

Revision of the 2015 Rectification Budget from a Gender Perspective

General Overview

The VI Constitutional Government Programme was endorsed in National Parliament on 25 March 2015 following constructive deliberations between the VI Government and the Members of Parliament. It was stressed that the Programme of the VI Government is a continuation of policies, plans and programmes of the V Government as outlined in the Strategic Development Plan 2011-2030. While two years is a limited timeframe, the vision for implementation is longer term. The development vision is premised on national unity, sovereignty and development that is inclusive and sustainable, requiring the participation of all and encompassing not only the needs and concerns but aspirations of Timorese, particularly those who continue to live in poverty.

The Rectification Budget 2015 reflects the VI Government commitment to high quality and sustainable economic growth, reducing poverty and delivering effective services. To achieve this, a smaller, more efficient and effective administration has been created to:

- 1) Improve policy formulation and implementation across Government through the establishment of 3 new Coordinating Ministries: Social Affairs, Economic Affairs and Administrative Affairs;
- 2) Strengthen long term planning through the creation of the Ministry of Planning and Strategic Investment; and
- 3) Reduce waste and increasing administrative efficiency by reducing the size of State Administration from 55 to 38.

The 2015 Rectification Budget has not changed, remaining at \$1.57 bln. The Government continues to adopt a strategy of high investment to kick-start economic growth and decrease TL oil dependency. This requires the Government to dip into the Petroleum Fund in excess of the Estimated Sustainable Income (ESI) of \$689.0 million to cover the investments¹. Petroleum revenues have been declining since 2012 due to lower production and, during 2014, due to lower prices. They are likely to fall faster in the future, because the fields are mostly used up. The VI Government's focus on diversifying the economy, shifting from dependence on petroleum, planning for longer-term investment, reducing wastage as well as enhancing administrative efficiency for delivery of services therefore is a prudent move.

Key Changes in the Rectification Budget 2015:

While the overall Rectification Budget 2015 does not see any changes, there have been shifts in budget allocation to accommodate changes in the Administration:

- A total of \$47,540 has been reallocated for the remodelling of the Administration.
- The new Ministry of Planning and Strategic Investments' allocation is \$67.5 mil, including the National Development Agency, Procurement, Major Projects, PNDS, Regional Integration and Urban Planning
- Notably, the budget of PNDS is seeing the biggest dip, a reduction of \$ 17.8 mil while ARAEOA and ZEESM has been allocated an increased budget of \$11.5 mil.
- The creation of two Ministries, the Ministry of Interior and Ministry of Defence has a combined budget of \$70.8 million.

¹ ESI is set to be 3% of the petroleum wealth. For 2015 this amount is estimated at \$638.5 million. It is the estimated amount of money that will allow sustainability of the Petroleum Fund and guarantee a similar amount of income for future generations.

- Infrastructure covers \$ 526.4 million (Infrastructure Fund + Ministry budget), not including funds under different line ministries.

The five Ministries with the highest budgets are: Ministry of Social Solidarity (13%), Ministry of Public Works, Transportation and Communications (10%); Ministry of Education (7%), Minister of State for the Presidency of the Council of Ministers (6%) and Ministry of Planning and Strategic Investment (4%); and the Special Administrative Region of Oecusse-Ambeno (6%). See table below.

Five ministries with the highest Budgets

	2015 BB1 (\$ million)	2015 Rectification (\$ million)	% of State Budget
Ministry of Social Solidarity	197,004	196,593	13%
Ministry of Public Works, Transportation and Communication	160,530	159,171	10%
Ministry of Education	103,842	103,011	7%
Minister of State for the Presidency of the Council of Ministers	86,710	97,692	6%
COM-ZEESM	81,930	93,430	6%
Ministry of Planning and Strategic Investment		67,519	4%

The Prime Minister in his speech to the Parliament presenting the VI Government Programme reaffirmed the Government's commitment to Gender Equality. He remarks, "The **Gender Integrated Approach** is already a reality in Timor-Leste."² TL has made remarkable achievements on integrating gender into key sectors through the work of the women's machinery, Secretary of State for the Support and Socio-Economic Promotion of Women (SEM) with the Inter-Ministerial Gender Working Group. The 2015 State Budget call circular issued by the Ministry of Finance requested gender equality to be integrated into Annual Action Plans and Budgets resulted in an unprecedented two-thirds of Line Ministries and State Institutions having included gender equality provisions in their Annual Action Plans. However, there remains gaps in implementation which require adequate financial resources: only 2% of women are suco chiefs, 38% of women are victims of violence (DHS 2009), tradition keeps women from inheriting and owning land, only 13% of business owners are women (CGA 2013), 69% of women are in vulnerable employment compared to 47% of men (draft LFS 2013). The VI Constitutional Government Programme is taking on a greater commitment towards gender equality. In addition to gender mainstreaming and eliminating gender-based violence, which was already in the Vth Constitutional Programme, they will advocate, coordinate and monitor work on women's economic and political participation as well as implementation of national gender commitments. Meanwhile the budget of SEM remains the same at \$ 2.3 mil and the total budget of SEM represents only 0.15% of the total proposed State Budget.

- **Why has the leaner structure of the VI Government not resulted in a decrease in corresponding budget? What is the justification for allocating an additional amount of \$25 mil? While a proportion of this additional budget is in line with the streamlining of the VI Government structure for better coordination, please clarify how other measures are in line with the VI Government's priority of improving service delivery? What are budget allocations for making service delivery better in meeting women's needs i.e. identifying women's specific needs, different conditions and adapting service delivery systems accordingly?**

²Program of the Fifth Constitutional Government, art. 2.4.2, 2012-2017
2015 Rectification Budget from a Gender Equality Perspective

- How much has been allocated by the VI Government Programme to implement the increased commitments on gender equality?
- Who plays the oversight function on the gender-integrated approach in the VI Constitutional Government across sectors to ensure policies, plans and programmes are implemented and corresponding budgets are adequately allocated?
- Security and infrastructure are two sectors where women are traditionally absent. Their combined budget covers 38% of the whole budget. How have these sectors taken a gender-integrated approach to ensure women and men equally benefit in these sectors?

Social Sector

State Institution	2015 Draft Rectified Budget (\$ million)	% of State Budget
Coordinating Ministry of Social Affairs	1,942	0.12%
Ministry of Social Solidarity	196,593	12.52%
Ministry of Education	103,011	6.56%
Ministry of Health	65,558	4.18%
Secretary of State for Youth and Sport	8,661	0.55%
Secretary of State For the Promotion of Equality - SEM	2,302	0.15%
UNTL	11,200	0,7%
Total	398,266	25.38%
Including Infrastructure Fund and Human Capital Development Fund	430,067	27.39%

The Ministries under the Social Affairs Pillar share 25% of the total 2015 Budget, showing commitment of the Government to social issues. More than half of that budget goes to Ministry of Social Solidarity, and mostly for social assistance schemes. Social assistance spending remains at 11% of total state budget spending.³ The majority (74%) of the budget goes to veterans' personal benefits, \$129,447,000. In 2013, approximately 26% of beneficiaries were women⁴. The rest of the budget is allocated to old age and disability pension schemes and Bolsa da Mãe.

A recent study shows that social assistance schemes are not effectively reaching the poorest households as the majority of funds are not distributed according to poverty criteria.⁵ Bolsa da Mãe is the only social assistance scheme that currently uses poverty as part of the eligibility criteria and most beneficiaries are female-headed households (90%). The share of the budget for the Bolsa de Mãe is steadily increasing over the years and reaching out to more households. In 2014 its budget was \$9 mil reaching 55,488 households⁶ compared to 15,100 households in 2012. There has been challenges accessing accurate data on the beneficiaries and in particular data segregated by sex, class, geographical location, disability.

- **What are mechanisms put in place to track payments to beneficiaries to prevent leakage? Are there measures put in place to make this data available to the public?**

³ \$175.4 million for public transfers will go to the Ministry of Social Solidarity towards social programs.

⁴ Asian Development Bank, *Timor-Leste, 2013 Country Gender Assessment*.

⁵ World Bank, 2013, *Timor-Leste Social Assistance Public Expenditure and Programme Performance Report*, Washington, DC.

⁶ Ministerio da Solidariedade Social, *Relatorio Implementasaun Planu Asaun Annual Direcção Nacional De Reinserção Social*.

- **What mechanisms are put in place to track social assistance that goes to women and categories of women i.e. poor women, disabled women, survivors of violence, female-headed households to ensure efficiency and prevent leakage?**

The Prime Minister and the VI Constitutional Government will pursue a Zero Tolerance Policy to Violence against Women and Girls. This requires a coordinated multi-sectorial approach, which was planned and identified through the National Action Plan on Gender Based Violence with corresponding and adequate financial and human resources. 38% of women experienced physical or sexual violence since the age of 15.⁷ Out of the 24% of women who seek assistance, only 4% of them went to the police to press charges.⁸ The Vulnerable Persons Unit (VPU) records show that the number of cases being reported has decreased since the Law against Domestic Violence was enacted in 2010, although increased reporting would be expected if the law were being effectively applied.

- **How have funds been allocated for implementing the Zero Tolerance to Violence Against Women and Girls Policy across sectors, and particularly in education, public sector reform, media and civic education?**

Infrastructure Sector

Infrastructure has been a priority of the Government. 34% of the budget goes to Infrastructure development at \$526.5 mil (not including budgets under individual ministries). Women are mainly left out of the direct benefits from those investments unless affirmative policies are put in place to guarantee their participation and contribution. Urban and rural planning and designing needs to take into consideration principles of social-inclusion to ensure safe spaces and access for women, children, the disabled and the elderly.

Water and sanitation is an area where involvement of women in decision-making has been proven to be more sustainable. 66% of water management systems where women are fully participating are fully functional compared to only 34% where women are not participating.⁹ Women are the most affected by lack of accessible and clean water.

- **What are allocation of budgets for affirmative action on skills building and employment of women in the infrastructure sector, particularly in the building of roads, sea ports, airports as well as in the provision of water and sanitation? What are measures taken to safeguard women's safety in pursuing non-traditional employment in this sector and how is the Zero Tolerance to Violence Policy implemented?**

The National Programme for Suco Development (PNDS) have been transferred to the Ministry of Planning and Strategic investments and its budget has been dramatically reduced with a 90% decrease (no transfers budgeted). The PNDS is Timor-Leste's nationwide community-driven development programme. It forms a pillar of the decentralization agenda and a key instrument in the attempt at reducing the urban-rural disparities. For two years Suco Grants have been funding small-scale rural infrastructure projects that are identified, planned, constructed, managed, and maintained by village communities, with a representation of women.

- **What are PNDS's expected results with the removal of its transfer budget (grants to local communities)?**

⁷ Ibid

⁸ Asian Development Bank, *Timor Leste 2013 Country Gender Assessment*

⁹ Besik, GMF Study, December 2013

Economic Sector

	2015 Draft Rectified Budget (million)	% of 2015 State Budget
Coordinating Ministry of Economic Affairs	5,256	0.33%
Ministry of Agriculture and Fisheries	27,257	1.74%
Ministry of Commerce, Industry and Environment	21,619	1.38%
Secretary of State For Vocational Training Policy and Employment	15,770	1%
Ministry of Mineral Resources and Petroleum	13,906	0.89%
Ministry of Tourism, Arts and Culture	8,664	0.55%
Total	92,472	5.89%
Including Infrastructure Fund	99,572	6.3%

Diversifying the TL oil dependent economy to intelligently invest in agriculture, fisheries, tourism, small industries and the petrochemical industry is more urgent now with the drop in oil prices. The Tasi Mane Project in the South-Coast and the Oecusse Social Market Economy Zone are two examples of projects expected to yield high returns, create employment and thus justify the high investments, of \$35.1 mil and \$93.4 mil respectively. At this stage budgets are essentially used for infrastructure development, a sector where women's participation remain minimal without a comprehensive affirmative action policy for women (up to 30% of women in R4D projects).

The two large projects in Tasi Mane and Oecusse-Ambeno will involve the appropriation of land from the communities, converting land into State land and industrial land. Without appropriate Land Laws, the rights of women and men will not be guaranteed in the loss of land and livelihood and displacement.

- **The Social Market Economy Zone has conducted a Gender Assessment with the support of UN Women. How has budget been allocated to address the recommendations?**
- **How has consideration been given to inclusiveness and the fight against inequality in the Tasi Mane project? What measures are taken? What budgets are allocated for these?**
- **How is the appropriation of land compensated without Land Laws in place? How is this affecting women and men differently and different categories of communities differently? What budgets are set aside for this?**

Agriculture and Tourism are two other sectors identified as priorities for diversifying the economy. These sectors have traditionally been providing livelihoods to a majority of women. The budget of the Ministry of Agriculture and the Ministry of Tourism, Art and Culture combined only amounts to 3% of the total State Budget, which is expected to impact at least 80% of the population who are dependent on agriculture for their survival. The Ministry of Agriculture's priorities are mainly looking at modernization and increasing the production for marketing and export. Lessons learnt from other countries have shown that introducing new technologies are benefitting men more than women. Growing needs for technological inputs require cash income which women and poorer farmers do not have. Notwithstanding, 179,000 people are still engaged in subsistence agriculture, of which 45% are women (draft LFS 2013), while stunting and food insecurity¹⁰ remains a main problem in Timor-Leste.

- **What proportions of the agriculture budget will be prioritising women's involvement in decision making, skills training and women's contribution to agricultural production, animal husbandry, aquaculture and tourism?**
- **What is the budget for improving Food Security and Nutrition?**

¹⁰ 51.9% of children under 5 years old are; 27,2% of women are undernourished; Unicef, Situation Analysis of Children in Timor-Leste, 2013

Women in Timor-Leste are estimated to own 40% of micro-enterprises. Although women constitute 70% of total beneficiaries of micro-credits, they are underrepresented in the formal businesses (16%), suggesting that other constraints need to be addressed to fully tap into the potential of women entrepreneurs.

- **Has the Gender and Private Sector Strategy (2014-2017) of former SEAPRI been budgeted in the 2015 State Budget? Who is accountable for its implementation?**

The Prime Minister highlighted that to increase domestic revenue and the need to improve the tax balance which is important as a way to diversify revenue. However, different taxation systems will impact on women and men differently. Consideration needs to be given to gender differences in employment, women's work in unpaid economy, gender differences in household expenditure and gender difference in land and property rights. Review of tax reform from a gender perspective in consultation with different stakeholders, learning from models in other countries, would benefit TL in ensuring that taxation policies are based on equity and not place further burden on the poor and other underprivileged groups.

- **In increasing the revenue of the country through taxation reform, has the VI Constitutional Government considered the differential impacts taxation has on women and men within different social groups? For example, VAT impacts disproportionately on lower income households, adding the burden to women who are predominantly responsible for household expenditure.**

Governance Sector

Decision making power and human and financial resources are necessary to effectively promote gender equality. The Gender Integrated Approach needs to be applied at the highest level of planning and coordination of the Government to ensure that all line ministries and state institutions have adequate capacity on gender equality, and provide adequate funding for the promotion of gender equality. For example, 98% of the \$67.5 million of the Ministry of Planning are related to strategic investments (National Development Agency, Procurement, Major Projects, PNDS, Regional Integration and Urban Planning), with little funds remaining for Planning.

- **How will the Ministry of Planning and Strategic Investment guarantee an inclusive gender approach in the Strategic Investments and Planning of the country?**
- **What are policies put in place for ensuring that procurement policies and practices integrate employment and skills building for local Timorese, particularly employment of Timorese women?**

Salaries and wages constitute 11.3% of the total budget. The Government provides 50% of all wage-income in Timor-Leste, guaranteeing secure employment. But in 13 years the proportion of women employed as civil servants increased by only one percent point from 26% to 27%.¹¹ The proportion of women decline at the highest level of decision making based on data collected in 2011¹², only 15% women were at the director and 17% at the chief level. The much anticipated national reform of the public administration will improve accountability, service delivery and efficiency. This presents an opportunity to introduce gender reforms into the public administration which will be cost-effective in the long term. Public sector reform opens up opportunities to consider principles of: **1) Equity** where women and men are treated equally, with equal access and control over the resources and benefit of the workplace; **2) Affirmative Action** on deliberate actions taken to promote gender equality in ensuring gender balance in the public administration sector; **3) Gender Sensitive Practices** in human resource practices which are responsive to the needs and interests of both men and women in the

¹¹ Asian Development Bank, *Timor-Leste, 2013 Country Gender Assessment* and 2015 Public Service figures from Book 2

Public Service, and ensure a Zero Tolerance to Violence and Harassment; and 4) **Empowerment** of both women and men in the planning and decision-making processes – promoting/recruiting more women as Directors, Chief of Departments, Inspectors, and among others to guarantee women’s participation in the management level in the public administration sector.

- **The Prime Minister in his speech to Parliament recognized the need for women to be in senior management positions. What is the target of the VI Government for women’s employment at the highest decision-making levels?**

Laws are one entry point for enabling gender equality, by removing legal barriers to women’s economic, political and social participation. The total budget of the Ministry of Justice is 1.7% of the total budget. It has been slightly curtailed from the previous approved budget-2015. Some laws have been developed that integrate special measures for women, as the quota for women in parliament and local elections. The VI Constitutional Government will continue harmonizing and standardizing laws, and enhance access to justice, providing an opportunity to strengthen those special measures for the promotion, protection and fulfilment of women’s rights.

- **What are measures that the VI Government will take to integrate the promotion, protection and fulfilment of women’s rights in the harmonization of laws?**