

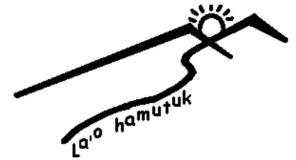
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13 July 2024

To: Eric Namtvedt

Study Delivery Director for Greater Sunrise Development

Wood PLC

Via email to eric.namtvedt@sp.woodplc.com

Re: Issues to consider in your study of Greater Sunrise

My name is Celestino Gusmão Pereira and I work as a researcher for the La'o Hamutuk, the Timor-Leste Institute for Development Monitoring and Analysis. La'o Hamutuk is an independent Timorese non-governmental organization which monitors, analyzes, educates, advocates and reports on development in Timor-Leste, including issues related to extractive industries.

We appreciate the session at FONGTIL last Thursday, although there was not enough time for in-depth discussion or for us to share the information we have about the development of Greater Sunrise. As I mentioned, La'o Hamutuk is available for further discussion whenever you have time.

The book [*Sunrise LNG in Timor-Leste: Dreams, Realities and Challenges*](#)¹ that I gave you at the meeting was published in 2008, and some things have changed since then. However, we believe that its general scope and some analyses are still appropriate and should be considered by your team. In addition, our website includes a lot of more recent relevant history, information and documents.²

We hope that you will be able to meet with all the organizations that are analyzing expected impacts of Greater Sunrise and that this will help you to produce a credible, accurate and independent report, unlike the two reports by ACIL Allen seven years ago, which are briefly discussed on our website.³ We noted that they were "based on assumptions provided by TimorGAP, and that their incomplete, simplistic methodology reached the conclusions that TimorGAP knew in advance that they wanted. We urge Timor-Leste to hire independent experts to conduct a comprehensive, objective study of the costs, benefits, and risks of the Greater Sunrise and Tasi Mane projects before making irreversible commitments." We hope that Wood PLC will do better than ACIL Allen, and that your report will be objective and fact-based, as you have promised.

¹ Also available at <http://www.laohamutuk.org/Oil/LNG/LNGReport.pdf>

² See <http://www.laohamutuk.org/Oil/PSCs/10PSCs.htm#sunrise>
<https://www.laohamutuk.org/Oil/Sunrise/10Sunrise.htm> (events until 2015) and
<https://www.laohamutuk.org/Oil/Sunrise/18SunriseBuyout.htm> (events until 2021)
<http://www.laohamutuk.org/Oil/Sunrise/2019/MisinformationFactsEn.pdf>

³ See box "Learning from Experience" at right of
<https://www.laohamutuk.org/Oil/Sunrise/18SunriseBuyout.htm#happen>

In 2017, the World Bank wrote a *Review of Sunrise Resource Development Concepts and Potential Development Impact and Economic Linkages*. Sadly, they did not publish it, although we believe it would be helpful to your work. I hope that you are able to access this report, as well as the two “due diligence” reports prepared by PWC for TimorGAP in 2018.

According to Wood’s 2 July press release⁴, your study will consider “environmental, health & safety and socioeconomic drivers including local content” and expects to provide “impartial insights” to the Sunrise Joint Venture. In that spirit, we would like to raise a few relevant concerns:

- When you analyze the economic benefits of the Sunrise project, we hope that you will subtract jobs and livelihoods that will be extinguished by the project, especially in agriculture and fisheries. Many outside analysts downplay subsistence or informal sectors of the economy, but these are intrinsic and essential to the lives of many Timorese people, especially in the proposed project area. We urge you not to ignore them.
- A few years ago, Monash University economists compared projections of the outcomes from investing in Tasi Mane with the coffee sector and found that a much smaller investment in coffee production could create five times as many jobs as the Tasi Mane Project.⁵ They realized that nearly all of the employment which would be generated from the Tasi Mane project, according to the ACIL Allen study, resulted from roads making it easier for farmers to get their products to market. We understand that Timor-Leste’s lost opportunity costs of investing in Greater Sunrise may be outside the scope of your report, but they are crucial to the future of our country.
- We have, sadly, learned that expectations of economic benefits from large construction projects are often unmet, and hope that you will not repeat this pattern. For example, in January 2009, Prime Minister Xanana Gusmão described the national electricity project, telling our citizens that “In addition to enabling the development of many other employment-generating sectors, this project will in itself create over 20 thousand jobs already in 2009.”⁶ By May 2010, the project employed only 155 Timorese workers; by October 2010 the number was 397.⁷ It rose to 960 in April 2011,⁸ and dropped to about 429 in June 2011 and 340 in November 2012. Overall, the number of Timorese workers who got jobs (mostly short-term) building the power stations and the national grid was less than 3% of the 20,000 Xanana promised.
- Similarly, the benefits from jobs and local content from petroleum-related activities in Timor-Leste are often overstated.⁹ More accurate information about recent employment and CSR is reported by the Extractive Industries Transparency Initiative (EITI). The most recent report,

⁴ Wood awarded concept study for Greater Sunrise Development <https://www.woodplc.com/news/latest-press-releases/2024/wood-awarded-concept-study-for-greater-sunrise-development>

⁵ *Coffee in Timor-Leste: What do we know? What can we do?* <https://drive.google.com/file/d/1oMufKgFvLVGPjvfPOPSiFK1pOzWthK1j>, page 16

⁶ <https://www.laohamutuk.org/econ/OGE09/PM-OGE09-14Jan09En.pdf>, page 15

⁷ <https://www.laohamutuk.org/Oil/Power/10PowerPlant2010.htm>

⁸ <https://www.laohamutuk.org/Oil/Power/2011/11PowerPlant2011.htm>

⁹ See Box 1 of La’o Hamutuk’s book *Sunrise LNG in Timor-Leste: Dreams, Realities and Challenges*, op. cit., p. 9

covering 2021, says that 200 Timorese people total were employed in the oil and gas sector.¹⁰ Local Content expenditures in 2021 totaled \$22.2 million, of which \$20.4 million was “mandatory”—cost-recoverable employment and subcontracts and \$1.8 million was “social expenditure.”¹¹ The total is less than 1% of the value of oil and gas produced during the year.¹²

I hope this information contributes to your study. Also, I apologize if my intervention caused any inconvenience.

Once again, La’o Hamutuk is always ready to continue and deepen this discussion.

Sincerely,



Celestino Gusmao

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¹⁰ *EITI Timor-Leste 2021 Reconciliation Report*
<https://www.laohamutuk.org/Oil/EITI/2024/TL-EITI-Report-2021en.pdf>, pp. 31-34

¹¹ *Ibid.*, pp. 119-120

¹² *Ibid.*, p. 26