

Press Release

Results of the 2023 Open Budget Survey

12 June 2024

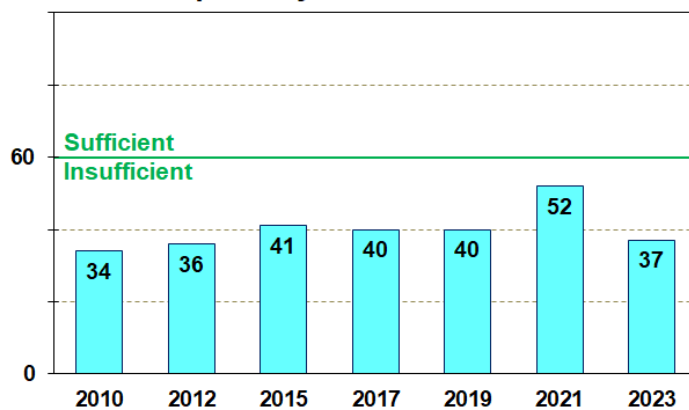
Progress is Possible with Better Transparency and Public Participation in the Budget Process

From 2020 to 2022, Timor-Leste has not shown significant changes in its transparency score, primarily due to the Government's budgeting decisions –collecting revenue, providing essential services, repaying loans. These concerns have important consequences for everyone in society. When the government provides and disseminates timely information through accessible channels in language that everyone can understand, it encourages policies to spend public money in the public interest.

The commitment to improving transparency remains weak

The Open Budget Survey (OBS) 2023 is an independent survey conducted every two years using the same indicators to evaluate 125 countries worldwide, including Timor-Leste. On 29 May 2024, the International Budget Partnership (IBP) launched the results of the 2023 OBS, which examined events in 2021 and 2022 related to preparation of the 2023 State Budget by the VIII Constitutional Government, and the implementation and oversight of earlier budgets.

Changes in Timor-Leste's Transparency score on the OBS



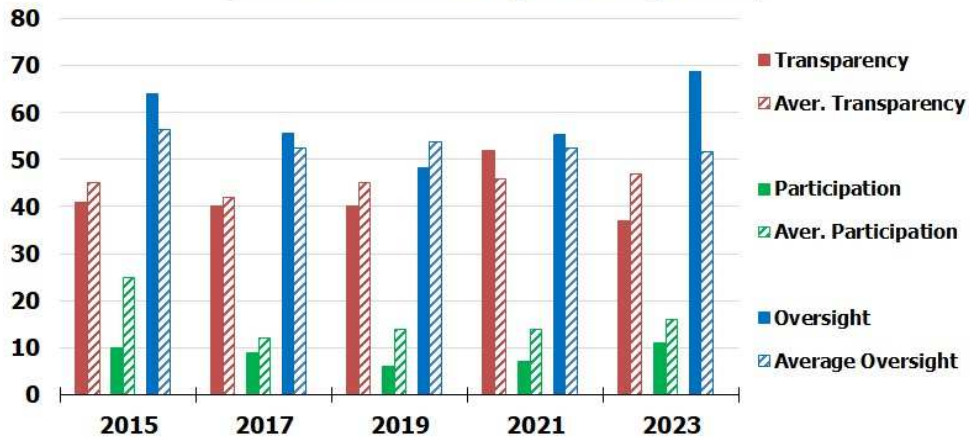
Overall, the worldwide average transparency score increased by 24% since the previous OBS two years ago, but Timor-Leste's transparency score dropped by 15 points, almost as low as it was a decade ago. This situation demands close attention from the Government of Timor-Leste. For many years, the Government has repeatedly promised to improve the effectiveness of transparency system, from budget planning to implementation, to ensure that all information related to public spending is accessible to everyone.

Nevertheless, there have been some improvements in the oversight score, which increased by 12 points compared to two years ago, reaching 68 out of 100. This score is better than those of Indonesia and Malaysia. Additionally, the participation score increased by four points from the previous period, now standing at 11 out of 100. This indicates that the Government has begun to improve and provide space for the public in some budgetary processes, but this score remains very low compared to other countries in Asia.

Although the Government has taken initiatives to promote better transparency, it still lacks a strong commitment to significantly improve it. This has been noted since 2022, when the VIII Government made inconsistent changes to legal frameworks by proposing the Budget Framework Law, which was later amended by the IX Government, eliminating the Major Planning Options Law in 2023. This removes a chance for the public and National Parliament to discuss priorities and programs which could help the Government prepare its budget proposal, and the Government no longer discusses long-term plans.

OBS 2023 Indicators for Timor-Leste

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

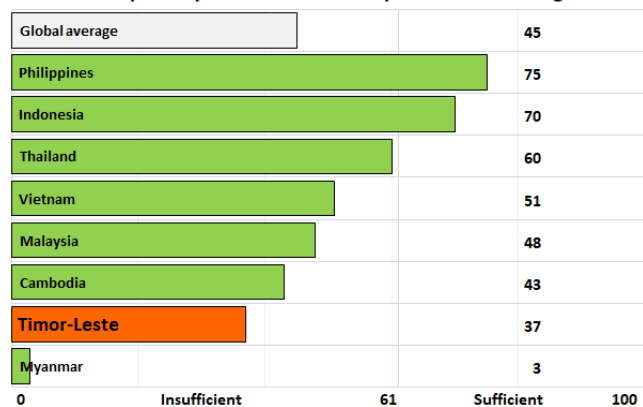


Transparency

The transparency score measures public accessibility to information on how the Government raises and spends public resources. The investigation of these processes mainly focuses on the availability of online access, timeliness, and the provision of detailed and comprehensive information in the eight key documents of the State Budget books.

In 2022, although the Timor-Leste Government managed to publish the 2023 Pre-Budget Statement and the 2022 Mid-Year Review online and in a timely manner, these publications did not provide the same level of detail and completeness as other documents such as the Year-End Report, In-Year reports, Citizens' Budget, and Executive Budget Proposal. Therefore, Timor-Leste only scored 37 out of 100.

Transparency in Timor-Leste compared with our neighbors



Public Participation

The score for public participation measures the opportunities for public involvement in various stages of the budgetary process: formulation, enactment, execution and oversight. Timor-Leste's public participation score is 11 out of 100, and still lower than countries such as the Philippines, Malaysia, Thailand, Indonesia, and Vietnam.

Budget Oversight

Budget oversight is measured by the functions of legislatures and audit institutions, which also play a significant role in the budgetary process by conducting control and oversight to ensure accountability throughout the process.

Timor-Leste scored 67 out of 100, six points better than two years ago. This score is considered adequate or satisfactory.

Recommendations that the State of Timor-Leste Should Put into Practice

Government needs to ensure that budgetary information is detailed, aligned completely with the program-based budget, and also to ensure that all information is timely and easily accessible. This includes publication of the budget books, especially the In-year Reports, Mid-year Report, and Year-end Report, as well as the information shared via the Transparency Portal.

Based on the public participation score, we recommend that Government expand mechanisms in the budgetary process from formulation through execution to involve civil society organizations, media, and the public. This involves inclusive ways to encourage participation and ensure that all citizens can have input to and follow all processes.

We also recommend that the National Parliament provide mechanisms for the public and civil society organizations to present their analyses and perspectives prior to Parliamentary approval of Government proposals, including ensuring that hearings are open to media. Furthermore, opportunities should be provided for the public and civil society organizations to accompany discussions of audit reports.

We also encourage oversight bodies to examine the budget execution and audit reports, and to publish information obtained during the process. When Government takes steps to improve transparency, it can help all citizens support Government's overall efforts to prevent or avoid Timor-Leste from falling over a fiscal cliff.

More detailed information in La'o Hamutuk's open letter, available at:

<https://www.laohamutuk.org/econ/trans/OBS23/240612KartaAbertaLH-OBS2023en.pdf>.

Finally, we urge the Government to consider the challenges that Timor-Leste faces -- reducing unnecessary expenditures and curtailing the growth of state spending, in order to address issues that truly affect people's lives and the domestic economy.

More detailed information regarding the OBS 2023 is on the IBP website:

<https://internationalbudget.org/open-budget-survey>; the OBS 2023 report for Timor-Leste is at <https://www.laohamutuk.org/DVD/2024/open-budget-survey-timor-leste-2023-en.pdf>, and the questionnaire at: <https://www.laohamutuk.org/DVD/2024/OBS%20questionnaire%20timor-leste-202405131333.pdf>.

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