

## 2016 State Budget of Timor-Leste

### A gender analysis

*“We must improve the situation of women and address pervasive gender discrimination if we are to meet our development goals”*

Dr. Rui Araujo, September 2015.

The proposed 2016 State Budget of USD 1 562,2 million has remained constant compared to the rectified budget of 2015 (0,5% decrease)<sup>1</sup>. Although initial projections had been expectant to reduce the budget, the government continues a frontloading policy to achieve the long term objective of becoming a middle income country by 2030. The VI<sup>th</sup> Government announced that they would be prioritizing spending on infrastructure and key economic sectors (including tourism, agriculture and petroleum), and promoting investments in social, health and education sectors.

The Government has committed to keep unessential expenditure to a minimum, and ensure that every dollar spent is a sound investment. International travel and small equipment, and overall the Goods and Services and Minor Capital have respectively decreased by 8,8% and of 46,5% compared to 2015. Overall the budgets to the line ministries have been reduced in favour of an increase in public transfers (especially for ZEESM for which the main component is infrastructure) and infrastructure investments.

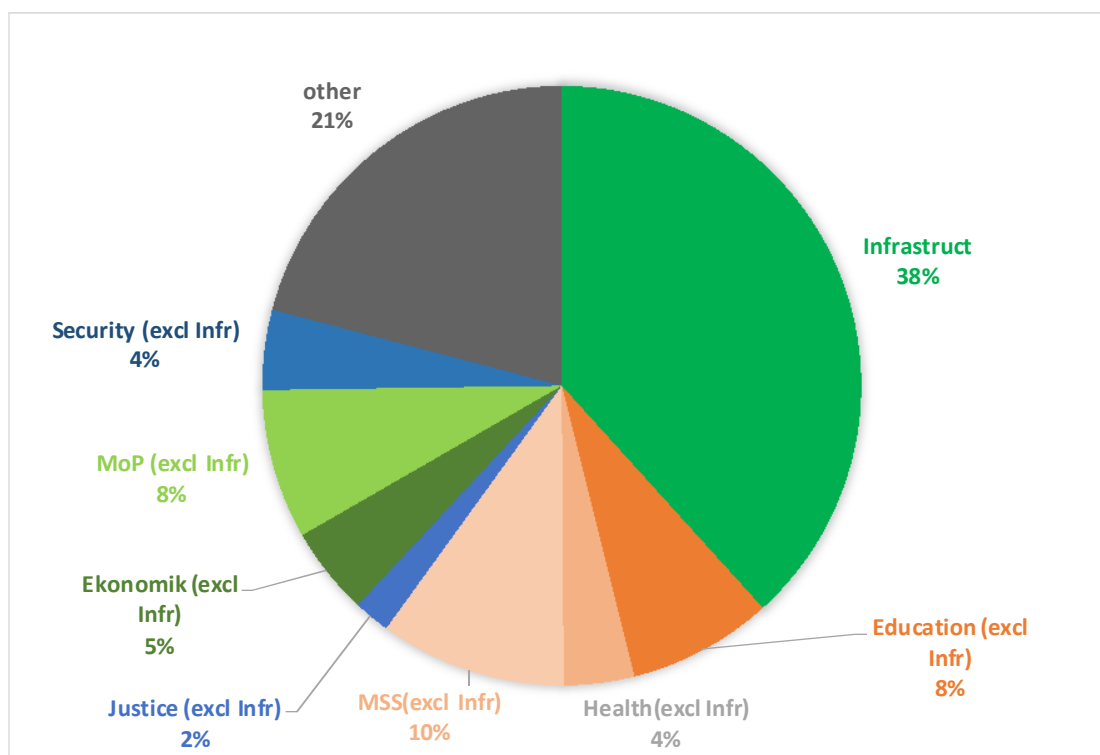
82% of the State Budget is financed through the Petroleum Fund, and 18% from domestic revenues. At the end of the quarter 3 of 2015 the capital (balance) of the Petroleum Fund was lower than the previous quarter. This is due to a decrease in income due to lower equities and exchange rate and reduced oil production. The Estimated Sustainable Income (ESI) stands at USD 544,8 million in 2016, and was USD 638,6 million in 2015.

#### The key budget changes in the State Budget 2016:

Programme/Sector	Budget 2016	% change compared to State Budget 2015
Special Autonomous Region of Oecusse-Ambeno (RAEOA-ZEESM)	USD 217,900,000	+ 63%
Infrastructure Fund	USD 376,700,000	+ 18,7%
Economic Sector (all institutions under MECAE) incl. IF, HCDF, FCTL	USD 79,076,000	- 26,3%
Social Sector including IF, HCDF	USD 354,140,000	- 15,2%

<sup>1</sup>This document will be referring to the Rectified Budget of 2015 when speaking of the 2015 budget.

## Budget per sector in the State Budget 2016<sup>2</sup>



The Prime Minister in his speech to the Global Leaders meeting on Gender Equality in September 2015 reaffirmed the Government's commitment to Gender Equality: *"We must improve the situation of women and address pervasive gender discrimination if we are to meet our development goals"*. In 2015 the government undertook several steps in this direction:

- Signature of the Declaration for Rural Women Empowerment in Maubisse in October.
- Development of the National Action Plan on Women, Peace and Security
- Evaluation of National Action Plan on Gender Based Violence
- Development of the Women's Empowerment Strategy
- Presentations to the Committee of the Rights of the Child and the Committee for the Elimination of all forms of Discrimination Against Women (CEDAW)
- Adoption by the Council of Ministers of the SDGs and especially the commitment of the Prime Minister in New York to SDG 5 on Achieving Gender Equality and Women's Empowerment

It is the mandate the Secretary of State for the Support and Socio Economic Promotion of Women (SEM) to provide technical support and coordinate government efforts to gender equality across all sectors, as well as to monitor the implementation of the commitments. And notwithstanding an increase of their mandate to socio-economic empowerment of women, their budget has seen a reduction of 27% and only represents 0,11% of the total state budget. How these aforementioned gender commitments will be implemented remains uncertain. As we will see further, ministries have hardly included these in their plans.

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<sup>2</sup> Budgets are including Infrastructure Fund, Human Capital Development Fund and Consolidated Fund of Timor-Leste. Soft component (other than infrastructure) of the funds transferred to ZEESM are included.

- **ZEESM has seen its budget increase by 63% and represent 13,9% of the 2016 State Budget. Is there a long term plan on investments to ZEESM? How is ZEESM ensuring women and men in Oecusse is are directly benefiting from the investments?**
- **Seen the reduced budget of SEM and the high level of expenditure in 2015, how does the government plan to support SEM so that it has the needed financial and human resources to better promote gender equality and women's human rights?**
- **Has the government any projections on returns from the investments made through the infrastructure fund and ZEESM?**

### **1) Governance and Administration**

Political will and human and financial resources are necessary to effectively promote gender equality, and thus sustainable and inclusive development. The VI<sup>th</sup> government has initiated four reform programmes in order to increase the efficiency of the public sector:

- Legislative Harmonization and Judicial Reform
- Public Administration Reform
- The Economic Reform
- The Fiscal Reform, Performance Management Reform, and Budget Performance Reform.

The reforms represent an opportunity to imbed gender reforms into the organizational structure of the government, which will improve overall results and efficiency in the long term.

- *The Fiscal Reform, Performance Management Reform, and Budget Performance Reform.*

**The Gender Integrated Approach (or gender mainstreaming)** needs to be applied at the highest level of planning and coordination of the Government to ensure that all line ministries and state institutions have adequate capacity on gender equality, and provide adequate funding for the promotion of gender equality. The introduction of a budget programming approach, which allows for greater transparency in the budget and planning process, combined with an improved monitoring system, permits the government to track progress on its commitment to gender equality more efficiently. It would further benefit from a specific gender statement which would facilitate monitoring of gender equality commitments.

The Prime Minister also launched the Social Audit (SA) initiative in May of this year and established an SA unit under his office. SA has the potential to increase accountability of the state institutions, as it is the citizens who monitor government implementation of project. As shown in India and other parts of the world, SA has the potential to curtail excessive or wrongful spending, improve delivery of services, especially in rural areas where monitoring by government is frequently lagging behind.

The financial reform is planning to increase the basis for domestic revenues by revising the direct and indirect taxes. The government needs to be mindful that, especially in a country with high levels of reliance on resource extraction revenues, turning to the VAT or other types of taxes could have a negative impact on women and the poor.

- **What measures will the VI Government take to integrate the promotion, protection and incorporation of women's rights in the fiscal reform, performance management and budget reform?**
- **The government wants to improve the planning, budgeting and monitoring and evaluation mechanism for the government. But several ministries funds for the departments working on planning, M&E have been reduced. How can the government explain this discrepancy?**

- *Legislative Harmonization and Judicial Reform*

The legislative reform has the objective of harmonizing, simplifying and modernizing the legal framework in the Country. USD 225,000 have been allocated for this in 2016 under the council of ministers. Timor-Leste adhered to the Convention on the Elimination of All Forms of Discrimination Against Women, recognizing the specific nature of women's rights. The legislative reform provides the opportunity to ensure adherence to the concepts of substantive equality and the introduction of temporary special measures which will guarantee women's rights. But compared to 2015 budget, Ministry of Justice will have to function with a reduction of 23,3% of its budget and an overall reduction of 28% for the sector (-41% for the tribunals). The budget of the Directorate for Promotion of Human Rights has been curtailed to 12.6% while the Directorate for Registries has been increased to 23,8%. This is due to the allocation of 9.2 million towards the program titled "ita nia rai" and the cadastral survey which was prioritized by the current government.

- **What efforts are being undertaken to promote joint land titles and/or women land titles?**
- **What mechanisms have been put in place by the government of TL to ensure that the reform protects and promotes women's rights and incorporates gender perspectives?**
- **What measures will the VI Government take to integrate the promotion, protection and incorporation of women's rights in the harmonization of laws and justice sector?**

- *Public Administration Reform*

The government employs 31,680 permanent civil servants and temporary staff.<sup>3</sup> It is the biggest employer providing salaried wages. The number of female workers in its ranks is steadily increasing. They represent 33,1% of employees<sup>4</sup>, although mainly temporary appointments. We see also an increase of women at decision making level. Public sector reform opens up opportunities to consider principles of: **1) Equity** where women and men are treated equally, with equal access and control over the resources and benefit of the workplace; **2) Affirmative Action** on deliberate actions taken to promote gender equality in ensuring gender balance in the public administration sector; **3) Gender Sensitive Practices** in human resource practices which are responsive to the needs and interests of both men and women in the Public Service, and ensure a Zero Tolerance to Violence and Harassment; and **4) Empowerment** of both women and men in the planning and decision-making processes – promoting/recruiting more women as Directors, Chief of Departments, Inspectors, in order to guarantee women's participation in the management level in the public administration sector.

- **What is the government doing to ensure that the number of female employees at the district level is increasing, especially at decision making level?**
- **What is the government doing to ensure that the Zero Tolerance to Violence policy is being implemented, and that adequate mechanism of support for civil servants is put in place?**

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<sup>3</sup> Data as of 15 September 2015 (source CSC Personnel Management Information System).

<sup>4</sup> Out of 27,281 permanent civil servants 8445 (31%) are female and 18,836 (69%) are male; 2. Out of 4,399 temporary staffs 2069 (47%) are female and 2330 (53%) are male. The numbers do not including advisors and political appointees (source CSC Personnel Management Information System 15 September 2015).

## 2) Social Sector

Sector (incl HCDF + IF) <sup>5</sup>	2015 (,000)	% SB 2015	2016 (,000)	% SB 2016	% change
Education sector	\$ 133 844	8.5%	\$ 122 614	7.9%	-8,4%
Health sector	\$ 73 993	4.7%	\$ 61 156	3.9%	-17,3%
Ministry of Social Solidarity	\$ 196 695	12.5%	\$ 159 194	10.19%	-19,1%
Other	\$ 12 953	1.1%	\$ 11 176	1.0%	-13,7%
<b>TOTAL</b>	<b>\$ 417 485</b>	<b>26,59%</b>	<b>\$ 354 140</b>	<b>22,67%</b>	<b>-15,2%</b>

Almost a quarter of the State Budget goes to the Social Sector, divided as follows: 3.9% for health; 7,9% for Education; 10.19% for social solidarity, and 1% for others. Compared to last year the combined budget decreased by 15,2%, affecting Health and Social Solidarity most. The allocation of 8.4% of the state budget to education, is amongst the lowest in the world.<sup>6</sup>

### Health

The health sector has seen a reduction of 17,3% of their budget compared to 2015. This could be explained by the relatively low expenditure and the high level of donor support in this sector. Reductions are mainly in goods and services (USD 5,000,000) for operational supplies (medical supplies). Also referral hospitals have seen a reduction of their budget between 4 and 23%, including in staff costs. Those hospitals provide essential services in tertiary health care (services include surgery and blood transfusion, essential in maternal health, i.e. for c-sections), and need to be well equipped and well-staffed to be able to deal with the number of patients that they receive. Medical facilities are frequently the first entry point for many victims of gender based violence (GBV). In 2014 139 cases of GBV were recorded in the referral hospitals, many more went certainly unnoticed.<sup>7</sup>

- **How does the Government justify the cuts in the budget of the Ministry of Health (MoH)? What impact might this have on the health of the Timorese people and thus put a bigger burden on those who have to take care of the sick, mostly women?**
- **MoH by signing the declaration of Maubisse guaranteed improved access to primary health care in rural areas, as well as improved access to maternal and newborn health and family planning. How will the ministry achieve this?**
- **What is MoH doing to ensure a viable mechanism is set in place that will protect survivors of violence, where medical staff is knowledgeable on GBV and survivors receive the needed support.**

### Social Solidarity

Women's role in the household reduces her ability to participate in economic activities, she is therefore frequently dependant on her husband for income. The lack of financial autonomy reduces

<sup>5</sup> Not including ZEESM

<sup>6</sup> Worldbank Open Data - [data.worldbank.org/indicator/SE.XPD.TOTL.GB.ZS](http://data.worldbank.org/indicator/SE.XPD.TOTL.GB.ZS)

<sup>7</sup> UN Women survey in 2015 in all referral hospitals.

the level of bargaining power for women and makes her more vulnerable to poverty in case of divorce, widowhood, abandonment or separation. 38% of women have experienced physical violence in their adult lifetime.<sup>8</sup> The Ministry of Social Solidarity (MSS) has different programmes in place to address women and girl's vulnerability, as the Uma Mahon, shelters offering care, long-term accommodation, and access to specialized services for victims; and the Bolsa de Mãe, which provides scholarships to vulnerable children including of single-parent households.

Social Assistance schemes amounts to 9% of total 2016 state budget, although a reduction of 2 percent points compared last year, this is still a considerable investment from the government. The decline is mainly due to the decrease in cash benefits to the veterans (one time payments), in the Bolsa de Mae (-7%) and the pensions to the elderly (-12,3%). Pensions to veterans should increase according to the indicators set in the plan. The disaggregated data in the Ministry of Social Solidarity's plan allows us to analyse the beneficiaries of the ministry with a gender perspective. As such we can see that in 2015 women are the main recipient of the pensions for elderly and invalidity (52,019 women and 44245 men). Unfortunately the disaggregation is not systematically and there are no details provided for the Veterans Fund and the Bolsa de Mae.

A World Bank study from 2013 shows that social assistance schemes are not effectively reaching the poorest households as the majority of funds are not distributed according to poverty criteria. Bolsa da Mãe is the only social assistance scheme that currently uses poverty as part of the eligibility criteria and most beneficiaries are female-headed households (90%). The share of the budget for the Bolsa de Mãe is steadily increasing over the years and reaching out to more households. In 2014 its budget was \$9 mil reaching 55,488 households compared to 15,100 households in 2012.<sup>9</sup> But in 2015 the budget has been slightly reduced targeting 49,701 families.

- **What is MSS currently doing to ensure all eligible families are receiving funding through the Bolsa de Mae or Veterans Fund?**
- **Is MSS planning to link with the Social Audit Unit at the PMO to track payments to beneficiaries to prevent leakage? Are there measures put in place to make this data available to the public?**
- **A minimum package of services for the implementation of the Law against Domestic Violence has been identified by MSS. What resources are allocated to these services (for example Uma Mahon, Fatin Hakmatek, National Hotline, revision of standard operation procedures)?**

### **3) Infrastructure sector:**

Infrastructure development should be a key driver for the economy as expected by the government, justifying the substantial share of the State Budget (38% or 46% when including Ministry of Public Works) going to Infrastructure.

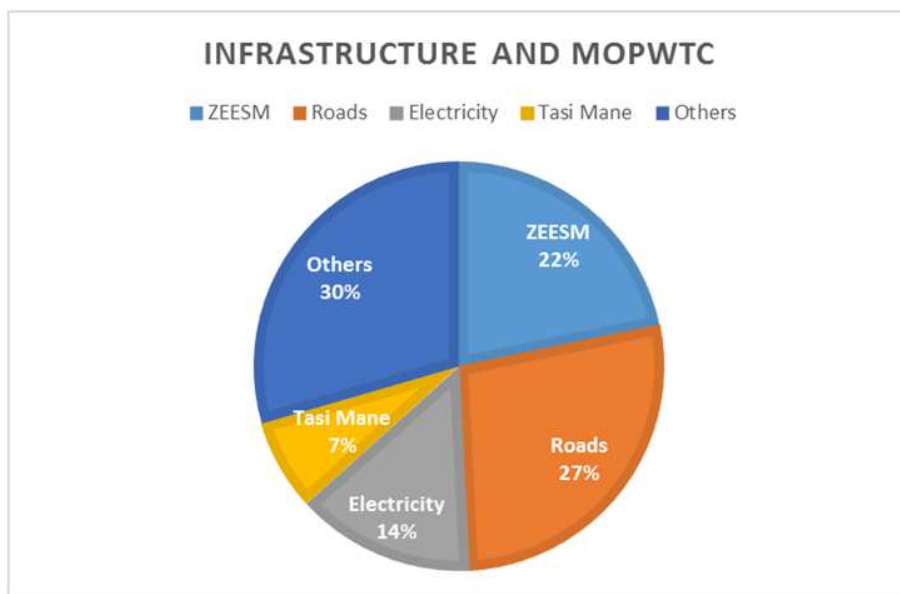
The four biggest expenses go to:

- Roads (USD 214,500,000 IF including loans),
- ZEESM (USD 165,000,000 for Infrastructure)
- Electricity USD 109,800,000 (IF and MoPWTC).
- Tasi Mane project (USD 56,600,000)

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<sup>8</sup> All data from Asian Development Bank, *Timor-Leste 2013 Country Gender Assessment*, except where indicated otherwise.

<sup>9</sup> World Bank, 2013, *Timor-Leste Social Assistance Public Expenditure and Programme Performance Report*, Washington, DC



This is an increase of 4 percent point compared to 2015 budget. This increase is mainly shifted to the Infrastructure Fund and ZEEISM. On the other hand, the Ministry of Public Work's Directorate General for Corporate Services sees its budget reduced for infrastructure assets by half, questioning how the ministry will fund essential works done by the four directorates for Roads, Bridges and Flood Control, for Water Services, for Basic Sanitation, and for Public Buildings. The annual action plan does not include any information on rural roads construction, although the MoPTC as signatory of the Maubisse Declaration in October has committed to rehabilitate 150km and 1000km of rural road by 2017, which improves access of women to essential services, as well as provides direct employment to them.

It remains unclear though how much the Timorese population will directly benefit from the investments. Especially women are traditionally left out either as labour force or in the decision making, unless affirmative policies are put in place to guarantee their participation and contribution, which the MOPTC committed to when signing the Declaration of Maubisse for rural women's empowerment.

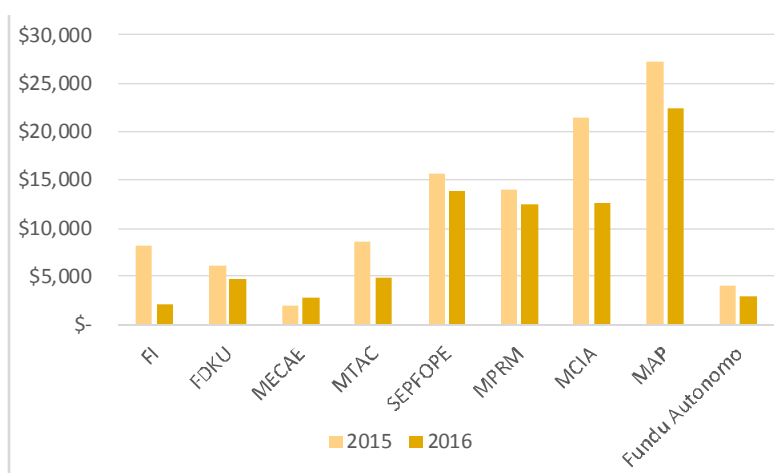
The improved drainage work for Dili through the IF (increased from USD 4,598,000 to USD 10,236,000) will help reduce the number of sick due to water related diseases, for which the care frequently falls upon the women of the household. But the plans of the ministry, nor the Infrastructure Fund, specifies how the water management systems at the rural level will be further developed and maintained. Rural women are in average using 3 hours daily for carrying water.

- **How many km of rural roads will be rehabilitated and maintained in 2016? And how much local water systems will be rehabilitated? How much funds are provided for these purposes?**
- **Did the ministry allocate funding to ensure development and implementation of the policy ensuring employment is being guaranteed to 30% of women in infrastructure projects financed by the Government.**

- **The government expects 39,000 jobs to be created through the investment policy. Does the government know how many jobs will be created for women? Does the government know how many jobs have been created last year**

#### 4) Economic Sector:

The economic sectors, including tourism, agriculture and petroleum, is one of the priority areas for the government in 2016. But overall funding allocations for the ministries under the economic sector pillar have decreased by an average of 26,6%. Their combined budget represents 5,04% of the State Budget (USD 78 million). Some ministries as Ministry of Commerce and Industry, and Ministry of Tourism have seen their budgets decrease by more than 40%. Ministry of Agriculture when looking at the IF and HCDF, decreases by nearly 30%.



The economic reform programme has the objective to strengthen the overall private sector environment. A majority of people are reliable on agriculture for their livelihood, and it is a promising sector for economic development other than tourism and oil. In Timor-Leste, as in many developing countries, the economic sector, especially the agriculture sector, is underperforming in part because women are not recognized as economic actors, or as farmers, and do not have equal access to the resources and opportunities they need to be more productive. Women own 40 % of micro-enterprises in Timor-Leste.<sup>10</sup> Ensuring women and men have equal opportunities is not only good for women; it is also good for economic development. But patriarchal norms and perceptions from services providers and communities often do not think of women as an essential part of the economic production chain. Thus women have less access than men to economic and agricultural assets, inputs, trainings and services and to rural employment opportunities. Women are also responsible for most of the household and child-rearing activities. This additional work limits women’s ability to engage in training activities, or to develop any larger scale economic enterprises.<sup>11</sup> It has been estimated that to give women the same access as men to agricultural resources and inputs could increase women’s production by twenty to thirty percent.<sup>12</sup>

<sup>10</sup> ADB, Timor-Leste - Country Gender Assessment, 2013, p. 75

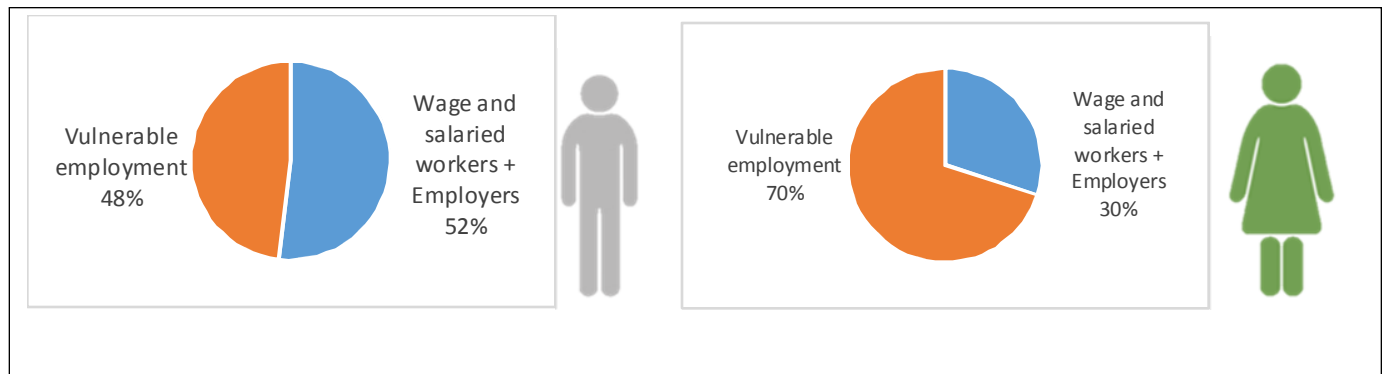
<sup>11</sup> ADB, Timor-Leste - Country Gender Assessment, 2013, p. 75

<sup>12</sup> DFAT, International Fund for Agricultural Development, *Factsheet: Women and Rural Development*, March 2011.



A stronger economy will demand a strong and skilled labour force that will be attractive for investments. Women are an untapped human resource. Improvements in girl's education are not yet translated into real economic opportunities for women. Although they are steadily closing the gender gap in secondary and tertiary education, only 21 % of women are in the labour force, compared to 40% of men. Of these a staggering 70% are in vulnerable employment (mostly as unpaid family members).

### Share (%) of vulnerable employment among women and men, 2013 LFS



Ensuring women's economic empowerment has proven to have a lasting impact on the wellbeing of the families, as women tend to invest more in their household than men. They are more inclined to invest in the health and well-being of their families with the income they generate. The Timor-Leste National Nutrition Survey (TLFNS 2013) shows that more educated and more prosperous women have less malnourished children.

Acknowledging women's potential in the development of the country, the Prime Minister alongside 9 other institutions (including MCIA, MTAC, SEPFOPE, BNCTL...) have jointly pledged to increase their support to women's economic empowerment by signing the Maubisse declaration on the 15<sup>th</sup> of October. But none of the signatories have translated these commitments into their 2016 annual action plans:

- 69% of the budget for SEPFOPE goes to infrastructure work, where women are traditionally not involved.
- MAF has decreased their budget in areas where women could potentially play an important role (horticulture, community development and agri-business) and the target of 35% of women has not been included in their plan. They even have the heads of the households as the primary beneficiary of their projects. MAF has also pledged to implement their Gender Equality Policy but they have not included this in their plan.
- MCIA's National Directorate for Industry and Cooperatives had to reduce their budget by 77% compared to 2015. All public grants have been cut from USD 4,8 million to USD 0,5 million.
- MTAC has seen their overall budget decrease by 43% and the departments affiliated to the Directorate General of Tourism decreased by 71% (from USD 1,9 million to USD 0,5 million).

➤ **How will the government honour its engagement taken during the International Rural Women's Day by signing the Declaration for Rural Women's**

**Empowerment in Maubisse, when the budget for crucial ministries as MAF, MCIA, MT are substantially reduced?**

- **If Agriculture and Tourism are priorities for the Government, how do you explain the major reductions in budgets for these two sectors?**
- **What will be the strategy of the MoTAC to promote community based and eco-tourism, which directly benefits Timorese women and men, as the departments under the Directorate General of Tourism have been reduced by 71%.**
- **What is the rationale of the government to cut grants by 90% to MCIA, mainly from the National Directorate of Industry and Cooperatives? Was there an evaluation done on the efficiency of the grants programme?**
- **MAF has the objective to increase productivity, but has the government developed a strategy to ensure that farmers have the needed access to markets to sell their production surplus?**
- **SEPFOPPE promised to have 30% of women participation in their rural employment programmes. Seen that those employment programmes mainly consist of infrastructure work, how does SEPFOPPE ensure employment for them? How many women are benefitting from the vocational trainings from SEPFOPPE? How will SEPFOPPE guarantee that they reach 50% of women by 2017?**

**Annex 1: Changes in the State Budget 2015 – 2016 for the Economic Sector**

Economic Sector	2015 (USD ,000)	% SB 2015	2016 (USD ,000)	% SB 2016	% change
Infrastructure Fund (IF)	\$ 8 200		\$ 2 235		-72,7%
Human Capital Development Fund (HCDF)	\$ 6 170		\$ 4 785		-22,4%
Consolidated Fund (CFTL)					
Ministry of State, Coordinating Ministry of Economic Affairs (MECAE)	\$ 1 992	0,13%	\$ 2 891	0,19%	45,1%
Secretary of State for Employment Policy and Vocational Training (SEPOPE)	\$ 15 621	0,99%	\$ 13 818	0,88%	-9,2%
Ministry of Agriculture and Fisheries (MAF)	\$ 27 289	1,74%	\$ 22 343	1,43%	-18,0%
Ministry of Commerce, Industry and Environment (MCIE)	\$ 21 456	1,37%	\$ 12 696	0,81%	-40,8%
Ministry of Tourism, Arts and Culture (MTAC)	\$ 8 664	0,55%	\$ 4 865	0,31%	-43,8%
Ministry of Petroleum and Mineral Resources (MPMR)	\$ 13 906	0,89%	\$ 12 506	0,80%	-10,1%
<u>Autonomous Funds</u>	\$ 3 997		\$ 2 583		- 35,3%
<b>TOTAL ECONOMIC SECTOR</b>	<b>\$ 107 295</b>	<b>6,83%</b>	<b>\$ 78 722</b>	<b>5,04%</b>	<b>-26,6%</b>

**Annex 2: Changes in the State Budget 2015 – 2016 for the Social Sector**

Social Sector	2015 (USD ,000)	% SB 2015	2016 (USD ,000)	% SB 2016	% Change
Infrastructure Fund (IF)	\$ 12 000		\$ 2 300		-80,8%
Human Capital Development Fund (HCDF)	\$ 14 372		\$ 14 613		1,7%
Consolidated Fund (CFTL)					
Ministry of Health	\$ 56 432	3,59%	\$ 42 386	2,71%	-24,9%
Ministry of Education	\$ 103 588	6,60%	\$ 99 413	6,36%	-4,0%
Ministry of Social Solidarity	\$ 195 923	12,48%	\$ 158 159	10,12%	-19,3%
Coordinating Ministry of Social Affairs	\$ 1 942		\$ 1 352		-30,4%
Secretary of State for Youth and Sport	\$ 8 661		\$ 8 375		-3,3%
Secretary of State for Support and Socio- Economic Promotion of Women	\$ 2 302		\$ 1 673		-27,3%
Autonomous Funds	\$ 11 754		\$ 13 958		
National University of Timor-Leste (UNTL)	\$ 10 511		\$ 11 911		13,3%
<b>TOTAL SETOR SOCIAL</b>	<b>\$ 417 485</b>	<b>26,59%</b>	<b>\$ 354 140</b>	<b>22,67%</b>	<b>-15,2%</b>

**Annex 3: Changes in the State Budget 2015 – 2016 for the Social Sector**

Infraestructura excluding MPWTC	2015 (USD ,000)	%SB 2015	2016 (USD ,000)	% SB 2016	% change
Infrastructure Fund (IF)	\$ 317 300	20%	\$ 376 700	24%	18,7%
Human Capital Development Fund (HCDF)	\$ -		\$ -		
Consolidated Fund (CFTL)					
District Development Programme (BB1)	\$ 32 844		\$ 23 000		-30,0%
Other Ministries	\$ 41 381		\$ 18 666		-54,9%
PNDS	\$ 10 000		\$ 10 000		0,0%
ZEESM					
Infraestructura	\$ 112 933		\$ 169 754		50,3%
<b>TOTAL INFRASTRUCTURE</b>	<b>\$ 514 458</b>	<b>33%</b>	<b>\$ 598 120</b>	<b>38%</b>	<b>16,3%</b>