



Report to Committee B of National Parliament on the Proposed 2024 State Budget for the Defence, Security and Foreign Affairs sectors

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Photo: General State Budget 2024

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Contents

Introduction	1
Proposed 2024 State Budget for Defence, Security and Foreign Affairs	1
Ministry of Defence	2
F-FDTL	3
Ministry of Interior	4
PNTL	5
Ministry of Foreign Affairs and Cooperation	6
National Intelligence Service	7
PCIC	8
Recommendations	10
Bibliography	11

Introduction

On 21 November 2023, the Council of Ministers approved the proposed Law on the General State Budget for 2024 with a total amount of \$1.95 billion.¹ The Government presented the draft Law to Parliament on 24 November,² and the Prime Minister requested Parliament to hold an urgent debate.³ The National Parliament and Government began holding public hearings on the proposed Law on 30 November, which ran until 5 December.⁴

As the budget debate was held in an “urgent” manner, civil society was not granted an opportunity to share its views on the proposed budget. Nonetheless, with this report, Fundasaun Mahein (FM) wishes to share some of its observations which we hope will assist the Deputies of Committee B to make decisions regarding the proposed 2024 State Budget for the defence, security and foreign affairs sectors. In this way, it is hoped that the final budget will reflect the needs of the relevant institutions.

Proposed 2024 State Budget for Defence, Security and Foreign Affairs

For fiscal year 2024, the Government proposes the following budget allocations for the defence, security and foreign affairs institutions, including the scientific and criminal investigation police:

Institution	Proposed Budget (US\$)
Ministry of Defence	11,192,358
F-FDTL	35,110,177
Ministry of Interior	16,193,256
PNTL	47,701,715
Ministry of Foreign Affairs and Cooperation	30,279,565
National Intelligence Service	2,684,182
PCIC	2,211,304

Source: Proposed General State Budget 2024

¹ Council of Ministers Press Release. *Extraordinary Meeting of the Council of Ministers on November 21st, 2023*. Available here: <http://timor-leste.gov.tl/?lang=tp&p=35151>

² Government of Timor-Leste. *Government submits 2024 General State Budget Proposal to Parliament*. Available here: <http://timor-leste.gov.tl/?p=35184&lang=en>

³ Letter from Prime Minister to the National Parliament. Available here (Portuguese): <https://www.laohamutuk.org/econ/OGE24/Proposed/231123KartaPropostaOJE2024pt.pdf>

⁴ Government of Timor-Leste. *Timetable of public hearings for the Draft-Law on the General State Budget for 2024*. Available here: <http://timor-leste.gov.tl/?p=35315&lang=en>

1. Ministry of Defence

The Ministry of Defence budget for 2024 is focused on three main programs: national defence; institutional functioning and development; and social inclusion. The total budget proposed for the Ministry in 2024 is US\$11,192,358,⁵ and is divided across five categories, as shown in the table below:⁶

Table 1: Proposed 2024 Budget for the Ministry of Defence

Program/Category	SV	BS	TP	KM	KD	Valor (US\$)
National Defence	1,135,364	2,598,491		750,000	2,000,000	6,483,855
Institutional Functioning and Development	562,167	3,754,264	300,000			4,616,431
Social Inclusion	42,072	50,000				92,072
TOTAL	1,739,603	6,402,755	300,000	750,000	2,000,000	11,192,358

Source: Proposed 2024 General State Budget

FM wishes to share observations regarding the allocations for the Ministry of Defence in the proposed 2024 State Budget. First, regarding the allocation of \$2 million for development capital under the National Defence program, we note that this allocation is for the “Construction of New Defence and Military Infrastructure”. However, there is no additional information provided about precisely which infrastructure will be constructed with these funds. This raises the question of what these funds will be used for, and the Government must therefore clarify how this budget allocation will contribute to the development of the medium-term objectives of the National Defence Program, namely that “The People of Timor-Leste will be secure and protected from external threats”.

In addition to the activities mentioned in the proposed 2024 State Budget, FM wishes to draw attention to several areas which we consider as particularly important for driving the development of the defence sector and safeguarding Timor-Leste’s strategic interests. According to the IX Government Program, the key objective related to the defence sector which the government aims to achieve within the next five years is:

⁵ Proposed 2024 General State Budget. *Volume II-A: Planos Anuais dos Serviços e Entidades do Setor Público Administrativo*. Page 208-211.

⁶ The five budget categories are as follows: SV = salaries and wages; BS = goods and services; TP = public transfers; KM = minor capital; KD = development capital.

“Review and update the "Force Strategic Study - 2020" [*Força 2020*] and redefine the development and consolidation plans of the F-FDTL, in what is still necessary until the construction of the structuring documents of the Strategic Defence and Military Planning”⁷

In previous reports, FM recommended to the Government to revise the *Força 2020* study. We note that the *Força 2020* Office under the Ministry of Defence is responsible not only for policy’s implementation, but also for evaluating it to determine its relevance and ensure that it reflects the state’s budgetary capacity. If this is not done, the result is poor implementation and failure to achieve the ambitious objectives laid out in the policy. Therefore, while FM agrees that the policy should be prioritised, it is also necessary to revise and update the study which forms the basis of the policy, in order to re-define the national defence policy and plan for development and consolidation of the armed forces.

2. FALINTIL – Defence Forces of Timor-Leste (F-FDTL)

F-FDTL’s budget for 2024 is focused on three programs, namely National Defence, Institutional Functioning and Development and Social Inclusion. The total proposed budget allocation for F-FDTL is US\$ 35,110,177, as shown in the table below.

Table 2: Proposed 2024 Budget for F-FDTL

Program/Category	SV	BS	TP	KM	KD	Valor (US\$)
National Defence		14,378,023		868,000		15,246,023
Institutional Functioning and Development	17,464,864	2,349,290				19,814,154
Social Inclusion		50,000				50,000
TOTAL	17,464,864	16,777,313		868,000		35,110,177

Source: Proposed 2024 General State Budget

FM observes that under the category of Goods and Services in the National Defence Program, approximately \$12.9 million of a total of \$14.4 million is allocated for “catering” under the F-FDTL National Headquarters (see page 94 of the budget book *Budgetary Development (expenditures according to organic and economic classification)*). Furthermore, when comparing the budget for catering with that for salaries, we note that salaries are budgeted at \$16 million, compared to almost \$13 million for catering.

⁷ Programme of the IX Constitutional Government. Accessed on 12 September 2023. Available here: <http://timor-leste.gov.tl/?cat=39&lang=en>

FM sees that the 2023 State Budget allocated a similar amount for F-FDTL catering (approximately \$12.35 million). Furthermore, FM understands that the structure of F-FDTL is different to other state institutions and that F-FDTL may require a budget for the provision of food which is significantly larger than other institutions. Nonetheless, FM hopes that the Government will provide additional explanation regarding this specific allocation, so that Committee B members can understand why this large allocation is necessary, and request adjustments accordingly.

FM does not see any specific allocation aimed at strengthening the capacity of F-FDTL in key areas such as the naval component. Therefore, FM proposes that the 2024 State Budget should contain specific allocation for supporting F-FDTL’s development related to defence, surveillance, control and oversight of maritime and port activities under the scope of the Maritime Authority of Timor-Leste. The latter are particularly important for preventing illegal activities in the southern sea of Timor-Leste (Tasi Mane) such as illegal fishing, which, according to the Ministry of Agriculture and Fisheries, results in losses of around \$300 million in revenue each year.⁸

FM also hopes that the 2024 Budget will support the continued development of F-FDTL’s capacity to support the civilian population during natural disasters and other emergency situations under the scope of the integrated national security system. The 2021 floods and COVID-19 pandemic provided useful lessons on the involvement of the armed forces in situations where the people require emergency assistance. To achieve this, the Government must also promote development of F-FDTL’s air support component, not only to participate in national defence and monitor national airspace but also to engage in humanitarian missions to support the civilian population.⁹

3. Ministry of Interior

In 2024, the Ministry of Interior’s budget programs are National Security and Institutional Functioning and Development, with a total budget allocation of \$16,193,256, divided across five categories as shown in the table below:

Table 3: Proposed 2024 Budget for Ministry of Interior

Program/Category	SV	BS	TP	KM	KD	Valor (US\$)
National Security	11,106,263	483,275		5,500		12,452,682
Institutional Functioning and Development	2,561,173	1,170,901		8,500		3,740,574

⁸ Report of the Ministry of Agriculture and Fisheries 2023. Accessed on 2 October 2023. Available here (Tetun): <https://tatoli.tl/2023/08/25/2018-2021-tl-lakon-ikan-maizmenu-388-1720-tonelada/>

⁹ Programme of the IX Constitutional Government. Accessed on 12 September 2023. Available here: <http://timor-leste.gov.tl/?cat=39&lang=en>

TOTAL	13,667,436	2,511,820		14,000		16,193,256
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Source: Proposed 2024 General State Budget

As mentioned in FM’s previous reports about the strategic objectives which the Government wishes to achieve in the next five years, FM suggests that in 2024 the Ministry of Interior conduct and evaluation to review and update the Strategic Plan on Internal Security 2030 (PESI), so that it can be better aligned with the challenges of today with regards to the internal security situation.¹⁰

In 2024, in addition to revising PESI 2030, FM suggests that the Ministry of Interior prioritises the elaboration of the National Security Policy (NSP), which should have been developed during Phase I and II of PESI 2030. In FM’s view, the NSP is extremely important as it forms the basis of the national security plan, strategy, concept and doctrine. Moreover, the NSP plays an important role now and in the future in identifying fundamental national interests and orienting responses to threats, risks and opportunities. Normally, the NSP serves as the supreme guide for all other security policies, such as military doctrine, internal security strategy and other issues which fall under the scope of security institutions. The NSP is also different from other security policies in the sense that it responds to both internal and external threats.¹¹

In sum, FM considers the NSP as a key government priority as it can orient all of the state’s internal and external defence and security programs. However, until now the NSP has not been elaborated. We therefore urge Committee B to request the Government to allocate specific funds for the development of the NSP.

4. National Police of Timor-Leste (PNTL)

In 2024, PNTL’s budget is divided between three programs: National Security; institutional functioning and development; and social inclusion. The total budget proposed for PNTL in 2024 is US \$47,701,715, and covers five categories, as shown in the table below:

Table 4: Proposed 2024 Budget for PNTL

Program/Category	SV	BS	TP	KM	KD	Valor (US\$)
National Security	37,730,523	2,627,367		2,745,500		43,103,390
Institutional Functioning and Development		4,213,875	141,950	209,500		4,565,325

¹⁰ Fundasaun Mahein (2023). *Report to Committee B of National Parliament on Defence, Security and Foreign Affairs Priorities in the Proposed General State Budget for 2024*. Available here: <https://www.fundasaunmahein.org/wp-content/uploads/2023/10/FM-MNL-158-ENG%20pdf.pdf>

¹¹ Fundasaun Mahein (2017). Security Sector Policy is Not Yet a Priority in Timor-Leste. Accessed on 29 September 2023. Available here: <https://www.fundasaunmahein.org/2017/02/09/security-sector-policy-is-not-yet-a-priority-in-timor-leste/>

Social Inclusion		33,000				33,000
TOTAL	37,730,523	6,874,242	141,950	2,955,000		47,701,715

Source: Proposed 2024 General State Budget

FM suggests that in 2024 the Government should continue to prioritise the PNTL Strategic Plan, as mentioned in PESI 2030. As outlined in this study, community policing must continue as the central philosophy and strategy underpinning PNTL’s operations. Moreover, this philosophy must be implemented at all levels, encompassing all units, services and departments of PNTL. The Strategic Plan also introduced the VIP concept (visibility, involvement, professionalism), which has become the main doctrine of PNTL. This means that PNTL must be visible in all places, involve communities in its policing actions and maintain professionalism at all times.

The Government must also continue to provide training to PNTL members in areas related to gender-based violence, so that PNTL members are aware of and responsive to gender issues. FM also suggests that in 2024 to continue promoting the community policing model, through which PNTL can be more visible in communities by patrolling residential neighbourhoods and holding regular meetings with local authorities and with local communities. PNTL units and services can conduct patrols in public roads and land and sea borders, thereby preventing activities which contribute to criminal activities such as transport of contraband through land and sea borders.¹²

FM recommends continuous strengthening of the Department of Traffic and Road Safety at the national and municipal levels, to maintain the visibility of *Tránsito* officers to implement the Highway Code to prevent traffic accidents and road violations by motorists. According to PNTL reports, during the last five years the main factor contributing to increased traffic accidents has been driver behaviours such as violating road rules, driving while intoxicated and speeding.

Finally, the Government must strengthen the police information service or criminal intelligence through the Police Information Department, particularly its capacity to collect and analyse data related to criminal activities and internal security matters. Support should also include strengthening capacity of police officers to investigate complex and organised criminal activities.¹³

5. Ministry of Foreign Affairs and Cooperation (MNEC)

In 2024, MNEC’s programs are External Policy of Timor-Leste and Institutional Functioning and Development, with a total budget allocation of US \$30,279,565 divided by five categories as per the table below:

¹² Fundasaun Mahein (2023). *Report to Committee B of National Parliament on Defence, Security and Foreign Affairs Priorities in the Proposed General State Budget for 2024*. Available here: <https://www.fundasaunmahein.org/wp-content/uploads/2023/10/FM-MNL-158-ENG%20pdf.pdf>

¹³ Fundasaun Mahein (2023). *Report to Committee B of National Parliament on Defence, Security and Foreign Affairs Priorities in the Proposed General State Budget for 2024*. Available here: <https://www.fundasaunmahein.org/wp-content/uploads/2023/10/FM-MNL-158-ENG%20pdf.pdf>

Table 5: Proposed 2024 Budget for MNEC

Program/Category	SV	BS	TP	KM	KD	Valor (US\$)
Timor-Leste External Policy	11,984,422	11,526,033		764,500		24,274,955
Institutional Functioning and Development	3,314,939	2,454,171		235,500		6,004,610
TOTAL	15,299,361	13,980,204		1,000,000		30,279,565

Source: Proposed 2024 General State Budget

For fiscal year 2024, FM suggests that MNEC should begin working on the elaboration of the key external policy document, namely the Foreign Policy White Paper, which relates to the strategic interests of Timor-Leste falling under the scope of bilateral cooperation and regional integration.

As Timor-Leste is now an observer member of ASEAN, FM recommends strengthening and preparing human resources in the strategic areas under the three ASEAN Pillars. This will enable Timor-Leste to have a voice and contribute to strategic decisions during ASEAN forums, thereby promoting Timor-Leste’s interests while benefiting ASEAN as a whole.

The number of Timorese going to work abroad continues to rise, and the government must therefore prioritise protection for Timorese living and working abroad. This requires strengthening Timor-Leste’s diplomatic services stationed abroad. An important lesson can be drawn from the experiences of Timorese workers in Portugal who have fallen victim to organised crime groups, but the Government lacks the ability to protect them. With many Timorese workers in the United Kingdom, Canada, Australia, South Korea and Japan, Timor-Leste’s diplomats must have the capacity to provide protection and assistance, as this is a right which the state must guarantee.

Finally, the state must continue to promote good relations with neighbouring countries such as Australia and Indonesia which adopt the common principles of democracy and human rights. At the same time, Timor-Leste should continue to work with partners such as China, Japan, South Korea, the United States of America, the European Union, ASEAN and the Community of Portuguese-speaking Countries (CPLP), to promote Timor-Leste’s development.¹⁴

6. National Intelligence Service (SNI)

In 2024, SNI programs are National Security Leste and Institutional Functioning and Development, with a total budget allocation of US \$2,684,182 divided by five categories as per the table below:

¹⁴ Fundasaun Mahein (2023). *Report to Committee B of National Parliament on Defence, Security and Foreign Affairs Priorities in the Proposed General State Budget for 2024*. Available here: <https://www.fundasaunmahein.org/wp-content/uploads/2023/10/FM-MNL-158-ENG%20pdf.pdf>

Table 6: Proposed 2024 Budget for MNEC

Program/Category	SV	BS	TP	KM	KD	Valor (US\$)
National Security	716,667	897,913				1,614,580
Institutional Functioning and Development	389,508	337,594		342,500		1,069,602
TOTAL	1,106,175	1,235,507		342,500		2,684,182

Source: Proposed 2024 General State Budget

As discussed previously by FM in an article published in April 2023, FM suggests that in 2024 the Government continues to review SNI’s legal framework and personnel statute, which we see as important for strengthening the institution and functioning of SNI.¹⁵ At the same time, the Government must allocate adequate funds for developing SNI’s capacities in the areas of cybersecurity and cybernetic intelligence in order to bring Timor-Leste’s intelligence capacity in line with the demands and challenges of today’s globalised world, in which all systems including governance systems are becoming digitalised. This is even more relevant given the ongoing submarine cable project, as the state must guarantee the security of this essential infrastructure.¹⁶

7. Scientific and Criminal Investigation Police (PCIC)

Iha tinan 2024 PCIC konstentra iha programa rua maka asesu ba justisa no funsionamentu no dezenvolvimentu institusional ho nia orsamentu hamutuk US\$ 2,211,304 ne’ebé fahe ba programa no kategoria sira iha tabela kraik ne’e.

In 2024, PCIC programs are Access to Justice and Institutional Functioning and Development, with a total budget allocation of US \$2,211,304 divided by five categories as per the table below:

Table 7: Proposed 2024 Budget for PCIC

Program/Category	SV	BS	TP	KM	KD	Valor (US\$)
Access to Justice	1,359,328	433,251		204,106		1,996685

¹⁵ Fundasaun Mahein (2023). Revision of the National Intelligence Service Legal Framework: a Significant Step Towards Strengthening its Professionalism. Accessed on 12 September 2023. Available here: <https://www.fundasaunmahein.org/2023/04/26/revision-of-the-national-intelligence-service-legal-framework-a-significant-step-towards-strengthening-its-professionalism/>

¹⁶ Fundasaun Mahein (2023). *Report to Committee B of National Parliament on Defence, Security and Foreign Affairs Priorities in the Proposed General State Budget for 2024*. Available here: <https://www.fundasaunmahein.org/wp-content/uploads/2023/10/FM-MNL-158-ENG%20pdf.pdf>

Institutional Functioning and Development	4,446	210,173			214,619
TOTAL	1,363,774	643,42		204,106	2,211,304

Source: Proposed 2024 General State Budget

In 2024 FM asks the Government to revise the Law on Organisation of Criminal Investigation (LOIC) and invest in developing PNTL’s criminal investigation capacity. As FM wrote in 2022, we believe that LOIC will not resolve the ongoing controversy or rivalry between PNTL and the PCIC. The primary reason is that this Law gives greater competencies to PCIC, while removing responsibilities for criminal investigation which were previously attributed to PNTL. Moreover, the Law only allows PNTL to act on criminal investigation based on specific request from the Public Prosecutor, in jurisdictions areas when PCIC does not have a presence. This means that PNTL will only focus on public order issues, while criminal investigation becomes the competency of PCIC only, as the superior body of the criminal police.

As we have written before, FM believes that in its current form, LOIC is likely to contribute to institutional fragility while not providing a meaningful solution for PNTL’s institutional development. This Law does not value or uphold the institution of PNTL, which has existed since our independence, and instead weakens PNTL while strengthening PCIC. Therefore, FM is concerned that this Law can provoke tension and conflict between these two institutions. Timor-Leste’s past experiences – including the 2006 crisis through to the political impasse of 2017-2021 – teach us that conflict between security institutions is a major threat to national stability and security.¹⁷

FM has mentioned many times that PCIC is a policing model copied from Portugal (the Judicial police under the Ministry of Justice), which reflects Timor-Leste’s dependency on foreign advisors. This problem is particularly serious when advisors who lack knowledge of Timor-Leste’s context are heavily involved in drafting laws, and simply copy-paste laws from Portuguese-speaking countries. We repeat our warning that policies or institutions which are directly copied from other contexts without adequately adapting them to Timor-Leste’s context can provoke institutional fragility and weaken existing practices.¹⁸

Therefore, FM supports government initiatives aimed at reforming PCIC, including by placing it under the command of PNTL, with the objective of strengthening institutional integrity while increasing the state’s capacity for prevention, detection and investigation of crimes. We ask

¹⁷ Fundasaun Mahein (2022). Law on Organization of Criminal Investigation will not resolve controversy and rivalry between PNTL and PSIK. Accessed on 20 September 2023 and available here: <https://www.fundasaunmahein.org/2022/07/25/law-on-organization-of-criminal-investigation-will-not-resolve-controversy-and-rivalry-between-pntl-and-psik/>

¹⁸ Fundasaun Mahein (2023). *Report to Committee B of National Parliament on Defence, Security and Foreign Affairs Priorities in the Proposed General State Budget for 2024*. Available here: <https://www.fundasaunmahein.org/wp-content/uploads/2023/10/FM-MNL-158-ENG%20pdf.pdf>

Parliament to request specific allocations in the proposed 2024 Budget for development of PNTL's criminal investigation capacity, including laboratories, forensic equipment and training in the area of criminal investigations.

Recommendations

For fiscal year 2024, FM recommends to Committee B of National Parliament and the IX Constitutional Government to prioritise strategic issues related to the defence, security and foreign affairs sectors, including the elaboration of the National Security Policy, national defence policies, Foreign Policy White Paper, and PNTL Strategic Study. In addition, PNTL must receive adequate support for strengthening its capacity for patrolling and information management in order to identify and prevent activities which contribute to crime. Finally, it is essential that the National Intelligence Service receive adequate support to strengthen its capacity in the areas of data collection and cybernetic intelligence under the National Intelligence System.

Finally, FM recommends to Committee B to request clarification from the Government regarding certain proposed budget allocations related to the defence and security sectors particularly allocations which can be considered as excessive, not reflecting national realities or needs, or not contributing directly and clearly to institutional objectives.

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