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TIMOR-LESTE UNCHANGED IN INTERNATIONAL RANKING ON GOVERNMENT BUDGET TRANSPARENCY

Findings Show More Progress is Needed, Especially During the State of Emergency to Address Covid-19

Dili, 30 April 2020—Amid a global pandemic that is forcing governments around the world to launch new spending measures, the [International Budget Partnership](#)'s (IBP) latest Open Budget Survey shows that four-fifths of the 117 governments assessed failed to reach the minimum threshold for adequate budget transparency and oversight, under international standards. Timor-Leste's transparency score, which is 40 out of 100, has not changed significantly since 2015, although most other Southeast Asian countries have gotten more transparent.

At this critical time, when Timor-Leste has not enacted a 2020 State Budget but rapid emergency spending is required to deal with the Covid-19 pandemic, it is especially important that information on state spending be available to the public. Going forward, processes for public consultation during budget preparation, as well as oversight and reporting on budget execution, need to be improved after the State of Emergency has ended, as both the 2020 and 2021 budgets will need to be enacted expeditiously.

According to the new report, Timor-Leste's efforts to meet key benchmarks for publishing key budget documents that clearly explain budget policies, decisions and outcomes are the same as they were in the 2017 Open Budget Survey, and slightly worse than in 2015. In Timor-Leste, four of the eight key budget documents that governments should publish were not available to the public, which is worse than the average for all countries, for whom one-third are not public.

“While the pandemic clearly demands swift and decisive action, budget transparency, civic engagement and well-functioning oversight are imperative as well,” says Warren Krafchik, IBP's executive director. “As governments respond to this massive public health emergency, budgets must remain open and transparent, and officials must allow inclusive public engagement during planning and implementation.”

As research by IBP and other organizations demonstrates, open budgets offer a promising pathway for countries to thrive socially and economically. They can restore trust in governments and strengthen frayed relationships between public institutions and the people they are meant to serve.

The principal investigator for Timor-Leste in the survey, La'o Hamutuk researcher Eliziaria 'Febe' Gomes, noted that the country's score, 40/100, is the same as it was two years ago. "Our score is stuck below acceptable levels, worse than 58% of the countries surveyed. At the same time, our neighbors are improving – the seven largest ASEAN countries improved their score by an average of 11 points in the last two years. Vietnam, Cambodia and Myanmar have almost caught up with us, coming from 26 points lower than Timor-Leste in 2017 to now averaging only 7 points behind. The Philippines, Indonesia and Thailand, whose scores averaged 22 points higher than ours in 2017, are now 29 points better than we are. Although Timor-Leste sees itself as more democratic than the rest of Southeast Asia, it's clear that decisions need to be more visible and participatory, so that our people know how their money is used and can ensure that it addresses their pressing needs."

While the latest Open Budget Survey (OBS) was completed just before the pandemic hit and uses documents produced during 2018, it is an indicator of Timor-Leste's current practices related to budget disclosure, opportunities for public engagement in the budget cycle, and effective checks and balances. Due to the change of government following an early election in May 2018, Timor-Leste did not enact its 2018 state budget until September 2018, and the 2019 budget was finally approved in early 2019, after the OBS cutoff date.

Nevertheless, the patterns observed during the survey are consistent with earlier and more recent practice, and Timor-Leste is in a similar situation today – four months into 2020, there is still no state budget, and officials are struggling to keep government functioning and respond to Covid-19 under an interim 'duodecimal' system. Timor-Leste has been under a State of Emergency since late March, and, in the absence of a budget, \$150 million has been extraordinarily transferred from the sovereign wealth 'Petroleum Fund' into a new off-budgetary fund to deal with the health emergency and its economic consequences. Even without these additional expenditures, the Petroleum Fund's balance is dropping rapidly, due to declining oil revenues and to declines in investment markets worldwide.

The Measures of Open Budgets

Budget transparency is assessed in the OBS by the public availability and contents of eight key budget documents that all governments are expected to publish as per international standards. Specifically, the survey examines whether they are published online in a timely manner and the information is comprehensive.

- The global average transparency score was 45 out of 100, short of the 61 considered the minimum threshold to foster an informed public debate.
- Timor-Leste scored 40 out of 100, ranking 69th of the 117 countries included.

Public participation is assessed based on formal opportunities for civic organizations and individuals to engage and provide input throughout the budget process.

- The average global score for public participation is dismal: 14 out of 100.
- Timor-Leste scored only 6, worse than every Southeast Asian country except Myanmar (and tied with Cambodia).

Oversight is measured based on the role played by legislatures and supreme audit institutions (SAIs) in the budget process.

- A score of 61 out of 100 is considered adequate oversight.
- Timor-Leste scored 48.

Febe Gomes observed: “Other than in limited Parliamentary hearings, the public is excluded from budget preparation and oversight processes. Ministries need to hear from the people as they are preparing their budgets, and spending and revenue information should be made available as it happens. Although our Government is proud of its Transparency Portal, the public finances portal has no information about 2020, while the intermittently-functional procurement portal has no information on many important contracts, including the largest ones in the last few years.

“As our oil and gas deposits are depleted and the money in our Petroleum Fund declines, Timor-Leste will have to use our shrinking savings more wisely, while diversifying our economy and state finances away from dependency on illusory oil and gas. The OBS shows the way to improve public information, participation and accountability – which will become even more essential in the future.”

IBP first launched the survey in 2006 with the goal of assuring that all citizens, especially those from underserved communities, have the opportunity to understand and influence how public money – their money – is raised and spent. Typically fielded every two years, data are collected by independent civil-society budget experts who are not beholden to any national government. Their findings are reviewed by anonymous peers, and representatives from the assessed governments are asked to review and comment on the findings.

La’o Hamutuk, the Timor-Leste Institute for Development Monitoring and Analysis, is an independent, nonpartisan civil society organization which has closely followed budgetary processes in Timor-Leste since before the restoration of national independence in 2002, advocating for transparency, sustainability and equity. During much of that time, Timor-Leste’s government has been swimming in money from oil and gas exports, yet most people remain poor and child malnutrition is among the worst in the world. With petroleum revenues almost gone and investments losing money, the organization is working with others in civil society to ensure that the remaining saved wealth is used to meet people’s needs.

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To download the full report, visit: <http://laohamutuk.blogspot.com/2020/04/timor-leste-unimproved-in-2019-open.html>.

For additional information visit: www.laohamutuk.org.