



Press Release

30 June 2022

Timor-Leste Must Do Better on Public Participation and Transparency to Comply with International Standards

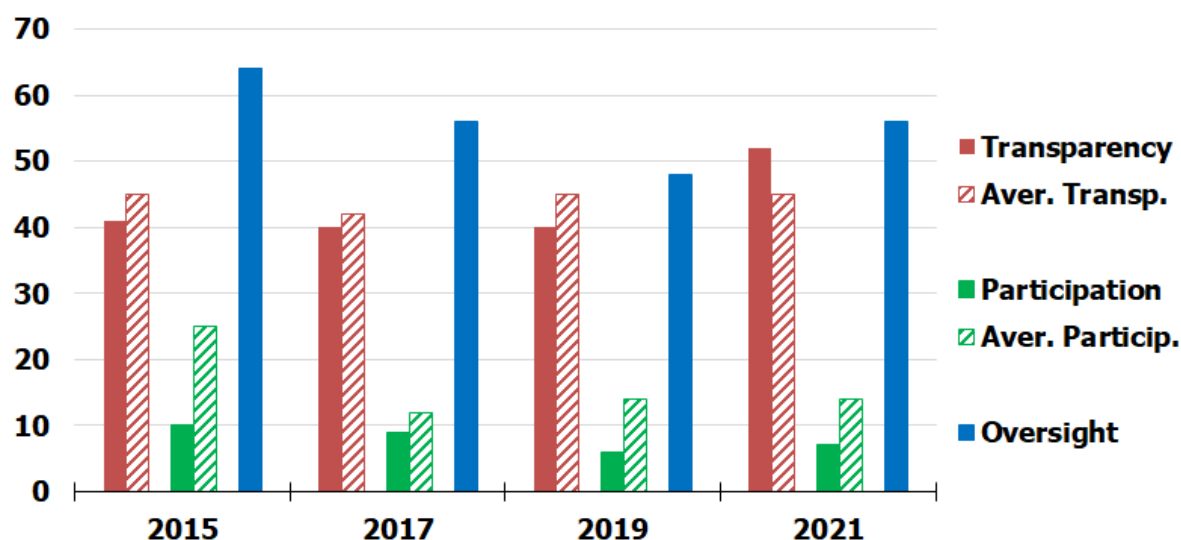
Introduction

On 30 May 2022, the International Budget Partnership (IBP) released the results of the 2021 Open Budget Survey (OBS), which shows improvements in some indicators since the last survey. The survey evaluates transparency, public participation, and oversight in the state budget processes of 120 countries, including Timor-Leste. The results show an overall improvement of 20% in transparency among the 120 countries. In Timor-Leste, transparency has also improved and is better than the global average. However, the country's public participation score has declined since the 2015 and 2017 surveys, and are below average. Although the results for oversight show some progress, Timor-Leste still needs to establish a Supreme Audit Institution to oversee budget implementation.

How did Timor-Leste Score in the Open Budget Survey?

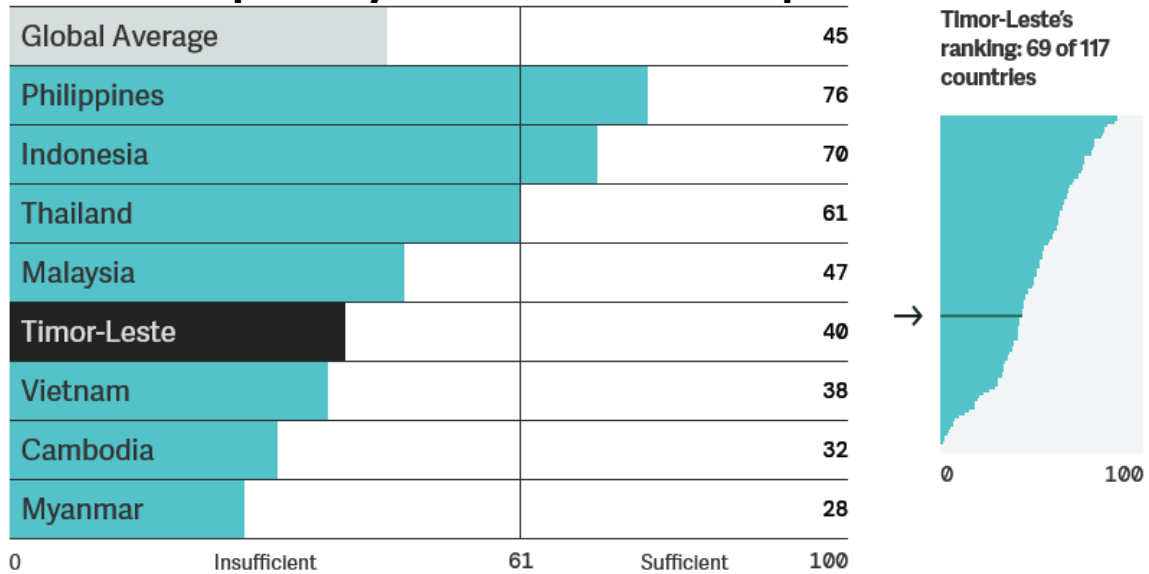
In this survey, Timor-Leste's scores are better than in the previous survey; the nation's transparency score increased to 52/100 and oversight increased to 56/100. However, the government has yet to demonstrate a genuine commitment to popular participation, and has not shown significant change, improving just one point compared to 2019, to 7/100. The graph below shows changes in Timor-Leste's scores and global averages since 2015.

Timor-Leste's OBS scores over time
(cross-hatched bars are global average scores)



Although we recognize that global conditions, namely the pandemic, have caused urgent necessities, this is not an excuse for the Government to fail to conduct public consultations during budget preparation, oversight, and execution. After data was collected for the 2021 OBS, the Government made some efforts by enacting the Budget Framework Law and, most recently, the Major Options Planning Law. Despite this, we note that Parliament does not have opportunity to study and analyze Government proposals, including laws approved by Parliament without thorough public consultation.

Transparency in Timor-Leste compared to others



Based on the new report, Timor-Leste complies with almost all key indicators regarding the publication of important budget documents. Of eight budget documents, this survey found that two — the Pre-Budget Statement and the Mid-Year Report — were late. While the figure above shows that Timor-Leste occupies an average position, above Vietnam, Cambodia and Myanmar, our nation rates lower than Indonesia, Philippines, Malaysia and Thailand.

According La’o Hamutuk’s principal researcher for this survey, it’s important to note that while Timor-Leste has improved its transparency score, it still needs to clearly explain data and projections regarding state revenues and spending, reflecting current conditions, including more serious projections about the condition of the Petroleum Fund which will be exhausted in coming years. Although issues regarding the Petroleum Fund aren’t specifically part of this survey, when we talk more generally about transparency it implies that all entities including the Government should demonstrate their commitment to respect and implement transparency, including publishing important information such as the annual report of the Petroleum Fund, which in previous years has been published late and failed to convey consistent information about the value of the Fund’s loan to Timor-Gap.

Furthermore, the researcher found that it’s important for the Government, through Law 2/2022 on the Budget Framework, to improve budget transparency and create opportunities for public participation.

- **Public participation** is assessed based on formal opportunities for organizations and individuals to participate and share their thoughts during the budget process.
The global average score for public participation is very poor, at just 14 out of 100.
Timor-Leste received a score of seven, worse than the most nations in Southeast-Asia.
- **Oversight** is assessed on the function of the legislature and the Supreme Audit Institution (SAI) in the budget process.
A score of 61 out of 100 is considered adequate.
Timor-Leste received a score of 56.

Implications of the OBS Results for Timor-Leste

Based on La'ó Hamutuk's experience as a civil society organization that monitors the state budget process, the researcher observes that people in Parliament are often willing to share materials with us informally regarding proposed budget legislation, although we are rarely invited to testify directly. At the same time, we continue to encourage Parliament to officially publish materials in language that is easy to understand and in places that are easily accessible.

One recent example of these tendencies is the Government's proposed Rectification of the 2022 Budget in May 2022, which the Government convinced Parliament to handle as an urgent matter and therefore failed to properly inform or open space for the public. This situation demonstrated major shortcomings in participation, because people had no chance to share their opinions or suggestions. Although we appreciate that Parliament Committee C recognized that the Government's justification for urgency consideration was insufficient, the majority of MPs nevertheless voted for it.

The Open Budget Survey aims to help each nation, including Timor-Leste, to see their citizens as the center of decision making on the budget process, including their role in monitoring how the Government manages their money and whether it is spent prudently and in their interest. Data and information for this survey is collected by independent civil society with a deep understanding of the budget and budget monitoring, without affiliation to any group or party. The results are revised by relevant parties such as the evaluators and Government representatives through the Ministry of Finance who provide commentary prior to publication.

La'ó Hamutuk will continue to work with civil society, including sharing current and accurate information, to ensure the Government pays attention to looking problems, especially the fiscal cliff which will come when our nonrenewable oil and gas wealth is exhausted. We also work with the IBP to increase the capacity of local and national civil society to engage in budget analysis and advocacy.

The complete OBS report is at:

<https://internationalbudget.org/sites/default/files/country-surveys-pdfs/2021/open-budget-survey-timor-leste-2021-en.pdf>

La'ó Hamutuk publications related to state finances can be found at:

<https://www.laohamutuk.org/issues.html#Finances>