

Minutes of Meeting

Petroleum Fund of Timor-Leste Investment Advisory Board

Held on 21st May 2008

At the offices of the Banking and Payments Authority

Present:

Abraão de Vasconcelos
Olgário de Castro (by teleconference)
Tørres Trovik (by teleconference)

Absence:

Manuel Monteiro (Director of Treasury)

In attendance:

Venancio Alves Maria, Executive Director of the PF Department, BPA
Sam Robinson, Advisor for BPA
Hugo Nogueira, Legal advisor for BPA
Gastão de Sousa, Chief Economist, BPA (Secretary)

The Chairman declared the meeting open at 14.00 hours.

Apologies were received from Mr. Cristino Gusmao.

The agenda for the meeting was approved without amendment.

Minutes of Previous Meeting

The minutes of the previous meeting held on 5th May 2008 were delay for tabled in the next IAB meeting.

Business arising from the minutes

None.

Appointment of External Managers

Mr. Olgario, informed the meeting that he had received no further information on the progress of the appointment of the external managers, with the investment mandate and legal issues still outstanding. The board agreed following a discussion that the Minister of Finance was the proper authority to resolve the

outstanding legal issues regarding the contract with the World Bank. The Chairman asked the BPA to assist the Investment Advisory Board in the work needed to be undertaken in order to give the Minister an advice of various options of future investment mandates to commercial managers, ref. the letter from the Minister dated 21 May.

Proposed changes to the Management Agreement

Mr. Abraao raised the issue on the proposed changes to the management agreement, noting the legal implications on the operational side arising from the appointment of the global custodian and the operational requirement to open further bank accounts for the Petroleum Fund. The board discussed the matter and agreed that the issue of bank accounts was an operational matter.

Proposal on the transparency framework

Mr. Abraao tabled a draft paper containing a transparency framework as requested by the previous meeting. He outlined the main points, which he said reflected international best practice and the PF Law. He stated that the paper was intended to further enhance the reputation of the Fund's governance arrangements and had been prepared in two parts: a background discussion and an initial draft of a Ministerial regulation on the transparency of PF information. He said that the Minister had power to regulate under the Petroleum Fund law, and that the transparency framework in Article 32 of the Petroleum Fund Law included general principles that would benefit from further detailed elaboration identifying what classes of documents the public could access and which would be prima facie treated as confidential.

The board noted the proposal and requested individual members to provide comments.

Other Business

It was resolved that the next meeting would take place on June 20, 2008, at 14.00 hours. There being no other businesses the Chairman declared the meeting closed at 15.00 hours.

Chairman

Secretary