

Score: A B C

References:

The National Petroleum Authority (ANP), established by Decree No 20/2008, awards licenses. There is also the Secretary of Energy and Mineral Resources which sets the policy. All these institutions are independent from Timor Leste's SOC, i.e. TimorGAP

1.3.012: Is the licensing process intended to be open and competitive to all qualified companies?

Score: A B C D E

References:

Decree Law No 07/2005 of Public Tendering in Respect of Petroleum Contract Awards, together with other regulations such as the Petroleum Act clearly state the procedure for competitive tender rounds.

1.3.013: Does the licensing process or legislation impose limits to discretionary powers of the authority in charge of awarding licenses or contracts?

Score: A B C D E

References:

The Petroleum Act and the Decree Law No 07/2005 of Public Tendering in Respect of Petroleum Contract Awards clearly define the powers and limits of the ANP.

1.3.014: Does the legislative branch have any oversight role regarding contracts and licenses in the oil, gas and mining sector?

Score: A B C D E

References:

There is no specific legislative provision on this matter but it has become the practice so far.

Peer Review Comments:

Contract documents signed by the Minister as the owner of the resource and the company as

shareholders, is a secret document which can only be accessed by the actual Minister or the Secretary of State of Natural Resources and the company. Ever since the first Fretilin government, members of Parliament have never been given access to these documents.

If such contract document were released to members of Parliament, this means that the public may also have access to the documents and this would be against Articles 15.5, 15.6, and 15.7 in PSC model Timor-Leste, as well as articles 13.5, 13.6 and 13.7 in PSC model JPDA, as well as contradicting articles 14.1, 14.2 and 14.3 in PMC model JPDA.

Please see the documents on these links: -

<http://www.laohamutuk.org/Oil/PetRegime/JPDA%20PSC%208-05.pdf>

-

<http://www.laohamutuk.org/Oil/PetRegime/PSC%20model%2070805.pdf>

-

<http://www.laohamutuk.org/Oil/PetRegime/JPDA%20PMC%208-05.pdf>

The current government has not yet taken any petroleum legislation to the Parliament, for example the decree law of the National Petroleum Authority Petroleum is only approved by the Council of Ministers; the same also applies to National Oil Company legislation.

1.3.015: Is there a due process to appeal licensing decisions?

Score: A B C

References:

Article 13 of Decree Law No 07/2005 of Public Tendering in Respect of Petroleum Contract Awards clearly ensures the possibility of appealing.

1.3.016: Is there a legal or regulatory requirement to disclose all beneficial ownership in oil, gas and mining companies or projects?

Score: A B C

References:

There is no explicit provision on this but Article 7 section 3, point b, Decree Law No 07/2005 of Public Tendering in Respect of Petroleum Contract Awards, requires foreign companies "...to produce.... copy of the constitutive act and proof of the company's establishment and regular operation under the law of its country of origin". In such document normally all beneficial ownership of the companies can be seen.

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Timor-Leste - RWI Index Questionnaire

Context

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Indicator	Score
2.1 Context	100 

2.1 Context

2.1.017: Does the government receive in-kind payments instead of financial payments from resource companies?

Score: A B C

References:

According to the Petroleum Fiscal Act, the state receives revenue payment which, although there is no further clarification on this matter, seems to exclude in-kind payments. The Publish What You Pay section of ANP website also shows revenue flows, not in-kind flows (see <http://www.anp-tl.org/webs/anptlweb.nsf/vwAll/Publish%20What%20You%20Pay>)

Peer Review Comments:

So far the Timor-Leste government has received fiscal revenue from Bayu Undan, Elang Kakatua and KITAN oil fields which are all inside the JPDA area. However, for the future if there is any oil and gas production in Timor-Leste exclusive territory, it will apply the in-kind payment, which is that 5% of one crude oil barrel must supply for Timor-Leste domestic market. This is written in Timor-Leste PSC article 7.

link: <http://www.laohamutuk.org/Oil/PetRegime/PSC%20model%20270805.pdf>

2.1.018: If the government or state owned companies sell physical commodities (oil, gas or minerals) from in-kind payments or own production, is there information about how these commodities are marketed?

Score: A B C D E

References:

ANP does not market crude oil, condensate or natural gas. There is also no effective SOC yet.

Peer Review Comments:

The contract for Bayu Undan and Elang Kakatua field for downstream are owned by Conoco Philips company, so it is dependent on Conoco Philips to find the market - this is because the company owned the contract before Timor-Leste become a nation. However, even though it is not reflected in any laws or regulations, the National Petroleum Authority still supervises the company in order to market the products. We can access all the information including who the buyers are through the ANP Annual Report 2010 page 32. The link:

<http://www.laohamutuk.org/Oil/PSCs/ANP/ANPAR2010En.pdf>

So far, in February 2012, the Timor-Leste Council of Ministers has approved the decree law for downstream, which will regulate activities of supply, processing, transportation, storage, trading and marketing of the products.

2.1.019: What authority actually collects payments from resource companies?

Score: A B C D E

Comments:

According to Timor Leste's most recent EITI report , in 2010, all material extractive revenues came from one operating field (Bayu Udan), within the Joint Production Development Area (JPDA) shared with Australia. (p. 13)

Also: "The ANP transfers the FTP and Profit Oil and Gas to the Governments of Timor-Leste and Australia in accordance with Timor Sea Treaty. Under the Timor Sea Treaty 90% of Royalties and Profit Oil are allocate to Timor-Leste with the remaining 10% to the Government of Australia." (p. 14)

References:

According to Article 6 of the Petroleum Fund Law, all payments to the state from petroleum sector should go to Timor Leste Petroleum Fund.

See also "Timor-Leste Extractive Industries Transparency Initiative Report" 31 December 2009, <http://www.revenuewatch.org/sites/default/files/Timor%20Leste%20EITI%20Report%202009.pdf>

Peer Review Comments:

The Petroleum Tax department under the Ministry of Finance actually collects all tax payments and then transfers them to the Petroleum Fund Account, and the National Petroleum Authority collects all the First Trance Petroleum and then divides 90% to Timor-Leste and 10% to Australia, (see Timor Sea Treaty, article 4). The 90% is transfered directly to the Petroleum Fund Account.

















Link to Timor Sea Treaty: <http://www.laohamutuk.org/Oil/Boundary/TST%20text.htm>

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Timor-Leste - RWI Index Questionnaire

Disclosure

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Indicator		Score
2.2A.020	Does the Ministry of Finance publish periodical information on revenue generation?	44 
2.2A.020.j	Does the Ministry of Finance publish information on disaggregated revenue streams?	50 
2.2A	Quality of reports	84 
2.2B.020	Does the Ministry of the extractive sector publish information on revenue generation?	0 
2.2B.020.j	Does the Ministry of the extractive sector publish information on disaggregated revenue streams?	0 
2.2B	Quality of reports	0 
2.2C.020	Does a Regulatory Agency publish information on revenue generation?	85 
2.2C.020.j	Does a Regulatory Agency publish information on disaggregated revenue streams?	60 
2.2C	Quality of reports	50 
2.2D.020	Does the Central Bank publish information on revenue generation?	0 
2.2D.020.j	Does the Central Bank publish information on disaggregated revenue streams?	71 
2.2D	Quality of reports	84 
2.2E.020	Does any other government agency or entity publish information on revenue generation?	7 
2.2E.020.j	Does any other government agency or entity publish information on disaggregated revenue streams?	45 
2.2E	Quality of reports	50 
2.2	Public sector balance	100 

2.2A.020 Does the Ministry of Finance publish periodical information on revenue generation?

2.2A.020.a: Reserves

Score: A B C **(D)** E

Comments:

However, the MOF's State Budget Report (p. 42-52) includes projected oil revenues, and notes that production in major oil fields is declining.

See: <http://www.mof.gov.tl/wp-content/uploads/2012/02/Book-1-English-final.pdf>

References:

The MOF website and reports do not contain data on reserves.

2.2A.020.b: Production volumes

Score: A B C D E

References:

State Budget 2012 (p. 43, 44, 48): <http://www.mof.gov.tl/wp-content/uploads/2012/02/Book-1-English-final.pdf>

Peer Review Comments:

There is information about the production which is published in every year budget document. For example in budget document 2012, page 43, 44 and 48. there is also a list of volumes for production of oil and gas, in table 5.7 page 44.

links: <http://www.mof.gov.tl/wp-content/uploads/2012/02/Book-1-English-final.pdf>

2.2A.020.c: Information on prices

Score: A B C D E

References:

State Budget 2012 (p. 43, 44): <http://www.mof.gov.tl/wp-content/uploads/2012/02/Book-1-English-final.pdf>

Peer Review Comments:

There is a section which describes oil price in relation to oil revenue in the state budget which is published every year in every budget document. For example please have a look at budget document 2012, in page 43 and 47.

link: <http://www.mof.gov.tl/wp-content/uploads/2012/02/Book-1-English-final.pdf>

2.2A.020.d: Value of resource exports

Score: A B C D E

References:

State Budget 2012 (p. 44): <http://www.mof.gov.tl/wp-content/uploads/2012/02/Book-1-English-final.pdf>

Peer Review Comments:

There is information in the budget book document every year about the value of resources. For example in budget document 2012, page 44, table 5.7

link: <http://www.mof.gov.tl/wp-content/uploads/2012/02/Book-1-English-final.pdf>

2.2A.020.e: Estimates of investment in exploration and development

Score: A B C **(D)** E

References:

There is no detailed information about the estimates of investment in exploration and development in the MOF website and its published reports

Peer Review Comments:

While it does not explicitly describe the information, the budget document 2010 from page 42-52 is all about petroleum revenue and it does have some general information regarding to estimates on investment.

<http://www.mof.gov.tl/wp-content/uploads/2012/02/Book-1-English-final.pdf>

2.2A.020.f: Production costs

Score: A B C **(D)** E

References:

There is no detailed information about the production costs in the MOF website and its published reports

However, the State Budget 2012 includes some information about production costs on p. 48-49:

<http://www.mof.gov.tl/wp-content/uploads/2012/02/Book-1-English-final.pdf>

Peer Review Comments:

Yes there is no such information available from the Ministry of Finance, however the National Petroleum Authority has disclosed the information through their annual report document, for example annual report 2010, page 35, table 5 & 6.

link: [http://www.anp-tl.org/webs/anptlweb.nsf/vwAll/Resource-](http://www.anp-tl.org/webs/anptlweb.nsf/vwAll/Resource-2010%20ANP%20ANNUAL%20REPORT/$File/2010%20ANP%20ANNUAL%20REPORT.pdf?openelement)

[2010%20ANP%20ANNUAL%20REPORT/\\$File/2010%20ANP%20ANNUAL%20REPORT.pdf?openelement](http://www.anp-tl.org/webs/anptlweb.nsf/vwAll/Resource-2010%20ANP%20ANNUAL%20REPORT/$File/2010%20ANP%20ANNUAL%20REPORT.pdf?openelement)

2.2A.020.g: Names of companies operating in country

Score: **(A)** B C D E

References:

Revenue received from each company is stated in the petroleum fund annual reports, publicly available on the Ministry of Finance website. It is available in three languages English, Tetum and Portuguese.

See for instance page 65 - 66 PF Annual Report 2010 which is available at the MOF website

[http://www.mof.gov.tl/wp-](http://www.mof.gov.tl/wp-content/uploads/2011/10/Petroleum_Fund_Annual_Report_for_Financial_Year_2010_En.pdf)

[content/uploads/2011/10/Petroleum_Fund_Annual_Report_for_Financial_Year_2010_En.pdf](http://www.mof.gov.tl/wp-content/uploads/2011/10/Petroleum_Fund_Annual_Report_for_Financial_Year_2010_En.pdf)

2.2A.020.h: Production data by company and/or block

Score: A B C **(D)** E

References:

No information can be found on the MOF website or its published reports .

2.2A.020.i: Cost of subsidies or social investments paid by mineral revenue

Score: A B C **(D)** E

References:

There is no such information available on the MOF website or in its published reports

2.2A.020.j Does the Ministry of Finance publish information on disaggregated revenue streams?

2.2A.020.j1: Production streams value

Score: A B C **(D)** E

References:

No information on production stream value.

2.2A.020.j2: Government s share in PSC

Score: A B C D **(E)**

References:

In the MOF website and reports there are no explicit mentions of government share in PSCs.

Peer Review Comments:

Currently the Timor-Leste government does not have any share of production, because all the production is in the JPDA area which has been regulated by Petroleum Mining Code. However, in the future if there is oil found in the Timor-Leste exculsive area, the state participation will be 20% through the involvement of a state owned oil company, as written in PSC Timor-Leste model, Article 8.

links: <http://www.laohamutuk.org/Oil/PetRegime/PSC%20model%20270805.pdf>

2.2A.020.j3: Royalties

Score: **(A)** B C D E

References:

The annual report of Petroleum Fund clearly differentiates between received revenue. Royalties are listed as "6.1(b) receipts". See annual report 2010, for instance page 15 (in link below) or page 27 in its actual publication.

http://www.mof.gov.tl/wp-content/uploads/2011/10/Petroleum_Fund_Annual_Report_for_Financial_Year_2010_En.pdf

2.2A.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)

Score: **(A)** B C D E

References:

Yes, see the Petroleum Fund Annual Report 2010.

http://www.mof.gov.tl/wp-content/uploads/2011/10/Petroleum_Fund_Annual_Report_for_Financial_Year_2010_En.pdf

2.2A.020.j5: Dividends**Score:** A B C D E**References:**

Yes, there is a statement on dividends in the Petroleum Fund Annual Report. See for instance page 14 of Annual Report 2010.

http://www.mof.gov.tl/wp-content/uploads/2011/10/Petroleum_Fund_Annual_Report_for_Financial_Year_2010_En.pdf

2.2A.020.j6: Bonuses**Score:** A B C D E**Comments:**

No bonuses reported in Timor Leste.

References:

N/A

2.2A.020.j7: License fees**Score:** A B C D E**References:**

There is no statement of licensing fee in the annual report of the petroleum fund or in other publications of the MOF

2.2A.020.j8: Acreage fees**Score:** A B C D E**References:**

There is no statement of acreage fee in any publication of the MOF in its website and reports

2.2A.020.j9: Other (Explain in 'comments' box.)**Score:** A B C D E**References:**

No other information relevant to be mentioned here

2.2A Quality of reports

2.2A.021: Are periodical reports containing information on revenue generation published by the Ministry of Finance understandable?

Score: A B C D E

References:

The Petroleum Fund annual reports are comprehensive but I think some methodological narrative is needed to be understandable to ordinary citizens with no technical background.

2.2A.022: How often are the periodical reports containing information on revenue generation published by the Ministry of Finance?

Score: A B C D E

References:

The MOF website provides a link to quarterly reports of the Petroleum Fund.

<http://www.mof.gov.tl/budget-spending/petroleum-fund/?lang=en>

(The reports themselves are on the Central Bank's website: <http://www.bancocentral.tl/PF/Reports.asp>)

Peer Review Comments:

here the links : <http://www.mof.gov.tl/budget-spending/petroleum-fund/?lang=en>

2.2B.020 Does the Ministry of the extractive sector publish information on revenue generation?

2.2B.020.a: Reserves

Score: A B C D E

References:

There is no website for the Secretary of State for Natural Resources who manages this information. There is a website for the government of Timor Leste (www.timor-leste.gov.tl) but substantial data on petroleum reserves is not published there either.

Peer Review Comments:

There was a website set up by the Ministry of Natural Resources under the Fretilin government, but currently there is no longer a website or blog for the Secretary of State to publish such information.

2.2B.020.b: Production volumes

Score: A B C D E

References:

See previous source.

2.2B.020.c: Information on prices

Score: A B C D E

References:

See previous source/comment.

2.2B.020.d: Value of resource exports**Score:** A B C D E**References:**

See previous source/comment.

2.2B.020.e: Estimates of investment in exploration and development**Score:** A B C D E**References:**

See previous source/comment.

2.2B.020.f: Production costs**Score:** A B C D E**References:**

See previous source/comment.

2.2B.020.g: Names of companies operating in country**Score:** A B C D E**References:**

See previous source/comment. This information can be found in the Petroleum Fund annual report (older) published by the MoF.

2.2B.020.h: Production data by company and/or block**Score:** A B C D E**References:**

See previous source/comment.

2.2B.020.i: Cost of subsidies or social investments paid by mineral revenue**Score:** A B C D E**References:**

See previous source/comment.

2.2B.020.j Does the Ministry of the extractive sector publish information on disaggregated revenue streams?

2.2B.020.j1: Production streams value

Score: A B C **(D)** E

References:

See previous source/comment.

2.2B.020.j2: Government s share in PSC

Score: A B C D **(E)**

References:

See previous source/comment.

Peer Review Comments:

Currently the Timor-Leste government does not have any share of production, because all the production is in the JPDA area which has been regulated by Petroleum Mining Code. However, in the future if there is oil found in the Timor-Leste exculsive area, the state participation will be 20% through the involvement of a state owned oil company, as written in PSC Timor-Leste model, Article 8.

links: <http://www.laohamutuk.org/Oil/PetRegime/PSC%20model%20270805.pdf>

2.2B.020.j3: Royalties

Score: A B C D **(E)**

References:

See previous source/comment. But this information can be found in the Petroleum Fund annual report (older) published by the MoF.

2.2B.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)

Score: A B C **(D)** E

References:

See previous source/comment. But this information can be found in the Petroleum Fund annual report (older) published by the MoF.

2.2B.020.j5: Dividends

Score: A B C **(D)** E

References:

See previous comment. But this information can be found in the Petroleum Fund annual report (older) published by the MoF.

2.2B.020.j6: Bonuses

Score: A B C D **(E)**

Comments:

No bonuses in Timor Leste.

References:

N/A

2.2B.020.j7: License fees**Score:** A B C D E**References:**

See previous source/comment.

2.2B.020.j8: Acreage fees**Score:** A B C D E**References:**

See previous source/comment.

2.2B.020.j9: Other (Explain in 'comments' box.)**Score:** A B C D E**References:**

No other information found.

2.2B Quality of reports

2.2B.021: Are periodical reports containing information on revenue generation published by the Ministry of the extractive sector understandable?**Score:** A B C D E**References:**

As noted in the previously, there is no website for the Secretary of State for Natural Resources. There is a website for the government of Timor Leste (www.timor-leste.gov.tl) but there is no link to such reports on the website.

2.2B.022: How often are the periodical reports containing information on revenue generation published by the Ministry of the extractive sector?**Score:** A B C D E**References:**

See previous comment.

2.2C.020 Does a Regulatory Agency publish information on revenue generation?

2.2C.020.a: Reserves**Score:** (A) B C D E**References:**

Information about petroleum reserve is published in sections of the ANP's annual reports and quarterly reports (in local language) on its website (www.anp-tl.org), though not in a systematic way with all the results gathered in one page. But the information on reserves by block can be found in the annual reports.

Peer Review Comments:

The information is not only in the Annual Report but is also accessible from the ANP website which has very comprehensive data. Here is the link:

<http://www.anp-tl.org/webs/anptlweb.nsf/vwLafaekWellList>

2.2C.020.b: Production volumes**Score:** (A) B C D E**References:**

There is information about production volumes in the ANP's annual reports and quarterly reports (in local language) on its website (www.anp-tl.org), but it is not published in a systematic way to enable readers to look through only one page. Information on production volumes from producing fields can be found in the annual and quarterly reports.

Peer Review Comments:

The production data is not only in the Annual Report. There is also very detailed information available on the ANP website. Here is the link:

<http://www.anp-tl.org/webs/anptlweb.nsf/vwLafaekDataGasListHTML>

2.2C.020.c: Information on prices**Score:** A B C (D) E**References:**

There is no information about prices in the ANP's reports and websites links (see www.anp-tl.org).

Peer Review Comments:

Such details are not published on the ANP website or in any reports. However the Budget book document which is published by the Ministry of Finance and normally presented in the Parliament always has a section which describes the actual oil price in relation to oil revenue. See budget document 2010 page 43.

<http://www.mof.gov.tl/wp-content/uploads/2012/02/Book-1-English-final.pdf>

2.2C.020.d: Value of resource exports**Score:** (A) B C D E**Comments:**

ANP publishes information on exports of the government's first tranche petroleum and profit oil, but not the total value of exports.

References:

ANP website: <http://www.anp-tl.org/webs/anptlweb.nsf/vwLafaekFTPListl>

Peer Review Comments:

There is information about the value of resources exports, in Condensate and LPG products which can be accessed every month through the ANP website:

<http://www.anp-tl.org/webs/anptlweb.nsf/vwLafaekFTPListl>

Export information is only available for government shares of 90% TLS and 10% Aus, which come from a 40% of profit share. Companies have the other 60%, and export data on this share is not available.

2.2C.020.e: Estimates of investment in exploration and development

Score: A B C D E

References:

ANP's reports (annual and quarterly) include this information but not in comprehensive way. The information spread through several sections of these reports.

2.2C.020.f: Production costs

Score: A B C D E

References:

The 2010 ANP report includes summary information about the budgeted and actual expenditures of PSCs in the Timor-Leste Exclusive Area (TLEA) and JPDA. Tables 5 and 6 on p. 35 include information on exploration costs, non-capital costs, capital costs, and other costs. The report also contains information on Eni JPDA's expenditures on "goods and services" and "local content." The 2009 report does not include these details.

2010 report:

[http://www.anp-tl.org/webs/anptlweb.nsf/vwAll/Resource-2010%20ANP%20ANNUAL%20REPORT/\\$File/2010%20ANP%20ANNUAL%20REPORT.pdf?openelement](http://www.anp-tl.org/webs/anptlweb.nsf/vwAll/Resource-2010%20ANP%20ANNUAL%20REPORT/$File/2010%20ANP%20ANNUAL%20REPORT.pdf?openelement)

2009 report:

[http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=4&ved=0CFMQFjAD&url=http%3A%2F%2Fwww.laohamutuk.org%2FOil%2FPSCs%2FANP%20ANNUAL%20REPORT/\\$File/2009En.pdf&ei=qUvzT4-tAsjy0gHjxPHLCQ&usq=AFQjCNHYS-1UFMw8nU4QYK26k_NMdjWCWw](http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=4&ved=0CFMQFjAD&url=http%3A%2F%2Fwww.laohamutuk.org%2FOil%2FPSCs%2FANP%20ANNUAL%20REPORT/$File/2009En.pdf&ei=qUvzT4-tAsjy0gHjxPHLCQ&usq=AFQjCNHYS-1UFMw8nU4QYK26k_NMdjWCWw)

Peer Review Comments:

There is information about production costs from PSC in JPDA area and PSC in Timor-Leste Exclusive area, which has been published in detail as: exploration cost, operating and administration cost and also capital cost. See ANP Annual report 2010, page 35, table 5 and 6.

link: [http://www.anp-tl.org/webs/anptlweb.nsf/vwAll/Resource-2010%20ANP%20ANNUAL%20REPORT/\\$File/2010%20ANP%20ANNUAL%20REPORT.pdf?openelement](http://www.anp-tl.org/webs/anptlweb.nsf/vwAll/Resource-2010%20ANP%20ANNUAL%20REPORT/$File/2010%20ANP%20ANNUAL%20REPORT.pdf?openelement)

2.2C.020.g: Names of companies operating in country

Score: A B C D E

References:

There is information in the ANP's annual reports and Rolatoriu Trimestral on companies that operate in the country, both those already in the production stage or in the exploration stage.

2.2C.020.h: Production data by company and/or block

Score: (A) B C D E

References:

There is some information of production data by company/block in the ANP's annual reports and Rolatoriu Trimestral.

2.2C.020.i: Cost of subsidies or social investments paid by mineral revenue

Score: (A) B C D E

References:

Information on "local content" spending and programs is included in the 2010 ANP report (p. 28-31). It is also included in the 2009 report.

[http://www.anp-tl.org/webs/anptlweb.nsf/vwAll/Resource-2010%20ANP%20ANNUAL%20REPORT/\\$File/2010%20ANP%20ANNUAL%20REPORT.pdf?openelement](http://www.anp-tl.org/webs/anptlweb.nsf/vwAll/Resource-2010%20ANP%20ANNUAL%20REPORT/$File/2010%20ANP%20ANNUAL%20REPORT.pdf?openelement)

Peer Review Comments:

There is information about social investments paid by mineral revenue, which is called local content. The revenue has been spent on some social activities such as: funding some local NGOs, developing civil engineering curriculum, etc. However, the company will claim back the revenue from cost recovery. The information can be accessed through the ANP annual report. For example ANP 2010 Annual Report, page 30 & 31.

2.2C.020.j Does a Regulatory Agency publish information on disaggregated revenue streams?

2.2C.020.j1: Production streams value

Score: (A) B C D E

References:

Yes there is information on production stream value from blocks in the ANP's annual report.

2.2C.020.j2: Government's share in PSC

Score: A B C D (E)

References:

There is no information on government's share in PSC as most of awarded contracts do not have government shares. Other shareholders are included in the ANP's annual reports though.

Peer Review Comments:

Currently the Timor-Leste government does not have any share of production, because all the production is in the JPDA area which has been regulated by Petroleum Mining Code. However, in the future if there is oil found in the Timor-Leste exclusive area, the state participation will be 20% through the involvement of a state owned oil company, as written in PSC Timor-Leste model, Article 8.

links: <http://www.laohamutuk.org/Oil/PetRegime/PSC%20model%20270805.pdf>

2.2C.020.j3: Royalties**Score:** A B C D **(E)****References:**

There is no information about royalties in the ANP's annual reports and quarterly reports. But this information is published by the MoF.

Peer Review Comments:

No specific information has been published regarding royalties, however, according to PSC model JPDA, article 7, five percent of one barrel of crude oil is considered royalties owed to the designated authority. But so far the 5 % royalties have been received in revenue, which has been counted together as First Trance Petroleum revenue. links: <http://www.laohamutuk.org/Oil/PetRegime/JPDA%20PSC%208-05.pdf>

2.2C.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)**Score:** A B C D **(E)****References:**

There is no information about special taxes in the ANP's annual reports and quarterly reports. But this information is published b the MoF.

Peer Review Comments:

There is no specific information about taxes from the National Authority Petroleum, however, the Ministry of Finance has disaggregated the information in the budget documents. For example in the Budget Book 2012, page 42, table 5.6.

<http://www.mof.gov.tl/wp-content/uploads/2012/02/Book-1-English-final.pdf>

2.2C.020.j5: Dividends**Score:** A B C **(D)** E**References:**

There is no information in the ANP's annual reports and quarterly reports. But this information is published b the MoF.

Peer Review Comments:

There is no specific information about dividents from the National Authority Petroleum, however, the Ministry of Finance has disaggregated the information in the budget documents. For example in the Annual Report Petroleum Fund 2010

: http://www.mof.gov.tl/wp-content/uploads/2011/10/Petroleum_Fund_Annual_Report_for_Financial_Year_2010_En.pdf

2.2C.020.j6: Bonuses**Score:** A B C D **(E)****Comments:**

No bonuses in Timor Leste.

References:

N/A

Peer Review Comments:

There are no bonuses applied in the PSC model Timor-leste and JPDA.

2.2C.020.j7: License feesScore: A B C D E**References:**

There is information about contract fees in the ANP's annual report.

2.2C.020.j8: Acreage feesScore: A B C D E**References:**

There is no information about acreage fees in the ANP's reports.

2.2C.020.j9: Other (Explain in 'comments' box.)Score: A B C D E**References:**

There is information about development fees and income from the government for the ANP in the ANP's annual reports. Information on the ANP's expenses is also disclosed and audited annually.

2.2C Quality of reports

2.2C.021: Are periodical reports containing information on revenue generation published by the Regulatory Agency understandable?Score: A B C D E**References:**

The ANP's report contains some substantial information, but it's not systematic for some information that needs to be put together. Some methodological notes on how certain data is constructed and a narrative explanation are lacking.

2.2C.022: How often are the periodical reports containing information on revenue generation published by the Regulatory Agency?Score: A B C D E**References:**

The ANP discloses such information annually after it is audited, and there is also a semi-annual report in the local language (Tetum).

2.2D.020 Does the Central Bank publish information on revenue generation?

2.2D.020.a: Reserves**Score:** A B C D E**References:**There is no data on the BCTL's website or in its reports about the country's petroleum reserves.

2.2D.020.b: Production volumes**Score:** A B C D E**References:**No information published.

2.2D.020.c: Information on prices**Score:** A B C D E**References:**No information published.

2.2D.020.d: Value of resource exports**Score:** A B C D E**References:**No information published.

2.2D.020.e: Estimates of investment in exploration and development**Score:** A B C D E**References:**No information published.

2.2D.020.f: Production costs**Score:** A B C D E**References:**No information published.

2.2D.020.g: Names of companies operating in country**Score:** A B C D E

References:

The names of companies that produce petroleum revenue in this country are in the annual report of the Petroleum Fund. This annual report is not disclosed by the BCTL, instead by it is disclosed by the MOF.

2.2D.020.h: Production data by company and/or block

Score: A B C D E

References:

No, disaggregated payment received in the Petroleum Fund is consolidated in the annual report of the Fund which is disclosed by the MOF, not the BCTL.

2.2D.020.i: Cost of subsidies or social investments paid by mineral revenue

Score: A B C D E

References:

There is no information in the BCTL's website or report that indicates the cost of subsidies or social investments paid by petroleum revenue.

2.2D.020.j Does the Central Bank publish information on disaggregated revenue streams?

2.2D.020.j1: Production streams value

Score: A B C D E

Comments:

The Central Bank publishes overall revenues from the oil sector as part of its reporting on Petroleum Fund deposits.

References:

<http://www.bancocentral.tl/PF/Reports.asp>

2.2D.020.j2: Government s share in PSC

Score: A B C D E

References:

No information published.

Peer Review Comments:

Currently the Timor-Leste government does not have any share of production, because all the production is in the JPDA area which has been regulated by Petroleum Mining Code. However, in the future if there is oil found in the Timor-Leste exculsive area, the state participation will be 20% through the involvement of a state owned oil company, as written in PSC Timor-Leste model, Article 8.

links: <http://www.laohamutuk.org/Oil/PetRegime/PSC%20model%20270805.pdf>

2.2D.020.j3: Royalties

Score: A B C D E

References:

There is an update on the Petroleum Fund in the Central Bank of Timor-Leste (BCTL) website, call "PF Monthly Performance" that indicates among other things, information about royalties.

<http://www.bancocentral.tl/PF/Reports.asp>

2.2D.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)

Score: A B C D E

References:

There is update on the Petroleum Fund in the Central Bank of Timor-Leste (BCTL) website, call "PF Monthly Performance" that indicates among other things information about special taxes as required in Petroleum Tax Law.

<http://www.bancocentral.tl/PF/Reports.asp>

2.2D.020.j5: Dividends

Score: A B C D E

References:

There is the BCTL's quarterly report on Petroleum Fund, including dividends among other things, but the consolidation of these payment into the annual report from 2009 onward is not available in the Bank's website; it directs to MOF website.

2.2D.020.j6: Bonuses

Score: A B C D E

Comments:

No bonuses.

References:

N/A

Peer Review Comments:

No Timor-Leste regulations or contracts apply bonus fees.

2.2D.020.j7: License fees

Score: A B C D E

References:

This information is published by ANP.

2.2D.020.j8: Acreage fees

Score: A B C **(D)** E

References:

No information published.

2.2D.020.j9: Other (Explain in 'comments' box.)

Score: **(A)** B C D E

References:

There is information about profit and loss of the Petroleum Fund updated by the BCTL in its website, especially in the quarterly report and the PF monthly performance.

<http://www.bancocentral.tl/PF/Reports.asp>

2.2D Quality of reports

2.2D.021: Are periodical reports containing information on revenue generation published by the Central Bank understandable?

Score: A **(B)** C D E

References:

The reports are quite comprehensive and well structured, but lacks narrative sections and notes on methodology that would help ordinary readers to understand.

2.2D.022: How often are the periodical reports containing information on revenue generation published by the Central Bank?

Score: **(A)** B C D E

References:

As indicated earlier, there are quarterly reports and monthly performance reports produced by the BCTL on the petroleum fund.

<http://www.bancocentral.tl/PF/Reports.asp>

2.2E.020 Does any other government agency or entity publish information on revenue generation?

2.2E.020.a: Reserves

Score: A B C **(D)** E

Comments:

The latest EITI report that was published in 2010 covering data for 2009 is assessed in this section.

Reserves are not published in the EITI report.

References:

<http://eiti.org/files/Timor-Leste%202009%20EITI%20Report.pdf>

2.2E.020.b: Production volumes

Score: A B C D E

Comments:

No information on production volumes.

References:

<http://eiti.org/files/Timor-Leste%202009%20EITI%20Report.pdf>

2.2E.020.c: Information on prices

Score: A B C D E

Comments:

No information on prices.

References:

<http://eiti.org/files/Timor-Leste%202009%20EITI%20Report.pdf>

2.2E.020.d: Value of resource exports

Score: A B C D E

Comments:

No information published on exports.

References:

<http://eiti.org/files/Timor-Leste%202009%20EITI%20Report.pdf>

2.2E.020.e: Estimates of investment in exploration and development

Score: A B C D E

Comments:

No information.

References:

<http://eiti.org/files/Timor-Leste%202009%20EITI%20Report.pdf>

2.2E.020.f: Production costs

Score: A B C D E

Comments:

No information.

References:

<http://eiti.org/files/Timor-Leste%202009%20EITI%20Report.pdf>

2.2E.020.g: Names of companies operating in country

Score: A B C D E

Comments:

The EITI report published the names of companies that are part of the EITI process.

References:

<http://eiti.org/files/Timor-Leste%202009%20EITI%20Report.pdf>

2.2E.020.h: Production data by company and/or block

Score: A B C D E

Comments:

Not published.

References:

<http://eiti.org/files/Timor-Leste%202009%20EITI%20Report.pdf>

2.2E.020.i: Cost of subsidies or social investments paid by mineral revenue

Score: A B C D E

Comments:

Not published.

References:

<http://eiti.org/files/Timor-Leste%202009%20EITI%20Report.pdf>

2.2E.020.j Does any other government agency or entity publish information on disaggregated revenue streams?

2.2E.020.j1: Production streams value

Score: A B C D E

References:

<http://eiti.org/files/Timor-Leste%202009%20EITI%20Report.pdf>

2.2E.020.j2: Government s share in PSC

Score: A B C D E

References:

<http://eiti.org/files/Timor-Leste%202009%20EITI%20Report.pdf>

Peer Review Comments:

Currently the Timor-Leste government does not have any share of production, because all the production is in the JPDA area which has been regulated by Petroleum Mining Code. However, in the future if there is oil found in the Timor-Leste exclusive area, the state participation will be 20% through the involvement of a state owned oil company, as written in PSC Timor-Leste model, Article 8.

links: <http://www.laohamutuk.org/Oil/PetRegime/PSC%20model%20270805.pdf>

2.2E.020.j3: Royalties

Score: A B C D E

Comments:

Royalties are aggregated with profit oil.

References:

<http://eiti.org/files/Timor-Leste%202009%20EITI%20Report.pdf>

2.2E.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)

Score: A B C D E

References:

<http://eiti.org/files/Timor-Leste%202009%20EITI%20Report.pdf>

2.2E.020.j5: Dividends

Score: A B C D E

Comments:

Not published.

References:

<http://eiti.org/files/Timor-Leste%202009%20EITI%20Report.pdf>

2.2E.020.j6: Bonuses

Score: A B C D E

Comments:

No bonuses in Timor Leste.

References:

N/A

2.2E.020.j7: License fees

Score: A B C D E

References:

<http://eiti.org/files/Timor-Leste%202009%20EITI%20Report.pdf>

2.2E.020.j8: Acreage fees

Score: A B C D E

Comments:

Acreage fees are not disaggregated from other fees.

References:

<http://eiti.org/files/Timor-Leste%202009%20EITI%20Report.pdf>

2.2E.020.j9: Other (Explain in 'comments' box.)

Score: A B C D E

References:

There are no other government agencies that publish this information.

2.2E Quality of reports

2.2E.021: Are periodical reports containing information on revenue generation published by any other government agency or entity understandable?

Score: A B C D E

References:

<http://eiti.org/files/Timor-Leste%202009%20EITI%20Report.pdf>

2.2E.022: How often are the periodical reports containing information on revenue generation published by the any other governmental agency or entity?

Score: A B C D E

Comments:

The last report was published in 2010. EITI are not published every year though.

References:

<http://eiti.org/files/Timor-Leste%202009%20EITI%20Report.pdf>

2.2 Public sector balance

2.2.023: Does the government include the SOC financial balance (its assets and liabilities) within the public sector balance or overall balance of general government in reports to the legislature?

Score: A B C D E

References:

Timor Leste's SOC is Timor-Gap Empresa Publico. It's financial balance is not publicly available, but

may be reported to the legislature.

Peer Review Comments:

In October 26, 2011, officially Timor-Leste State Owned Company was established with the name "TIMOR GAP E.P", meaning Timor Gas and Petroleum Public Enterprise. The proposed budget 2011 for establishment of the TIMOR GAP Company has been approved by the National Parliament for about 2.5 Million US Dollar.

Please see the link which published by Lao Hamutuk website.
<http://www.laohamutuk.org/Oil/PetRegime/NOC/10Petronatil.htm>

There is also a 2011 budget execution report in Portuguese version published by the Ministry of Finance; in this report we can see the balance of the SOC budget expenditure. However, it is very difficult to download the document. See link: http://www.mof.gov.tl/wp-content/uploads/2012/04/Q4FY2011_pt_published.pdf

Under budget document 2011, page 14, has been mentioned 2.5 Million for the capitalisation of National Oil Company, and I did check with four members of parliament, which two of the members from opposition party, and another two from ruling party, all of them have confirmed that there is proposal of financial balance of Timor-Gap E.P. They do not know if the document has been published or not in MoF website, but they do have a hard copies which distributed by MoF to all member of the parliament when the they discussed about the budget.

2.2.024: Does the government include projections of transactions, accounts of actual spending by the natural resource funds, and their assets and liabilities, within the public sector balance or overall balance of general government in reports to the legislature?

Score: A B C D E

References:

There are annual reports on the petroleum fund published by the MOF, which are publicly available.

2.2.025: Does the government provide information on the non resource fiscal balance in its budget proposal?

Score: A B C

References:

The State Budget 2012 gives information on petroleum and non-petroleum government revenues (p. 39-42). "Total Revenues in 2012 is estimated to be \$1.90 billion, with the bulk of it (\$1.77 billion) flowing from Petroleum Revenues and the remaining \$136.1 million being Domestic Revenues." (p. 39)

<http://www.mof.gov.tl/wp-content/uploads/2012/02/Book-1-English-final.pdf>

According to the CIA World Factbook, (<https://www.cia.gov/library/publications/the-world-factbook/geos/tt.html>), Timor-Leste has the world's largest budget surplus.

Peer Review Comments:


The government provides information on the non resource fiscal balance every year in the budget proposal, for example budget document 2012 Book 1 describes in detail such information. See tables 5.2, 5.3, 5.4 and 5.5 from page 39-42, <http://www.mof.gov.tl/wp-content/uploads/2012/02/Book-1-English-final.pdf>

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Legal Framework and Practices

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Indicator	Score
2.3 Legal Framework and Practices	71 

2.3 Legal Framework and Practices

2.3.026: In the legal framework, what government agencies have authority to collect taxes and payments from resource companies?

Score: A B C D E

References:

Timor Leste through Petroleum Fund Law No 9/2005 established the Petroleum Fund for Timor-Leste (see Article 5, section 5.1) to be held by the Central Bank (i.e.BCTL).

Peer Review Comments:

The Petroleum Taxation department which is under Ministry of Finance is the responsible agency in order to collect petroleum taxes from Oil Companies. See link:
<http://www.mof.gov.tl/taxation/petroleum-tax/?lang=en>

This department acts on behalf of the Petroleum Taxation law which was approved by the National Parliament in 2003. Here are the links to Petroleum Taxation law No 3, 2003.
<http://www.mof.gov.tl/wp-content/uploads/2010/07/ToBUCA.pdf>

2.3.027: Are all resource related revenues, including those collected by state owned companies, regulatory agencies, ministries, special funds or by the tax authority placed in the national treasury?

Score: A B C D E

References:

According to the Petroleum Fund Law, all payments from petroleum operations (revenues) in this country should go to the Petroleum Fund account.

2.3.028: Are government officials with a role in the oversight of the oil, gas or mining sector required to disclose information about their financial interest in any extractive activity or projects?

Score: A B C

References:

As far as we can see in the regulation on the petroleum sector listed on the ANP's website (Petroleum Act, Petroleum Tax Act, Petroleum Fund Act as well as the Decrees Laws on the establishment of the ANP (no. 2/2008) and on Public Tendering in Respect of Petroleum Contract Awards (No. 7/2005)) there is no requirement for disclosure of such information.

Peer Review Comments:

According to Petroleum Fund Law, Article 17, which describes the role of the Investment Advisory Board of the Petroleum Fund, this oversight body is constituted by the actual Minister of Finance, Director of Central Bank and other official members. Article 17.4 requires disclosure of information about their assets and income from property and capital, including information relating to their bank accounts. The same rule also applies to members of Consultative Council Of Petroleum Fund, which is composed of representatives of Civil Society, Private sectors, Religious, and former Prime Minister, former President of Republic, former Minister of Finance, former President of National Parliament. See article 27.6. for the link to the law:

<http://www.mof.gov.tl/wp-content/uploads/2011/09/Petroleum-Fund-Law-English.pdf>

2.3.029: Is there independent external validation of internal controls of agencies in charge of receiving payments from resource companies with the objective of providing assurances of integrity of public funds and sound financial management?

Score: A B C D E

Comments:

Consultative Council of Petroleum Fund (KKFP)

References:

According to Article 34, 35 and 36 Petroleum Fund Law, an internationally recognized accounting firm is selected and appointed by the Government to be the independent auditor of the Fund. In the Petroleum Fund Annual Report for 2010 (the most recent available report this research can refer to) it was Deloitte Touche Tomatsu (see page 8 of the report) who undertook the audit to be reported to the Ministry of Finance.

Peer Review Comments:

So far Deloitte Touche Tomatsu has performed the functions of external financial auditor. The Consultative Council of Petroleum Fund (KKFP) only provide their opinion in terms of how to utilise the Fund in the state budget expenditure.

2.3.030: Does the national audit office (or similar independent organization) report regularly to the legislature on its findings, including an objective analysis of agencies in charge of managing resource revenues, and are these reports published?

Score: A B C D E

References:

There is no independent audit office to perform an audit of revenue from petroleum. As mentioned in the previous indicator, according to the article 34 - 36 of the Petroleum Fund Law, an independent internationally recognized audit company is to audit the Fund account. It does not report to parliament, but rather to the Ministry of Finance (Article 35, section #1 of the Fund Act).

2.3.031: Does a Parliamentary committee scrutinize reports on resource related revenues and, if so, when does this occur?

Score: A B C D E

References:

Annual Reports of the Petroleum Fund are consolidated by the Ministry of Finance after being audited by an independent auditor. The MoF then submits the report to the Parliament in the following year (in the case of the Annual Report 2008, it was submitted on August).

2.3.032: Is this country an EITI candidate or compliant country?**Score:** A B C D E**References:**

Timor Leste has been designated as EITI compliant as of 1 July 2010

Source:

<http://eiti.org/news-events/timor-leste-designated-eiti-compliant-eiti-board>

See also http://eiti.org/files/2012-02-10_Extracting_Data_0.pdf page 40, Timor Leste complaintc country highlighted the country EITI implementation performance.

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Indicator		Score
3.1.1	Context	89 

3.1.1 Context

3.1.1.033: Is there a state-owned company? If so, what is its role in the extractive sector?

Score: A B C D E

References:

There is a newly established SOC, namely TimorGAP E.P. established by Decree Law No. 31/2011 on July 27th, 2011. In the decree there is no provision stating that the SOC has a legal monopoly over oil and gas extraction in this country. However, it is expected "...to participate in any petroleum activities" (Article 4.1 and 4.2).

Asa the TimorGAP was just established there is no clear sign of it having a monopoly on oil and gas operations in Timor Leste.

See also Lao Hamutuk, a prominent NGO in Dili update on March 12nd, 2012, on this issue (see: <http://www.laohamutuk.org/Oil/PetRegime/NOC/10Petronatil.htm>)

Peer Review Comments:

Timor-Leste PSC model article 8.1 (b) says "The decision under paragraph 8.1(a) shall specify the percentage of the participation, up to a maximum of twenty (20) percent." This means the participation of the SOC in development of petroleum can be up to a maximum of 20%. See link below.

<http://www.laohamutuk.org/Oil/PetRegime/PSC%20model%20270805.pdf>

3.1.1.034: How is government ownership of resource companies structured in this country?

Score: A B C D E

References:

Reference being used here same with in the previous indicator #3.1.1.033. The TimorGAP is entirely controlled by the government both in policy, finance and human resources, at least for the first years

3.1.1.035: Is there more than one state-owned company (SOC) operating in the extractive sector?

Score: A B C

References:

According to the Decree-law No 31/2011, the TimorGAP establishment, it is only through this SOC that the government of TL has stepped into the commercial activity in oil and gas in the country.

See also Lao Hamutuk update on this: Creating Timor-Leste's National Oil Company
<http://www.laohamutuk.org/Oil/PetRegime/NOC/10Petronatil.htm>

3.1.1.036: Do the roles and responsibilities of the SOC include provision of subsidies or social expenditures (quasi-fiscal activities)?

Score: (A) B C

References:

As far as what it is stated in the Decree-law No 31/2011, the TimorGAP will only take role as commercial arm of the government of TL in petroleum operations. There is no provision for this company to play a quasi-fiscal role.

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Indicator		Score
3.2.1	Comprehensive reports	N/A
3.2.2.038	Does the SOC publish information on revenue generation?	N/A
3.2.3.038.j	Disaggregated Revenue Streams	N/A
3.2.4	Quality of reports	N/A
3.2.5.043	Audited reports	N/A

3.2.1 Comprehensive reports

3.2.1.037: Does the SOC publish comprehensive reports with information about its operations and subsidiaries?

Score: A B C D **E**

References:

The TimorGAP was just established on July 27th, 2011, and its Board of Directors was formed on September 28th. In so far there has not yet been significant commercial action taken by TimorGAP to justify this indicator.

The update of TimorGAP activity can only be checked in the company website, which is not yet in fully operation (many features are still under construction), and Lao Hamutuk (an NGO base in Dili) website (<http://www.laohamutuk.org/Oil/PetRegime/NOC/10Petronatil.htm>). No update available at ANP's website.

3.2.2.038 Does the SOC publish information on revenue generation?

3.2.2.038.a: Reserves

Score: A B C D **E**

References:

Timor GAP is newly established, no information published yet.

3.2.2.038.b: Production volumes

Score: A B C D **E**

References:

As noted in the previous indicator, the TimorGAP was just established and it has not taken any commercial action. See for instance the company website: <http://timorgap.com/databases/website.nsf/vwAll/Home>

3.2.2.038.c: Information on prices**Score:** A B C D E**References:**

See previous comment.

3.2.2.038.d: Value of resource exports**Score:** A B C D E**References:**

See previous comment.

3.2.2.038.e: Estimates of investment in exploration and development**Score:** A B C D E**References:**

See previous comment.

3.2.2.038.f: Production costs**Score:** A B C D E**References:**

See previous comment.

3.2.2.038.g: Names of companies operating in country**Score:** A B C D E**References:**

See previous comment.

3.2.2.038.h: Production data by company and/or block**Score:** A B C D E**References:**

See previous comment.

3.2.2.038.i: Quasi fiscal activities**Score:** A B C D E**References:**

See previous comment.

3.2.3.038.j Disaggregated Revenue Streams

3.2.3.038.j1: Production streams value

Score: A B C D **(E)**

References:

As noted in the previous indicator, the TimorGAP was just established and it has not taken any commercial action so there is no yet revenue generated by this company. So, there is no base to judge this indicator. See for instance the company website:
<http://timorgap.com/databases/website.nsf/vwAll/Home>

3.2.3.038.j2: Government s share in PSC

Score: A B C D **(E)**

References:

See previous comment.

Article 8 of the Model PSC allows an SOC to participate in petroleum project development, with a maximum 20 percent share.

See: <http://www.laohamutuk.org/Oil/PetRegime/PSC%20model%20270805.pdf>

Peer Review Comments:

According to Timor-Leste model of PSC, article 8, it requires state participation of 20%.
link: <http://www.laohamutuk.org/Oil/PetRegime/PSC%20model%20270805.pdf>

3.2.3.038.j3: Royalties

Score: A B C D **(E)**

References:

See previous comment.

Peer Review Comments:

The TimorGAP E.P. just started and still has no involvement in production activity.

3.2.3.038.j4: Special taxes

Score: A B C D **(E)**

References:

See previous comment.

Peer Review Comments:

The TimorGAP E.P. just started and still has no involvement in production activity.

3.2.3.038.j5: Dividends

Score: A B C D **(E)**

References:

See previous comment.

Peer Review Comments:

The TimorGAP E.P. just started and still has no involvement in production activity.

3.2.3.038.j6: Bonuses

Score: A B C D **(E)**

References:

See previous comment.

Peer Review Comments:

The TimorGAP E.P. just started and still has no involvement in production activity.

3.2.3.038.j7: License fees

Score: A B C D **(E)**

References:

See previous comment.

Peer Review Comments:

The TimorGAP E.P. just started and still has no involvement in production activity.

3.2.3.038.j8: Acreage fees

Score: A B C D **(E)**

References:

See previous comment.

Peer Review Comments:

The TimorGAP E.P. just started and still has no involvement in production activity.

3.2.3.038.j9: Other (Describe below)

Score: A B C D **(E)**

References:

See previous comment.

Peer Review Comments:

The TimorGAP E.P. just started and still has no involvement in production activity.

3.2.4 Quality of reports

3.2.4.039: Are the reports published by the state owned company understandable?Score: A B C D **E****References:**

See previous comment.

Peer Review Comments:

The TimorGAP E.P. just started and still has no involvement in production activity.

3.2.4.040: How often are the reports or statistical databases containing information on revenue generation published by the state owned company?Score: A B C D **E****References:**

See previous comment.

Peer Review Comments:

The TimorGAP E.P. just started and still has no involvement in production activity.

3.2.4.041: If the SOC is involved with quasi fiscal activities, does it publish information about them?Score: A B **C****References:**

As noted in the previous indicator, the TimorGAP was just established and it has not made any public report . So, there is no base to judge this indicator. See for instance the company website: <http://timorgap.com/databases/website.nsf/vwAll/Home>

However, according to the Decree-law of the establishment of TimorGAP there is no provision for this company to conduct quasi-fiscal activities.

3.2.4.042: If there are joint ventures, does the SOC (or government) publish information on its share of costs and revenues deriving from its equity participation in joint ventures?Score: A B **C****References:**

As noted in the previous indicator, the TimorGAP was just established and it has not made any public report . So, there is no basis to judge this indicator. See for instance the company website: <http://timorgap.com/databases/website.nsf/vwAll/Home>

Peer Review Comments:

The TimorGAP E.P. just started and still has no involvement in production activity.

3.2.5.043 Audited reports

3.2.5.043.a: Is the SOC subject to annual audits conducted by an independent external auditor to ensure that the financial statements represent the financial position and performance of the

company?**Score:** A B C D **(E)****References:**

As noted in the previous indicator, the TimorGAP was just established and it has not made any public report . So, there is no base to judge this indicator. See for instance the company website: <http://timorgap.com/databases/website.nsf/vwAll/Home>

However, according to the Decree-law of the establishment of TimorGAP there is a provision for annual audits conducted by an independent external auditor.

Peer Review Comments:

The TimorGAP E.P. just started and still has no involvement in production activity.

3.2.5.043.b: Are SOC audited reports published?**Score:** A B C D **(E)****References:**

See previous comment.

Peer Review Comments:

The TimorGAP E.P. just started and still has no involvement in production activity.

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Indicator	Score
3.3.1 Legal Framework and Practice	N/A

3.3.1 Legal Framework and Practice

3.3.1.044: Does the SOC have a legal obligation to publish financial reports?

Score: A B C

References:

According to the Article 27 of the Statute of the TimorGAP, an Annex part of the Decree-law no 31/2011, "..The Annual Report shall be submitted to the Council of Ministers by the Chairman of the Board, accompanied by his/her sectoral oversight, and PUBLISHED within six months after the end of each fiscal year."

3.3.1.045: Does the SOC follow internationally recognized accounting standards?

Score: A B C

References:

According to Article 2.3. Decree-law no 31/2011, "The Government member responsible for exercising oversight powers over TIMOR GAP, E.P. may at any time request that the Company be subject to external audits, including audits conducted by the Court of Auditors or INTERNATIONAL AUDIT firms...."

3.3.1.046: Do SOC audits include consolidated accounts that cover all of the SOC subsidiaries?

Score: A B C

References:

The legal provision in the Decree-law No 31/2011 does not specify whether the audit is included is subsidiaries or not (article 2.3), while according to the same decree law (article 5 & 5) Timor Gap can establish subsidiaries. It can only be implied that the audit must include its subsidiaries.

3.3.1.047: Are officials of the SOC required to disclose information about their financial interest in any oil, gas or mining projects?

Score: A B C

References:

According to the article 18 of the Decree-law no 31/2013, "All members of the Board of Directors, Audit Board and Executive Management shall submit a declaration of their assets before taking up their duties.

However, article 19 says the declaration is not for public use, but only goes to the responsible government official and can only be published by court order.

19.1 The list of assets declared under the previous article shall be submitted and filed with the office of member of Government responsible for the oil sector and with the Court of Appeal.

19.2 The declaration of personal assets can only be publicly disclosed by court order.

3.3.1.048: Does the SOC publish information on the composition of its Board of Directors?

Score: A B C

References:

The appointment of the Board of Director is published on Journal de Republica No 29/2011. See <http://www.laohamutuk.org/Oil/PetRegime/NOC/2011/JRRes29-2011TimorGAPNomeadoPt.pdf>

3.3.1.049: Does the SOC publish information about the rules governing decision making by the Board of Directors?

Score: A B C

References:

Decree-law No 31/2011 regulates the rules of decision making by the Board of Directors in Article 9 (the Power of the Board) and Article 10 (its proceedings) of the Company Statute (the Annex of Decree-law No 31/2011).

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