

Role of Investment Advisory Board

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Role of Investment Advisory Board

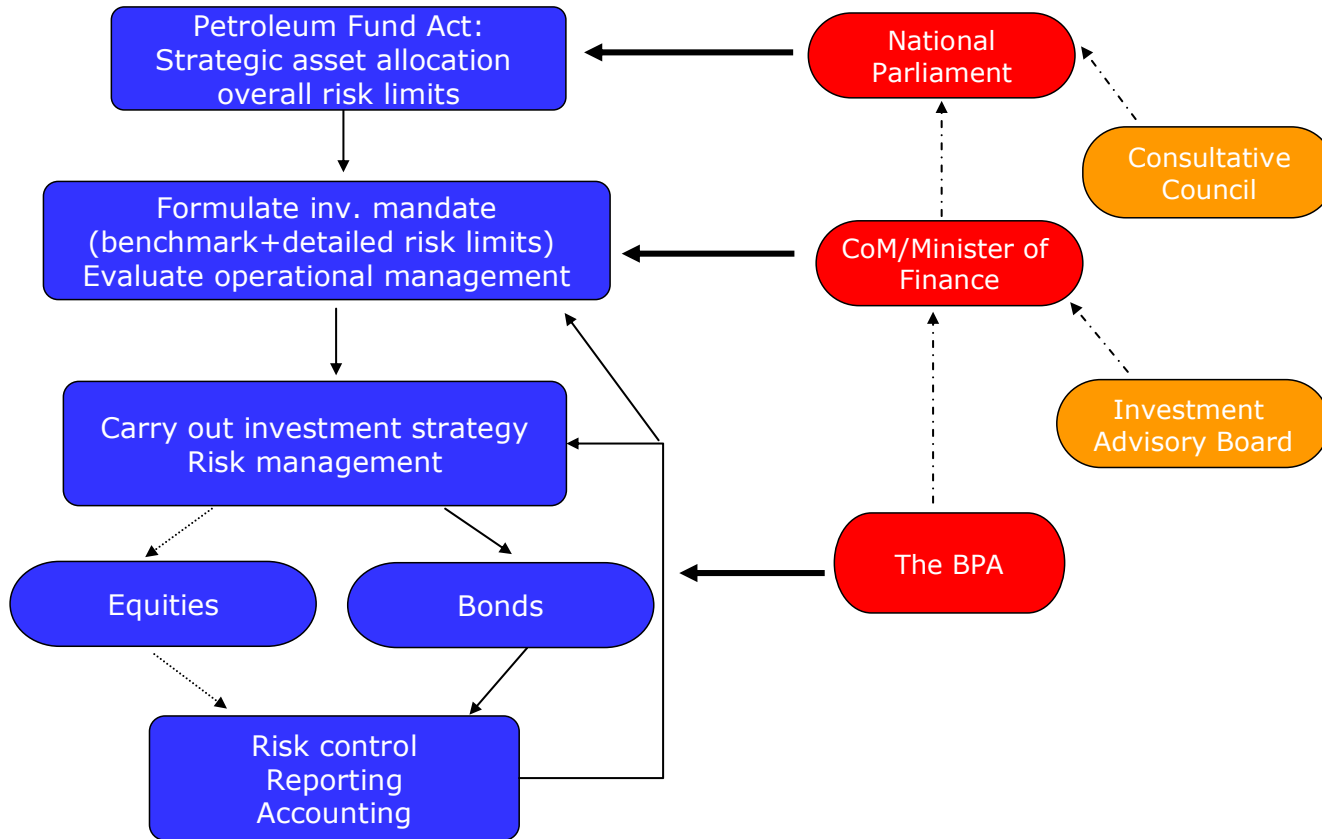
Chapter III of the Petroleum Fund Law 2005 “ **Petroleum Fund Investment and Protection**” outlines the role of the IAB , in particular the following articles:

- Article 11 Management of the Petroleum Fund**
- Article 16 Investment Advisory Board**
- Article 17 Organization of the Investment Advisory Board**
- Article 18 Absence of Advice from the Investment Advisory Board**
- Article 19 Releases of Advices of the Investment Advisory Board**



Role of Investment Advisory Board

Management of the Petroleum Fund



Role of Investment Advisory Board

- Petroleum Fund consists of the following:
 - Opening Fund balance
 - Plus Petroleum receipts
 - Plus investment returns (Management of Petroleum Fund including Investment Advisory Board)
 - Less transfers

Role of Investment Advisory Board

Article 11 Management of the Petroleum Fund

Sub - article 11.2 “ The Minister shall not make any decisions in the relation to the investment strategy or management of the Petroleum Fund without first seeking the advice of the investment Advisory Board in accordance with article 16” .

Sub- article 11.3 “ The Petroleum Fund shall be government prudently in accordance with the principles of good governance for the benefit of current and future generations” .



Role of Investment Advisory Board

Article 16 Investment Advisory Board

Sub – article 16.1 “ There is hereby established an Investment Advisory Board that is responsible for :

- (a) developing for the Minister performance benchmarks of desired returns from, and appropriate risks of, the investments of the Petroleum Fund;
- (b) advising the Minister on the investments instructions that the Minister shall provide to the Investment Managers of the Petroleum Fund pursuant to article 12;



Role of Investment Advisory Board

Sub – article 16.1

(c) advising the Minister on the performance of the external Investment Manager and making recommendations to the Minister on the appointment re removal of external Investment Managers; and

(d) advising the Minister on the need for changes in the overall investment strategy or management of the Petroleum Fund, including the making of recommendations as to changes.



Role of Investment Advisory Board

Sub – article 16.2 “ Subject to Article 18, the Minister shall seek the advice of the Investment Advisory Board before making a decision on any matter relating to the investment strategy or management of the Petroleum Fund”.



Role of Investment Advisory Board

Sub – article 16.3 “ Any advice given by the Investment Advisory Board on the investment strategy or management of the Petroleum Fund shall take into account:

- the overall objective that the Petroleum Fund be a fund of income from the exploitation of non-renewable petroleum resources for the benefit of current and future generations;
- the current conditions, opportunities and constraints in investment markets , and the constraints under which the Central Bank and other key institutions in Timor Leste operate; and
- the need to ensure that sufficient amounts are available when needed for transfers referred to Article 7.



Role of Investment Advisory Board

Sub – article 16.4 “ The Investment Advisory Board shall determine the rules of procedure under which it operates.



Role of Investment Advisory Board

Article 17 Organization of the Investment Advisory Board

Sub-article 17.1 The members of the Investment Advisory Board shall be:

- (a) the Director of Treasury
- (b) the Head of the Central Bank;
- (c) two persons appointed by the Minister with significant experience in investment management; and
- (d) one other person appointed by the Minister.

Sub-article 17.2 The Central bank shall provide the secretariat for the investment Advisory Board and any support required by the board to carry out its functions.



Role of Investment Advisory Board

Sub – article 17.3 The Minister shall provide , in accordance with Timor- Leste law:

- (a) a person to sit on the secretariat of the Investment Advisory Board; and
- (b) appropriate remuneration for the members of the Investment Advsiory Board appointed under paragraphs 17 (c) and 17 (d).

Sub – article 17.4 “ The members of the Investment Advisory Board shall, on occasion of taking and vacating office , submit a declaration concerning their assets and income from property and capital, including information relating to their bank accounts.



Role of Investment Advisory Board

Article 18 Absence of Advice from the Investment Advisory Board

Sub – article 18.1 The non-provision of advice by the Investment Advisory Board , within fifteen (15) days of the request, or within such longer time period as may be determined by the Minister having regard to the nature of the advice sought, shall not constitute an impediment for the Minister to make a decision.

Sub- article 18.2 If, having regard to the nature and urgency of the decision to be taken, there is insufficient time to seek advice of the Investment Advisory Board , in relation to a particular decision, the Minister shall make a decision without first seeking the advice of the Investment Advisory Board.



Role of Investment Advisory Board

Sub- article 18.3 If the Minister makes a decision under sub-article 18.1 and 18.2, the Minister shall immediately report the making of the decision to the Investment Advisory Board.

Sub – article 18.4 The Minister shall re-examine the decision having regard to any subsequent advice provided by the Investment Advisory Board.



Role of Investment Advisory Board

Article 19 Releases of Advices of the Investment Advisory Board

Sub- article 19.1 When required by parliament, the Government shall without delay provide Parliament with all advices given thereto by the Investment Advisory Board.

Sub – article 19.2 The Minister shall ensure that in releasing, or allowing access to, advices given thereto, measures are taken to prevent the disclosure of confidential information.

