

**UN Human Rights Council – 20th Session  
6 June – 7 July 2012**

**Promotion and protection of all human rights, civil, political, economic, social and cultural rights,  
including the right to development**

**Mission Report to Timor-Leste  
of the UN Special Rapporteur on Extreme Poverty and Human Rights**

## **The situation of extreme poverty in Timor-Leste**

### **Introduction**

Franciscans International (FI), the Timor-Leste Institute for Development Monitoring and Analysis, a local civil society organization also known as La'o Hamutuk and Women's International League for Peace and Freedom (WILPF)<sup>1</sup> would like to welcome the mission report to Timor-Leste of the UN Special Rapporteur on Extreme Poverty and Human Rights (A/HRC/20/25/Add.1).<sup>2</sup> We appreciate the Human Rights Council's interest in one of the smallest, poorest and most fragile states in the world community. We hope that the information and recommendations in the report will help the Council and the Government and citizens of Timor-Leste identify and address the pressing needs of vulnerable people in this ten-year-old nation.

We commend the Special Rapporteur's report which highlights issues and policies critical to Timor-Leste's future, including:

- The stark reality of poverty, inequality and underdevelopment confronting this post-colonial, post-conflict, petroleum-export-dependent nation, which often belies optimistic Government and institutional claims.
- Building on the progress over the last decade in creating institutions, laws and policies to implement programs which address people's urgent needs.
- Strengthening the rule of law, especially by ending impunity for past crimes against humanity and ensuring that everyone is equally accountable under the law.

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<sup>1</sup> This statement also enjoys support from La'o Hamutuk, the Timor-Leste Institute for Development Monitoring and Analysis. It has done research and reports on international institutions and systems in Timor-Leste since 2000. For more information about this NGO's perspective on sustainable development, human rights and economic justice, visit <http://www.laohamutuk.org>.

<sup>2</sup> Available at [http://www.ohchr.org/Documents/HRBodies/HRCouncil/RegularSession/Session20/A.HRC.20.25.Add.1\\_En.PDF](http://www.ohchr.org/Documents/HRBodies/HRCouncil/RegularSession/Session20/A.HRC.20.25.Add.1_En.PDF)

- Investing more in human resources, particularly health and education, which are fundamental to the well-being of Timor-Leste's people and their economic future.
- Prudent and sustainable management of petroleum revenues, which provide more than 90% of state income, so that this limited nonrenewable resource wealth can underpin longer-term economic development.
- Conducting effective public consultation with people at all levels, especially in grassroots rural communities, to obtain free, prior and informed consent to projects which will directly affect them.
- Protecting the rights of vulnerable groups — particularly women, children and youth — so that they can enjoy their rightful share of the nation's wealth and participate in fair, inclusive development.
- Strengthening the use of Tetum as a national language, both in the educational system and in services and information provided by state and other institutions.
- Improving access to justice, especially for vulnerable people, women and victims of domestic violence.
- Implementing a holistic approach to health care — increasing health services while addressing malnutrition, sanitation, public education, maternal and child health, and access to water.
- Creating laws and practices which ensure everyone's right to land, especially people in rural communities who rely on land to meet their spiritual, traditional, cultural, communal and economic needs.
- Protecting people's right to housing, guaranteeing adequate consultation and compensation when the public interest requires them to be relocated.
- Supporting the lives of the most vulnerable people with social protection and cash transfer programs, while recognizing that education, self-reliance and sustainable economic development are indispensable for the entire population.

## **Current situation**

We would like to draw the attention of the Council with regard to the danger of significantly more extreme poverty in Timor-Leste in about a decade, especially if today's development trajectory continues.

At present, approximately half of Timor-Leste's population lives in poverty. Three-fourths of people live in rural areas, which are even poorer than the capital. Although official statistics show high GDP growth rates, nearly all of this is due to Government spending, which increases more than 40% each year. Timor-Leste's state budget is nearly twice as large as its non-oil GDP. Its tiny private sector consists primarily of importers, government contractors, and support for international agencies, with hardly any industry or value-added agricultural processing. The country imports basic necessities like water and rice and has a non-oil trade deficit of more than a billion dollars per year.

Last year, 97% of State revenues came from exporting oil and gas and investing the Petroleum Fund, but Timor-Leste's producing oil and gas fields will be exhausted by 2024. Even if additional fields are developed, the country's total oil and gas wealth will only fund half of today's level of per capita state spending for the next 40 years.

Timor-Leste's Petroleum Fund, which contains about \$10 billion, is intended to provide intergenerational equity and continuing state revenues after the oil is gone. However, current budgetary patterns will empty the entire Petroleum Fund in about ten years.

Timor-Leste is an archetype of the "resource curse," plagued with poor planning, wasteful expenditures, neglect of human resources and inattention to non-oil sectors. These challenges are compounded by the ongoing effects of 500 years of colonialism, war, occupation, trauma, impunity, poverty and underdevelopment. Timor-Leste is one of the poorest countries in the world, more oil-export-dependent than every other except South Sudan, with state expenditures escalating faster than all but Zimbabwe.

Nevertheless, Timor-Leste may face an even worse disaster in about twelve years. The oil and Petroleum Fund could have vanished, debt payments will have escalated, and the post-war "baby boom" will be in their late teens.

After the war ended in 1999, Timor-Leste had the highest birth rate in the world. Thanks to improving health conditions, it now has twice as many children under 10 years old as youth between 20 and 30. Today the country doesn't have jobs for the 15,000 young people who enter the work force every year; by 2024 that number will be 30,000.

Ten years ago, Timor-Leste began sovereignty without any external debt. However, it borrowed \$100 million from Japan and the ADB during the last few months, and the Government budget promises to quadruple that. More than \$5 billion will be borrowed to implement the Strategic Development Plan. Most loans have grace periods, so the debt payments will surge in 2023, after Timor-Leste's oil reserves and Petroleum Fund are likely to be exhausted.

If the country has not developed a strong, sustainable, productive, non-oil economy by then, providing for people's food and daily needs, it will be unable to sustain its huge trade deficit or provide basic services. When there is no oil money to provide cash transfers or to trickle down from public works projects, people will starve.

We applaud the ongoing expansion of the Human Rights Council's work to economic and social rights, as well as the growing international consensus for sustainable development expressed in Rio de Janeiro this month. We encourage a similar broadening of global interest and support for human security and human resources, placing them before military/police security and physical infrastructure projects. In recent years, about fifty times as many Timorese children under five years old have died from preventable causes as Timorese people of all ages were killed by homicide.

In developed countries, citizens are secure when they need not worry about hunger, homelessness, unemployment, poverty, disease and illiteracy. Timor-Leste's citizens have the same economic and social rights. If poverty, economic polarization and large-scale

alienation continue to increase while resources get scarcer, the “1%” rich may turn to militarized security to protect themselves against the impoverished “99%.” Please help Timor-Leste follow a different path — eliminating structural poverty, rather than repressing poor people.

## **Conclusion and recommendations**

We encourage the Special Rapporteur on Extreme Poverty to make another report on Timor-Leste in 2024. We hope that our dire predictions will not have come to pass, and that Timor-Leste will have escaped the resource curse and the plague of underdevelopment left by occupation and war.

We would like to recommend that the international community work together with Timor-Leste’s people and leaders to:

- Reduce growth in State expenditures, ensuring that money is spent wisely on activities that will benefit Timor-Leste’s citizens.
- Invest in people -- health care, education, sanitation, water, rural roads — to enable the population to raise itself out of poverty.
- Stop incurring debt and wasting money for infrastructure mega-projects which mainly benefit foreign contractors and wealthy individuals but will not provide lasting or significant economic or social returns.
- Strengthen the productive non-oil economy, especially agriculture and light industry, to reduce dependence on imports and provide livelihoods and necessities for Timor-Leste’s people after the oil wealth is used up.
- Help Timor-Leste take responsibility for its own development, rather than counting on foreign investors, lenders, oil companies, and visitors while importing goods, services, contractors and expertise.

Thirteen years ago, the United Nations, including the predecessor of this Council, helped Timor-Leste’s people realize their right to self-determination — the first right enumerated in the two international covenants. Although nationhood is now achieved and rule of law is becoming more effective, many citizens of Timor-Leste cannot yet fully participate in developing their country or enjoy their economic, social and cultural rights.

Between 1975 and the late 1990s, the world turned a blind eye while Indonesia’s military laid waste to Timor-Leste, slaughtering more than 100,000 of its people. In this new millennium, when the sovereign Democratic Republic of Timor-Leste has good relations with its neighbors, we again look to our global community to help Timor-Leste avert another disaster.

Finally, we thank the Special Rapporteur, the Office of the High Commissioner for Human Rights, and the Human Rights Council for focusing on the needs of Timor-Leste’s vulnerable people. This beneficial spotlight is an important step in overcoming the past, and toward ensuring a brighter future for a people who have endured so much suffering.