

# Timor-Leste EITI National Working Group

## MINUTES

01 April 2009

10:00 – 11:57

EITI Secretariat Office

Belarmino Lobo, Bidau Lecidere, Dili Timor-Leste

### Participants

#### Members\*

Carlos Florindo	ETADEP, CSO Representative
Manuel de Lemos	Director, SERN (Focal Point EITI)
Viriato Seac	Researcher La'o Hamutuk
Vidar Ovesen	Fiscal Policy and Petroleum Fund Advisor, Ministry of Finance (MoF)
Angelo Lay	ANP
Florencio Fernandes, Alternate	Eni Timor-Leste, Dili Office Manager
Abdur Rahman Khan	Advisor, Petroleum Tax Audit

#### Alternatives, Non-Voting, and Observers

Elda Guterres da Silva	Secretariat EITI, Finance and Administration Officer
Trifonio Flor Sarmento	Assistant Outreach Coordinator & Finance and Administration Officer for Secretariat EITI
Filomena Franco	Administration and Finances (CS)
Constantino Corado	FONGTIL
Tony Heynen	Eni Timor-Leste, Country Representative

#### Absent:

Peter Smith	ConocoPhillips, Timor-Leste Country Manager
Mericio Akara	Program Coordinator Luta Hamutuk
James Kernaghan	External Relations & Communications Manager, Eni Australia
Tobias Rasmunssen	IMF, Representative
Cesario dos Santos	Woodside representative
Habib Rab	World Bank
Lizete de Fatima M.	Development Program Advisor, Woodside
Elga Anita	Staff SERN
Joao Saldanha, Alternate	Macro economy, MoF
Doug Adams	Country Manager, Woodside
João Demetrio Xavier,	Petroleum Tax Division MoF
Venancio Alves Maria	Executive Director, Banking and Payments Authority (BPA)

#### Chair By

Manuel de Lemos  
Director, SERN (Focal Point EITI)

## **Introduction**

Working group agreed review minutes on 25 February & 24 March 09 remove to last item agenda and additional important issues which necessitate to discussing in agenda was a draft letter to the Secretary of State for Natural Resources regarding to the confident of working group to the engagement with Independent Auditor as aggregate body.

### **Draft letter to Secretary of State for Natural Resources (SERN)**

To pass the validation test and achieve the status of an EITI Compliant country, the National EITI Working Group has to be content with the organization appointed as the Aggregating Body. As the EITI Working Group has agreed on appointing the Independent Auditor of the Petroleum Fund as the Aggregating Body for the EITI Report, a letter to Secretary of State for Natural Resources has been drafted with the following proposals:

1. The scope of work in the contract between the Government and the Aggregating Body needs to be agreed upon with the EITI Working Group.
2. The EITI Working Group needs confidence/comfort in the selection process of the EITI Aggregating Body and so the Working Group proposes that representative(s) from the EITI Working Group be included in the evaluation team responsible for reviewing the candidates in future tender processes.
3. The EITI Working Group notes that according to Art. 34 of the Petroleum Fund Law the Independent Auditor shall be an internationally recognised accounting firm, selected and appointed by the Government in accordance with procurement processes established under Timor-Leste law.
4. It is proposed that the EITI Report be made available to the EITI Working Group for review simultaneously to the EITI report being submitted to the Government. The EITI Working Group may then publish any comments they might have about the report, including in relation to any discrepancies between payments made and payments received and which are not explained in the EITI Report.

In the draft letter the EITI Working Group requests the Government to review the above proposals. Acceptance of the proposals would provide comfort that the EITI Report will include information agreed upon by the Working Group and ensure confidence in the entity providing the EITI-report for Timor-Leste.

The EITI Working Group reviewed the draft letter and the following issues were discussed:

- CS asked for an explanation of paragraph 4 of the letter stating that “the EITI templates for the confidential reporting of payments to the EITI Aggregating Body/Independent Auditor have been endorsed by all stakeholders”. It was underlined that the reporting process has two stages; one stage is the reporting from the Companies/Government to the Aggregating Body and another one is the Aggregating Body’s final EITI Report for public disclosure. The EITI Working Group has agreed on the first stage (reporting templates to the Aggregating Body) but has not yet finalized the discussions about the next stage (templates for the final EITI Report).

- It was discussed whether all stakeholders should sign the letter to SERN or if it was sufficient for the EITI Coordinator to sign the letter on behalf of the EITI Working Group. In order to ensure a swift process the Working Group agreed that the EITI Coordinator should sign the letter on behalf of the Working Group.
- CS asked whether it is appropriate that the EITI Working Group and the Government shall receive and review the EITI Report simultaneously as the EITI Working Group may need more time to undertake the review process. The intention of the draft, however, was to ensure that the EITI Working Group receives the report not later than the Government as the EITI Working Group has requested the EITI Report and is supposed to review it. Moreover, the reason why the Independent Auditor of the Petroleum Fund is used as the Aggregating Body is the fact that the legal framework for the Independent Auditor is in place through the PF Law and will ensure that the Aggregating Body can pursue its task in an efficient way. Hence, the Working Group agreed on amending the wording in item 4 in the letter as follows:

*“It is proposed that the EITI Report be made available to the EITI Working Group for review. The EITI Working Group may then publish any comments they might have about the report, including in relation to any discrepancies between payments made and payments received and which are not explained in the EITI Report.”*

With this amendment the EITI Working Group adopted the letter and requested the EITI Coordinator to sign and forward the letter to SERN as soon as possible.

### **Template for Timor-Leste EITI Report**

Draft templates of the final EITI Report, based on the Government’s representatives proposal have been circulated to all members of the EITI Working Group prior to the meeting. Moreover, separate meetings have been held with the Industry and Civil Society to present the rationale behind the proposal.

The proposal circulated to all stakeholders is as follows:

#### **Appendix A:**

Summary Reconciliation of amounts reported as paid by the Extractive Companies to Amounts reported as received by The Government of Timor Leste for the year ended 31 December 2008.

**Appendix B:** Reconciliation of the petroleum taxes reported as paid by the Extractive Companies to the petroleum taxes reported as received by the Petroleum Tax Directorate for the year ended 31 December 2008.

**Appendix C:** Reconciliation of the First Tranche Petroleum / Royalties and Profit Oil & Gas reported as paid by the Extractive Companies to The First Tranche Petroleum / Royalties and Profit Oil & Gas reported as received by the National Petroleum Authority for the year ended 31 December 2008.

**Appendix D:** Reconciliation of other payments reported as paid by the Extractive Companies to Other payments reported as received by the National Petroleum Authority for the year ended 31 December 2008.

All stakeholders were encouraged to review the draft proposal and provide feedback as soon as possible. The Industry indicated that they need to refer the matter to their respective headquarters and joint venture partners before any final feedback can be provided.

The EITI Working Group scheduled the next meeting in the EITI Working Group on Wednesday 15 April 2009 to start the discussions of the proposal.

CS raised the matter whether there should be an Appendix E with more specific information about each Company's payments and Government's receipts. The EITI Working Group agreed to defer the discussion about specific proposals until the next meeting.

To ensure that the Aggregating Body can start the first stage of the reporting process it is necessary to agree on the ToR (engagement letter) for this part of the work. A draft proposal will be circulated prior to the next EITI meeting for discussion.

### ToR for Validator

This is an essential introduction for working group to consider to start review, discuss and work with the this ToR for appoint validator, Example of ToR from Azerbaijan and Liberia been circulated to members, the EITI Secretariat base in Oslo has list of the accredited seven company and partnership that EITI candidate countries can approach undertake validation which will be nominate by stake holders.

The contact person for the companies as follows:

Company	Contact	Email	Telephone
Coffey Int. Dev. Ltd.	RUFFER, Tim CC: VATNE, Inja	<a href="mailto:Tim_Ruffer@coffey.com">Tim_Ruffer@coffey.com</a> CC: <a href="mailto:Inja_Vatne@coffey.com">Inja_Vatne@coffey.com</a>	+44 (0) 118 9566066
ECON Poyry	SWANSON, Phil	<a href="mailto:phil.swanson@poyry.com">phil.swanson@poyry.com</a>	+44 207 193 7347
The IDL Group	COWLING, Phil	<a href="mailto:phil.cowling@theidlgroup.com">phil.cowling@theidlgroup.com</a> CC: <a href="mailto:jo.kemp@theidlgroup.com">jo.kemp@theidlgroup.com</a>	+44 (0)1934 862770
Goldwyn Int'l Strategies	GOLDWYN, David	<a href="mailto:dgoldwyn@goldwyn.org">dgoldwyn@goldwyn.org</a>	+1 202 2233520
Hart Nurse Limited	NURSE, Chris	<a href="mailto:chrishurse@hart-group.com">chrishurse@hart-group.com</a>	+44 (0) 1296393733
Oxford Policy Management	ESSEX, Mark	<a href="mailto:mark.essex@opml.co.uk">mark.essex@opml.co.uk</a> CC: <a href="mailto:leia.baker@opml.co.uk">leia.baker@opml.co.uk</a>	+44 (0) 1865 207 359 +44 (0) 1865 207 300
PricewaterhouseCoopers and Accountability	GRILLO, Bethan	<a href="mailto:bethan.r.grillo@uk.pwc.com">bethan.r.grillo@uk.pwc.com</a>	+44 (0) 20 7 804 5746

Working group agreed to add ToR for validator on agenda item from now on to discuss by all pillars. By that time one member has concern to hire the validator, they will go through the entire country work plan. Validation grid & IAT, and so on; has the

working group ensured that they comply with the work plan because some of activity is have yet implement. So far CS has realized Training of Trainer (TOT) in the future they will implement workshop and Seminar in the District as well. Industry will be expected to do some activity equal as CS.

### **Review Minutes**

Working Group reviewed and agreed the meeting minutes on 25 Feb and 24 March 09.

### **Next Meeting**

Next meeting will be held in the EITI Secretariat Office next to Xanana Reading Room, Rua Belarmino Lobo Lecidere, on 15 April 2009, at 9:30 till finishing.