

Board decision on the Validation of Timor- Leste

Decision reference: 2018-15/BM-39/BP-39-5-H

On 13 February 2018, the EITI Board came to the following decision on Timor-Leste's status:

The EITI Board agrees that Timor-Leste **has fully addressed the corrective actions from the country's first Validation**. Consequently, Timor-Leste has made satisfactory progress overall in implementing the EITI Standard.

The EITI Board commends Timor-Leste for addressing the corrective actions by improving the level of disclosures in EITI Reports and by enabling more meaningful participation by the civil society and companies.

The Board also welcomed progress in mainstreaming EITI implementation, and encouraged the Multi-Stakeholder Working Group (MSWG) to consider further the opportunities to improve government and company disclosures.







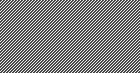
The Multi-Stakeholder Working Group (MSWG) should continue to ensure adherence to the EITI Principles and Requirements. Where concerns are raised about whether implementation of the EITI has fallen below the required standard, the EITI Board reserves the right to require the country to undergo a new Validation. In accordance with Requirement 8.3.b, stakeholders may petition the EITI Board if they consider that **Timor-Leste's status should be reviewed**. **Otherwise, in accordance with Requirement 8.3.d.i, Timor-Leste will be revalidated in three years, with the next Validation commencing on 13 February 2021.**

Assessment card

The EITI Board agreed the following assessment card:

EITI Requirements		Level of progress					Direction of Progress
		No progress	Inadequate	Meaningful	Satisfactory	Beyond	
Timor-Leste Second Validation scorecard							
Categories	Requirements	No progress	Inadequate	Meaningful	Satisfactory	Beyond	Direction of Progress
MSG oversight	Government engagement (#1.1)						
	Industry engagement (#1.2)						--->
	Civil society engagement (#1.3)						--->
	MSG governance (#1.4)						--->
	Work plan (#1.5)						
Licenses and contracts	Legal framework (#2.1)						
	License allocations (#2.2)						
	License register (#2.3)						
	Policy on contract disclosure (#2.4)						
	Beneficial ownership (#2.5)						
	State participation (#2.6)						
Monitoring production	Exploration data (#3.1)						
	Production data (#3.2)						
	Export data (#3.3)						
Revenue collection	Comprehensiveness (#4.1)						
	In-kind revenues (#4.2)						
	Barter agreements (#4.3)						
	Transportation revenues (#4.4)						
	SOE transactions (#4.5)						
	Direct subnational payments (#4.6)						
	Disaggregation (#4.7)						--->
	Data timeliness (#4.8)						
	Data quality (#4.9)						--->
Revenue allocation	Distribution of revenues (#5.1)						
	Subnational transfers (#5.2)						
	Revenue management & expenditures (#5.3)						
Socio-economic contribution	Mandatory social expenditures (#6.1)						--->
	SOE quasi-fiscal expenditures (#6.2)						
	Economic contribution (#6.3)						
Outcomes and impact	Public debate (#7.1)						
	Data accessibility (#7.2)						
	Follow up on recommendations (#7.3)						
	Outcomes & impact of implementation (#7.4)						--->
Overall assessment	Satisfactory progress						--->

Legend to the assessment card

-  The country has made no progress in addressing the requirement. The broader objective of the requirement is in no way fulfilled.
-  The country has made inadequate progress in meeting the requirement. Significant elements of the requirement are outstanding and the broader objective of the requirement is far from being fulfilled.
-  The country has made progress in meeting the requirement. Significant elements of the requirement are being implemented and the broader objective of the requirement is being fulfilled.
-  The country is compliant with the EITI requirement.
-  The country has gone beyond the requirement.
-  This requirement is only encouraged or recommended and should not be taken into account in assessing compliance.
-  The MSG has demonstrated that this requirement is not applicable in the country.

Background

Timor-Leste was accepted as an EITI Candidate in February 2008 and was designated as compliant with the EITI Rules in July 2010.

The first Validation of Timor-Leste commenced on 1 July 2016. On 11 January 2017, the EITI Board found that Timor-Leste had made meaningful progress in implementing the 2016 EITI Standard. The Board established seven corrective actions related to:

1. Industry engagement (requirement 1.2);
2. Civil society engagement (requirement 1.3);
3. MSG governance (requirement 1.4);
4. Disaggregation (requirement 4.7);
5. Data quality (requirement 4.9);
6. Mandatory social expenditures (requirement 6.1); and
7. Outcomes and impact of implementation (requirement 7.4).

The Board asked Timor-Leste to address these corrective actions to be assessed in a second Validation commencing on 11 January 2018.

Timor-Leste's second Validation commenced on 11 January 2018. The Validation has been conducted in accordance with a procedure agreed by the Validation Committee and per the 2018 work plan.

Specifically:

1. The MSG was advised regarding the commencement of Validation, and invited to contact the Secretariat with any comments and concerns regarding EITI implementation and progress in addressing the corrective actions;
2. The EITI International Secretariat undertook a desk review, assessing the progress made in addressing the seven corrective actions established by the EITI Board. The desk review followed the standardised procedure for data collection and stakeholder consultation as per the Validation procedures. The **Secretariat's draft** assessment concluded that Timor-Leste has addressed all of the corrective actions and **has made "satisfactory progress" on the corresponding requirements.**
3. The draft assessment was sent to the Timor-Leste Multi-Stakeholder Working Group (MSWG) for comment on 19 January.
4. **Following receipt of these comments, the Secretariat's assessment will be finalised** for consideration by the EITI Board via the Validation Committee.
5. The Validation Committee will **review the Secretariat's assessment and the feedback from the MSG. The Committee will then decide whether to request additional information, refer the assessment to the independent validator, or to make a recommendation to the Board.**

The documentation on this Validation (Validation Report, MSG Comments and initial data collection) can be found here: <https://eiti.org/document/timorleste-validation-2018>