

# Timor-Leste EITI National Working Group

## MINUTES

17 June 2011

10:00 – 12:13

Secretary of State for Natural Resources Office  
1<sup>st</sup> Floor Fomento Building Mandarin

### Participants

#### Members\*

Manuel de Lemos	National Coordinator EITI
João Demetrio Xavier	Petroleum Tax Division MoF
Carlos Florindo	ETADEP, CSO Representative
Mericio Akara	CSO Representative Luta Hamutuk
Jose Lobato	Deputy Country Manager ConocoPhillips Timor-Leste
Tony Heynen	Eni Timor-Leste, Country Representative
Brendan Augustin	Country Manager for Sunrise (Woodside)
Venancio Alves Maria	Executive Director, Banking and Payments Authority (BPA)

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

Fernando da Silva, Alternate	Chief Accountant –BPA
Remigio Viera Laka, Alternate	CSO Representative FSG
Elda Guterres da Silva	Secretariat EITI, Finance and Administration Officer
Trifonio Flor Sarmiento	Assistant Outreach Coordinator & Finance and Administration Officer for Secretariat EITI
Laurentino Alves	CSO Luta Hamutuk
Filipe Nery Bernardo	Petroleum Fund Analyst- MoF
Angelina Branco	Eni, Alternate

#### Absent:

David Hook	World Bank
Angelo Lay	ANP
Simen Bigmerud	Petroleum Fund Advisor
Bobby Boye	Advisor, National Division Petroleum Revenue
Martinha da Silva	Director FHF

**Chair By:** Manuel Lemos                      National Coordinator EITI

## Agenda for Discussion

- 1) Review of the Minutes 30 November 2010 and 13 April 2011
  - 2) Draft ToR for Aggregating body
  - 3) Preparation the socialization for TL-EITI II report
  - 4) Update Draft agenda for Regional Conference 25-27 August 2011
  - 5) Update EITI Board members meeting in Amsterdam
1. Two meeting minutes were circulated for review by the WG; the minutes on 30 November 2010 was approved without any amendment. The Minutes on 13 April 2011 was not approved due to some amendment required on the English text and some sentences or statements were not clear for readers. Hence, the Secretariat will circulate again the revised version minutes for 13 April 2011.
- Also, add Angelina Branco as Eni Alternate in the WG list.

Action: Secretariat to circulate a revise version of meeting minutes on 13 April 2011 to WG prior to next meeting.

### **2. Draft ToR for Aggregating Body**

A draft ToR for the appointment of the Aggregating body for the third EITI report was presented by MoF to the WG. The purpose of the ToR was to outline the background, objective, scope of work, procurement and contracting mechanism of the aggregating body of the future Timor-Leste EITI report.

One of the issues raised during the presentation was the concept of materiality, whether the WG should decide on any threshold of materiality or to leave it to the selected aggregating body. This issue was raised due to the amount of time spent to resolve some insignificant discrepancy amount in the first two reports.

In regards to the draft ToR, the Industry suggested to annex the TL-EITI Template report which has been agreed by the WG in March 2009, WG also need to come up with a clear evaluation matrix to evaluate the candidates and to ensure a clear instruction on how the proposal should be submitted e.g. technical and financial proposal to be submitted in two separate envelopes, etc. The Industry require more time to provide written comments to the draft ToR.

On the materiality, the CSO requested a clearer explanation of the term materiality. It was explained that it relates to the importance/significance of an amount, transaction, or discrepancy found by aggregating body when reconciling the figures reported by the tax payers and the government.

The WG agreed on the following:

1. Use the method in selection of the Validator i.e. tender document and matrix developed for the evaluation of the Validator.

2. Set up a sub-committee consist of two representative of each pillar to evaluate the proposal of the candidates using the agreed evaluation matrix
3. Ensure using of guideline for reporting to the EITI aggregating body dated March 2009
4. The materiality threshold will be set by the selected Aggregating body, however, the final decision on whether such materiality requires further investigation will be decided by the WG upon presentation of findings by the selected aggregating body in its first draft the report to the WG.
5. The Aggregating body should issue the EITI report in three languages: English, Portuguese and Bahasa Indonesia. The Tetun version will be under the responsibility of the TL-EITI Secretariat.
6. Chair will circulate the bidding documents including evaluation matrix to WG for review.

*Action:*

- a. Industry to provide its written comments to the draft ToR by week ended on Friday 24 June 2011 to WG for review prior to the next meeting.
- b. Chair to circulate bidding documents used to recruit the Validator to WG ASAP to be used as reference to develop one for the procurement of aggregating body.

### **3) Preparation the socialization for TL-EITI II report**

WG discussed upcoming socialization of the 2<sup>nd</sup> TL-EITI report. The WG noted that the previous experience in regional socialization of the 1<sup>st</sup> report in Lospalos, Maubisse, Maliana and Oecusse was excellence, however, each pillar was just presenting their role and responsibility.

WG also noted that many questions from the audience were related to how the budget was executed by the Government, which is beyond the EITI. Therefore, the WG discuss whether to involve high-level government official during the dissemination process. However, the WG noted that there should be a clear cut between the presentation on EITI process and the utilization of the money received from the extractive industry activities by the government, i.e. through the budgeting process.

It was suggested to have only one presentation on the EITI report by WG with each pillar standing by for questions regarding its role. The Secretariat proposed to change location for the next upcoming socialization, Secretariat will set up schedule & location and circulate to the WG for review and approve for the next meeting.

CS: propose to change the word of Socialization to the Dissemination.

The WG agreed on the following:

1. To change the word socialization with dissemination.
2. The upcoming dissemination of the 2<sup>nd</sup> report will use the same format as previous program, i.e. at regional level.
3. It was agreed to have a presentation on the figures contained in the report in more details such as for each payments reported by the extractive industry companies and

received by the government agency. Whether each pillar to present or there will be only one presentation will be discussed in more details in the next meeting.

4. On the issue of involving government official during the presentation of the EITI report, WG agreed that at least the District Administrators should be involved to tackle questions related to any political decision and budget execution in their respective districts, However, it was also suggested to involve more high-level government officials such as Secretary of State for Natural Resources or MoF. It was agreed that upon agreement of the dissemination schedule that will be circulated by the Secretariat and to be approved in the next meeting, the Secretariat should make such a request to the official explaining the background and the purpose of the activities.

Action:

1. Secretariat to circulate the upcoming dissemination program, including dates, places, etc. before the next meeting.
2. Discussion on whether to have only one presentation on 2<sup>nd</sup> EITI report or to include presentation by each pillar its roles as well in the next meeting.
3. Secretariat to draft letter of invitation to high-level official as soon as the dissemination schedule and program is approved in the next meeting.

**4) Update Draft agenda for Regional Conference 25-27 August 2011**

Chair presented to the WG the draft agenda for the upcoming EITI Asia Pacific Regional Conference scheduled on 25-27 August in Dili, Timor-Leste.

High profile key note speaker, implementing countries, pilot study EITI, NGO are listed as well in agenda. The organizer expecting more than 100 international and 300 National Participants will be invited.

Chair also informed that representative from industry (most likely COP) and CS (FONGTIL) will be invited to speak in some of the sessions. The Organizer will send out invitation and detailed background agenda to the respective representative as soon as the program is finalized.

**5) Update EITI Board members meeting in Amsterdam**

- 1) Keep make stronger the Global Scenario on EITI implementation
- 2) Review the EITI rules edition 2011
- 3) Status of EITI political instability

**6) Next meeting**

The next meeting is schedule on 4 July 2011 at 10:00 until finishing, held in the Secretary of State for Natural Resources, 1<sup>st</sup> Floor Fomento Building Mandarin.