

# Timor-Leste EITI National Working Group

## MINUTES

10 July 2008  
9:30am-12:00pm  
World Bank Office  
Dili, Timor-Leste

### Participants

#### *Members\**

Florencio Fernandes, Alternate	Eni Timor-Leste, Dili Office Manager
Santina Soares	La' o Hamutuk, Civil Society
Carlos Florindo	ETADEP, CSO Rep
Viriato Seac	Researcher, La' o Hamutuk
Mandy Whyte	Country Manager, Woodside
Manuel de Lemos	Director, SERN (EITI Focal Point)
Domingos L. S. Maria	Director of Planning, SERN
Venancio Alves Maria	Executive Director, Banking and Payments Authority (BPA)

#### *Alternatives Non-voting ( and Observers):*

Elda Guterres da Silva	Finance and Admin Officer, EITI Secretariat
Trifonio Flor Sarmento	Assistant Outreach Coordinator Finance & Administration Officer for EITI Secretariat
Lizete de Fatima M.	Development Program Advisor, Woodside
Elga Anita	Staff Planning SERN
Josefina de Olivera	Transparency and accountability PO
Tobias Rasmussen	IMF, Representative
Catherine Anderson	Governance Advisor, World Bank
Doug Porter	Senior Public Sector Specialist, World Bank
Guida Freitas	PMCBP, World Bank

#### *Absent:*

Cristino Gusmão	Director, Ministry of Finance (MoF)
Amandio Gusmão	Director of National Directorate for Oil and Gas, SERN
Jhon Gommers,	Senior Finance Officer, Timor Sea Designated Authority
Justino da Silva	NGO Forum
Angelo Lay	Finance Officer, TSDA
Mark Sherwill	Country Manager, Conoco Philips Timor-Leste
Vidar Ovesen	Fiscal Policy and Petroleum Fund Advisor, Ministry of Finance (MoF)

## Meeting Agenda

1. Introduction of new staff of EITI to the working group and status of the EITI Secretariat
2. Review approval of the last minutes
3. Draft ToR for EITI Reconciler
4. Petroleum Resources Centre
5. Multi Donor Trust Fund
6. Work Plan Progress
7. Other Business
8. Next Meeting

### **1. Introduction**

New EITI Secretariat Staff, the Finance Administration Officer and Outreach Coordination, Administration and Finance Assistant, were introduced to the EITI national working group. Both began work on 1 July 2008. An Outreach Coordinator is expected start work in August; the selected candidate currently works with USAID in Baucau.

The new EITI Secretariat Staff, Elda Guterres da Silva and Trifonio Flor Sarmiento detailed progress towards EITI Secretariat functionality, reading through a list of assets ie. Office equipment and resource constraints (internet, vehicle) in the Secretariat. GoTL has conducted an initial briefing/induction for EITI Secretariat Staff; a full induction program (incl. meetings with each of the stakeholders and EITI partners) is expected when the Outreach Coordinator is on board. With the Secretariat now functional, Members queried how the EITI budget should be handled. It was proposed new Secretariat Members meet with disbursement officers in Min Fin., introduce themselves and familiarize themselves with the EITI budget approved as part of the State budget. Secretariat members will also receive an induction from World Bank finance and procurement staff shortly prior to commencement of the EITI MDTF grant.

The EITI Secretariat will be responsible to take minutes of each EITI National Working Group Meeting.

### **2. Review of the last minutes**

Comments on the minutes dated 21 May 2008 were received from civil society:

- (i) *English capacity of EITI Secretariat Staff*, it was highlighted that the EITI Secretariat has funds available to finance English Translators and Interpreters to assist the Secretariat in the delivery of its functions.
- (ii) *Re: probation for EITI Secretariat Staff*, the Labour Code provides for only month probation but as the Working Group can only meet once per month, the group felt it was best to have three month probation for EITI Secretariat staff. All terms and conditions have been clearly communicated to the new staff.
- (iii) *Petroleum Resource Centre*, Woodside have several questions about the PRC proposal presented by ENI. It was suggest that Woodside coordinate with ENI to establish an Industry position before coming back to the Working Group to present this.

*Cristino Gusmao, from Ministry of Finance will be away abroad to continue studying and it is expected that Mr. João Saldanha will replace him.*

### **3. Draft ToR for the EITI Reconciler**

The EITI National Working Group intends to recruit a consultant who will be responsible to design template for the EITI report and then to reconcile company payments with government received revenue from oil, gas and minerals.

Given this, the World Bank introduced three sample ToRs for EITI Auditors (Cameroon, Equatorial Guinea and Mongolia ToRs attached) to the Group, and recommended that Working Group Members review different approaches and request the Secretariat to prepare draft ToRs for Timor-Leste. The Secretariat agreed to revert to the group next meeting with draft ToRs. The Working Group will then confirm a schedule for recruitment, advertise widely and establish a panel for this recruitment.

One member raised the question of preparing and reviewing ToRs for a Legal Adviser to review the legal framework in TL to identify any obstacles for EITI implementation. There was much discussion about whether this was needed. There are legal firms in TL that could do that work however there is a need to review laws but also to review practice.

In Timor-Leste the existing legal framework is widely considered international best practice with transparency in critical aspects, so is a formal review really needed? It was noted that the most important thing for EITI would be to ensure that key documentation is in public domain. In terms of PSCs, Industry suggested that that only part of it should be publicly circulated for reasons of commercial confidentiality.

Because of timing, one member suggested that it is perhaps best to proceed with the implementation process first, allow validation to occur and do the legal reconciliation in future, as many new laws and arrangements would then be in place. It was suggested this should be done in 2009 after all new laws are in place. The Working Group agreed to defer recruitment of an EITI Legal Consultant for 2009, when the new legal arrangements ie. NPA, petroleum optimization, NOC laws are in place. ToRs would still be prepared in the meantime. Members noted that legal review can be among the most important activities in EITI in many other parts of the world.

### **4. Petroleum Resource Centre**

Eni invited further comments on the proposal, and a discussion for [date] specifically on the PRC was proposed. An early comment came from BPA on funding for Centre from two sources.

### **5. EITI Multi-Donor Trust Fund**

EITI MDTF has not yet been reviewed by the Minister of Finance, and warrants explicit Secretary of State endorsement to push the matter forward. Currently the Minister of Finance is unsure of the origin of the grant proposal – is it driven by GoTL or the World Bank Min Fin has written to the Sec. of State to confirm that he knows and approves of this Trust Fund. SERN will follow up. This experience highlights the need for EITI

awareness raising activities for Parliament, Members of Government, and other stakeholders. A brochure, question and answer on EITI, is currently under preparation.

World Bank advised that, if there is a delay in passage/approval of the EITI MDTF, the PFMCBP Trust Fund may finance urgent EITI activities, including in this instance, recruitment of the EITI Auditor.

## **6. EITI Work plan**

There are delays in work plan implementation, particularly around outreach. The state budget allocates \$20,000 for EITI outreach. Once the supplementary budget is approved by Parliament, this money will be available. The EITI National Working Group and Secretariat needs a plan to implement these activities and it was suggested that the EITI Secretariat brainstorm some ideas for what the Group could do. Now is time to consider types of activities the WG may want to do. The EITI Secretariat and Members agreed that they could perhaps organize a workshop with MPs and key government officials on EITI. Many seminars have been held in Timor-Leste, but there is still so little understanding of petroleum issues in this country, and more seminars are needed. The target should be university and high school students. As \$20,000 of allocated outreach monies was intended for civil society, so the Secretariat should meet with civil society to prepare a plan/program for outreach on EITI.

## **7. Other business.**

EITI monitors company payments and with what is received in the Petroleum Fund. The Consultative Council monitors Petroleum Fund mgt and budget/public expenditures. Timor-Leste. Transparency Model (TLTM) will actually look into the budget, transparency of the budget, execution etc...Civil society observed that there is also a discussion about having EITI approved in UN Assembly. Gotl is cosponsor of initiative at UN. A copy of the letter to the President will be furnished to the Working Group. Azerbaijan is also co-sponsor of this initiative.

The Working Group seeks an Industry response on its tentative suggestion that it may be in a position to donate a vehicle to EITI WG/Secretariat.

Civil society noted that it is important to involve a Member of Parliament as Observer in future EITI National Working Group meetings. No action to be taken was agreed and the matter may be discussed further next meeting.

Santina Soares leaves Timor-Leste next month to study in Bangkok and Mana Fina will be successor for Civil Society. Domingos will also be leaving in August to study at the New York Institute of Technology.

**Next meeting 9: 00 am, 5 August, at the EITI Secretariat or BPA.**