

## EITI Working Group Minutes 8 August 2007

EITI National Working Group Meeting with Head of Secretariat of EITI, Jonas Moberg  
8 August 2007, 15.00 -17.00pm, Fomento Building,  
Dili, Timor-Leste

### **Participants**

#### Members \*

Amandio Gusmao, Director of National Directorate for Oil and Gas, Secretary of State Natural Resources.

John Gommers, Senior Finance Officer, Timor Sea Designated Authority

Domingos Maria, Director of National Directorate for Oil, Gas and Minerals Policy, Secretary of State Natural Resources.

Fernando da Silva Carvalho, Alternate, Chief Accountant, Banking and Payments Authority

Manuel de Lemos, Director, Office of Secretary of State Natural Resources.

Amanda Whyte, Woodside Energy

Justino da Silva, NGO Forum

Cristino Gusmao, Director, Ministry of Planning and Finance (MOPF)

Angelo Lay, Finance Officer, Timor Sea Designated Authority (Minutes Taker)

Absent: James Kemaghan, External Relations and Communications Manager, EN! Australia

Venancio Alves Maria, Executive Director, Banking and Payments Authority (BPA)

Mark Sherwill, Country Manager, Conoco Phillips Timor- Leste.

Andrew Caddy, Finance Director, Timor Sea Designated Authority

Santina Soares, Researcher, La'o l-lamutuk

Carlos Soares, Representative, National Directorate for Oil and Gas, Secretary of State Natural Resources.

#### Observers:

Catherine Anderson, Operations Analyst, Governance, World Bank (Dili)

Roger White, Petroleum Adviser, MNRMEP

Tobias Rasmussen, Resident Representative, IMF (Dili)

Vidar Ovesen, Fiscal Policy and Petroleum Fund Adviser, Ministry of Planning and Finance (MoPF)

**1. Introduction by Manuel de Lemos, EITI public sector focal point**, on progress of EITI in Timor-Leste to date, particularly in terms of addressing the four EITI criteria and meeting the August 31 deadline. A letter detailing this progress, which is signed by the then Prime Minister, Estanislau da Silva, was given to Jonas Moberg, Head of the EITI Secretariat, for delivery to the Chairman of EITI, Peter Eigen.

**Presentation by Jonas Moberg, Chair of the EITI Secretariat including;** history and purpose of EITI ie, to combat the 'resource curse', challenges and accomplishments of EITI implementation across countries; EITI validation as 'soft audit'. Mr Moberg emphasized, Timor-Leste is working to meet the deadline. Whether it will be de-listed from EITI or not is not the issue. The issue is the international reputation of Timor-Leste. For EITI to be successful, political will is essential.

National capacity is not the issue. For instance, Liberia has suffered conflict and lack of capacity. Yet recently Liberia had made impressive progress in EITI implementation. Strong political will is reflected in a good institutional structure. EITI is politically important and is successful because of its simplicity and its focus.

### 3. Questions and Answers:

Q: How do developed and under-developed countries compare in terms of progress in EITI implementation. Which countries are doing better?

A: Progress varies from country to country. Norway is exemplary in petroleum revenue management transparency. While in Nigeria, government passed a law that requires continued commitment to EITI principles. Other countries such as Azerbaijan and Ghana have made astonishing strides in EITI.

Q: Can EITI remove non-compliant countries from EITI membership and what criteria are used to do this?

A: Yes, the decision to de-list countries is made by the EITI Board and is usually based on the findings of the validator.

Q: How can we ensure that companies are transparent? Can you give us any guidance on what is “commercially sensitive”? Companies sometimes use this to protect their numbers or to protect themselves from full disclosure. What level of aggregation or disaggregation is adopted in other EITI implementing countries?

A: In a country where EITI is being implemented, all payments and all revenues must be published. When it comes to operations in Timor-Leste, as in other countries, it will be up to company to determine what should or should not be disaggregated. Aggregation and disaggregation is approached in different ways and can be very patchy. A lot depends on the country in question. In some countries like Nigeria, there is considerable political pressure brought to bear to ensure disaggregation of information. Ultimately companies will need to find their own comfort level with disclosure of information. Some extremely successful companies publish everything everywhere ie. StatOil and Shell without prejudice to their operations. Full disclosure can certainly be done. One Member suggested that perhaps companies can work this out themselves and that it is not about hiding or covering up but considering sensitivity in terms of potential impact on relationships. One Observer proposed that what EITI Working Group members should be looking for is consistency. In some countries there are operators associations that serve to ensure consistency in approach.

Q: Can EITI be implemented if a country does not have an extractive industry?

A: Yes, if they are not producers then they are EITI supporters and not EITI implementers. The Netherlands is one example.

Civil Society Representative comment: The EITI process in Timor-Leste has been very participatory. CSGs self selected members to participate in the EITI National Working Group. EITI is very important in Timor-Leste as most of the country's income is drawn from oil and gas. Civil society organisations are committed to work closely with the government. Initially the focus of CSOs in Timor-Leste was very much on the maritime boundary. But the maritime boundary issue is now resolved and so CSO focus has now shifted to monitoring revenues from oil and gas to ensure that they are being used wisely by

government. CSO participation in EITI can assist to ensure that, ultimately, oil and gas income is used for community development activities. EITI should also be used to provide more information to the community about oil and gas activities.

- Q: Can you tell us more about emergence of EITI Plus and the suggestion that EITI should perhaps be applied to public expenditure. What is the current status of the international debate on this?

A: It is true that there has been some discussion around EITI Plus with some countries seeking to go further than current EITI principles. This is the choice of the country in question and depends on the country context. But, for now the EITI menu is full with EITI activities and, in my own personal view, should not be extended any further. It is also questionable whether international NGOs or companies should have the opportunity to dictate or monitor the public expenditure priorities of nationally elected governments. We would not advocate or encourage an extension of EITI to cover public expenditure. It is important for EITI to remain focused on the global minimum standard.

#### **4. Presentation of draft EITI Work Plan, Roger White, Petroleum Adviser, MNRMEP comments requested in advance of next meeting**

- An Observer suggested that, despite the possible delay in finalizing the work plan, the Working Group may wish to engage civil society properly at this initial stage of work plan development to properly gauge their views on its content.
- Jonas Moberg stressed that Timor-Leste's commitment to EITI and its progress to date would be favourably looked upon by the EITI Board. However, this was not a reason to become complacent. It would be important for Timor-Leste to continue to make progress. EITI is a balancing act of commitment vs actual progress.
- One member proposed to reschedule the next Working Group Meeting to 15 August to allow sufficient time to complete tasks before the end of August deadline. There was no consensus reached on this. Govt also needs to study work plan.
- One Member suggested that EITI is fundamentally about the development of Least Developed Countries (LDCs). But, companies and donors don't understand development. They don't understand the impact of petroleum dollars on countries and the means by which players might best fit into the development context. A forum or Working Group is needed to assist people to get on board with development issues.
- Jonas Moberg observed that half of the world's poorest countries are resource rich and EITI was specifically designed to tackle the resource curse. So yes, that is the starting point. But EITI will only be successful if it has its own national life. This is why a country like Botswana is working hard on EITI as an alternative way to avoid the resource curse. Other countries like Nigeria and Columbia already implemented their own transparency. EITI could fulfill the role as one of the contributor to the development.
- The IMF Observer noted that the whole discussion about the resource curse has several dimensions, first there is EITI to address issue of transparency and in Timor-Leste there is also the Consultative Council which is designed to address potential distortions to the economy. EITI is only one part of this.