

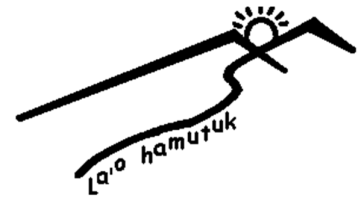
# La'ó Hamutuk

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*This is a translation. The Tetum original is at*  
<http://www.laohamutuk.org/Justice/2020/LHKartaPMPR9Abr2020te.pdf>

Dili, 9 April 2020

**To: His Excellency Taur Matan Ruak, Prime Minister of the Democratic Republic of Timor-Leste**

**Regarding: Questions of economy and priority for COVID 19**

With respect,

La'ó Hamutuk, which is observing Government's work, would like to congratulate the Government on your commitment to establishing prevention systems for Covid-19. We also note that the National Parliament has passed the \$150 million assistance package proposed by the Ministry of Finance to respond to the economic impacts of Covid-19. We appreciate the measures that the Government has taken to establish a State of Emergency, a Covid-19 taskforce, to create handwashing stations in public spaces and to raise public awareness about the virus.

Through this letter, we are conveying some observations and comments about the Ministry of Finance's financial assistance package, and making suggestions to improve them in the future by prioritizing the most vulnerable people in our country, to ensure that they do not become victims of economic duress.

We have reviewed documents related to the Ministry of Finance's economic response to Covid-19 and note the following:

1. The package does not yet include concrete details, or explanations of how funds are to be distributed - particularly to vulnerable populations.
2. The package allocated \$36 million to vulnerable groups, but \$50 million to private entities such as banks and companies.
3. The package fails to explain clearly the processes for distributing cash, food, and medicine to vulnerable groups, and does not clearly define who is included in the category of vulnerable people.

Based on our analysis, La'ó Hamutuk hopes Your Excellency will consider a few recommendations. Although we realize that the Special Fund is already established, we hope that future interventions will focus on priorities emerging from the specific situation confronting Timor-Leste.

Our suggestions are as follows:

1. La'o Hamutuk believes that the Government needs to prioritize assistance to vulnerable groups, noting in particular that economic assistance must not only consider private companies in Dili. The majority of households in Timor-Leste depend on the informal sector, including kiosks, street vendors, markets, taxis, microlets, buses, farmers, domestic workers, and other economic actors who are outside of the formal economy. As we know, less than 20% of our working age population is employed in the formal sector – people who receive salaries and pay taxes. The Government should provide adequate assistance for them to survive this situation, but if financial assistance is only given to workers registered in the Social Security system, informally employed people will receive no aid. To ensure that Government assistance does not discriminate based on formal or informal work status, we recommend giving financial assistance to everyone.

If the Government is unable to control prices, La'o Hamutuk suggests they distribute soap and staple foods in each neighbourhood. We see a need to empower and collaborate with *aldeia* and *suco* leaders so that they are able to distribute essential items and cash to each family in Timor Leste. Working together with *aldeia* leaders will facilitate easier distribution of food and money. Staple foods can be purchased from our farmers, including beans, mung beans, and soy beans; this will also promote food sovereignty in the long term, reducing imports.

2. The economic response package developed by the Ministry of Finance allocates more money to the private sector than to people in poverty. We have observed that the Asian Development Bank and the World Bank have announced new funds to help Governments prevent corporate shutdowns during the Covid-19 crisis. However, the funds from these agencies are not donations, but will come from concessional loans that will have to be repaid. La'o Hamutuk does not consider using loans to respond to the economic impact of Covid-19 to be a sustainable or effective solution. If the Government does decide to borrow money to ameliorate economic impacts, we need to use these funds to support and strengthen the people's economy (including the informal sector), so that large companies do not get an unfair economic advantage over the informal sector and local production after the crisis.
3. Another important question is how the majority of the population, who live in rural areas, will sustain themselves during the crisis. Three-fourths of Timor-Leste's people live in rural areas and about two-thirds rely on subsistence agriculture. Many of our citizens are more vulnerable to complications of Covid-19 because they are afflicted with other health problems, including poor nutrition and respiratory illnesses such as tuberculosis and lung damage from poorly-ventilated cooking over wood fires. In addition, the Government's appropriate recommendation for people to remain at home to reduce transmission of Covid-19 increases the risk of domestic violence. We suggest convening an inter-ministerial group to consider the needs of vulnerable populations during this crisis.
4. Assistance given to the private sector requires, in La'o Hamutuk's view, rigorous monitoring to ensure that public funds are used to compensate workers during the Covid-19 crisis, and not to enrich business owners. Only 6.6% of the labor force is formally employed by private companies, and 84% of those live in Dili.

5. We encourage the Government and opposition groups, members of Parliament, and all political leaders, to put aside their partisan and personal interests and focus their attention on virus prevention and the protection of all citizens of Timor-Leste. Transparency and human rights need to be upheld.

Finally, La'õ Hamutuk expresses appreciation for the Government's leadership and commitment in confronting Covid-19 in Timor-Leste. We encourage you to continue your work and efforts to minimize risks and protect people's lives.

We thank you for your attention and openness.

Sincerely,



Adilsonio da Costa Junior



Marta da Silva

**La'õ Hamutuk Coordination Team**

**Copies to:**

- President of the Republic, Francisco Guterres "Lú Olo"
- President of the National Parliament, Arão Noé
- Acting Minister of Finance, Sara Lobo Brites
- Acting Coordinating Minister for Economic Affairs, Fidelis Magalhães
- Covid-19 Risk Management team
- Media and public