

Timor-Leste EITI National Working Group

MINUTES

09 September 2008

9:30AM -11:50 AM

Eni Dili Office Vila Verde

Dili, Timor-Leste

Participants

*Members**

Florencio Fernandes, Alternate	Eni Timor-Leste, Dili Office Manager
Carlos Florindo	ETADEP, CSO Rep
Manuel de Lemos	Director, SERN (EITI Focal Point)
Viriato Seac	Researcher, La'õ Hamutuk
Mark Sherwill	Country Manager, ConocoPhillip Timor-Leste
Vidar Ovesen	Fiscal Policy and Petroleum Fund Advisor, Ministry of Finance (MoF)

Alternatives, Non-voting, and Observers

Abdur Rahman Khan	Advisor, PTD, MoF
Doug Porter	Senior Public Sector Specialist, World Bank
Elda Guterres da Silva	Finance and Admin Officer, EITI Secretariat
Trifonio Flor Sarmento	Assistant Outreach Coordinator & Finance and Administration Officer for Secretariat EITI
Lizete de Fatima M.	Development Program Advisor, Woodside
Tobias Rasmussen	IMF, Representative
Cesario dos Santos	Development program Advisor Woodside
Paul Keogl	PGM Gov Analyst
Joan de Metrio X.	Manager PTD MoF
Joao Martires	Deloitte
Sandra Toreresi	Deloitte
Francis Thoms	Partner Deloitte

Absent:

(James Kernaghan)	External Relations & Communications Manager, Eni Australia
Alishia Stearne	Woodside, Government & Community Relations
Angelo Lay	Autoridade Nacional do Petróleo (ANP)
Venancio Alves Maria	Executive Director, Banking and Payments Authority (BPA)
Jose Gonsalves	ANP
Joao Saldanha, Alternate	Macroeconomy (MoF)
Elga Anita	Staff Planning SERN
Guida Freitas	PMCBP, World Bank
Josefina de Olivera	Transparency and accountability PO

Chair:

Mr. Mark Sherwill	Country Manager, Conoco Philips Timor-Leste
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1) Introduction

Eni was unable to chair this meeting due to travel problems. The EITI national Working Group welcomed Deloitte to discuss the EITI audit processes including implementation. At the commencement of the EITI meeting the EITI Secretariat circulated the last meeting minutes for review and approval. Also the EITI Secretariat Monthly Report, Proposal for Civil Society Capacity Building and the EITI brochure (English version) were also provided to members of the Working Group.

2) Review approvals for the last meeting on the 05 August 2008

Some amendments were requested for the minutes from the previous meeting:

- a member from Civil Society requested to add Viriato and Josefina to the EITI member list;
- EITI Secretariat would also follow up with Eni to receive their suggested changes (the attachment to an earlier email from Eni was not received). Some of these changes have been incorporated into revised Minutes for 05 Aug 08.

Upon receipt of all requested changes the EITI Secretariat will re-circulate these Minutes seeking member approval to publish.

3) Presentation from Deloitte

Deloitte suggested a two stage process to undertake EITI audit and implementation.

1) Firstly the auditor would meet with Government bodies (who receive funds from the extractive industry sector) and also Industry members to identify payment sources from the sector. Thereafter and based on this information, forms would be designed for Company input (all stakeholders will need to agree the forms in terms of level and type of information to be provided). Deloitte has existing examples of such forms. In case of insufficient legal framework it was suggested that an MOU may be required with the respective Companies to ensure participation in EITI.

2) The second stage would be to design the EITI reporting template (it was suggested that this should not be too complicated).

It was suggested that the current Petroleum Fund Report is already in accordance and complying with EITI and the question was raised whether this was sufficient or should we be looking to produce a more sophisticated report.

An industry Member noted that it would not be acceptable to provide payment information twice (once for Govt and a second time for EITI). Any reporting would need to be consolidated.

It was also queried as to when EITI reporting from the Work Group should commence (2005 onwards or from the present onwards). Going backwards was thought to be very difficult, and therefore in compliance with the Work Plan it was thought best to concentrate efforts on 2008 and future years.

The issue of local content was also raised in terms of how this should be addressed in EITI reporting. Local content can be a grey area as money is not always paid to the Government. It was agreed that this would require further discussion.

Deloitte suggested that it would need 3 days in Timor-Leste to prepare the EITI reporting forms and template. They suggested to also working with the designated EITI subcommittee before going to the Working Group for approval.

Deloitte agreed to provide a draft engagement letter that would include a scope and timeframe.

The Working Group discussed how we should engage Deloitte to undertake this work. Should a “scope extension” be incorporated in their current work for the Min of Finance? It was suggested that a separate contract may be required due to Govt budget/payment systems.

It was agreed that the EITI Working Group would confirm/establish the members of the subcommittee via email. The scope of the subcommittee is: how to engage Deloitte (in accordance with Govt policy) and to work with Deloitte on EITI reporting forms and template.

4) Petroleum Resource Centre (PRC)

There were no comments on the PRC presentation. It was generally agreed that the Workshop was very useful and the designated subcommittee should move forward with the next steps as identified in the presentation.

5) Multi Donor Trust Funds

Base on the “decision” meeting on 26 of August 2008 in Washington the proposal for the grant agreement sign by TL Government for the EITI MDTF requires some clarification:

- Language should be included to indicate that non-MDTF funding should be administered in the same manner as MDTF funding.
- \$95.00 for training outreach should be \$95,000.00.
- The Work Plan requires updating inline with current status of EITI implementation in TL. (The EITI Secretariat agreed to undertake).

All of these points were acceptable to the Work Group

Going forward it was generally agreed that the Work Plan should be updated on a quarterly basis.

6) Other Business

- Update civil society activity; base on the EITI Work Plan to undertake the activity described in section 3B such as Seminars, Workshop, and Training. The proposal from civil society has approved by the Secretary of State for Natural Resources (SERN) and is now being processed through the Directorate National Administration and Finances (SERN) to make Commitment Payment and Voucher (CPV) to the Ministry of Finance to endorse the funds. An EITI participant questioned whether they identified the key speakers, guests and participants? Secretariat EITI also expressed concern about the suggested field visits. There was also concern expressed at the timeframe for implementation of these activities. It was agreed that the proposal required further discussion by the Work Group.
- It was agreed that a member from the Petroleum Fund Consultative Counsel will be invited to the next meeting as an observer (to share the information and understand EITI role/objectives). Civil society suggested that we also invite a member of parliament.
- The outcome of the nomination of TL candidates to attend the EITI workshop in Berlin is still being considered by the EITI Secretariat in Oslo. The nomination includes 2 from civil society, 1 from industry and 2 from Government (EITI Secretariat).
- The EITI brochure will be circulated to the members for comment and approval (comments to be received by 26 Sep).
- As part of EITI Outreach Activities an industry members suggest the possibility for site visit to the offshore Bayu-Undan facilities. A maximum a number of 4 “HVET” candidates may attend, the Working Group need to nominate/agree the selected candidates

7) Next Meeting

The next meeting is scheduled for 10 October 2008 at 9:30 AM at the Ministry of Finances (MF)