



MINISTÉRIO DO
PETRÓLEO
E RECURSOS MINERAIS

National Secretariat of Timor-Leste Extractive Industries Transparency Initiative (TL-EITI)
Address of EITI Secretariat

TERM OF REFERENCE (TOR) FOR INDEPENDENT ADMINISTRATOR (IA)

**For Timor-Leste EITI 14th and 15th Reconciliation and Reports, MSWG Work Plan
Consultation and new refinements of EITI standard 2023.**

This TOR is Approved by the TL-EITI Multi Stakeholders Working Group (MSWG) on 14-08-2023

RFP NO.: RFP/01/MPRM-2023

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1 Background

The Extractive Industries Transparency Initiative (EITI) is a global standard for improving transparency and accountability in the oil, gas and mining sectors.

EITI implementation has two core components:

- **Transparency:** oil, gas and mining companies disclose information about their operations, including payments to the government, and the government discloses its receipts and other relevant information on the industry. The figures are reconciled by an Independent Administrator, and published annually alongside other information about the extractive industries in accordance with the EITI Standard.
- **Accountability:** a multi-stakeholder working group (MSWG) with representatives from government, companies and civil society is established to oversee the process and communicate the findings of the EITI reporting, and promote the integration of EITI into broader transparency efforts in that country.

The EITI Standard encourages MSWGs to explore innovative approaches to extending EITI implementation to increase the comprehensiveness of EITI reporting and public understanding of revenues and encourage high standards of transparency and accountability in public life, government operations and in business. The requirements for implementing countries are set out in the EITI Standard². Additional information is available via www.eiti.org.

It is a requirement that the MSWG approves the terms of reference for the Independent Administrator (requirement 4.9.iii), drawing on the objectives and agreed scope of the EITI as set out in the MSWG's work plan. The MSWG's deliberations on these matters should be in accordance with the MSWG's internal governance rules and procedures (see requirement 1.4.b). The EITI requires an inclusive decision-making process throughout implementation, with each constituency being treated as a partner.

It is a requirement that the Independent Administrator be perceived by the MSWG to be credible, trustworthy and technically competent (Requirement 4.9.b.iii). The MSWG and Independent Administrator should address any concerns regarding conflicts of interest. The EITI Report prepared by the Independent Administrator will be submitted to the MSWG for approval and made publicly available in accordance with Requirement 7.1.

This terms of reference include "agreed-upon procedures" for EITI reporting (see section 4) in accordance with EITI Requirement 4.9.b.iii. The international EITI Board has developed these procedures to promote greater consistency and reliability in EITI reporting. The EITI process should be used to complement, assess, and improve existing reporting and auditing systems.

²<http://eiti.org/document/standard>



The Board recommends that the process rely as much as possible on existing procedures and institutions, so that the EITI process draws on, complements and critically evaluates existing data collection and auditing systems. In this way, the EITI process has the potential to generate important recommendations to strengthen other oversight systems.

EITI Implementation in Timor-Leste

The Government of Timor-Leste was one of the first countries to state its commitment to the Principles and Criteria of the Extractive Industries Transparency Initiative (EITI) on the occasion of the first international conference on EITI in London in June 2003. Since then, the Government of Timor-Leste has unequivocally declared its commitment to and support in implementation of EITI rules and principles. The first MSWG meeting occurred in May 2007, guaranteeing that Timor-Leste had fulfilled one of the EITI requirements for becoming a candidate. Upon completion of the process and submission to the EITI Board, Timor-Leste was admitted as a candidate on 22 February 2008. This demonstrated that through collaboration, the members of the MSWG effectively oversaw the first stage of the EITI procedures.

Following the publication of the previous thirteen (13) TL-EITI Reports, Timor-Leste maintain one of the objectives for 2022 and 2023 to continue producing EITI reports for the fiscal years of 2021 and 2022. Timor-Leste's newly elected government continued to work on the EITI process, including producing the 14th and 15th EITI reports, approve this TOR for IA as well as working towards the objective of reviewing the implementation of the recommendation from previous EITI reports and last validation results occurred in year 2022. Other objectives are stipulated in work plan (www.eiti.tl/secretariat/work-plan).

2 Objectives of the assignment

On behalf of the government of Timor-Leste and the MSWG, the **Ministry of Petroleum and Minerals** seeks a competent and credible firm, free from conflicts of interest, to provide Independent Administrator services in accordance with the EITI Standard. The objective of the assignment is to:

- i. Produce a scoping study to inform the MSWG's decision on the scope for the Timor-Leste EITI Reports for fiscal year 2021 and 2022;
- ii. Produce EITI Reports for the fiscal years of 2021 and 2022 in accordance with the applicable EITI Standard and section 3 below;
- iii. To include the EITI reports the evaluation on the EITI Recommendation provided in the previous reports;
- iv. To include the EITI reports the evaluation on the EITI Recommendation provided in the last validation reports;

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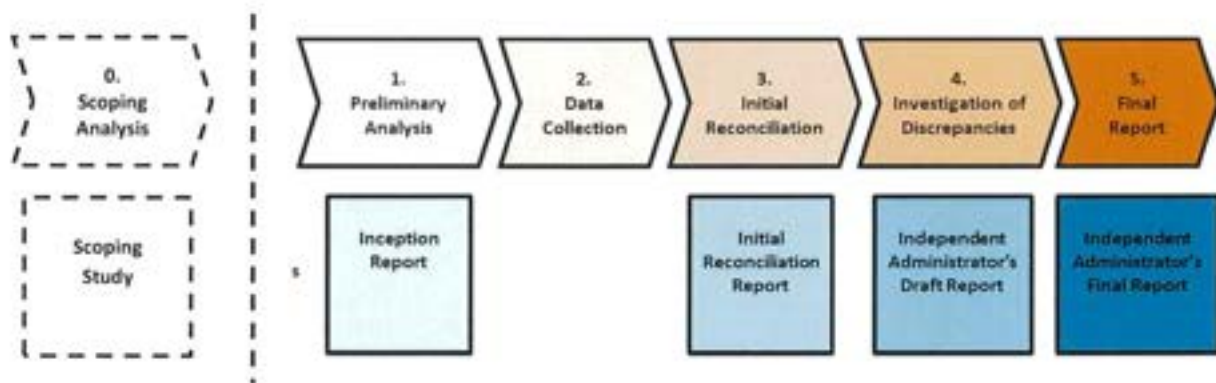
- v. Additionally, provide assistance to MSWG and the National Secretariat to improve capacity in implementing the new Standard 2023 by through capacity building programs and refinements MSWG Work Plan.

3 Scope of services, tasks and expected deliverables

The work of the Independent Administrator has five conceptual phases (see figure 1). These phases may overlap and there may also be some iteration between the phases. EITI reporting is generally preceded by scoping work which is sometimes undertaken by the Independent Administrator (phase 0 in the figure) with close consultations with the MSWG and National Secretariat.

The Independent Administrator’s responsibilities in each phase are elaborated below.

Figure 1 – Overview of the EITI Reporting process and deliverables



Phase 0- Scoping and scoping study

Objective: Scoping work aims to identify points that EITI Report should cover in order to meet the requirements of the EITI Standard. Scoping sets the basis for producing a timely, comprehensive, reliable and comprehensible EITI Report. It commonly involves as assessing data of the fiscal period to be reported, drafting contextual information to be included in EITI Report, reviewing the types of assurances that are needed for ensuring that the data submitted by reporting entities are credible, determining which revenue streams from oil, gas and mining are significant, and consequently which companies and government entities should be required to report. It is also an opportunity for the multi-stakeholder working group to consider the feasibility of extending the scope of EITI reporting beyond the minimum requirements in order to address the objectives outlined in the EITI work plan. Scoping may also include investigating likely gaps or issues that may be particularly challenging, to include in the EITI Report with a view to identify options, solutions, and recommendations for an appropriate reporting methodology for consideration by the multi-stakeholder working group.

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The Independent Administrator is expected to undertake the following tasks during the scoping phase:

- For the purpose of project-level reporting, propose:
 - 1) A definition of the term “project” that is consistent with relevant national laws and systems as well as international norms;
 - 2) Produce an overview of the revenue streams that should be reported by project, classifying the revenue streams that are levied on a license/contract basis and should be reported as such as well as the revenue streams that are levied on a company basis and should be reported as such; and
 - 3) Draft corresponding reporting templates, drawing on the model reporting templates for project level reporting developed by the EITI.

In undertaking the above the Independent Administrator is expected to consult the EITI’s guidance note on project level reporting, and to make use of the template definitions in the guidance note³.

- Conduct review of 2019 EITI Requirements to identify areas required to be reported
- Conduct gap analysis of previous reporting templates to determine the areas for improvements
- Conduct comprehensive review of recommendation provided in previous EITI reports of year 2020
- Conduct comprehensive review of the recommendation provided in the 2022 validation report
- Identify the reporting entities required to provide data
- Identify contextual information required to be included in the report including the follow up action taken to fulfil the recommendation in previous report and validation reports
- Propose draft reporting templates for approval by MSWG
- Conduct analysis on implementation of mainstreaming report
- Conduct analysis and provide assistance for MSWG on key Standard requirements and Consulting MSWG Work Plan based on 2019 Standard and 2023 EITI Standard
- Conduct capacity building to MSWG and National Secretariat on the 2023 EITI Standard and the general EITI requirements and best practices (or specific scope provided under the contract)
- Additional activities as proposed by MSWG and agreed under the term of the contract.

Phase 1 – Preliminary analysis and inception report

Objective: The purpose of the inception phase is to confirm that the scope of the EITI reporting process has been clearly defined, including the reporting templates, data collection procedures, and

³https://eiti.org/sites/default/files/documents/reporting_template_for_project-level_reporting_option_1.xlsx

https://eiti.org/sites/default/files/documents/reporting_template_for_project-level_reporting_option_2.xlsx

³https://eiti.org/sites/default/files/documents/guidance_note_28_on_project-level_reporting_final.pdf

the schedule for publishing the EITI Report. In cases where the Independent Administrator is involved in scoping work, the inception phase will not be extensive. Where the Independent Administrator is not involved in scoping work, some work is required by the Independent Administrator to review prior scoping decisions and considerations taken by the MSWG (1.1-1.2 below). The inception report thus ensures that there is a mutual understanding between the MSWG and the Independent Administrator of the scope of the EITI Report and the work to be carried out.

The Independent Administrator is expected to undertake the following tasks during the inception phase:

- 1.1 **Review the relevant background information, including the governance arrangements and tax policies in the extractive industries, the findings from any preliminary scoping work, and the conclusions and recommendations from previous EITI Reports and Validations. (A list of relevant documentation is provided as Annex 2).**
- 1.2 **The Independent Administrator should review the scope proposed by the MSWG in annex 1 with a particular focus on the following:**
 - 1.2.1 Reviewing the comprehensiveness of the payments and revenues to be covered in the EITI Report as proposed by the MSWG in Annex 1 and in accordance with EITI Requirement 4.
 - 1.2.2 Reviewing the comprehensiveness of the companies and government entities that are required to report as defined by the MSWG in Annex 1 and in accordance with EITI Requirement 4.1
 - 1.2.3 Reviewing the comprehensiveness of the Timor-Leste EITI works in addressing recommendation in EITI reports and Validation Reports
 - 1.2.4 Supporting the MSWG with examining the audit and assurance procedures in companies and government entities participating in the EITI reporting process. This includes examining the relevant laws and regulations, any reforms that are planned or underway, and whether these procedures are in line with international standards.
 - 1.2.5 Providing advice to the MSWG on **the reporting templates based on the agreed benefit streams to be reported and the reporting entities (1.1.1– 1.1.2 above).** It is recommended that the templates include a provision requiring companies to report “any other material payments to government entities” above an agreed threshold. The Independent Administrator is required to draft reporting templates for consideration and approval by the MSWG.

1.3. **On the basis of 1.1 and 1.2 as applicable, produce an inception report that:**

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1.3.1 Includes a statement of materiality (annex 1) confirming the MSWG's decisions on the payments and revenues to be covered in the EITI Report, including:

- The definition of materiality and thresholds, and the resulting revenue streams to be included in accordance with Requirement 4.1(b).
- The sale of the state's share of production or other revenues collected in-kind in accordance with Requirement 4.2.
- The coverage of infrastructure provisions and barter arrangements in accordance with Requirement 4.3.
- The coverage of social expenditure in accordance with Requirement 6.1.
- The coverage of transportation revenues in accordance with Requirement 4.4.
- Disclosure and reconciliation of payments to and from state owned enterprises in accordance with Requirement 4.5.
- The materiality and inclusion of direct sub-national payments in accordance with Requirement 4.6.
- Revenue allocation – Distribution of extractive industry revenue 5.1. Implementing countries must disclose a description of distribution of revenues from the EI
- The materiality and inclusion of sub-national transfers in accordance with Requirement 5.2.
- The level and type of disaggregation of the EITI Report in accordance with Requirement 4.7.
- Any other aspects as agreed by the MSWG.

1.3.2 Includes a statement of materiality (annex 1) confirming the MSWG's decisions on the companies and government entities that are required to report, including:

- The companies, including SOEs that make material payments to the state and will be required to report in accordance with Requirement 4.1(c).
- The government entities, including any SOEs and sub-national government entities, that receive material payments and will be required to report in accordance with Requirement 4.1(c-d), 4.5 and 4.6.
- Any barriers to full government disclosure of total revenues received from each of the benefit streams agreed in the scope of the EITI report, including revenues that fall below agreed materiality thresholds (Requirement 4.1(d)).

- 1.3.3. Includes a definition of the term ‘project’ and an overview of the revenue streams to be reported by project, confirming the MSWG’s decision that the financial data should be disaggregated by project where levied by project.
- 1.3.4. **Confirms the reporting templates based on the agreed benefit streams to be reported, the reporting entities, and the definition of project** (1.1.1 – 1.1.2, and 1.3.3 above). The IA in collaboration with the National Secretariat will draft the templates for MSWG’s approval. It is recommended that the templates include a provision requiring companies to report “any other material payments to government entities” and non-government entities (including landowner entities – other than for the provision of goods and services, including employment) listed above an agreed threshold.
- 1.3.5. **Includes the assertion on how EITI Timor-Leste addressing the recommendation provided in previous Report and Validation reports.**
- 1.3.6. **The IA should confirm (in its communications to reporting entities) any procedures or provisions relating to safeguarding confidential information.** The IA should also develop guidance to the reporting entities on how to complete the reporting templates, and provide training to reporting entities.
- 1.3.7. Based on the examination of the audit and assurance procedures in companies and government entities participating in the EITI reporting process (1.2.3 above), **confirms what information participating companies and government entities are required to provide to the Independent Administrator in order to assure the credibility of the data in accordance with Requirement 4.9.**

The Independent Administrator should exercise judgement and apply appropriate international professional standards⁴ in developing a procedure that provide a sufficient basis for a comprehensive and reliable EITI Report and in all its dealings with reporting entities. The Independent Administrator should employ his /her professional judgement to determine the extent to which reliance can be placed on the existing controls and audit frameworks of the companies and governments. Where deemed necessary by the Independent Administrator and the multi-stakeholder group, assurances may include one of these points:

⁴ For example, ISA 505 relative to external confirmations; ISA 530 relative to audit sampling; ISA 500 relative to audit evidence; ISRS 4400 relative to the engagement to perform agreed-upon procedures regarding financial information and ISRS 4410 relative to compilation engagements.

- Requesting sign-off from a senior company or government official from each reporting entity attesting that the completed reporting form is a complete and accurate record.
- Requesting a confirmation letter from the companies' external auditor that confirms that the information they have submitted is comprehensive and consistent with their audited financial statements. The MSWG may decide to phase in any such procedure so that the confirmation letter may be integrated into the usual work programme of the company's auditor. Where some companies are not required by law to have an external auditor and therefore cannot provide such assurance, this should be clearly identified, and any reforms that are planned or underway should be noted.
- Where relevant and practicable, requesting that government reporting entities obtain a certification of the accuracy of the government's disclosures from their external auditor or equivalent.

The inception report should document the options considered and the rationale for the assurances to be provided.

1.3.7. **Confirms the procedures for integrating and analysing non-revenue information in the EITI Report.** The inception report should incorporate table 1 below, confirming the division of labour between the Independent Administrator, the MSWG or other actors in compiling this data, and how the information should be sourced and attributed.

Table 1 – Non-revenue information to be provided in the EITI Report covered fiscal years of 2021 and 2022

Non-revenue information to be provided in the EITI Report	Work to be undertaken by the Independent Administrator	Work to be undertaken by the MSWG/others
Legal framework and fiscal regime in accordance with EITI Requirement 2.1.	<ul style="list-style-type: none"> • The IA should refer to the 2019 EITI Standard for details. 3.1.1	NA
An overview of the extractive industries, including any significant exploration activities in accordance with EITI Requirement 3.1.	<ul style="list-style-type: none"> • The IA should refer to the 2019 EITI Standard for details. 3.1.2	NA
Information about the contribution of the extractive	<ul style="list-style-type: none"> • The IA should refer to the 2019 EITI Standard for 	NA

industries to the economy in accordance with EITI Requirement 6.3.	details. 3.1.3	
Production and export data in accordance with EITI Requirement 3.2 and 3.3	<ul style="list-style-type: none"> The IA should refer to the 2019 EITI Standard for details. 3.1.4	NA
Information regarding state participation in the extractive industries in accordance with EITI Requirement 2.6 and 6.2. ⁵	<ul style="list-style-type: none"> The IA should refer to the 2019 EITI Standard for details. 3.1.5	NA
Information about the distribution of revenues from the extractive industries in accordance with EITI Requirement 5.1.	<ul style="list-style-type: none"> The IA should refer to the 2019 EITI Standard for details. 3.1.6	NA
Any further information requested by the MSWG on revenue management and expenditures in accordance with EITI Requirement 5.3.	<ul style="list-style-type: none"> The IA should refer to the 2019 EITI Standard for details. 	NA
Information about license holders in accordance with EITI Requirement 2.3 ⁶ , and the allocation of licenses in accordance with EITI Requirement 2.2. ⁷	<ul style="list-style-type: none"> The IA should refer to the 2019 EITI Standard for details. 3.1.7	NA
Any information requested by the MSWG on beneficial ownership (BO) in accordance with EITI Requirement 2.5	<ul style="list-style-type: none"> The IA should refer to the 2019 EITI Standard for details. 	<ul style="list-style-type: none"> NA
Any information requested by the MSWG on contracts in accordance with EITI Requirement 2.4 ⁸	<ul style="list-style-type: none"> The IA should refer to the 2019 EITI Standard for details. 	NA

⁵ Guidance Note 18: SOE participation in EITI Reporting, https://eiti.org/files/GN/Guidance_note_18_SOEs_EN.pdf

⁶ Guidance Note 3: Licence Registers, <https://eiti.org/guidance-notes-and-standard-terms-reference#GN3>

⁷ Guidance Note 4: Licence Allocations, <https://eiti.org/guidance-notes-and-standard-terms-reference#GN4>

⁸ Guidance Note 7: Contract Transparency, <https://eiti.org/guidance-notes-and-standard-terms-reference#GN7>

Information on gender reporting: e.g. employment figures by project, role and gender (6.3) and other relevant information on gender equality in extractive industry	<ul style="list-style-type: none"> The IA should refer to the 2019 EITI Standard for details. 	NA
Information of any environmental payments if applicable or if mandated by Law	<ul style="list-style-type: none"> The IA should refer to the 2019 EITI Standard for details. 	NA
Add any other contextual information that the MSWG has agreed to include in the EITI Report	<ul style="list-style-type: none"> Provide recommendations within EITI reports on mainstreaming approach in the country. 	NA

Phase 2 – Data collection

Objective: The purpose of the second phase of work is to collect the data for the EITI Report in accordance with the scope confirmed in the Inception Report. The MSWG and national secretariat will provide contact details for the reporting entities and assist the Independent Administrator in ensuring that all reporting entities participate fully.

The Independent Administrator is expected to undertake the following tasks during the data collection phase:

- 2.1 Distribute the reporting templates and collect the completed forms and associated supporting documentation directly from the participating reporting entities, as well as any contextual or other information that the MSWG has tasked the Independent Administrator to collect in accordance with 1.3.4 above. Where an alternative approach is proposed - e.g. where the national EITI secretariat assists with data collection, or where the data is collected through an existing reporting mechanism or publicly available information, there should be consultations with the Independent Administrator to ensure the integrity of the information transmitted to the Independent Administrator.
- 2.2 Contact the reporting entities directly to clarify any information gaps or discrepancies.

Phase 3 – initial reconciliation

Objective: The purpose of this phase is to complete an initial compilation and reconciliation of the contextual information and revenue data with a view to identify any gaps or discrepancies to be further investigated.

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- 3.1 The Independent Administrator should compile a database with the payment and revenue data provided by the reporting entities.
- 3.2 The Independent Administrator should comprehensively reconcile the information disclosed by the reporting entities, identifying any discrepancies (including offsetting discrepancies) in accordance with the agreed scope and any other gaps in the information provided (e.g. assurances).
- 3.3 The Independent Administrator should identify any discrepancies above the agreed margin of error established in agreement with the MSWG.

Phase 4 – investigation of discrepancies and draft EITI Report

Objective: The purpose of this phase is to investigate any discrepancies identified in the initial reconciliation, and to produce a draft EITI Report that compiles the contextual information, reconciles financial data and explains any discrepancies above the margin of error determined by the MSWG, where applicable.

- 4.1 The Independent Administrator should contact the reporting entities to clarify the causes of any significant discrepancies or other gaps in the reported data and to collect additional data from the reporting entities concerned.
- 4.2 The Independent Administrator should submit a draft EITI Report to the MSWG for comment that comprehensively reconciles the information disclosed by the reporting entities, identifying any discrepancies, and reports on contextual and other information requested by the MSWG. The financial data should be disaggregated to the level of detail agreed by the MSWG and in accordance with requirement 4.7. The Independent Administrator shall allow a reasonable amount of time for comment and shall respond to comments prior to finalizing and publishing the report. The draft EITI Report should:
 - a) Describe the methodology adopted for the reconciliation of company payments and government revenues, and demonstrate the application of international professional standards.
 - b) Include a description of all revenue streams, related materiality definitions and thresholds (Requirement 4.1).
 - c) Include an assessment from the Independent Administrator on the comprehensiveness and reliability of the (financial) data presented, including an informative summary of the work performed by the Independent Administrator and the limitations of the assessment provided.
 - d) Indicate the coverage of the reconciliation exercise, based on the government's disclosure of total revenues as per Requirement 4.1(d).
 - e) Include an assessment of whether all companies and government entities within the agreed scope of the EITI reporting process provided the requested information. Any gaps or weaknesses in reporting to the Independent Administrator must be disclosed in the EITI Report, including naming any entities that failed to comply with the agreed procedures, and an assessment of whether this is likely to have had material impact on the comprehensiveness of the report.

- f) Document whether the participating companies and government entities had their financial statements audited in the financial year(s) covered by the EITI Report. Any gaps or weaknesses must be disclosed. Where audited financial statements are publicly available, it is recommended that the EITI Report advises readers on how to access this information.
 - g) Include non-revenue information as per Requirement 2,3,5 and 6 and other information requested by the MSWG. The contextual information should be clearly sourced in accordance with the procedures agreed by the Independent Administrator and the MSWG.
- 4.3 Where previous EITI Reports have recommended corrective actions and reforms, the Independent Administrator should comment on the progress in implementing those measures. The Independent Administrator should make recommendations for strengthening the reporting process in the future, including any recommendations regarding audit practices and reforms needed to bring them in line with international standards, and where appropriate, recommendations for other extractive sector reforms related to strengthening the impact of implementation of the EITI on natural resource governance. The Independent Administrator is encouraged to collaborate with the MSWG in formulating such recommendations.
- 4.4 The Independent Administrator is encouraged to make recommendations on strengthening the template Terms of Reference for Independent Administrator services in accordance with the EITI Standard for the attention of the EITI Board.

Phase 5 – Final EITI Report

Objective: The purpose of this phase is to ensure that any comments by the MSWG on the draft report have been considered and incorporated in the final EITI Report.

- 5.1 The Independent Administrator will submit the EITI Report upon approval to the MSWG. The MSWG will endorse the report prior to its publication and will oversee its publication. Where stakeholders other than the Independent Administrator decide to include additional comments in, or opinions on, the EITI Report, the authorship should be clearly indicated.
- 5.2 The final EITI Report must be translated to the following languages: English and Portuguese
- 5.3 The Independent Administrator should produce electronic data files that can be published together with the final Report.
- 5.4 Following approval by the MSWG, the Independent Administrator is mandated to submit summary data from the EITI Report electronically to the International Secretariat according to the standardised reporting format available from the International Secretariat.
- 5.5 The Independent Administrator shall take appropriate measures to ensure that the report is comprehensible. This includes ensuring that the report has high levels of readability, legibility and usability. The MSWG may wish to request that the report be edited by a professional copy-editor and/or be designed by a professional graphical designer.

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- 5.6 The MSWG may request that the Independent Administrator submit to the national secretariat all data gathered during reconciliation available, including the contact information of all institutions contacted during the reporting process.

4 Qualification requirements for Independent Administrators

The reconciliation of company payments and government revenues must be undertaken by an Independent Administrator applying international professional standards (requirement 4.9). It is a requirement that the Independent Administrator is perceived by the MSWG to be credible, trustworthy and technically competent (ibid). Bidders must follow (and show how they will apply) the appropriate professional standards for the reconciliation/agreed-upon-procedures work in preparing their report. The IA is requested to include information on how to engage and work with local enterprises in delivering this scope of work which may include utilise local suppliers for goods and services or capacity building program or promoting partnerships.

The Independent Administrator will need to demonstrate:

- Expertise and experience in the oil, gas and mining sectors.
- Expertise in accounting, auditing, and financial analysis.
- A track record in similar work. Previous experience in EITI reporting is preferable.
- The team for the project should consist of at least 2 persons. The team leader is required to have at least 5 years of senior-level with experience and knowledge of extractive industries transparency; possesses internationally recognized professional accounting qualifications (e.g., certified public accountant, chartered accountant, or equivalent professional accounting qualification); the bidder shall ensure adequate staff and resources are available for the indicative timeline. Staff's familiarity with EITI and previous EITI reconciliation experience is desirable.

In order to ensure the quality and independence of the exercise, Independent Administrators are required, in their proposal, to disclose any actual or potential conflicts of interest, together with commentary on how any such conflict can be avoided.

5 Reporting requirements and time schedule for deliverables

The assignment is expected to commence on September 2023, culminating in the finalisation of the 2021 & 2022 TL-EITI Report. The proposed reporting and payment schedules for a two year periods is annexed (*see Annex A*).

6 Client's input and counterpart personnel

Add information about reporting lines, support to the Independent Administrator during the assignment, other logistical and administrative arrangements.



7. Other comments

The MSG may include additional commentary on the assignment not addressed above.



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Annex 1 – Statement of materiality

The purpose of this statement of materiality is for the Independent Administrator to understand the scoping work and associated decisions that have already been carried out by the multi-stakeholder group or by other consultants. The Independent Administrator confirms the joint understanding of the scope of the services in the inception report. Annex 2 lists relevant attachments, including any scoping studies undertaken in the past.

1. Taxes and revenues to be covered in the EITI Report (Requirement 4.1)¹¹

With regards to the revenue streams set out in Requirements 4.1-4.2, the multi-stakeholder group has agreed that the following revenue streams from the extractive sector are material and should be reconciled in the EITI Report:

Table 1 – Material revenues to be reconciled

Revenue stream	Estimated value and share of total extractive industry revenue	Government recipient	Additional commentary on work to be undertaken by the Independent Administrator as necessary.
List of revenue streams, taking into account common revenue streams set out in Requirement 4.1	<value> (<percentage>)
The materiality and inclusion of the state's share of	6.1.1	6.1.2	6.1.3

¹¹ Guidance Note 13: on defining materiality, reporting thresholds and reporting entities, https://eiti.org/files/Guidance%20note%20on%20defining%20materiality_0.pdf

production collected in-kind (Requirement 4.2 ¹² , where applicable			
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The multi-stakeholder group has agreed that the revenue streams from the extractive sector listed in Table 2 should be unilaterally disclosed by the government in the EITI Report rather than reconciled with company figures. The reasons for unilateral disclosure rather than reconciliation should be documented by the MSG.

Table 2 – Material revenues to be unilaterally disclosed by the government

Revenue stream	Estimated value and share of total extractive industry revenue	Government recipient	Additional commentaries on data sources and work to be undertaken by the Independent Administrator as necessary.
...	<value> (<percentage>)
6.1.4	6.1.5	6.1.6	6.1.7

The multi-stakeholder group has agreed that the following revenue streams from the extractive sector are immaterial and should not be reconciled or unilaterally disclosed by the government in the EITI report:

¹²Guidance Note 18: SOE participation in EITI Reporting, https://eiti.org/files/GN/Guidance_note_18_SOEs_EN.pdf

Table 3 – Immaterial revenue streams from the extractive sector to be excluded from the EITI Report

Revenue stream	Estimated value and share (%) of total extractive industry revenue	Government recipient	Additional commentary on data sources and rationale for concluding that the revenue stream is immaterial
...	<value> (<percentage>)

2. Additional benefit streams:

With regards to the benefit streams set out in Requirements 4, the MSG has agreed the following:

Table 4 – Additional benefit streams

Benefit stream	Applicable/material?	Estimated value and share (%) of total extractive industry revenue	Government recipient	Additional commentary on data sources and works to be undertaken by the Independent Administrator as necessary.
The materiality and inclusion of infrastructure and barter	6.1.8	6.1.9	6.1.10	6.1.11

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arrangements (Requirement 4.3) ¹³					
The materiality and inclusion of <u>mandatory</u> social payments (Requirement 6.1(a)) ¹⁴	6.1.12	6.1.13	6.1.14	6.1.15	
The materiality and inclusion of <u>voluntary</u> social payments (Requirement 6.1(b)) ¹⁵	6.1.16	6.1.17	6.1.18	6.1.19	
The materiality and inclusion of transportation revenues (Requirement 4.4) ¹⁶	6.1.20	6.1.21	6.1.22	6.1.23	

3. Reporting companies (Requirement 4.1)

¹³ Guidance note 15: Infrastructure and barter provisions: <https://eiti.org/guidance-notes-and-standard-terms-reference#GN14>

¹⁴ Guidance note 17: Social expenditures: <https://eiti.org/guidance-notes-and-standard-terms-reference#GN17>

¹⁵ Guidance note 17: Social expenditures: <https://eiti.org/guidance-notes-and-standard-terms-reference#GN17>

¹⁶ Guidance note 16: Revenues from transportation of oil, gas and minerals: <https://eiti.org/guidance-notes-and-standard-terms-reference#GN16>

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The MSWG has agreed that any company making payments [equal to or above [e.g USD 100,000]] against the material revenue streams identified in table 1 are required to be included in the EITI Report:

Table 5 – Companies to be included in the EITI Report

Companies	Sector	Additional commentary on work to be undertaken by the Independent Administrator as necessary.
...
6.1.24	6.1.25	6.1.26

4. Government - government transactions (Requirement 4)

Table 6 – Government to government transactions included in the scope of the EITI Report

Transactions	Applicable/ material?	Financial flow	State-owned company	Government agency	Additional commentary on work to be undertaken by the Independent Administrator as necessary.
The disclosure and reconciliation of payments to and from state-owned enterprises (Requirement 4.6) ¹⁷	6.1.27	6.1.28	6.1.29	6.1.30	6.1.31

¹⁷ Guidance Note 18: SOE participation in EITI Reporting, https://eiti.org/files/GN/Guidance_note_18_SOEs_EN.pdf

Transactions	Applicable/ material?	Financial flow and revenue sharing formula	Government agency executing the transfer	Government agency receiving the transfer	Additional commentary on work to be undertaken by the Independent Administrator as necessary.
The materiality and inclusion of mandatory sub-national transfers in accordance with Requirement 5.2 ¹⁸	6.1.32	6.1.33	6.1.34	6.1.35	6.1.36

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¹⁸ Guidance Note 10: Sub-national reporting, <https://eiti.org/files/Guidance-note-10-Subnationalreporting.pdf>

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Annex 2 – Supporting documentation

Documentation on governance arrangements and tax policies in the extractive industries, including relevant legislation & regulations

- www.MoF.gov.tl
- www.anpm.tl.org
- www.bctl.tl

EITI work plans & other documents

- www.eiti.tl
- www.eiti.org

Findings from preliminary scoping work

- [...]

Previous EITI Reports

- www.eiti.tl
- www.eiti.org

Commentary on previous EITI Reports

- TL-EITI website, ANPM website, BCTL website, MoF website and International EITI website

Validation Reports

- www.eiti.tl
- www.eiti.org

Other relevant documentation (e.g. annual activity reports)

- www.eiti.tl
- www.eiti.org



Annex A**Schedule set out for 2021 EITI Reconciliation report undertake by Independent Administrator**

EITI reporting phase	Proposed timeline	Obs.
Signing of contract	22 Sept. 2023	
(If relevant) Phase 0: Scoping studies of 2021 Report	22 Sept.- 30 Sept.2023	
=> Scoping Study	30 Sept 2023	
Phase 1: Preliminary analysis of 2021 data	30 Sept. – 5 Oct. 2023	
=> Inception report	5 Oct 2023	
Phase 2: Collection of 2021 data	5 Oct – 12 Oct 2023	
Phase 3: Initial reconciliation	12 Oct – 19 Oct 2023	
Phase 4: Investigation of discrepancies	19 Oct – 26 Oct 2023	
Draft 2021 TL-EITI report	27 Oct 2023	one to two weeks for MSWG discussion
Phase 5: Final EITI report	27 Oct – 3 Nov 2023	Incl. MSWG final review
Final 2021 report (english version)	06 Nov 2023	
Summary of 2021 report in xls format as per EITI Req. 7.2	13 Nov 2023	

Payment schedules in accordance with budget allocation

Phase 1 – 20% of allocated amount for EITI report after the submission of draft report

Phase 2 – 70% payment to be done after the completion and submission of final report including the translated documents

Phase 3 - 10% Following the presentation and capacity building to the members of the MSWG.

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Schedule set out for 2022 EITI Reconciliation report undertake by Independent Administrator

EITI reporting phase	Proposed timeline	Obs.
Signing of contract	22 Sept 2023	
(If relevant) Phase 0: Scoping studies 2022 data	02 Dec 23 - 15 Jan 24	
=> Scoping Study	15 Jan 24	
Phase 1: Preliminary analysis of 2022 data	15 Jan - 31 Jan 24	
=> Inception report	31 Jan 24	
Phase 2: Data collection	06 Feb - 06 Mar 24	
Phase 3: Initial reconciliation	06 Mar – 06 Apr 24	
Phase 4: Investigation of discrepancies	06 - 30 Apr 24	
Draft 2022 TL-EITI report	30-Apr-2024	Two weeks for MSWG discussion
Phase 5: Final EITI report	15 May – 15 Dec 24	
Final 2022 report (english version)	15 May 24	MSWG final review
Summary of the report in xls format as per EITI Req. 7.2	15 June 24	

Payment schedules in accordance with budget allocation

Phase 1 – 20% of allocated amount for EITI report after the submission of draft report

Phase 2 – 70% payment to be done after the completion and submission of final report including the translated documents

Phase 3 - 10% Following the presentation and capacity building to the members of the MSWG

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ToR IA approved and signed by MSWG Member:

(Name)

(Signature)

1. Government Representatives

Agus Madan Filmon

Agus

2. Company Representatives

Antonio Do sante

Antonio

3. SOE Representatives

Deolinda de Sousa

Deolinda

4. CSO Representatives

Estevão Caló

Estevão