

Minutes of Meeting
Petroleum Fund of Timor-Leste
Investment Advisory Board

Held on 20th November 2009

At the Office of the World Bank

Present:

Olgário de Castro (Chairman – via teleconference)
Sam Robinson, as alternate for Mr. Abraao de Vasconcelos
Tørres Trovik (via videoconference)
Kevin Bailey (via teleconference)

In attendance:

Vidar Ovesen, Fiscal Policy and Petroleum Fund Advisor, Ministry of Finance
Filipe Nery Bernardo, National Adviser, Ministry of Finance
Torggrim Roll, Advisor for PF Department, BPA

The Chairman declared the meeting open at 08:35 hours.

1. Apologies

Apologies were received from Mr. Abraao de Vasconcelos. Mr. Sam Robinson was present as alternate for Mr. de Vasconcelos.

2. Approval of the agenda

The Board agreed to move agenda item 6 prior to agenda item 5. With this amendment the agenda for the meeting was approved by the Board.

3. Approval of the minutes of the meetings on 6 and 11 November 2009

The minutes from the meetings on 6 and 11 November 2009 were approved and adopted for publication.

4. Request from the Minister for advice on the PF's long term investment strategy and PF Law amendments

The Secretariat had circulated a revised paper on amendments to Art. 14 & 15 of the Petroleum Fund Law prior to the meeting.

The Board continued its discussion of the draft paper and the advice to be given in accordance with the request from the Minister on 25 June 2009.

The Board agreed to resolve the matter in its next meeting. The Board will provide written guidance to the Secretariat before a final draft is circulated prior to the next meeting as a basis for final discussion.

5. Request from La'o Hamutuk to release certain information re IAB's advice to the Minister on 18 September 2009

The Board discussed a draft reply from the Board to La'o Hamutuk provided by the Secretariat prior to the meeting.

The Board concluded that it is not the role of an advisory board to pre-empt the Minister's decisions by releasing background documents into the public domain, or publicly commenting on actions the Minister may or may not have taken following receipt of the Board's advice. The Board believes that these responsibilities are more appropriately discharged by the Minister herself.

Hence, the Board adopted the draft letter provided by the Secretariat.

6. Investment Philosophy

The Board postponed this agenda item.

7. Other Business

The Chairman responded to a request from Board member Mr. Torres Trovik dated 26 October 2009 in which the Chairman was asked to inform the IAB about the potential for having conflicting roles in his various advisory capacities to the Government. The issue rose in connection with the IAB advice on the investment proposal from Asian Champ Investments.

The Chairman read a statement to the Board and a written copy of that statement was circulated to Board members after the meeting.

Given that the subject matter of Mr Trovik's request directly affected the frankness and candour of the Board's internal discussions, the Board decided that the documents on this issue should be declared confidential. The chairman stated however he reserved the right to disclose publicly his Statement to the Board as and when he saw fit.

During its consideration of this matter, the Board considered the transparency status of the various background documents associated with the Board's formal and informal deliberations, and asked the Secretariat to propose a general policy for inclusion in the Board's Rules of Procedure.

Mr. Sam Robinson informed the Board that the BPA had provided a final report to the Minister following the Minister's request to confirm the assumptions which the IAB's recommendation to the Minister of 18 September 2009 was based on, regarding the investment proposal from Asia Champ Investments.

The Board requested the Chairman to enquire whether the Minister could provide members of the Board with a copy of the BPA's final report.

It was resolved that the next meeting would be held on December 15, 2009.

As there was no other business the Chairman declared the meeting closed at 11.20 hours.

Chairman

Secretary