

TIMOR-LESTE EITI WORKING GROUP: TERMS OF REFERENCE

Preamble

The Government of Timor-Leste was one of the first 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 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 tripartite EITI Working Group—comprised of representatives of relevant government ministries/agencies, extractive industry companies, and civil society—is established.

Objectives

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

- Develop a public and financially sustainable EITI work plan (endorsed by the Working Group following public review and commentary on the draft 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, 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.
- 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:

- Secretary of State, Natural Resources/Public Servant EITI Focal Point (Chairperson)
- Two senior representatives of the Ministry of Finance/the Tax Authorities.
- Senior representative of the Banking and Payments Authority.
- Two senior representatives of the Ministry of National 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.

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 World Bank, IMF, NORAD petroleum sector advisers to the government 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 year term and can be reappointed for a second two year term. While the tripartite nature of the group must be maintained (i.e., government, extractive industry companies, and civil society 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 until such time as work plan is released for public review and validation is achieved. Frequency of meetings shall be reviewed by the group after publication of the final work plan and validation is achieved to ensure full implementation of the work plan.

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 development of a final work plan and should refrain from engaging in public discourse which would be disruptive to the development of a draft Work Plan 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

A quorum of the Working Group shall constitute majority (50 percent) attendance of members which must include at least one representative of each stakeholder pillar (ie. the Government, Industry and Civil Society). The Working Group shall strive to decide all matters through consensus of all members present and representing a quorum. However, where consensus is not possible, then final decisions of the Working Group shall be taken by vote representing 60% of the quorum, including at least one member of each stakeholder pillar