

La'o Hamutuk

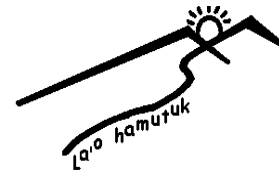
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Press release:

BECOMING EITI-COMPLIANT IS NOT ENOUGH TO ENSURE THAT TIMOR-LESTE BENEFITS FROM PETROLEUM

The Extractive Industries Transparency Initiative (EITI) Secretariat in Oslo, Norway just announced that Timor-Leste became the third EITI-Compliant nation on 1 July 2010. La'o Hamutuk greatly appreciates the hard work of the state of Timor-Leste from 2003 until today to achieve transparency in managing Timor-Leste's petroleum.

However, we continue to point out that transparency alone cannot ensure that petroleum will benefit the people of this country. The state of Timor-Leste, especially the Government, Parliament, oil companies, civil society and other sovereign agencies, should not feel satisfied with the victory of becoming the first EITI-compliant country in this region. The state also needs policies to prudently manage and allocate petroleum revenues, taking care that they sustainability benefit both current and future generations.

Currently, Timor-Leste is the most petroleum-revenue-dependent country in the world, as well as in this region. 97% of our annual state revenues come from oil and gas. For example, right now the Government, through the mid-year adjustment of the 2010 State Budget, wants to take money totaling \$811 million from the Petroleum Fund, far more than the Estimated Sustainable Income (ESI, 3%) which the Petroleum Fund Law says.

If this State, especially Government and Parliament, allocates Petroleum Fund money only to non-productive sectors, this will not help develop our non-oil economy or improve people's lives in rural areas. Timor-Leste will suffer a big **defeat**, which will impact us when oil revenues decline or when Timor-Leste's oil is used up.

The biggest advantage to Timor-Leste following EITI rules, as well as complying with the Petroleum Fund Law and the Budget and Financial Management Law, is that it will help ensure that revenues from our petroleum resources are used for the long-term interests of Timor-Leste's people, to provide benefits both today and tomorrow, avoiding the resource curse.

Finally, we recommend that the state of Timor-Leste, which is using a model of transparency in the petroleum sector, should apply similar guidelines to transparency in sectors such as procurement, autonomous agencies, and other areas, especially in reports of expenditures and revenues.

La'o Hamutuk is a non-governmental organization which monitors and analyzes the process of development in Timor-Leste with the goals of avoiding the resource curse, struggling for economic and social justice, promoting food sovereignty, equality, justice, good governance and democracy. We distribute our information through our *Bulletin*, radio program, public meetings and website.