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Timor-Leste:
The Life and Society after independence
Timor-Leste: Sociedade nia moris depois de Independência

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STRUCTURE OF THE PRESENTATION

Context

- History of colonialisation
- Socioeconomic context
- Import dependency

State budget

- Dependency to Petroleum Fund
- Fiscal Cliff

Less priority on productive sectors

- Agriculture, Food production

Success Story

History of Colonialization

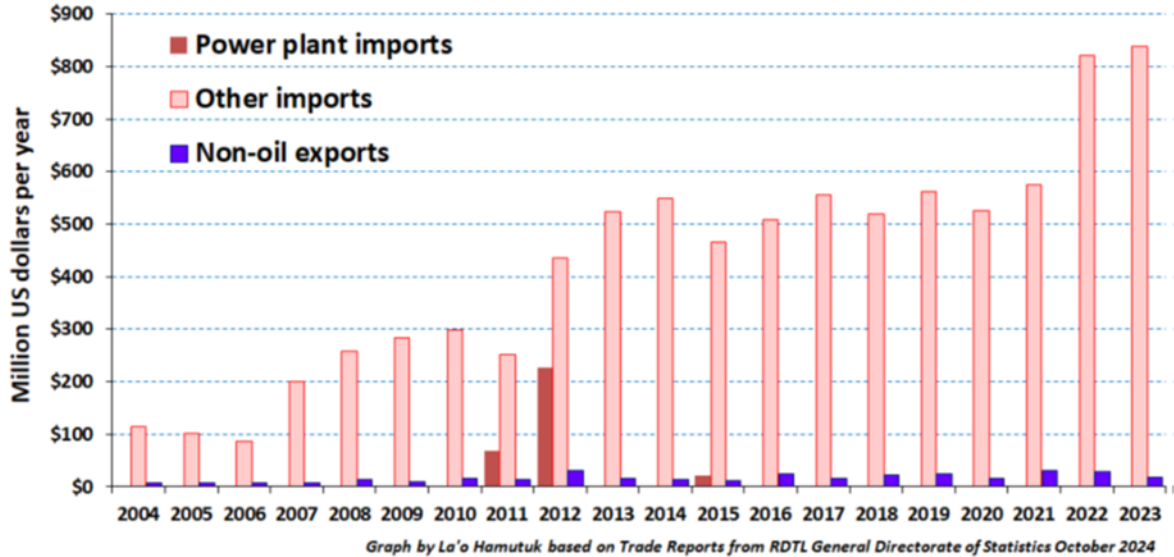
- Portugal colonized nearly 500 years ago.
 - *They brought Catholicism but little development or education.*
- Australia, then Japan, invaded in 1941-45.
 - *40,000-60,000 Timorese killed in WWII, which didn't involve them.*
- Portugal's military dictatorship resumed control in 1945.
- Portugal began decolonizing in 1974.
 - *After Revolution brought down Portuguese dictatorship, TL declared independence on 28 November 1975*
- Indonesia invaded on 7 December 1975.
 - *Indonesia killed 100,000-200,000 Timorese in 24-year occupation.*
- Referendum in 1999, Finally restored independence on 20 May 2002.
 - *Oil income surged in 2005-2007, but is declining since 2012.*

Socio-economic context

- 42% Timor-Leste's population live in poverty, 48% in multi-dimensional poverty.
- 71% of the population live in rural areas, largely by subsistence farming.
- Poor sanitation and malnutrition are endemic. 47% of children are stunted.
- Half of Timor-Leste's population are under 21 years old.
- Dependence on oil and imports (more than 80% PF. financing for annual budget)

Dependence on imports

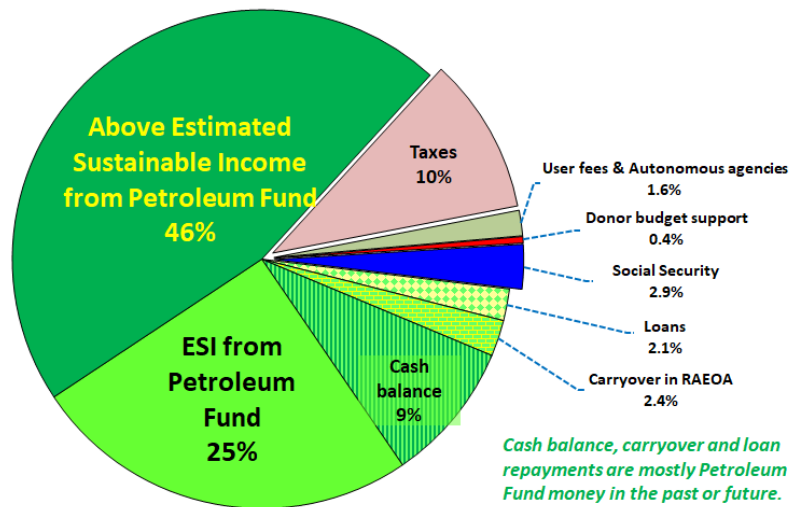
Timor-Leste Balance of Non-Oil Goods Trade



Revenues in proposed 2025 State Budget

\$2.2 billion total (excluding Soc.Sec. internal transfers)

83% is from the Petroleum Fund in the past, present or future.

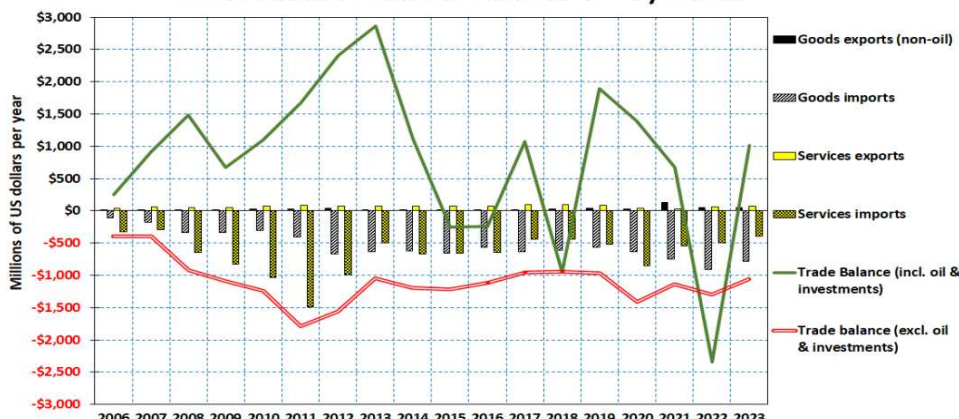


Graph by La'o Hamutuk based on the proposed State Budget for 2025. October 2024.

More money goes out than comes in.

2023 trade:	services	goods	total
Imports	\$398m	\$837m	\$1,235m
Exports	\$ 69m	\$ 17m (excluding oil)	\$ 96m
Deficit	-\$329m	-\$820m	-\$1,139m

Timor-Leste's External Balance of Payments



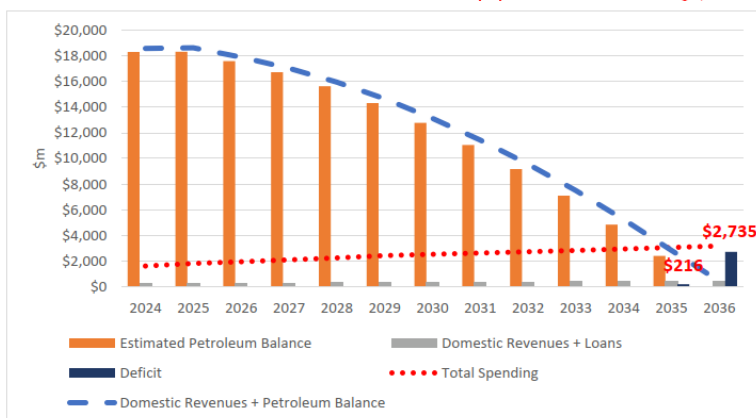
Graph by La'o Hamutuk based on BCTL Balance of Payments and Petroleum Fund Reports and DGE trade reports. March 2024

Fiscal cliff

- The Bayu-Undan oil gas field ceased operations in 2024.
- There is no prospect of developing a new oil gas field.
- If the Petroleum Fund continues to be used for national revenue, the Fund balance will run out in 2035.

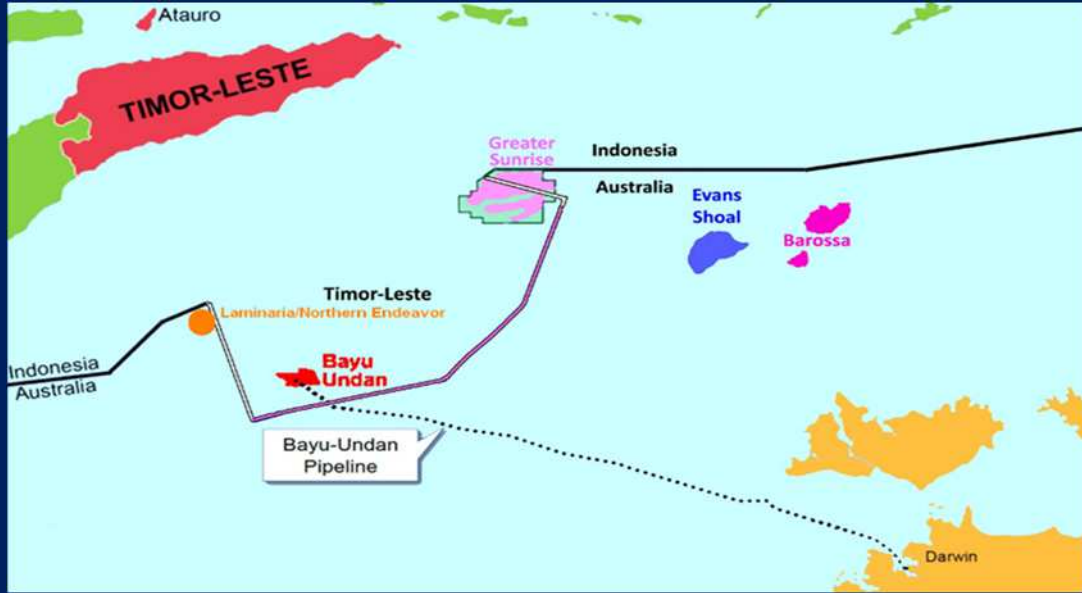
Figure 7: Petroleum Fund Lifespan under current trajectory

From proposed 2025 General State Budget, Oct. 2024



Source: Estimates from the Directorate of National Economic Policy DNPE, Ministry of Finance

In 2018, Australia and TL Agreed on a Boundary and on Sunrise revenue Sharing - but the gas pipeline was not settled by the Treaty



Educational budget is 9,2%

Majority of the population is young

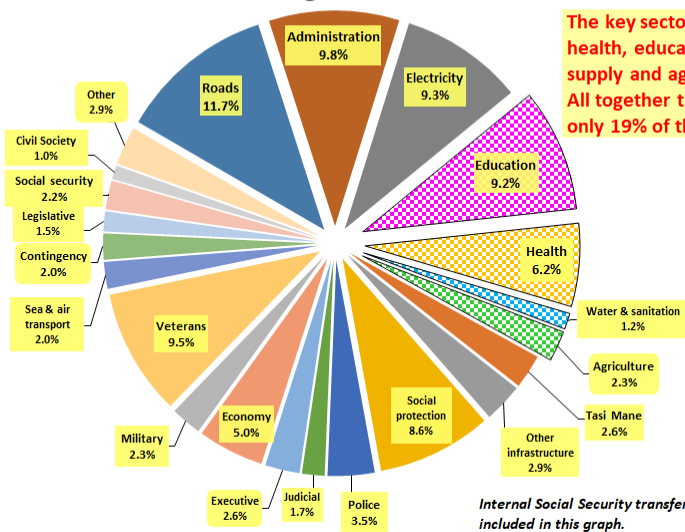
- Young people aged 15-24 are not in school, training or job (30,5% LFS 2021)
- Limited access to pre-school (20,3% Census 2022)

Agricultural sector, in which 66% households are engaged, is only 2,3%

- institutional development
- goods and services

Sector breakdown for expenditure in 2025

Total budget = \$2.2 billion



The key sectors are health, education, water supply and agriculture. All together they will get only 19% of the budget.

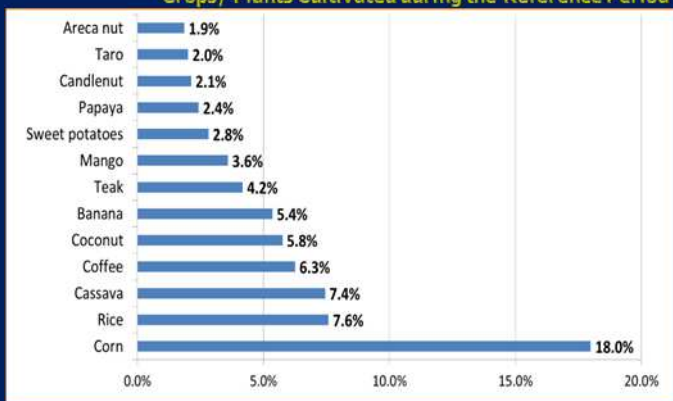
Internal Social Security transfers are not included in this graph.

Graph by La'o Hamutuk based on enacted 2025 State Budget. December 2024

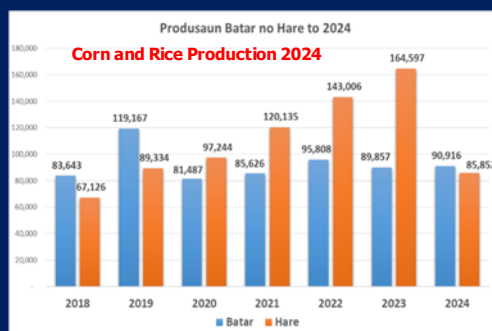
Production Area no productivity 2023

Produc	Potential area (ha)	Cultivation area (ha)	Harvesting area (ha)	Productivity ton/ha	Production (ton)
Corn (batar)	215.747	37,281	35,496	2,5 (ton/ha)	89,857
Paddy (hare)	80,578	40,393	34,661	4,1 (ton/ha)	164,597

Percentage of Gross Area Used for Thirteen Major Crops/ Plants Cultivated during the Reference Period



Source: MAPPF, food security Bulletin, KONSSANTIL

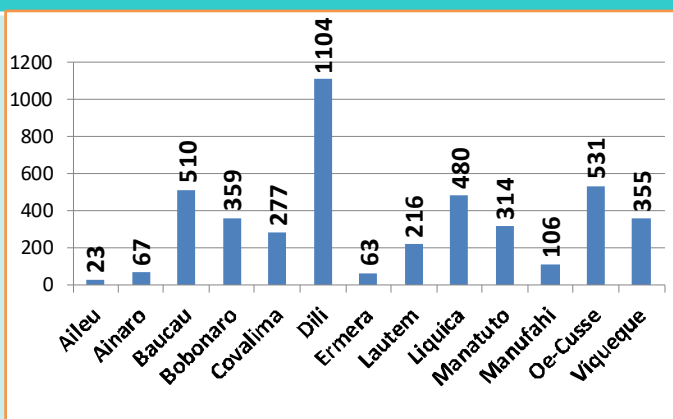


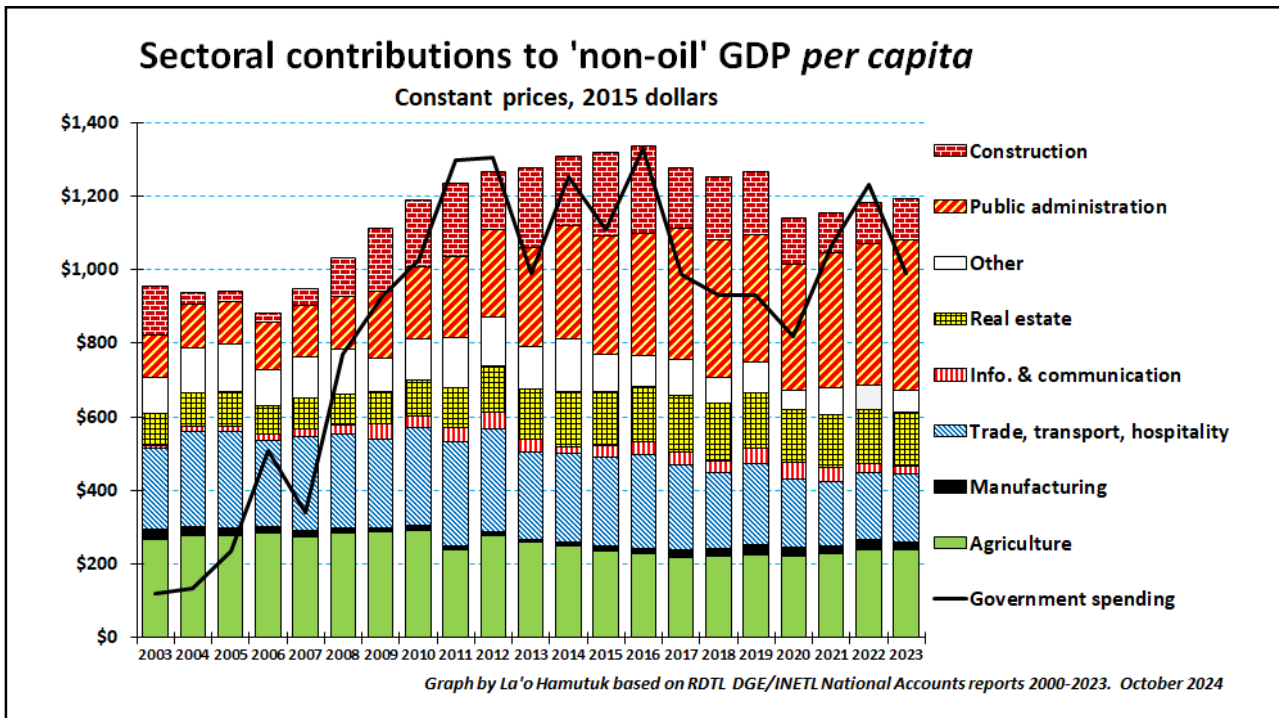
Potential livestock and fisheries production

Livestock. Around 95% (134 158) of all agricultural households in Timor-Leste raised livestock

- 62% raising large livestock, 75% raising 2 or more large animals
- 92% of agricultural households raising small livestock, 74% of agricultural households raising pigs and small livestock
- 82% of agricultural households raising poultry/chicken

Fisheries. Agricultural Households Engaged in Fishing Activity by Municipality





What are the Alternatives?

- **Invest in human resources: education, health, and nutrition. These are prerequisites for everything else.**
- **Build infrastructure that people need: rural roads and water supply, local schools and clinics, decentralized renewable electricity.**
- **Don't forget people outside the formal economy.**
- **Strengthen sectors which build on Timor-Leste's agriculture, community-based tourism, small industries making products for domestic use.**
- **Adopt policies based on evidence and objective analysis, not on unrealistic ideas, politics or dreams.**

Positive History

- Freedom
- Democracy
- Peaceful elections in 2001, 2002, 2007, 2012, 2017, 2018, 2022 and 2023.
- Women's participation
- Transparency
- International Solidarity
- Collaboration Gov, CSO, Religion and others

Development



