

TIMOR-LESTE EITI WORKING GROUP: TERMS OF REFERENCE

Preamble

The Government of Timor-Leste was one of the first Asian country to state its commitment to the Principles and Criteria of the Extractive Industries Transparency Initiative (EITI) on the occasion of the first international conference on EITI in London in June 2003. Adherence to EITI is aligned with the country's pursuit, from the outset, of transparency in the petroleum and mining sectors. Petroleum sector revenues are in the public sector domain (via quarterly and annually reports on the status of Timor-Leste's Petroleum Fund) as are production sharing contracts. Measures of transparency are codified in the country's petroleum sector legislation. Mining sector activities have not yet started and laws are currently under preparation.

To guide the full implementation of EITI in Timor-Leste, a multi stakeholders EITI Working Group comprised of representatives of relevant government ministries/agencies, extractive industry companies, State Owned Enterprises (SOE) and civil society is established.

Objectives

The objectives of Timor-Leste's EITI Working Group include to:

- Develop and approve a public and financially sustainable EITI annual work plan
- Monitor implementation of the EITI work plan, reviewing and updating it periodically as necessary.
- Determine and agree the scope of EITI audits/reports in Timor-Leste, in accordance with the most recent EITI Standard , develop EITI reporting templates to be used by companies and government that are easily comprehensible, determine terms of reference for and select an independent auditor to reconcile revenue and payment data, and ensure that EITI reports are published and disseminated.
- Determine and agree the level of aggregation/disaggregation to be included in the reports that appropriately protects commercially sensitive information without compromising the public's right to information on both extractive industry payments and government receipts. The group will determine the frequency/cycle for EITI reports in Timor-Leste, in accordance with the most EITI standard.
- Help address weaknesses and capacity constraints in extractive industries transparency in Timor-Leste and raise public awareness (including civil society and NGO) of EITI and petroleum sector transparency.
- Facilitate the design, monitoring, and evaluation of the EITI validation process in Timor-Leste.
- Establish a program of work to include the mining industry under the EITI framework when the mining sector is established.

Membership

The EITI Working Group shall include the following members:

- Ministry of Petroleum and Minerals Resources /Public Servant EITI Focal Point (Chairperson)
- Two senior representatives of the Ministry of Finance/the Tax Authorities.
- One Senior representative of the Central Bank of Timor-Leste.
- Two senior representatives of the Ministry of Petroleum and Minerals Resources/Regulating Authorities.
- Three representatives of civil society as determined/selected by a forum of civil society organizations involved in transparency and civil society oversight of extractive industries.
- Three representatives of petroleum companies selected on the basis of largest share/interest of those companies currently operating in Timor-Leste associated areas: (i) the Timor-Leste exclusive petroleum development area, (ii) the Joint Petroleum Development Area, and (iii) future operators in JPDA as well as Timor-Leste associated areas.
- One senior representative of the State Owned Enterprises (SOE).

Each member will name an Alternate who would attend Working Group meetings in case the primary member is unable to attend. Each member shall consult with and fairly represent interests of others within their stakeholder pillar.

The interested party(s) in Extractive Industries and key stakeholders as defined in requirement 1 (1.3 F.ii) are invited to participate as observers. The Working Group may invite other observers as it sees fit in accordance with the Decision Making / Voting provisions of this Terms of Reference. Observers will not be eligible to vote or take decisions on issues under consideration by the members of the Working Group. Observers will be subject to the same rules of conduct as full working group members.

Term of Membership

Members shall be appointed for an initial two years term and can be reappointed for a second two years term. While the multi-party nature of the group must be maintained (i.e., government, extractive industry companies, civil society and SOE must always be represented), the group may agree at any time to change, add, or reduce number of members.

Meetings

The Working Group shall meet at a minimum once per month or as otherwise agreed. Frequency of meetings shall be reviewed by the group after considering discussion issues in relation to the implementation of the work plan.

Meetings will take place when the attendance of the MSG meets the quorum of a minimum of half of the Members and must include at least one third of the Members from each Constituency.

The Chairperson will call and set the agenda for meetings. The meeting announcement, agenda, and any background documents shall be circulated to Working Group members a minimum of one week before the meeting date. The Chairperson and Working Group shall be supported by a Secretariat. The

Secretariat shall conduct all coordination and administrative functions necessary, including transport and communication, to support the Working Group and ensure the fulfillment of its specific responsibilities.

The Chatham House Rule will apply to meetings and to the minutes of meeting discussions to be kept by the EITI Coordinator. Minutes of meetings (respecting the Chatham House Rule) will be circulated to the Working Group and will be made publicly available after agreement among the Members. Members and observers should respect that differences of opinion may arise during the discussion and should refrain from engaging in public discourse which would be disruptive to the issues under discussion prior to release for public review and commentary.

All Working Group Members and Observers shall respect and not discuss outside of the Working Group meetings any commercially sensitive information that may become available at any point during the development and implementation of the Timor-Leste EITI Program. Violation of this trust would be reviewed by the Working Group and may result in dismissal from any further participation in Working Group meetings.

If there are any necessary or urgent issues which need to be discussed and decided, the Chairperson will call to have extraordinary meeting.

Decision Making/Voting

The Working Group shall strive to reach resolution on matters by Consensus. However, where consensus is not possible, then final decisions of the Working Group shall be taken by vote. The vote must be taken at least by two thirds of the meeting quorum. A resolution can pass with 50%+1 in support of resolution.

In the case of a voting member cannot attend a meeting where an urgent issue which need to be discuss and decided, he/she must provide in written the authority to his/her respective alternate to vote on his/her behalf.

Decision Making/Voting in Extraordinary case

The Working Group members will be able to perform discussions on a specific matter via emails and make their decisions via email, in the circumstance where decisions must be made within limited time period, while the minimum quorum cannot be achieved within the limited time period.

This circumstance is only applicable after a decision by Working Group members attending the meeting and the decision is recorded in the minutes of meeting.