

LABEH, CIITT and NeTEJ

From: labeq qi [mailto:labeq2003@yahoo.com]
Sent: Tuesday, November 30, 2004 10:33 AM
To: Thomas Ekeli
Cc: Bruce Taplin; alfredo@presidente-tl.net
Subject: Petroleum Fund for TIMOR-LESTE

The Director,
Timor Sea Office

27 November 2004

Dearly Catherine,

Re: Establishing a Petroleum Fund for Timor-Leste

Lalenok Ba Ema Hotu (LABEH) as Timorese NGO involved in the development of our nation, we would like to share some brief thoughts with the Timor Sea Office. We are working together to rebuild our nation, to bring it out of the poverty that has been inflicted upon us by centuries of colonialism and brutal military occupation that ended in widespread destruction in 1999.

We appreciate the recent improvement by the Timor Sea Office and the government in conducting a number of public consultations in regards to the proposed Petroleum Regime for Timor-Leste and establishing Petroleum Fund for Timor-Leste. Thank you for giving us another opportunity to participate in the public consultation on establishing a Petroleum Fund for Timor-Leste. We would like to extend our appreciation to the Government once again for its initiatives in conducting the public consultations.

We have also contacted other civil society organizations including **“The Timor-Leste Network for Transparency and Economic Justice (NeTEJ) a network of national NGOs with over 24 member organizations.** It aims at ensuring transparency, accountability, sustainable development through research, policy dialogue, advocacy and training through the principles of Publish What You Pay (PWYP) and the Extractive Industries Transparency Initiative (EITI). Its aim is to increase transparency over payments by companies and revenues to governments in the extractive industries.

In preparation of this “COMMENTS” we have contacted also The Centro Informasaun Independente ba Tasi Timor (CIITT) and those who know better in the area of draft legislation on natural resources revenue. We have also conducted numerous interviews on our radio talk show on the public opinions on the Petroleum Fund. The public opinion on the Petroleum Fund suggests for an **“Oversight Institution as a core condition for transparency and accountability”** that would monitor the fund and that the **overall responsibility for management of the Fund should not be with the “Minister of Planning and Finance”**.

After careful reading the current discussion paper on establishing a Petroleum Fund for Timor-Leste, LABEH believes that our government has done tremendously well in consulting the public in-regards to the petroleum fund. However, we still found that it lacks some international best practices on transparency and accountability. (Page 13, 14 and 15 of the discussion paper on establishing a Petroleum Fund for Timor-Leste)

Sound governance, taken a step further, is a subset of governance wherein public resources and problems are managed efficiently and in response to the critical needs of our people and the nation. Effective democratic forms of governance rely on public participation, accountability and transparency.

While LABEH welcomed the government initiative on the Petroleum Fund, we feel that the Petroleum Fund contains little detail on the **“Oversight Mechanism of the Fund”**

Specific issues to consider:

Circumstances behind corruption

- Excessive concentration of powers to the Minister of Planning and Finance (page 13 sub-heading **Management of the Fund paragraph 2**)
- Little internal control and external control mechanism
- Decisions could be taken on a particular individuals’ own authority

Point 9 of chapter 14-15

- Is under consideration
- There is no guarantee that the council would be created
- Petroleum Fund Oversight or Watchdog needs to include the four organs of sovereignty (**the President, the Parliament, the Government and the Court**) with representative from the civil society.

Recommendations:

We recommend to our Government to consider as a core condition to promote transparency and accountability to adopt the “Sao Tome and Principe Model Oil Revenue Management Law prepared by Columbia University Oil Advisory Group” this can be viewed at www.earth.columbia.edu/cgsd especially:

TITLE V PUBLIC OVERSIGHT

Chapter 1 **Ensuring Public Oversight**

Article 21 **Establishment of Petroleum Oversight Committee**

It may require that the president of the national Parliament establish a Petroleum Oversight Committee to oversee the development and use of the resources.

- Oversight Committee to oversee the development and use of the resources

- The mandate of the Oversight Committee
- The composition of the Oversight Committee
- Powers of the petroleum Oversight Committee and
- Access to Information

We would be concerned therefore, if the government were to be advocating a lower standard of transparency and accountability than to follow best practices of transparency and accountability. Timor-Leste ability to prosper in the post oil era will be largely based on its own ability to encourage the development of a diverse economy during the oil era.

Supported by:

The Timor-Leste Network for Transparency and Economic Justice (NeTEJ)

The Centro Informasaun Independente ba Tasi Timor (CIITT)

Lalenok Ba Ema Hotu (LABEH)

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