

# Mid-Year Report

## La'o Hamutuk

January - June 2011

### La'o Hamutuk's Vision

The people of Timor-Leste, women and men, of current and future generations, will live in peace and contentment. They will control a transparent, just and sustainable development process which respects all people's cultures and rights. All citizens will benefit from Timor-Leste's resources, and will accept the responsibility for protecting them.

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## La'o Hamutuk

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## **Mission & Situational context**

La'ó Hamutuk ("Walking Together" in English) is an eleven-year-old Timor-Leste organization that monitors, analyzes and reports on the principal international institutions and systems which engage with Timor-Leste, as they relate to physical, economic and social development. La'ó Hamutuk believes that development should be based in the context of Timor-Leste's history, culture and economic and social conditions. It will be sustainable only if the people are the ultimate decision-makers in a democratic and transparent development process.

La'ó Hamutuk is an independent organization working to facilitate effective Timorese participation in the development of the country. In addition, La'ó Hamutuk works to improve communication between the international community and Timor-Leste's people. Finally, La'ó Hamutuk is a resource center, providing literature on development experiences and practices, as well as facilitating solidarity links between groups in Timor-Leste and abroad with the aim of creating alternative development models.

In Timor-Leste's ninth year of independence, the petroleum-export-dependent nation has fallen into the "resource curse," and La'ó Hamutuk continued to show citizens, policy makers, and international agencies that there are better alternatives. However, several dangerous policies accelerated during the reporting period, including the infrastructure-heavy Strategic Development Plan, undertaking external debt and weakening the Petroleum Fund Law. These exemplify short-term, unsustainable, misguided physical development which will hurt human development in the future.

During 2011, land issues became very complicated in Timor-Leste. Under the slogan of "development," the state is violating people's rights of access to land, brutally and unfairly evicting families without consultation, depriving people of their homes, food, livelihoods and social and cultural lives.

During the first half of 2011, La'ó Hamutuk completed two major projects which we had worked on for years –moving into our new office and conducting our first external evaluation since 2004. These achievements are discussed in more detail below. Although they cut into our time for program work, they strengthen the organization over the long term.



## **Program Activities**

La'ó Hamutuk's main work is to research, monitor and analyze institutions and systems which affect people here. Our materials are used by Government officials, Parliament members, civil society, community groups, journalists, policy-makers, newspapers, development groups, consultants, students, academics, diplomats and the public. People consult with LH on a broad range of public policy areas every week.

We often write for local media and meet with local or international journalists. During the first half of 2011, we were quoted or cited in media more than 40 times, some of which are listed in Appendix 2.

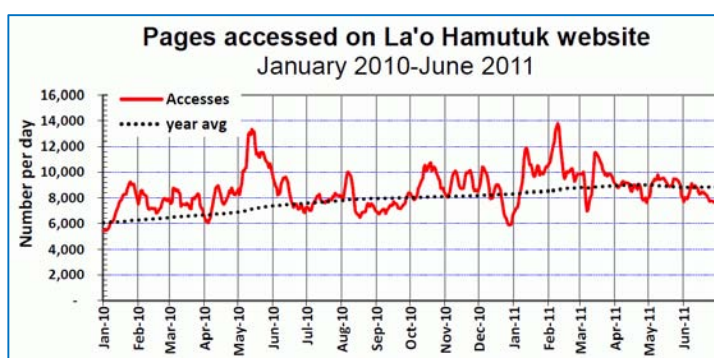
We organized two public meetings during the reporting period, as well as giving presentations to many other groups. We gave three half-days of training to Fundasaun Mahein and other NGOs about understanding the State Budget, and, at the initiative of The Asia Foundation, trained staff in the Parliamentary Research Center about the Budget. These events are listed in Appendix 3.

La'ó Hamutuk's website <http://www.laohamutuk.org> in Tetum and English links to public and leaked documents, often unavailable through official channels. Many web pages are "briefing books," with background information, analysis from La'ó Hamutuk and others, and links to related material in several languages. Major pages published during the reporting period include:

- Information about whether Timor-Leste should borrow, including debt sustainability analyses from the IMF, World Bank, and Japan.<sup>1</sup>
- Frequently updated information about the Heavy Oil power plant boondoggle.<sup>2</sup>
- Aid effectiveness mechanisms including OECD documents, draft country papers, public consultation information and comments from LH and others.<sup>3</sup>
- UNDP's 2011 National Human Development Report for Timor-Leste, as well as the presentation La'o Hamutuk gave at its launch and other commentary.<sup>4</sup>
- Drafts of proposed laws, with text, translations and analyses by La'o Hamutuk and others, including the State Budget for 2011,<sup>5</sup> National Oil Company Decree-law,<sup>6</sup> Basic Environmental Law,<sup>7</sup> Petroleum Fund Law revision<sup>8</sup> and Anti-Corruption Law.<sup>9</sup>
- In addition, we continue to update pages on the anticipated Greater Sunrise natural gas project,<sup>10</sup> other oil and gas projects,<sup>11</sup> the Petroleum Fund,<sup>12</sup> the Millennium Challenge Corporation,<sup>13</sup> UN meetings and documents,<sup>14</sup> post-CAVR draft laws,<sup>15</sup> the Strategic Development Plan,<sup>16</sup> the Infrastructure Fund, Transparency<sup>17</sup> and many other issues.

During the first six months of 2011, usage of our website increased 16% over the previous year, averaging 9,300 pages accessed each day. Many online journals, media and blogs repost information from our web pages, so readership is larger than these numbers indicate.

Last year, we launched our bilingual blog <http://laohamutuk.blogspot.com> to highlight upcoming events and new La'o Hamutuk releases. During the first six months of 2011, we posted 33 entries and people viewed our blog pages nearly 6,000 times.



Unfortunately, our radio program was not broadcast because Radio Timor-Leste was transforming itself from State-run to a business model, which changed the structure responsible to cooperate with our program. This prolonged process delayed our new contract, which will be effective October 2011.

We did not publish *Bulletins* during the reporting period, but distributed much information through our website and media. We hope to resume the *Bulletin* during the latter half of 2011.

<sup>1</sup> <http://www.laohamutuk.org/econ/debt/09Borrowing.htm>. We list the English web page; nearly all are also in Tetum.

<sup>2</sup> <http://www.laohamutuk.org/Oil/Power/HeavyOilPowerPlant.htm>

<sup>3</sup> <http://www.laohamutuk.org/econ/fragile/11OECDFragileStates.htm>

<sup>4</sup> <http://www.laohamutuk.org/econ/HDI10/11NHDRen.htm>

<sup>5</sup> <http://www.laohamutuk.org/econ/OGE11/10OJE2011.htm>

<sup>6</sup> <http://www.laohamutuk.org/Oil/PetRegime/NOC/10Petronatil.htm>

<sup>7</sup> <http://www.laohamutuk.org/Agri/EnvLaw/11EnvBasicLaw.htm>

<sup>8</sup> <http://www.laohamutuk.org/Oil/PetFund/revision/10PFRevision.htm>

<sup>9</sup> <http://www.laohamutuk.org/econ/corruption/11AnticorruptionLaw.htm>

<sup>10</sup> <http://www.laohamutuk.org/Oil/Sunrise/10Sunrise.htm>

<sup>11</sup> <http://www.laohamutuk.org/Oil/Project/Kitan/10EniKitan.htm>

<http://www.laohamutuk.org/Oil/Project/Reliance/10RelianceK.htm>

<http://www.laohamutuk.org/Oil/Project/Cova/10EniCova.htm>

<sup>12</sup> <http://www.laohamutuk.org/Oil/PetFund/05PFIndex.htm>

<sup>13</sup> <http://www.laohamutuk.org/econ/MCC/10MCC.htm>

<sup>14</sup> <http://www.laohamutuk.org/reports/UN/06UNMITcreation.html>

<sup>15</sup> <http://www.laohamutuk.org/Justice/Reparations/10ReparIndex.htm>

<sup>16</sup> <http://www.laohamutuk.org/econ/SDP/10SDPindex.htm>

<sup>17</sup> <http://www.laohamutuk.org/Oil/EITI/10EITIindex.htm>

## **Analysis, Monitoring and Research**

### **Agriculture**

#### **Food Sovereignty**

La'ó Hamutuk's Agriculture Team finished consulting with farmers in several districts, to bring their voices to the national-level debate, and began drafting the report.<sup>18</sup> In addition, we researched the Ministry of Agriculture's seed development policies, looking into the Seeds of Life project to explore long-term benefits and disadvantages for farmers.

In order to improve media capacity regarding Food Sovereignty, we organized training for Timorese journalists by Ego Lemos of Permatil in February, drawing participants from most national media.

We continue to strengthen our relationships with Parliamentarians and media regarding Food Sovereignty. In March, La'ó Hamutuk staff facilitated a civil society workshop about ASEAN, organized by the Southeast Asia Committee for Advocacy and the Timor-Leste NGO Forum.

#### **Land Rights**

In 2011 La'ó Hamutuk continued as a principal source of information, advocacy and education regarding proposed land laws which have been pending before Parliament for many months.

In January, La'ó Hamutuk organized a Public Meeting about the impact of the proposed Land Laws on community land. In addition, we worked with Rede ba Rai against eviction of communities, including the Brimob community in Dili and people in Betano who are being moved for the Power plant.



In April, the Ministry of Justice consulted several entities, including civil society, about Decree-Law no. 27/2011 "Regime of land titles in undisputed cases." La'ó Hamutuk and Rede ba Rai advocated strongly with the Parliament and the President that this Decree-Law should not be implemented before the Land Law is passed.

The Expropriation Law defines when the State can take private property, and La'ó Hamutuk researched and analyzed the impacts of applying it. We concluded that this law gives too much power to the State and Developers to arbitrarily take people's land, so we urged Parliament not to approve it.

We continued to strengthen relationships with Parliament Committee A, which sees La'ó Hamutuk as an important player regarding land issues. We urged Committee A to hold public consultations on the Land Law, the Expropriation Law and the Real Estate Financing Fund Law before discussing or approving them in Parliament.

#### **Climate Change and Alternative Energy**

We monitor alternative energy processes in Timor-Leste, although the State Secretariat for Energy Policy declined to share the draft Alternative Energy law for public comment. He also failed to keep his commitment to speak at our February public meeting on the topic.

We continue to monitor developments relating to climate change and its impact on agriculture in Timor-Leste.

<sup>18</sup> <http://www.laohamutuk.org/Agri/Konsult/11KonsAgri.htm>

## Economics

La’o Hamutuk’s analysis and publications on Timor-Leste’s current and future economic situation are increasingly valued as an alternative to politically-influenced government forecasts and the self-censorship of multilateral agencies. We are often contacted by delegations from foreign capitals or organizational headquarters, and were twice described by *The Economist* as “an influential local NGO that monitors the activities of government agencies.” As policies moved Timor-Leste deeper into the “resource curse,” La’o Hamutuk advocated strengthening the productive, non-oil economy.

## Transparency and the Petroleum Fund

We participate in quarterly Banking and Payments Authority (BPA) press conferences about the Petroleum Fund, often raising the only substantive questions. Several times during the reporting period, public agencies and international NGOs published inconsistent, incomplete or incorrect information on Petroleum revenues, and La’o Hamutuk privately asked them to explain or correct, which they did. Our website<sup>19</sup> remains the principal global source on Timor-Leste’s Petroleum Fund.

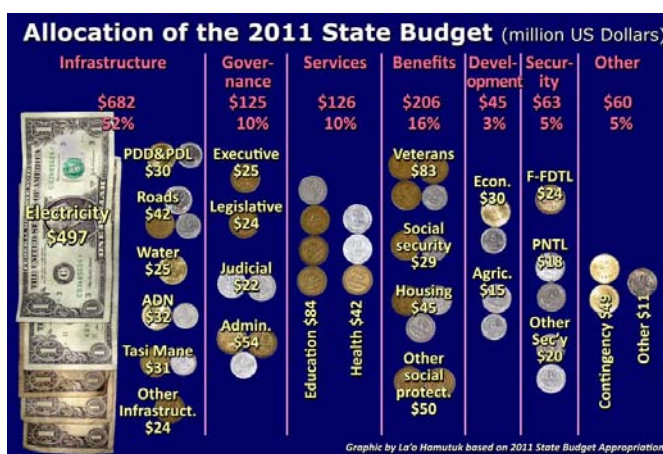
During 2010, we participated in consultations about revising<sup>20</sup> the Petroleum Fund Law to allow riskier investments and weaken the Fund’s governance. Although the Ministry of Finance declined to adopt any of our recommendations, the revision proceeded apace and was sent to Parliament in early June. Throughout the semester, we engaged with many stakeholders, journalists and others explaining why we believe that most of the proposed changes are bad for Timor-Leste’s people.

Since 2005, La’o Hamutuk has been one of the founding and most active members of the Core Group on Transparency, a coalition of local NGOs. When members of CGT wanted to apply for funding from the Prime Minister’s Civil Society Fund, La’o Hamutuk wrote to urge them not to do so, pointing out that it was a conflict of interest with CGT’s role to monitor the state budget. We participated in several meetings on this issue, but when CGT decided to ask for such funding, La’o Hamutuk resigned from the coalition, although we continue to cooperate with its members.

We continued to engage with the Extractive Industries Transparency Initiative (EITI) process<sup>21</sup> from outside the Working Group, urging release of the 2009 report and helping the global EITI secretariat better understand the situation in Timor-Leste.

## State Budget

As in past years, La’o Hamutuk was the principal source of information on the proposed General State Budget for 2011<sup>22</sup> for journalists, international agencies, civil society and many Government officials. Parliamentary debate began in November 2010, and we wrote two submissions and testified before two committees, as well as training local NGOs. During early 2011, we responded to Parliamentary questions, continued to web-post budget documents and analyses, and prepared graphics and articles for *Timor Post* and *Tempo Semanal*.<sup>23</sup> When President José Ramos-



Horta asked the Court of Appeals for advice before he promulgated the budget, we wrote asking him to veto it,<sup>24</sup> pointing out that even if it is Constitutional, it would be bad policy. The legal issues involved were widely misunderstood, so we wrote a newspaper article<sup>25</sup> explaining them.

<sup>19</sup> <http://www.laohamutuk.org/Oil/PetFund/05PFIndex.htm>  
<sup>20</sup> <http://www.laohamutuk.org/Oil/PetFund/revision/10PFRevision.htm>  
<sup>21</sup> <http://www.laohamutuk.org/Oil/EITI/10EITIindex.htm>  
<sup>22</sup> <http://www.laohamutuk.org/econ/OGE11/10OJE2011.htm>  
<sup>23</sup> <http://www.laohamutuk.org/econ/OGE11/exec/11BudgetExecutionEn.htm>  
<sup>24</sup> <http://www.laohamutuk.org/econ/OGE11/LHtoJRH4Feb2011En.pdf>

As the state budget grows (it is over \$1.3 billion in 2011), people are finding it increasingly difficult to comprehend. The NGO Fundasaun Mahein asked La'ó Hamutuk to train their researchers in security-related aspects of the budget, and we decided to provide more general training on how to understand and find information in the budget documents. We conducted this training for three half-days in March and April, with participants from about ten Timorese NGOs in Dili and the districts.<sup>26</sup> In May, The Asia Foundation contracted with La'ó Hamutuk to provide advanced budget training for researchers at the Parliamentary Research Center, which we did on 27-29 June.<sup>27</sup>

During the reporting period, the Government started its Transparency Portal<sup>28</sup> which is intended to provide real-time information about revenues and expenditures for each Government department. La'ó Hamutuk is making extensive use of this new resource, which, although cumbersome, improves transparency on budgetary matters. At the same time, La'ó Hamutuk staffer Juvinal Dias has been working with local people in Lautem District to build up the Ponte Leste Watch monitoring group.

### UNDP 2011 National Human Development Report

UNDP commissioned La'ó Hamutuk to write a background paper for this report in 2008, and we continue to engage with its authors and coordinators. When a draft version of the report and the Government's 880 objections were leaked to an Australian newspaper in early January 2011, we unsuccessfully tried to persuade UNDP to release the draft. The report was revised again and launched by UNDP and the President in early May, and UNDP invited La'ó Hamutuk to speak on a panel at the launch.<sup>29</sup> We supported the report's goal of encouraging more attention to Timor-Leste's non-oil economy, but pointed out some unfortunate compromises and outdated information in the report itself, as well as the unsustainability of current budget policies and the impossibility of achieving long-term double-digit GDP growth. The Government boycotted the launch, and responded with a press release attacking the report and La'ó Hamutuk's "active involvement." We followed up with private conversations with UNDP and the Government. Although UNDP soon pulled the report from its website, it can still be downloaded from ours.<sup>30</sup>

### Borrowing

In October 2009, Parliament passed the Budget and Financial Management Law which opens the way for Timor-Leste to borrow from foreign companies, governments and institutions. Although the 2011 State Budget does not include borrowing, several Government agencies moved ahead with subsidiary legislation and policies to enable loans in 2012, which the Council of Ministers approved and sent to Parliament in June.

La'ó Hamutuk followed this process closely, engaging with potential lenders and publishing information and documents on our website<sup>31</sup> and in local media. We gave a presentation on the topic to more than 300 incoming students at the Institute of Business.

### International Assistance

Timor-Leste has become one of the global leaders in the Aid Effectiveness movement, heading the "g7+" group of fragile states. La'ó Hamutuk facilitated and participated in civil society consultations, giving oral and written comments on draft government background papers. At the request of the Ministry of Finance, we created a



<sup>25</sup> <http://www.laohamutuk.org/econ/OGE11/court/HortaPromulgasuanTP11Feb2011En.pdf>

<sup>26</sup> <http://www.laohamutuk.org/econ/training/BudgetTrainingTe.htm> (Tetum)

<sup>27</sup> <http://www.laohamutuk.org/econ/training/PRCBudgetTraining27Jun2011Te.pdf> (Tetum)

<sup>28</sup> <http://www.transparency.gov.tl/english.html>

<sup>29</sup> <http://www.laohamutuk.org/econ/HDI10/11NHDREn.htm>

<sup>30</sup> <http://www.laohamutuk.org/econ/HDI10/TLHDR2011En.pdf>

<sup>31</sup> <http://www.laohamutuk.org/econ/debt/09Borrowing.htm>

web page on the OECD consultation,<sup>32</sup> including background documents, draft country papers, public consultation information and comments from La'ó Hamutuk and others.

We are often visited by academics, journalists, delegations or staff from aid agencies and governments looking for a civil society perspective. We encourage greater transparency and prioritization of social justice, human resources, and grassroots people's needs. Both the ADB and World Bank sought us out to discuss their upcoming strategic plans, and we also met with (among others) representatives of aid agencies from Japan, the U.S., Canada, Germany, UNDP, OECD, IMF, Norway and several international NGOs and companies considering or proposing projects here.

During the reporting period, both the World Bank and ADB published information and projections about Timor-Leste's economy that we believe are incorrect, and we discussed them with the authors of the reports, increasing both their and our understanding.

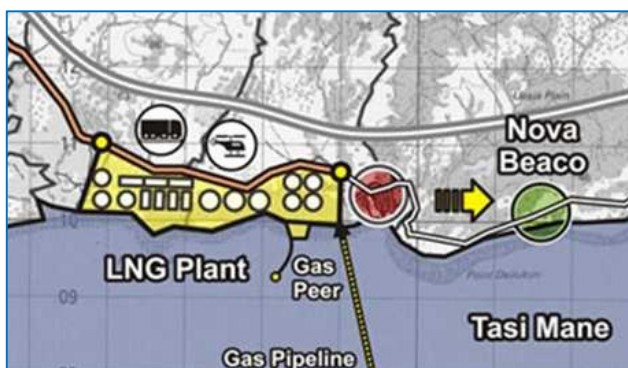
When the U.S. government awarded the contract for MCC Threshold Program Anti-Corruption programming to DynCorp (which had absorbed Casals and Associates), we helped journalists and others understand the corrupt, militaristic record of this company.<sup>33</sup>

## Natural Resources

More than 90% of Timor-Leste's state revenues come from oil and gas exploitation, creating a "rentier economy" which inflicts the "resource curse" on this country. In addition, the disparity between the size and experience of Timor-Leste's regulators and transnational petroleum companies puts this country at a disadvantage. La'ó Hamutuk monitors the extraction of oil and gas from under the Timor Sea, as well as possible onshore development. This includes revenues, transparency, utilization of funds, policy decisions, agreements, and their impacts and benefits for the country. Some of these issues are discussed under "Economics" above; this section is on the more petroleum-specific aspects.

### Greater Sunrise LNG plant

During the first half of 2011, La'ó Hamutuk closely followed the increasingly strident public debate about the Greater Sunrise gas project. La'ó Hamutuk has consistently supported Timor-Leste's efforts to maximize the benefits to Timor-Leste's people, while reducing the environmental and socio-cultural risks. We continue to update our Sunrise web page<sup>34</sup> with information from many perspectives, in an effort correct frequent misreporting in the local and international media.



The Woodside-led joint venture continues to prefer a mid-sea floating LNG plant, which Timor-Leste's Government rejects any plan which does not include a gas pipeline to an onshore plant in Beacu. We meet regularly with company and government representatives to encourage them to be more forthcoming and less ideological, and often share information with journalists, researchers and others.

Amanda Whyte, former Woodside representative in Timor-Leste, approached La'ó Hamutuk to publish her article *Cowboys, Ogres and Donors: A Decade of Corporate Social Responsibility in Practice*.<sup>35</sup> The article sharply criticizes Woodside's "ogres at the helm" and "sycophantic senior staff" for taking a Public Relations approach, "not making even tokenistic efforts" to develop Timor-Leste. The ex-insider's thoughts stimulated media coverage and may have helped change the company's approach,

<sup>32</sup> <http://www.laohamutuk.org/econ/fragile/11OECDFragileStates.htm>

<sup>33</sup> <http://www.laohamutuk.org/econ/MCC/10MCC.htm>

<sup>34</sup> <http://www.laohamutuk.org/Oil/Sunrise/10Sunrise.htm>

<sup>35</sup> <http://www.laohamutuk.org/Oil/Sunrise/2011/WhyteCSRMay2011.pdf>

## Heavy Oil generating stations and national electricity grid

La'o Hamutuk continues to monitor<sup>36</sup> the project to “electrify the nation” with heavy oil power stations in Hera and Betano and more than 600 km of high-voltage transmission lines. As project costs soared to nearly a billion dollars (the most costly project in Timor-Leste’s history), we educate and advocate about the polluting, mismanaged and ill-conceived megaproject, which is supposed to go online in November 2011.

The 2011 State Budget proposed by the Government in late 2010 allocated only \$166 million for the project for that year, which La'o Hamutuk pointed out<sup>37</sup> was far below legally-binding contracts Timor-Leste had already signed. On 27 January, with less than an hour of debate, Parliament added \$282 more to this budget line – the \$447 allocated to the electricity project in 2011 is three-fourths of the entire Infrastructure Fund.

Throughout the year, Government secrecy continued on this project, and La'o Hamutuk published information from non-public sources, including the monthly Progress Reports by the companies hired to supervise construction. These portray an escalating debacle of sloppiness, lack of forethought, mismanagement, incompetence and callous disregard of public and worker safety. We also translated and published the external performance audit<sup>38</sup> of the national electricity agency, which reveals much about Puri Akraya Engineering, the newborn company which the Government hired in September 2010 for \$400 million to rescue the power plant construction, such as that 69% of PAE is owned by Dooks Group Holdings Limited of the British Virgin Islands.

The Environmental Defender’s Office of New South Wales, Australia, a legal support NGO, offered to help La'o Hamutuk research this topic, and we are discussing the terms of reference.

## Basic Environment Law

In late January 2011, Timor-Leste’s Secretary of State for Environment circulated a Portuguese-language draft of a basic Environmental Law for limited public consultation.<sup>39</sup> La'o Hamutuk translated the draft law into English and circulated it, seeking experts to help us analyze it. At our request, the consultation period was extended to 28 February.

With technical help from several volunteers, La'o Hamutuk submitted 48 pages of analysis and recommendations on the draft law, as well as critiquing the Environmental Impact Assessment decree-law which had just been enacted without any public consultation or transparency. Our submission raised fundamental principles as well as specific details, and convinced the National Environment Directorate that their draft Basic Law was nowhere near ready for passage. They began a redrafting process.

## TimorGAP national oil company

In November 2010, La'o Hamutuk participated in consultations and wrote a submission<sup>40</sup> regarding the proposed decree-law to create a state-owned oil company in Timor-Leste.<sup>41</sup> Some of our suggestions were incorporated but many were not, and the Council of Ministers passed the Decree-Law to create the TimorGAP national oil company on 25 May. La'o Hamutuk translated and circulated the legislation, and wrote a letter<sup>42</sup> to President Jose Ramos-Horta urging him not to promulgate it. The President took our concerns seriously, and we met with his legal advisors, who asked for a detailed submission.<sup>43</sup> Unfortunately, the President signed the law at the end of July.

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<sup>36</sup> <http://www.laohamutuk.org/Oil/Power/2011/11PowerPlant2011.htm>

<sup>37</sup> <http://www.laohamutuk.org/econ/OGE11/LHtoCommC3Jan11en.pdf>

<sup>38</sup> <http://www.laohamutuk.org/Oil/Power/2011/DeloitteEDTLApril2011En.pdf>

<sup>39</sup> <http://www.laohamutuk.org/Agri/EnvLaw/11EnvBasicLaw.htm>

<sup>40</sup> <http://www.laohamutuk.org/Oil/PetRegime/NOC/LHSubPetronatil24Nov2010En.pdf>

<sup>41</sup> <http://www.laohamutuk.org/Oil/PetRegime/NOC/10Petronatil.htm>

<sup>42</sup> <http://www.laohamutuk.org/Oil/PetRegime/NOC/2011/LHPrezRepubTimorGap27May2011En.pdf>

<sup>43</sup> <http://www.laohamutuk.org/Oil/PetRegime/NOC/2011/LHSubTimorGAP14June2011.pdf>



## International cooperation

Last year, we hosted the regional conference of OilWatch Southeast Asia,<sup>44</sup> and we continued to engage with international activists and researchers, supporting each other and preparing for the global OilWatch Assembly in Ecuador in July 2011, which La'ó Hamutuk's Juvinal Dias attended.

## Governance and Democracy

Our work in this area touched on several topics, as opportunities and challenges arose. We also continued our long-term campaign to end impunity for international crimes committed during the Indonesian occupation of Timor-Leste between 1975 and 1999.

### Justice for Indonesia-era crimes

Twelve years after the Indonesian occupation, there have been no effective justice processes for these crimes against humanity. Impunity continues to prevail, and La'ó Hamutuk continues to engage with the UN and other agencies to encourage judicial accountability, which can best be achieved through an international tribunal established by the UN Security Council.

La'ó Hamutuk is an active member of the Timor-Leste National Alliance for an International Tribunal (ANTI), and we worked with other ANTI members to keep this unfulfilled commitment in the minds of UN officials and diplomats around the world. In February, our justice team attended a training organized by JSMP and Amnesty International on "International Mechanisms for Advocacy" for justice.

In February, La'ó Hamutuk facilitated a letter<sup>45</sup> from ANTI to UN Security Council regarding the extension of the UN mission in Timor-Leste. We also wrote to relevant embassies in Timor-Leste and met with some ambassadors, lobbying them to raise the issue of justice at the UN Security Council. In addition, we met several times with Ameerah Haq and other UNMIT leaders to encourage increased attention to these crimes, including exploring establishment of an International Tribunal and other steps to be taken after the UNMIT mission ends in 2012.

La'ó Hamutuk and ANTI commemorated massacre anniversaries, to counter the apparent desires of Indonesian and Timor-Leste leaders to forget that they ever occurred. When militia member Valentim Lavio was tried in Dili for crimes he committed in Liquiçá in 1999, we attended the trial and met with victims' relatives to encourage them to continue the struggle for justice.

During the first half of 2011, we began planning for the visit of Argentine Human Rights and Justice Activist, Patricia Isasa to Timor-Leste in October, a strategy to reinforce, revive and reorganize the spirit of struggle of the people to end impunity for past crimes.

## Corruption

In February, La'ó Hamutuk was invited to give a presentation at the Strategic Planning session of the newly formed Anti-Corruption Commission.<sup>46</sup> We discussed the risks of corruption and the resource curse in oil-export-dependent countries, and urged CAC to form a legislative division to analyze pending legislation for its safeguards, resistance, risks and loopholes in relation to corruption.

Parliament is considering a law<sup>47</sup> drafted by the Prosecutor-General to make Timor-Leste law consistent with the UN Convention Against Corruption, as well as to strengthen anti-corruption mechanisms. We believe that the law is inadequate and fails to consider the special situation in oil-export-dependent, rentier economies like Timor-Leste. We wrote a submission and testified at a hearing of Parliament Committee C on this draft law, and continue to engage with this process.

Several simultaneous legislative initiatives, including the TimorGAP National Oil Company decree-law,<sup>48</sup> the National Development Agency, and the Infrastructure Fund have little or no protection

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<sup>44</sup> <http://www.laohamutuk.org/Oil/Oilwatch/10OilwatchSEAJul2010.htm>

<sup>45</sup> <http://www.laohamutuk.org/Justice/ANTI/ANTIUNSC8Feb2011En.pdf>

<sup>46</sup> <http://www.laohamutuk.org/econ/corruption/LHCAC22Feb2011.pdf> (Tetum)

<sup>47</sup> <http://www.laohamutuk.org/econ/corruption/11AnticorruptionLaw.htm>

<sup>48</sup> <http://www.laohamutuk.org/Oil/PetRegime/NOC/10Petronatil.htm>

against corruption, and we continued to urge stronger provisions for transparency, reporting, oversight and checks and balances in this legislation.

### **United Nations**

La'o Hamutuk is increasingly asked by UNMIT officials to share our perspectives. We find them more accessible than previous leadership and met frequently with high-level UN officials. When global UN Peacekeeping chief Alain LeRoy visited Timor-Leste, LH staffer Charles Scheiner was invited by Ameerah Haq to sit across from him at a banquet she hosted.

We met with a mission visiting from UN headquarters to plan UN support of the 2012 elections, and continued to encourage the Security Council and UN officials here to give higher priority to justice and sustainable economic development, rather than police and military.

### **NGO coalitions**

To share information, strengthen advocacy and reinforce local and global civil society movements, La'o Hamutuk often joins with other organizations in coalitions or networks who focus on issues linked to our concerns. During the first part of 2011, we worked with the following:

#### Timor-Leste coalitions

- Core Group on (budget) Transparency (we resigned during the reporting period; see above)
- Rede ba Rai (Land Rights Network)
- National Alliance for an International Tribunal (ANTI)
- HASATIL (Sustainable Agriculture Network)
- Mokatil (Timor-Leste Peasants Movement)
- Movimento Kontra Deve (against state borrowing)
- Rede Direitu ba Uma Timor-Leste (RDU-TL on housing rights)
- Rede Justisa Klimatika (Climate Justice Network)

#### International coalitions

Much of *La'o Hamutuk's* research and advocacy also relies on informal partners in other countries. These are the coalitions we relate to more formally:

- Climate Justice Now! Network
- International solidarity and human rights organizations
- OilWatch
- Publish What You Pay (PWYP)
- ASEAN People's Forum

## Organizational report

During the first half of 2011, our staff included Ines Martins, Charlie Scheiner, Maximus Tahu, Odete Moniz, Jose Pereira, Juvinal Dias and Mariano Ferreira, as well as three security people and one cleaner. We interviewed many job applicants during these six months, and hired three who will start in August: Timorese Celestino Gusmão and Guteriano Neves (who returns to La'ó Hamutuk after four year studying in the USA), and Alexandra Arnassalon from France. We continue to look for qualified Timorese women to work with us.

In March, Juvinal Dias participated in a "Systematization of Experience" workshop in Cambodia to share with and learn from Development and Peace partners in the region.

In May, we moved into our new office in Bebora,<sup>49</sup> following more than two years of searching and construction. We inaugurated the office and celebrated our 11<sup>th</sup> anniversary with a big party. The new office gives us a better work environment, space for more staff and interns, a conference room, and a much more accessible and user-friendly library and resource center. Trocaíre gave us special funding to buy high-quality, Timorese-made bamboo furniture, making our office a showplace for "buy local."

After an extensive search, we contracted Abel dos Santos and Bu Wilson to conduct an external evaluation of La'ó Hamutuk, the first in seven years. Bu and Abel conducted interviews in June and presented their report in early July. At that time, we held our third annual meeting with our donors, describing our work and discussing the preliminary results from our external evaluation.

We prepared our financial report for 2010 and began the audit process. This goes more smoothly every year, as we continue to improve our financial management and bookkeeping systems.



<sup>49</sup> <http://www.laohamutuk.org/images/LHBeboraMap1000.jpg>

## Appendix 1: Financial Report

This report is being written before we prepare our financial report for the full year 2011. The final annual report will include more information and will be submitted for external audit. These figures are preliminary and may differ from the final version. All amounts are in U.S. dollars, on a cash basis.

### Balance sheet

A more detailed and comprehensive balance sheet will be included in our annual report, with details on reserve funds and cash flow during the year.

Date	Cash & bank balances (including salary advances)	Receivables (salary advanced)	In reserve or committed	Unrestricted funds on hand
31 December 2010	\$163,377	\$3,105	\$103,955	\$59,423
Income during Jan-Jun 2011	\$98,434	\$270	\$1,651	\$96,783
Expenses Jan-Jun 2011	\$57,605	\$395	\$10,055	\$47,590
<b>30 June 2011</b>	<b>\$204,206</b>	<b>\$2,980</b>	<b>\$95,550</b>	<b>\$108,656</b>

Although we have drawn down our reserved funds for renovating our new office and conducting an external evaluation, some expenses for these activities will be paid during the second half of 2011.

### Revenues

Category	Budget 2011	Half Budget	Actual	Difference	Explanation
Donations	\$500	\$250	\$30	(\$220)	
General support grants	\$141,100	\$70,550	\$97,922	\$27,372	Includes \$34,029 from Hivos due in 2010, as well as full-year 2011 payment from Development and Peace (\$40,484) and first 2011 tranche from Trocaire (\$23,409).
Bank interest	\$400	\$200	\$201	\$1	
Project grants	\$5,000	\$2,500	\$0	(\$2,500)	Grants for new office furniture and Patricia Isasa visit expected during second half of 2011.
Sales	\$200	\$100	\$6	(\$294)	
Earned by LH	\$500	\$250	\$275	\$25	For trainings.
<b>Total</b>	<b>\$147,700</b>	<b>\$73,850</b>	<b>\$98,434</b>	<b>\$24,584</b>	

## Expenditures

The following are the principal categories on which we spent money during the first half of 2011.

Category	Budget 2011	Half Budget	Actual	Difference	Explanation
Auditor	\$1,000	\$500	\$600	\$100	
Bulletin	\$5,500	\$2,750	\$0	(\$2,750)	No <i>Bulletins</i> published; there will be some in the second half of the year.
Capital equip.	\$15,200	\$7,600	\$6,708	(\$892)	
External Evaluation	8,500	4,250	2,261	(1,989)	Final payments will be made in July
International conferences	\$2,800	\$1,400	\$230	(\$1,170)	Most expenses were reimbursed.
New office construction & moving	9,000	4,500	6,143	1,643	Most expenses were during the reporting period; only a few remain for the second half of 2011.
Operations	\$9,700	\$4,850	\$2,351	(\$2,500)	
Personnel	\$80,400	\$40,200	\$29,293	(\$10,907)	Difficulties in finding qualified staff. Three new staffers will join LH in August.
Public meetings	\$5,800	\$2,900	\$2,424	(\$476)	
Radio program	\$3,300	\$1,650	\$1,005	(\$645)	
Rent	\$3,600	\$1,800	\$1,800	\$0	
Research	\$2,600	\$1,300	\$80	(\$1,220)	
Resource Center	\$1,700	\$850	\$187	(\$663)	Will purchase more for new library
Surat Popular	\$300	\$150	\$0	(\$150)	None published
Telephone and Internet	\$7,300	\$3,650	\$3,710	\$60	
Training for staff	\$500	\$250	\$0	(\$250)	No paid classes
Transportation	\$2,400	\$1,200	\$653	(\$547)	
Miscellaneous expenses	\$600	\$300	\$160	(\$140)	
<b>Total</b>	<b>\$160,200</b>	<b>\$80,100</b>	<b>\$57,605</b>	<b>(\$22,495)</b>	

## Appendix 2: Media coverage of La'ó Hamutuk

Title	Date	Medium	Comment
Move to break impasse over Timor Sea gas supply	3 Jan	SMH & Age (reposted many places)	Quotes LH submission & website
Graph on 2011 state budget	14,15,17 Jan	Timor Post	Uses budget graph from LH
The government ramps up spending in the 2011 budget	14 Jan	Economist Intelligence Unit	"The government's 2011 budget has faced criticism, notably from an influential local NGO, La'ó Hamutuk, which monitors the activities of government agencies."
Graphs on imports and exports and cash balance	18-19 Jan	Timor Post	Uses trade graph from LH
Eviksaun Komunitade Brimob	20 Jan	RTL	Interview with Ines Martins
Eviksaun Komunitade Brimob	20 Jan	TVTL	Interview with Ines Martins
LH halo Diskusaun Sobre Lei ba Rai	20 Jan	Timor Post	Coverage of LH public meeting
TL Atu Hari Kompania Petronatil, Charles: "Labele iha Influenta politiku"	20 Jan	Diario Nasional	Interview with Charles Scheiner
TL bele Apriende Dezenvolvimentu Petroleu husi Norwegia	20 Jan	STL	Interview with Charles Scheiner
Lei Fraku, Mafia sei Domina Rai	20 Jan	Timor Post	Interview with Ines Martins
One Square Mile, Dili, East Timor	22-23 Jan	BBC World television	Interview with Charlie on resource curse. Visit to Comoro land dispute organized by LH
Timor-Leste left in the dark as one billion dollars snatched from its petroleum fund	25 Jan	Fretilin Media release	Quotes LH letter to the IMF on lack of budget transparency.
East Timor draft Environmental Laws	Summer	ACT Environmental Defender's Office Newsletter	Reprinted our request for help in writing LH submission on basic environmental law
Understanding the 2011 budget	Feb	Tempo Semanal	Graphs and article by LH
Presiza atu Respeita Prinsipiu Konstitusional ba Knar Prezidente Republika	11 Feb	Timor Post and Diario Nasional	Column by Juvinal Dias
OGE 2011 fo Ameasa ba Povu	14 Feb	Diariu Nasional	Interview with Charlie Scheiner
Foreign Aid Revisited: A Case Study of Timor-Leste	18 Feb.	Tempo Semanal blog	By Guteriano Neves, presentation given at EWC International Student Conference, cites LH information
Inflation in Timor-Leste	Feb	UNMIT Radio	Interviewed Charlie
Asistencia Ministeriu Solidariedade Sosial	23 March	RTL	Interviewed Ines Martins
Eviksaun Brimob Viola Direitus Humanus	24 March	TVTL	Interviewed Ines Martins

Title	Date	Medium	Comment
The 2011 budget contains plans for a huge rise in spending	4 April	Economist intelligence Unit	Cites 'La'ó Hamutuk, an influential local non-governmental organisation (NGO) that monitors the activities of government agencies, claiming that the elevated levels of planned spending are "unwise and unsustainable".'
A reliable partner: Strengthening Australia – Timor-Leste relations	April	Report from Australian Strategic Policy Inst.	Uses LH map of TL maritime boundary claim
Timor Leste and the g7+: A new approach to the security and development aid nexus	April	IPRIS Lusophone countries bulletin	Cites LH briefing paper on how much aid to TL comes into local economy
World Bank admits Timor-Leste faults	24 April	Lost Boy blog	Cites LH on World Bank internal evaluation
Dekretu Lei no 27/2011	26 April	TVTL	Interview with Ines Martins
Disputa Rai liga ho Jovem nia involvimentu	29 April	Radio Loriku Lian	Talk show with Ines Martins
Challenges of managing expectations of newly emerging oil and gas producers of the south	29 April	Journal of World Energy Law & Business	Cites LH Sunrise report on expectations of Timorese citizens from oil and gas resources
Petroleu no gas	5 May	CPA on TVTL	Interview with Juvinal
Timor-Leste Human Development Report 2011: Managing Natural Resources for Human Development Developing the Non-oil Economy to Achieve the MDGS	May	Book published by UNDP	Draws extensively on LH comments and background paper; reprints heavy oil information from LH
Transparency and the UNDP Timor-Leste Human Development Report 2011	10 May	RDTL gov't press release	Challenges LH involvement in UNDP Human Development Report
Tenke Halo Investimentu Maka'as iha Seitor Privado ho Agrikultura	19 May	Diario Nasional	Interview with Charlie
Lei ba Rai fo poder bot ba Estadu	20 May	CPA on TVTL	Interview with Ines Martins
Timor-Leste Country Program Evaluation 2000-2010	May	Report by World Bank IEG	Cites LH estimate of 89% of international aid to Timor-Leste not entering local economy.
Oleu Pezado	27 May	CPA on TVTL	Interview with Juvinal
Mosu Timor Gap, PR Horta Simu Dokumentus Kontra	3 June	Diario Nasional	Quotes President considering LH's concerns about the national oil company decree-law.
Razaun Kontra Tama Asean Perspektiva Politika Ekonomia Ida	3 June	Timor Post	By Guteriano Neves
Woodside's 'cowboy' tactics led to ETimor standoff: insider	8 June	ABC Radio Australia	Interview with Mandy Whyte prompted by article published by La'ó Hamutuk
Timor: Where Has All the Aid Gone?	20 June	Foreign Policy In Focus	By Guteriano Neves; cites LH estimates on aid entering local economy

### **Appendix 3: Presentations and Programs given or organized by La'ó Hamutuk**

<b>Topic</b>	<b>Month</b>	<b>Presenters</b>	<b>Audience / forum</b>
Should Timor-Leste go in to debt?	Jan.	Charlie	Institute of Business student body
Land Laws and their impact on community land	Jan.	Eusebio Guterres (Laifet), Bernadu Almeida (Min. Justisa), Deometrio Amaral (Haburas), Agnes Bere & Almerio Lopes (UNMIT)	La'ó Hamutuk public meeting
Food Sovereignty	Feb.	Ego Lemos of Permatil	Training for journalists from most national media
The Risk of Corruption and the Resource Curse comes with dependency on exporting oil	Feb.	Charlie	Anti-Corruption Commission's Strategic Planning conference
How to Analyze the State Budget	April (3 half-days)	Charlie & Juvinal	Training for Fundasaun Mahein and other civil society organizations
How Alternative Energy Can Contribute to Development	April	Demetrio de Amaral (Haburas) and Rui Pinto (academia)	La'ó Hamutuk public meeting
UNDP Human Development Report	May	Charlie (on panel)	Launch of UNDP National Human Development Report at Presidential Palace
Basic economic issues in Timor-Leste	June	Charlie & Juvinal	Visiting delegation from The Asia Foundation, Korea
Important issues in the State Budget	June (3 days)	Charlie & Juvinal	Training for Parliamentary Research Center (contracted by The Asia Foundation)
Impaktu Lei ba Rai	June	Ines Martins	Community in Bazartete

In addition, we presented comments and submissions at public hearings of Parliamentary committees, Ministry public consultations, stakeholder meetings and other events.