



**REPÚBLICA DEMOCRÁTICA DE TIMOR-LESTE
MINISTÉRIO DAS FINANÇAS**

Terms of Reference

Job Title:	Petroleum Tax Revenue Adviser
Reporting to:	Director for Petroleum Taxation Director and Senior Management Adviser for Revenue Services ¹
Counterpart staff:	Team Manager for Petroleum Tax
Duration:	12 months, with possibility of extensions for up to three years subject to an annual review of performance and needs of the Petroleum Tax Directorate
Location:	National Tax Directorate, Ministry of Finance Dili, Timor-Leste

I. BACKGROUND

Since the restoration of independence in 2002, the Government of Timor-Leste (GoTL) has made steady progress in building its planning and financial management (PFM) systems, but significant challenges remain. Institutional and civil service capacity for planning, budgeting, budget execution, revenue collection, internal control, reporting, procurement, implementation, and project management are particularly weak in a context of rapidly accumulating revenues—generated by the petroleum sector—and the resultant expansion of the State budget. Progress to convert the substantial revenues accruing to GoTL from petroleum sector operations into economic growth and tangible service delivery is currently much slower than desired.

While recognizing that strengthening PFM is a long-term agenda, GoTL has commenced implementation of a five-year, multi-donor.

Planning and Financial Management Capacity Building Program (PFMCBP)

¹ New post to be filled under the proposed restructuring of the MoF.

PFMCBP aims to achieve *sustainably strengthened planning, budgeting, public expenditure management, and revenue administration for growth and poverty reduction, with emphasis on efficiency, effectiveness, accountability, integrity, service culture, and transparency.*

Funded through a World Bank-administered trust fund, PFMCBP includes four major components: (a) public expenditure management; (b) revenue administration and macro-economic management; (c) support for executive management and other cross cutting activities; and (d) support for program implementation. GoTL's key implementing agency is the Ministry of Finance (MoF), but PFMCBP also includes support for financial management staff in line ministries and districts.

Early capacity building initiatives in the MoF focused largely on getting the public financial management system up and running without fully addressing the capacity shortfalls of civil servants. This has created a system that remains heavily reliant on the presence of international advisers, who have largely focused on in-line performance and, to a much lesser extent, the transfer of skills. Through PFMCBP, GoTL wants to move beyond the transitional substitution of international for local expertise, to an integrated approach to institution building that relies on three pillars: (a) skills and knowledge; (b) systems and processes; and (c) attitudes and behaviours. Based on the three-pillar framework, the objectives for the PFM function are twofold: improved service delivery, both to internal clients and to the population; and creation of a sustainable PFM system that would be increasingly managed and run by national staff, with the number of advisers decreasing over time as national staff take on increasing responsibility. To achieve this, the PFMCBP has adopted a "platform" approach under which first steps and foundations are consolidated before more advanced steps are attempted.

PFMCBP is managed and implemented by the MoF through a dedicated Program Implementation Unit (PIU). A Steering Committee chaired by the Minister of Finance and involving senior managers, key line agencies, and district representatives as appropriate will provide the strategic direction for the program and ensure that the program progresses in line with GoTL's development and PFM objectives. A Supervisory Committee Chaired by the Minister of Finance and comprising the World Bank and one or more development partners will monitor progress in program implementation and make recommendations to the Steering Committee on issues affecting the successful achievement of the program's objectives.

All Technical Advisers recruited to the PFMCBP are contracted by, and accountable ultimately to, the Minister of Finance. Senior Management Advisers will be responsible for planning and monitoring the quality of performance of technical assistance assigned to their respective branches and units.

PFMCBP is being implemented in the context of institutional reform adopted by the MoF in 2008. The reform aims to improve the quality of services that MoF provides to policy-makers, line ministries, and districts. A restructure of the MoF and drafting of a new Organic Law are underway, providing some of the conditions necessary to improve performance, in particular at senior management level. Plans are also underway to establish a group of experienced managers; address issues of staff reward and incentives; review skills and proper job placement of existing staff; prepare a professional development program (PDP) for MoF staff; communicate systematically planned changes to existing MoF staff; and improve the MoF's facilities, IT, and related infrastructure.

As an initial step in this restructuring process, a Senior Management team will be created to transmit reform messages and lead performance improvements within the MoF. The team will comprise the Minister, the Chief of Staff, the Directors and their Senior Advisers, as the case may be, of the four major proposed management modules (branches) in the MoF, including (i) Program Services Branch; (ii) Revenue Services Branch; (iii) Financial Management, Policy and Research Services Branch; and (iv) Corporate Support Services Branch. The Senior Management Advisory Team will provide counterparts to the Senior Managers.

II. ROLE OF THE PETROLEUM TAX DIVISION, NATIONAL TAX DIRECTORATE UNDER THE REVENUE SERVICES BRANCH

The National Tax Directorate (NTD), and Petroleum Tax Division (PTD) in particular, has responsibility for administering the taxation of petroleum operations. In 2007, petroleum revenues totaled US\$1,258 million, of which NTD collected US\$398 million in income tax, additional profit tax, VAT and others. Royalty and profit gas (collected by the Timor Sea Designated Authority) accounted for the remainder. Timor-Leste's petroleum sector is expected to provide over 90 per cent of the country's annual revenues in the next 20 years.

Petroleum taxpayers in Timor-Leste have substantially increased following the release of new acreage for exploration. The applicable legal/fiscal regimes are numerous and complex. They fall into four main categories:

- Operations in Timor-Leste's exclusive jurisdiction (to date at exploration stage) governed by the laws of Timor-Leste;
- The Bayu Undan gas and condensate field (producing since 2004) in the Joint Petroleum Development Area (JPDA) with Australia, governed by the 2003 Timor Sea Treaty (the agreement governing the JPDA) as well as aspects of Indonesian laws and regulations in force at the time the original agreements on Bayu Undan were made;
- Potential new operations in the JPDA, which would be governed by the Timor Sea Treaty; and
- The yet to be developed Greater Sunrise gas field, which lies partly in but mainly outside of the JPDA, and thus governed partly by the Timor Sea Treaty and partly by the 2007 Treaty on Certain Maritime Arrangements in the Timor Sea (CMATS).

The PTD currently coordinates with and relies on information sourced from (i) the Timor Sea Designated Authority (TSDA), which oversees operations in the JPDA, but will soon be replaced with a National Petroleum Authority (NPA)² in Timor-Leste to regulate the above-listed operations on behalf of Timor-Leste, including administering royalty and petroleum production sharing provisions (Timor-Leste's share of profit oil and gas); and (ii) the Banking and Payments Authority (BPA, the precursor to the Central Bank).

Operational work includes interpreting the relevant tax laws, dealing with taxpayer enquiries, discussing the applicable legal regimes, auditing and advising taxpayers on tax regulations,

² The NPA will combine (i) the Oil and Gas Directorate of Timor-Leste's Secretariat of State for Natural Resources, which is responsible for production sharing contracts (PSCs) in the area of Timor-Leste's exclusive jurisdiction; and (ii) the TSDA, which is responsible for PSCs in the JPDA. JPDA revenues are split 90 percent to Timor-Leste and 10 percent to Australia.

etc. Knowledge and compliance with the laws by taxpayers requires a significant advisory and educational program by the PTD.

III. OBJECTIVES OF THE ASSIGNMENT

The Petroleum Revenue Adviser will support and advise on all petroleum taxation administration issues with a special emphasis on the capacity building and training activities for the national staff in the PTD in regard to: tax administration and management; basic accounting; taxpayers' compliance measures; and tax audit procedures.

IV. DUTIES AND RESPONSIBILITIES

The Adviser will provide both operational support and capacity building to NTD staff, particularly in the PTD, as follows:

(i) Core Tasks

- Assist the Timorese managers and staff in the PTD to accomplish their day-to-day tasks and demonstrate strong performance, including advising, assisting, and supporting PTD staff to:
 - Register new taxpayers;
 - Develop, manage, and lead PTD functions in the NTD;
 - Design, develop, implement, and evaluate strategies for the effective tax administration of large, petroleum-related businesses operating in Timor-Leste and the Timor Sea;
 - Manage and administer petroleum taxation, including policy formulation as required;
 - Develop professional industry relationships and conduct community liaison;
- Update petroleum taxation information documents (i.e., Public Rulings, Taxation Guides, Information Brochures, Tax Forms, etc.) to ensure that these are current and accurately reflect the law;
- Provide advice to the Director for Petroleum Tax and assist the Ministry of Finance in petroleum tax revenue administration, collection, audit, accounting and other related issues;
- Provide advice to the Director for Petroleum Tax and assist the Ministry of Finance in identification, formulation, and implementation of petroleum tax reform policy;
- Perform any other tasks necessary to enhance the operations of the PTD and the Revenue Services Branch in general, as required by the Ministry of Finance.

(ii) Capacity Building Functions

- Jointly with PTD advisers and the PIU, prepare an agreed Professional Development Plan for staff incorporating the three pillar approach to capacity building and professional development (i.e., skills and knowledge, systems and process, attitudes and behaviours) into the core program for the PTD.

- Agree specific tasks for which national counterparts will be responsible, the methodology and monitorable indicators for assessing progress on those tasks, and the methodology for providing feedback to staff;
- Implement both formal and on the job training for NTD/PTD staff to develop skills in tax administration, assessing the competencies of the staff and staff improvement;
- Provide both formal and on the job training to PTD staff on petroleum tax calculations and petroleum tax returns and forms;
- Increase incrementally the level and number of tasks for which national incumbents are responsible, commensurate with progress/improvements in technical and functional capabilities – and in cases where this is not feasible, flagging upfront to senior management that this is the case;
- Model professional conduct and discipline, integrity, transparency, and accountability at all times.

V. DELIVERABLES

Within the **first three (3) weeks of the assignment**, the Adviser shall prepare a work plan based on the objectives of the assignment and specific functions for approval by the Director for Petroleum Tax prior to implementation. The Adviser shall then provide a duly endorsed monthly Work Plan Progress Report to the Deputy Commission for Petroleum Tax.

Within the **first six (6) weeks of the assignment**, the Advisor shall prepare the Professional Development Plan, as outlined above. In addition to NTD/PTD staff, this will be prepared in consultation with human resource development staff and specialist advisers in the MoF.

No later than one month or earlier as agreed before the end of the current contract, the Adviser shall discuss and submit to the Director for Petroleum Tax, an end of assignment Progress Report summarizing work undertaken against the work plan, the degree to which the work has concluded, and a statement of outstanding tasks.

These proposals will be agreed with the Director for Petroleum Tax and Manager/Senior Management Adviser for Revenue Services, within the first week of the assignment. A copy of each deliverable shall be furnished to Director of the Revenue Services Branch (and/or Adviser) and the PIU-PFMCBP.

VII. PERFORMANCE EVALUATION

Ongoing performance shall be assessed by the PIU-PFMCBP in accordance with the functions and agreed deliverables in the TOR and performance review framework for advisors; and be subject to inputs and recommendations from the Steering and Supervisory Committees, joint PFMCBP supervision missions, and the World Bank Task Team as appropriate.

This position is subject to performance evaluations every six (6) months to ensure satisfactory progress in the implementation of the functions of the position.

Satisfactory execution of the indicated technical and capacity building functions mentioned above consistent with the PFMCBP's objectives as evaluated by a Supervisory Review Committee at the end of the engagement. Where a contract extension is required, performance assessment results will be taken into consideration.

VIII. QUALIFICATIONS AND COMPETENCIES

Technical Competencies

The selected candidate should have at least eight (8) years experience in tax administration and management, particularly in a public sector environment, specifically in the areas of systems controls and monitoring and reporting of tax management and administration. Experience in a business process change management role is a distinct advantage. In addition, the candidate should have:

- A university degree in a relevant discipline such as taxation, commerce, business administration, accounting, audit, economics, or financial management. Further post-graduate related courses would be desirable.
- Qualification or certification of the Certified Public Accountant (CPA), Chartered Accountants (CA) or Cost and Management Accountants (CMA) or equivalent is desirable.
- Advanced knowledge of taxation law and accounting principles and tax audit techniques and procedures with at least eight (8) years progressive experience in tax administration, compliance and audit. Expertise in petroleum revenue administration is highly desirable.
- Demonstrated knowledge, skills, and experience in tax administration reform and/ or change management and familiarity with government systems and processes including integrity, service culture, and accountability and transparency mechanisms.
- Excellent organizational, analytical, and prioritization skills, with ability to follow assigned tasks through to completion.
- Demonstrated experience in monitoring and evaluation frameworks and developing realistic work plans.
- Excellent command of systems based accounting and risk management.
- Excellent computing skills and proficiency in the Microsoft's Office package – Excel, Word, PowerPoint, and Access.
- Excellent communication skills, both written and oral, and fluent in written and oral English; proficiency in Tetum and/ or Portuguese a distinct advantage; a demonstrated willingness to undertake further language training as needed.
- Experience working in a fragile state environment is desirable.

Capacity Building Competencies and Personal Characteristics

The selected candidate should be service-oriented, disciplined, mature, honest, open, transparent, able to maintain good working relationships with counterparts and other staff members, and have a strong professional work ethic. The selected candidate should also have:

- A commitment to supporting Timorese staff to achieve the outcomes and objectives of the MoF;
- A commitment to training and promoting the professional development of the MoF's staff;
- Recognition and respect of peers, and a demonstrated ability to interact effectively and collegially with peers at all levels;

- Demonstrated ability to make sound judgments on capacity issues that will require management referral and guidance;
- Demonstrated ability to work effectively in a mentoring role;
- Demonstrated ability to communicate ideas and analyses clearly and tactfully, both orally and in writing;
- Demonstrated ability to assist and support the development of useful processes and procedures within the unit to implement effectively the work program;
- Demonstrated ability to transfer skills and knowledge – previous training or teaching experience a plus;
- Demonstrated ability to adapt to challenges in the workplace, including finding creative solutions; and,
- Familiarity with Timor-Leste and Timorese culture and/or willingness to acquire it.

Application Procedure

To be considered for the post, applications with a covering letter, detailed curriculum vitae and at least three (3) references must be sent to the Programme Implementation Officer-PFMCBP at email

address, pfmcbp@mof.gov.tl, no later than **COB on 30 August 2008**.

Only short-listed candidates will be contacted. Please note also that **applications received after the deadline will not be accepted**. Previous applicants to the same position **WILL BE CONSIDERED** and **NEED NOT RE-APPLY**.