

La'ó Hamutuk

Timor-Leste Institute for Development Monitoring and Analysis

Rua Dom Alberto Ricardo, Bebora, Dili, Timor-Leste

Tel: +670-77234330 (mobile) email: laohamutuk@gmail.com

Website: www.laohamutuk.org



Dili, 10 June 2022

Thoughts from La'ó Hamutuk for the 2022 Timor-Leste Development Partners Meeting

***“We urgently need to move toward building people’s resilience for
the long term.”***

Introduction

La'ó Hamutuk, as a 20-year-old civil society organization, actively participates in the process of constructing and developing Timor-Leste through monitoring, analysis and evidence-based advocacy related to public policies. La'ó Hamutuk has also taken on the task of distributing information to the people to help empower them to meet challenges as a State and a Nation, and to share information and perspectives with leaders in Government and development partners.

We appreciate the Government’s initiative to organize meetings with development partners each year to discuss issues important to Timor-Leste’s future, and to make it more resilient and sustainable. We hope that all participants in this meeting will discuss deeply, realistically and seriously to find the best path for the future for Timor-Leste’s people.

At this time, we would like to give thanks for all the contributions that development partners have offered in this difficult time for the Timorese people, including the health crisis and two natural disasters, which exacerbated each other in our recent history.

Timor-Leste’s current situation

The Petroleum Fund will soon be empty.

The discussion and projections in response to the 2022 Budget Rectification and the proposed Major Planning Options law for the 2023 state budget carried a key message for all of us that the Petroleum Fund will be used up quickly, unless we rapidly invest in the long-term interest of the Timorese people.

Right now, Bayu-Undan production is almost finished, and there are no other fields ready to provide revenue. Between January and April 2022, the value of the Petroleum Fund’s investments dropped 10% (\$1.6 billion). Although the Ministry of Finance included serious projections about a fiscal cliff in the 2023 Major Planning Options law which Parliament just passed, the reality is that this situation could happen even sooner than they estimated.

This situation threatens our nation’s and our people’s well-being, because our capacity to pay for basic services, such as health and education, will be constrained when our Petroleum Fund is

empty. This situation also threatens our sovereignty, if Government decides to take out loans which Timor-Leste may not be able to repay.

Timor-Leste's economy is not yet diversified.

We see a tendency to continue to spend money on the Tasi Mane Project and other large projects with dubious returns. To date, the long-term benefits from the Tasi Mane Project for the Timorese economy are not clear, and there is no evidence that ports and airports will be opportunities to develop our economy.

The pattern of spending on large projects undercuts diversifying a sustainable economy, and causes our nation to continue to depend on imports. Every year, Timor-Leste imports around \$500 million worth of goods, but our non-petroleum exports are about \$20 million per year. Local food production is inadequate to feed our people.

So far, Timor-Leste has been able to cover our trade deficit with money from petroleum revenues and investment returns. But this is not a sustainable solution – as we already know, the Petroleum Fund could be empty in ten years.

Once the Fund is empty, our nation will not be able to pay for imports, and, unless local food production has greatly increased, our people will suffer. Today, most of our people live without food security,¹ and the Global Hunger Index reports that most Timorese children under five years old are stunted.² If this situation worsens, how will it impact our people? Economic diversification is not an abstract issue – it is essential for people's survival.

Climate change makes this situation even worse.

The entire world is very worried about climate change, which is caused by large industries, including the production of oil and gas, which releases greenhouse gases, damaging our climate and causing human crises all over the planet, including in Timor-Leste. Timor-Leste is not separate from Planet Earth, and we feel the impacts and also contribute to climate change that all humanity is confronting.

The effects of climate change are turning some problems we face into catastrophes, including food insecurity, reduced agricultural production, access to clean water, and quality of infrastructure. We cannot adapt forever to a situation which continues to get worse, and every nation (especially large ones, including donors) has to reduce its greenhouse gas emissions.

Recommendations for Development Partners

- Invest more in the productive economy, oriented toward domestic consumption. We believe that Timor-Leste will be more able to deal with difficult situations in the future if we build an economy which is actually productive and sustainable. We ask donors to focus more on agricultural production in response to the crises of food insecurity and malnutrition. By strengthening the existing system of small-scale production, and building on the capacity, strength and eagerness that our people already have, donors can maximize the benefits for our entire population.
- Invest to grow and strengthen Timor-Leste's most valuable resource – our people. To move ahead, Timor-Leste needs donor support to improve our education and health systems, and

¹ <https://www.ipcinfo.org/ipc-country-analysis/details-map/fi/c/1151924/?iso3=TLS>

² <https://laohamutuk.blogspot.com/2020/11/rezultadu-husi-global-hunger-index-2020.html>

to quickly reduce malnutrition and poverty. Without a strong population, especially children and youth, we will never build a strong nation.

- Help our politicians understand that extractive industries – petroleum and mining – cannot provide enough money and jobs for Timor-Leste, and will be unable to sustain our economy and state budget in the future. We must reduce our obsession with this fantasy, and work hard to develop a sustainable economy, based on human and renewable resources we actually have – people, agriculture, processing industries, community tourism, and other potential areas which build on Timor-Leste’s own characteristics.
- Development partners should recognize Timor-Leste’s current reality and continue to align their programs with the true priorities and needs of our people and nation. We suggest to continue good initiatives to support marginalized people, such as women, the disempowered rural poor, disabled people, malnourished children, and those who cannot yet access adequate education and health care. People in remote areas are often neglected, or cannot get the services they need to live well – we need to improve equity in our nation.
- We ask all donors to align their programs on climate change adaptation with their own nations and policies. The most effective path to confront the climate change crisis is for industrialized countries to rapidly reduce their emissions. Don’t ask small countries like Timor-Leste to keep adapting so that industrialized countries can continue to destroy the global climate.
- Development partners can help our Government update important data needed to develop evidence-based policies, including understanding which plans and program are most effective. For example, the most recent Demographics and Health Survey was done in 2016, the Household Income and Expenditure Survey dates from 2011, the Living Standards Survey is from 2014, and a complete Labor Force Survey hasn’t been done since 2013.

Conclusion

We greatly appreciate the willingness of development partners to support our nation and our people. Therefore, we ask you to support our decision-makers to move in the direction of raising our human capacity, especially marginalized and disempowered people, to reinforce Timor-Leste’s economy to produce for domestic consumption. In addition, please continue to help our very vulnerable country, and to reinforce our resilience which will allow our people to live more sustainably.

Thank you for your attention and cooperation.

Sincerely,



Celestino Gusmão Pereira



Elizaria Febe Gomes

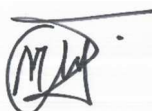
 

Bree Ahrens

Charles Scheiner



Marta da Silva



Mariano Ferreira



Jonathan Gonsalves