

## TIMOR-LESTE'S EITI NATIONAL WORKING GROUP

**Minutes of the Inaugural EITI National Working Group Meeting  
15 May 2007, 2:00 – 5:00 p.m., Ministry of Natural Resources and Energy Policy,  
Dili, Timor-Leste**

### **1. Participants**

#### *Members\*:*

Jose Teixeira, Minister, Ministry of Natural Resources, Minerals and Energy Policy  
Carlos Florindo, Program Coordinator, ETADep  
James Kernaghan, External Relations and Communications Manager, ENI Australia  
Angelo Lay, Finance Officer, Timor Sea Designated Authority (on behalf of Andrew Caddy,  
Managing Director, Finance)  
Manuel de Lemos, Director, Timor Sea Office  
Domingos Maria, Director, National Directorate of Oil, Gas and Minerals, Ministry of Natural  
Resources, Minerals and Energy Policy  
Venancio Alves Maria, Executive Director, Banking and Payments Authority  
Mark Sherwill, Country Manager, Conoco Phillips Timor-Leste, SA  
Santina Soares, Researcher, La' o Hamutuk

\*The Ministry of Planning and Finance was not able to send its member to the meeting, but will be represented in future meetings.

#### *Observers:*

Catherine Anderson, Operations Analyst, Governance, World Bank (Dili)  
Allison Berg, Operations Officer, Oil, Gas and Mining Policy Division, World Bank (D.C.)  
Anne-Lene Midseim, Legal Adviser, Ministry of Natural Resources, Minerals and Energy Policy  
Tobias Rasmussen, Resident Representative, IMF (Dili)

### **2. Opening Statement and Presentations**

- **Opening Statement.** The Minister of Natural Resources, Minerals and Energy Policy delivered an opening statement to the Group (see Annex 1), reaffirming Timor-Leste's commitment to transparency in the petroleum sector and to meeting the international EITI validation process.
- **Presentations.** The Director of the Timor Sea Office took up Chairmanship of the meeting. He made a presentation explaining EITI, including the EITI criteria and steps (see Annex 2). The Chair then called on the representative of the World Bank (DC), who made a presentation explaining the EITI validation process and the EITI Multi-donor Trust Fund (see Annex 3), which is administered by the World Bank and available to countries implementing EITI.
- **Validation.** It was noted that no country implementing EITI has been validated yet. A list of approved validators should be available from the international EITI Board/Secretariat soon. As a first step, the international EITI Board/Secretariat will review countries' status vis-à-vis EITI.

Those countries who meet the four EITI “sign up” criteria<sup>1</sup> by end August 2007 would be considered “candidate” countries while those countries that had met all of the EITI criteria would be considered “compliant” countries. A new, global EITI web site will be launched in September 2007 in conjunction with the establishment of the international EITI Secretariat in Oslo. It will include the confirmed candidate and compliant countries. Countries that have made a commitment to implement EITI will be sent a “pre-validation” letter by the international EITI Chairman of the Board (Peter Eigen) informing them of this process.

### 3. Draft Terms of Reference and Draft Work Plan

The Chair circulated to Group members for review and discussion a draft Terms of Reference (TOR) for the Group and a sample EITI work plan for Timor-Leste. The Chair made it clear that the documents were drafts, meant only to serve as examples and provide guidance, and that the Group could revise or change them as it sees fit.

While Group members agreed that they would need more time to study the documents and discuss them with their respective colleagues, preliminary comments on the two documents are summarized below. **Members decided to provide comments on the TOR to the Chair by 5 June (email [delemos.manuel@gmail.com](mailto:delemos.manuel@gmail.com)) and agree a final version at the next meeting.** Members also agreed to send comments on the draft work plan if they were able to prepare such comments in time.

#### *Preliminary comments on the Draft TOR:*

- **Membership.** Group members will decide whether membership is well balanced among the three constituencies (i.e., government, companies, civil society), or whether additional members (e.g., youth, church, media) should be invited to join. In thinking this through, members should keep in mind the Group’s main purpose, which is to monitor extractive industry payments and revenues. There was a suggestion that while EITI covers both petroleum and mining, the Group may wish to invite the mining industry once minerals development is under way.
- **Voting.** Membership and its implications for voting were tabled for consideration.
- **Chairmanship.** The Group discussed rotating the chairmanship of meetings among the three constituencies. It was decided that civil society will chair the next meeting.
- **Secretariat.** The Group noted that secretariat responsibilities for the Group (e.g., taking minutes, meeting logistics, etc.) could be rotated, though it would be important to recognize that different organizations in the Group have different levels of resources for this. It was also noted that the Group could draw on the EITI Multi-donor Trust Fund to finance a consultant to act as a secretariat to the Group.
- **Chatham House Rules.** The Group agreed that Chatham House Rules would apply to its meetings. This does not mean that the discussions are confidential; it means that what is said by Group members is not attributed to any particular individual. Thus, individuals should be comfortable to speak freely.
- **Public Information.** As a Group working on transparency, members agreed that information related to the Group’s activities should be publicly available. The Group agreed that minutes of its meetings would be made publicly available. Though web sites should not be the only mechanism for making information available, the Government has a petroleum transparency web

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<sup>1</sup> Government commitment to EITI, government commitment to work with civil society and companies, appointment of an EITI focal point in government, and publication of a work plan agreed by stakeholders.

site ([www.transparency.gov.tl](http://www.transparency.gov.tl)) where information can be posted; minutes and other information will also be posted on Timor-Leste's page on the international EITI web site ([www.eitransparency.org/section/countries/timorleste](http://www.eitransparency.org/section/countries/timorleste)). The Group will decide whether it wants to establish a separate EITI web site for Timor-Leste, as some countries have done.

- **Memorandum of Understanding (MOU).** Members queried the need for companies to sign an MoU with Government. The World Bank informed that this was the case in the early days of EITI but not so much now. Members agreed that the TOR will be sufficient, and that an MOU on the functioning of the Group would not be necessary.

#### ***Preliminary comments on the Draft Work Plan:***

- **Overall Activities.** Members agreed that appropriate activities, their timeframe, and associated budget need to be spelled out in the work plan. The Group agreed on the need for training and capacity building activities to be identified and included in the work plan. The Group agreed that additional public outreach activities are needed (e.g., on EITI, the Group's work, and petroleum sector operations in Timor-Leste).
- **Petroleum Information Center.** Regarding a proposed Petroleum Information Centre, it was recognized that such a Centre would largely be accessible only to people in Dili, but that it could still be useful for information dissemination. Such a Centre would function like a library, and would include subscriptions to industry magazines and publications, be a place where government, companies, and civil society could put relevant information, and have computer terminals with internet access for research and information gathering on petroleum (and mining) activities. The Centre would be staffed to ensure its proper use. The Centre would not engage in or be used for advocacy in any way.
- **Film.** The Group will decide whether to update—and add elements of EITI to—the TasiTimor film made a few years ago for the Government, to help explain the petroleum sector in Timor-Leste (the filmmaker would be available to do this).
- **Trust Fund.** The Group will decide whether to draw on the EITI Multi-donor Trust Fund to help finance EITI work plan activities.

#### **4. Funding**

The Group discussed budgetary issues and the need to identify sources of funding for EITI-related activities. The Chair informed the Group that the Timor Sea Office has requested US\$200,000 for EITI-related activities as part of its FY 07/08 budget submission. (There is no allocation for EITI under the current FY06/07 budget.) Funds from the EITI Multi-donor Trust Fund are also available—a grant from the Trust Fund of about US\$100,000 to US\$150,000 for one or one-and-a-half years could be prepared, though the final amount and timeframe would need to be determined by the Group based on the work plan activities and costs. Other sources of funding include, potentially, industry funds. Emphasis should be placed on ensuring sustainability of EITI activities through sustainable funding sources.

#### **5. Other Issues**

- **Petroleum Fund/Revenue Management Arrangements.** The Group asked the IMF, World Bank, and Banking and Payments Authority (BPA) to pull together information on Timor-Leste's Petroleum Fund and petroleum revenue management so that all Group members have the same understanding of current arrangements (e.g., what the Petroleum Fund is, how the Petroleum

Fund works, how taxes are paid/collected, etc.). **The IMF, World Bank, and BPA agreed to circulate relevant documentation ahead of the next meeting and the IMF/BPA will make a presentation on the issue at the next meeting.**

- **Audit.** The Group felt it would be useful to invite a specialist on audit in the context of EITI to explain how this works so that the Group is better prepared to decide what would make sense for Timor-Leste. Since the Petroleum Fund (which represents revenues) is audited and since the petroleum companies' books are audited, there may not be a need for another audit to be undertaken, but rather a reconciliation of these numbers that have already been audited. The priority should be to ensure that numbers on both sides (payments and receipts) are subject to independent audit according to international standards. EITI reporting templates will need to be agreed by the Group, as will the level of aggregation in reporting (either by individual company, or just one number representing the total amount of payments by all companies), and the level of materiality of payments (meaning that perhaps small payments do not necessarily have to be captured; this tends to be more of an issue in mining and is not currently an issue in Timor-Leste).
- **Announcements.** The World Bank advised the Group that it will be organizing a regional conference of potential donors later this year to tap into regional interest in EITI. At the moment, only Timor-Leste and Mongolia in Asia are implementing EITI. The Group was also advised of a proposed 'Publish What You Pay' workshop for civil society and journalists in Denpasar, Bali in August 2007

## **6. Next Meeting**

The Group will meet on **12 June 2007, 9:30 a.m. -12:30 p.m., in Dili, at the Ministry of Natural Resources, Minerals and Energy Policy.** The meeting will be chaired by civil society (Santina Soares). Domingos Maria will be absent. The agenda for the 12 June meeting will be as follows:

- Review of comments on the Group's proposed TOR and agreement of final version of TOR
- IMF/BPA presentation on petroleum fund
- Discussion of draft EITI work plan
- Discussion of EITI funding (e.g., Multi-donor Trust Fund, other sources)
- Assessment of need for secretariat to support the EITI National Working Group