# La'o Hamutuk

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### **Press Release**

30 June 2022

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

#### Introduction

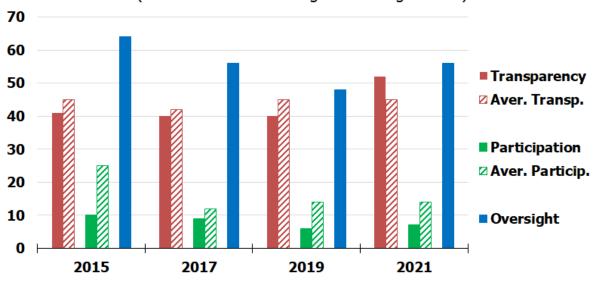
On 30 May 2022, the International Budget Partnership (IBP) released the results of the 2021 Open Budget Survey (OBS), which shows improvements in some indicators since the last survey. The survey evaluates transparency, public participation, and oversight in the state budget processes of 120 countries, 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?

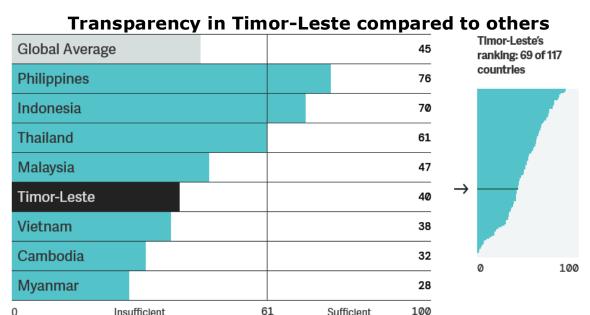
In this survey, Timor-Leste's scores are better than in the previous survey; the nation's transparency score increased to 52/100 and oversight increased to 56/100. However, the government has yet to demonstrate a genuine commitment to popular participation, and has not shown significant change, improving 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.



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 in Timor-Leste compared to others

Global Average			14
Philippines			31
Indonesia			20
Malaysia			17
Thailand			13
Vietnam			11
Timor-Leste			6
Cambodia			6
Myanmar			Ø
0	Insufficient	61	. Sufficient 100

The principal investigator for this survey, La'o Hamutuk researcher Eliziaria Febe Gomes, notes that "we appreciate that the Government has created some limited space for civil society to participate in consultation and budget development, through the *Jornada Orsamentál* (Budget Days) meeting. However, it would be better to open up opportunities during budget development at the Ministerial level and also in the Budget Policy Committee (CROP) prior to approval of the budget by the Council of Ministers and submission to Parliament, because the *Jornada Orsamentál* is not a decision-making forum. Ideally, participation of civil society and public representatives would be maximized from the start of the budget process, through to review. The above graphic shows that Timor-Leste still occupies a below-acceptable position, scoring below Vietnam which has managed to improve its participation score."

"Timor-Leste has a great opportunity to improve and promote participation, because we have already shown the world our great respect for democratic values, and so there is an opening to promote and include everyone's opinions and participation at all policy-making levels. In this way, the people would feel a sense a ownership over decisions and they could trust and know that the Government is using their shared wealth to improve their lives."

#### Indicators in the 2021 Open Budget Survey

Budget transparency is assessed in the OBS based on the public availability and content of eight important budget documents that the Government should publish according to international standards. Specifically, the survey examines whether documents and reports are published online according to schedule, and determines whether they include comprehensive and detailed information.

Despite partisan disputes in 2019, the Parliament approved the Budget. Despite being almost one month late because of a Presidential veto, Timor-Leste improved significantly on transparency, by publishing a Citizen's Budget and a Year-End Report.

Timor-Leste's transparency score is 52 out of 100, below the score of 61 which is needed to promote informed public debate. This score puts Timor-Leste in 48th place out of 120 countries.

**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'o 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 the 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'o 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'o Hamutuk publications related to state finances can be found at:

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