

Translated from Tetum original

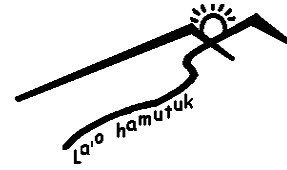
La'o Hamutuk

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Submission to

Timor-Leste National Parliament

from

La'o Hamutuk

Regarding the

Proposed Revision to Law No. 14/2020

General State Budget for 2021

12 April 2021

Through this message, we continue to greatly appreciate the honorable Deputies in the National Parliament who are always ready to debate during difficult situations, and remain ready to receive our submissions and ideas. We look forward to a time when the danger from Covid-19 has ended and we can give our suggestions directly to a public hearing in National Parliament.

We would also like to appreciate the Timor-Leste Government's efforts and hard work for preventive measures aimed at ending the presence of the Covid-19 virus in our land, and its rapid response to the natural disaster that has just confronted Timor-Leste. The calamity of these floods shows how weak our infrastructure is, raising important questions about how Timor-Leste will be able to support our people and reduce the impacts of future natural disasters.

In the next few months, Government and Members of Parliament need to develop a strong plan to use our economic resources to respond to human and infrastructural needs, including considering the impacts on the agriculture sector, food security and water supply, while supporting affected people. We trust that this recent problem will motivate Government to implement and redesign a spatial plan which should define and distinguish land use, with sufficient and integrated space, while also considering environmental factors to mitigate natural disasters, especially in protected zones. In addition, in the short term it is important to

repair roads, schools, drainage and other urgent necessities, to quickly respond to the very serious economic situation of ordinary people, especially those who make their own livelihoods without depending on the private or public sectors.

To respond to this situation, Government and Deputies should re-evaluate the proposed revision to Law No. 14/2020 regarding the 2021 General State Budget. Through this communication, we would like to offer our thoughts about how the rectified 2021 budget can follow principles of justice, equality and sustainability.

Economic Interventions must Follow the Principle of Equality.

The two recent calamities confronting our nation increase the urgency to rapidly respond to damaged infrastructure, including strengthening our economic condition to ensure that all of our people can sustain their lives during this difficult time. As a short-term, urgent measure, an extraordinary subsidy is crucial to support people already suffering from a difficult economic situation since the enactment of the State of Emergency, whose situation became even worse after the huge flooding and widespread destruction.

Therefore, La'o Hamutuk also supports the Government's proposal to provide an extraordinary subsidy to the population, as envisioned in the proposed budget revision that Government sent to Parliament before the flooding disaster. However, we believe it would be better not to use the Social Security System as the basis for distributing this subsidy, as is in the proposed budget rectification, for two reasons: 1) The data in the Social Security System does not yet include many vulnerable people, and the current situation makes it very difficult for them to register, and 2) It is unfair to increase inequality even more by giving more support to people who already have money compared with poor and grassroots people who do not yet participate in the formal economy.

The reality of Timor-Leste's economic condition is a large inequality between those who receive salaries from a business or the state, and most "little" people who support themselves in the informal sector, live without employment, or are not registered in the lists of the Social Security System. The goal of the extraordinary subsidy is to ensure that every person receives support to sustain their lives during difficult times, like those we face today. We think there is no reason to distribute different amounts during an emergency, before the Government has been able to evaluate the impact of the flooding on each household, and their needs, including of those who were already suffering from the state of emergency. People who used to get large salaries don't deserve more support than those with lower incomes – their basic needs and human rights are the same.

We recommend that Government apply the idea of the Household Subsidy that was implemented last year, with changes to ensure that every person receives the same benefits. To achieve social justice in the implementation of the extraordinary subsidy, we suggest:

- 1) Calculate the amount of the subsidy based on the number of people in each household, without referring to their salaries or Social Security registration.
- 2) Considering that the health fence (*cerca sanitária*) from the State of Emergency, as well as destroyed roads, makes it difficult for people who need to travel to another municipality to get support from their families, the system must include people who live in rented housing apart from their families, who should also be able to access the subsidy.

Additional Withdrawal from the Petroleum Fund is the Last Resort.

We realize that we need to increase the 2021 state budget to pay for infrastructure repairs and medium- and long-term measures to support affected people, including ensuring food security. We appreciate that in the version of the proposed revision which was sent to Parliament last month, Government proposed to reallocate funds from several projects and activities, including appropriations through the Infrastructure Fund for airports and the Tasi Mane Project, as well as the appropriation through Whole of Government for international travel, to pay for new measures.

Considering the current situation, which has become more challenging, we suggest re-evaluating the 2021 budget to see which projects and activities can be delayed or cancelled, or if conditions do not allow them to proceed, and to shift their allocations to emergency repairs and economic and health measures. If this is not enough to meet increased spending needs, an extraordinary withdrawal from the Petroleum Fund could be done as a last resort.

In reality, many of our resources have been damaged, including farms, property of households and the private sector, as well as infrastructure needed for economic development, such as roads, clinics and schools. This makes it more difficult to develop our productive economy, which could reduce our dependency on the Petroleum Fund.

As we all already know, Timor-Leste's ability to continue to finance basic services like health and education, is in peril as the Petroleum Fund may be empty by 2030. Therefore, we need to use the Fund's limited resources wisely and carefully for essential national needs and those of our deserving poorer people, including the possibility of an extraordinary withdrawal if there is no other way to pay for health and economic interventions.

We suggest maximizing the reallocation from already budgeted projects to finance emergency measures, and to strengthen coordination between line ministries and development partners to minimize duplication of spending to support people and repair infrastructure.

We hope that Timor-Leste's Government and Parliament will take strong measures and make smart decisions to guarantee that all our people, including the "little" ones, can continue to live without worrying about falling deeper into peril from the pandemic and flooding.

As always, we thank you for your attention.

Sincerely,



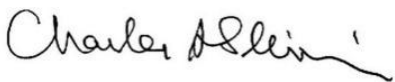
Celestino Gusmão



Elizaria Febe Gomes



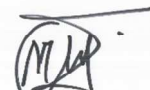
Bree Ahrens



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