

The La'o Hamutuk Bulletin

Vol. 8, No. 3

September 2007

Vocational Education in Timor-Leste

Education is the basic foundation for everyone. Article 59.1 of the Constitution of the Democratic Republic of Timor-Leste declares that “The State shall recognize and guarantee that every citizen has the right to education and culture, and it is incumbent upon it to promote the establishment of a public system of universal and compulsory basic education that is free of charge in accordance with its ability and in conformity with the law.”

But not everyone has had the opportunity to fully enjoy this right, especially in regards to formal education. Therefore it is necessary to build some people’s capacity through vocational education, especially for people who did not finish high school or those who want to learn a special skill to find a job.

Several vocational education centers have been opened in Timor-Leste, both by the government and private enterprise. The Timor-Leste government, with bilateral assistance, has opened the Training and Professional Education Center in Tibar with the Portuguese government and the Center for Business, Professional Skills Development and Social Promotion (Centro Senai) in Becora with the Brazilian government.

This article will explore these two training and professional education centers.

The research for this article was done before the new Government was formed in August. Since there is no Ministry of Labor in the new government structure, *La’o Hamutuk* expects that the new State Secretariat for Professional Training and Employment will take on government responsibilities in this area.

Cooperation between Timor Leste and Brazil

Since 2001, there has been cooperation between the governments of Timor-Leste and Brazil in the field of education, especially for skilled/professional training. Most of the Brazil education cooperation projects focus on non-formal fields, especially in the development and the re-introduction to the Portuguese language. (See *La’o Hamutuk Bulletin* Vol. 4 No. 3-4, August 2003, regarding Brazilian cooperation in Timor-Leste.)

The professional skills training building opened on 21 May 2001 in Becora, and was named the Center for Business, Professional Skills Development and Social Promotion -- *Centro de Desenvolvimento Empresarial, Formação Profissional e Desenvolvimento Social, Dili (CDEFP)*.

This technical cooperation is coordinated by the Brazil Cooperation Agency (*Agencia Brasileira de Cooperaçao ABC*), which is a department of the Foreign Ministry. All ABC’s technical cooperation is directed to Portuguese-speaking countries, including Timor-Leste.

(Continued on page 2)



Students at the Tibar Center for Professional Education

Inside . . .

- Gareth Evans visits, refuses to apologize 7
- Proposed changes in petroleum regulation 8
- Re-orienting La’o Hamutuk’s approach 11
- Women’s movement looks back and ahead 12
- President will not sign Amnesty Law 14
- Editorial: Timor-Leste Local Content 16

According to Antonio J. M. de Souza e Silva, Brazilian Ambassador to Timor-Leste, the aim of this co-operation is to give knowledge capacity and expertise to Timorese youth, building their capacity to find work.

Brazilian technical expert Jones Ceisar, coordinator of the Brazil cooperation project, describes its general aims as:

1. Support socio-economic development in Timor-Leste by strengthening professional education.
2. Support and strengthen the educational system, teachers and executive staff in the Center for Business, Professional Skills Development and Social Development.
3. Transfer education techniques and methodology.
4. Build and carry out participation in professional education.
5. Provide technical advisers in professional education.

The training location is better known as Centro Senai, because of the similarity to the national training institution Centro Senai in São Paulo, Brazil. When Xanana Gusmão visited Senai-Brazil in 2000, he asked for the same program to be implemented in Timor-Leste.

During 2001, nine East Timorese were sent to Brazil for two months (October-December), and six Brazilian technical experts came to Timor Leste. To date there are always Brazilian Technical Advisers at the center here, who are periodically replaced by new personnel. Technical Advisers prepare and design the courses, support administration and finances, and supervise and train local teachers.

Between 2003 to 2005 each Technical Advisor came for only three months, but this caused problems with coordination, so the policy was changed in 2006 to have each Technical Advisor come for approximately a year.

The Center is supervised by the Timor-Leste Ministry of Education and Culture. The instructors/teachers at the Centre are paid by the Ministry of Education and Culture at the level equal to Secondary School teachers (level 3). Twenty-five officials work at the center, including 17 teachers (including the nine people who had gone to Brazil).

Since the center was first established, management and financial administration have been staffed and funded by Brazil. Currently the Timor-Leste government, or more precisely the Ministry of Education and Culture, only provides the location facilities and pays the local teachers.

According to Jones Ceisar, US\$5.3 million has been spent to rehabilitate buildings and purchase machines and tools for the project since opening the Education and Training Hall. These funds came from Brazil, and were agreed to by ABC and UNDP Brazil, and managed directly by Jones Ceisar. The financial administration reports are only given to Senai, UNDP Brazil and ABC. From the beginning of the project until last year, the Timor-Leste Ministry of Education and Culture and the Ministry of Labor and Community Reinsertion did not receive these reports because they are only shared with those funding the project. However, activity and program reports from the center are given to both the Timor-Leste and Brazilian governments. Jones Ceisar said that, in 2007, the Timor-Leste Ministry of Education and Culture received project and financial plans for this professional education, but the new Ministry of Education could not confirm this to *La'o Hamutuk* because of the governmental transition.

Types of Training and Education

Course	Length (months)	Instructors	Students
Carpentry (furniture)	5	2	101
Sewing skills	5	2	118
Informatics / Information Technology (IT)	2.5	2	233
Electricity	5	2	84
Construction	5	2	86
Baking cakes and bread	2.5	2	350
Stonemasonry	5	2	89
Hydraulics	5	2	89

The training and education program is 30% theory and 70% practice, all conducted at the school. In addition to the educational programs above, Portuguese language and Small Business modules are available. Beginning in 2007, a course in Computer and Network Maintenance has been available.

Of 1150 students who completed these courses, 574 were men and 576 were women. Women participated in all the programs provided, but were more concentrated in sewing skills, cake and bread production and IT.

Jones Ceisar told *La'o Hamutuk* that this center was managed by Timor-Leste with technical support from Senai, but Timorese people working at the center said Brazilians handle management and administration and that the center was managed by a Brazilian technical person from Senai.

The education system and curriculum used also came from Brazil and were in Portuguese. However, since the beginning this has not been a big obstacle because the instructors are Timorese and use Tetum and Bahasa Indonesia, so the students can easily receive and understand them. However Center Director Agostinho Leao de Viana acknowledged that the instructors teach based only on their previous personal experiences and the skills they received from technical training by Senai in Brazil and Timor Leste. Language continues to obstruct understanding the provided materials and modules, and efforts are being made to resolve the problem. The instructors' manual is being translated into Tetum by the Ministry of Labor and Community Reinsertion, at a cost of \$12,150.

The recruitment process began by calling for prospective students through media such as TVTL and RTL, as well as in churches throughout Timor-Leste. The recruitment and selection of students is conducted by the center through written exams and interviews. Prospective students have to register with the Ministry of Labor to get registration cards, and then register at the center. Students must be at least 17 years old and have finished grade six of primary school.

The center will open a new project next year, with a regular morning class for those who have graduated from junior high school and are at least 17 years old, and the afternoon will be available for those interested in part-time vocational courses who have graduated from secondary school and are not able to study full-time.

When the center opened in 2001, it began with an emer-

gency phase of 55 students, all veterans of the struggle (antigos combatantes) and ex-Falintil. At the first and second stages (2002-2003) it was opened to the general public, and the third through fifth stages have also given F-FDTL soldiers the opportunity to strengthen their construction knowledge and skills, as requested by F-FDTL commander General Taur Matan Ruak. This is with the aim of F-FDTL members using their expertise to help communities develop the country. In total, 94 F-FDTL have been trained at the center.



Recommendations

Based on *La' o Hamutuk's* interviews and observations, several matters require attention:

1. The objective/target

The Center's criteria require that students have a minimal level of literacy (finishing Grade six of primary school) and are at least 17 years old. However, the center is said to be open to anyone, so those who have received formal education or are already working can increase their knowledge and skills through the center.

La' o Hamutuk feels that those who have not finished schooling and unemployed youth ought to be given priority. They should be given help to look for work. Otherwise, it will further increase present inequalities, with those with access to formal education gaining even more knowledge and expertise, while those who were unable to obtain formal education are further burdened with ineligibility.

2. Socialization of the program in the districts

This training center is based in Dili, and receives applicants from all districts. Jones Ceisar said that the big challenges are accessibility and housing in Dili for youth from the districts, because the training center does not have enough housing.

To date, most students come from Dili. One of the Center's staff acknowledged that not enough information about the center and its programs was going out to the districts, so there were fewer participants from the districts. *La' o Hamutuk* believes that the training centre and this type of education could be very useful for capacity building for people in the districts, and they should be a higher percentage of those participating.

3. Language

Although the teaching and studying in center are not in Portuguese, all the books and manuals available are only in Portuguese. So most instructors, who have very limited Portuguese, have trouble understanding available materials. Although having a technician from Brazil helps them, the language continues to be an obstacle in communication.

La' o Hamutuk suggests that it takes strong instructors to produce quality graduates. Instructors' capacity must be developed with Portuguese language courses, so they can grasp available materials and later transfer the knowledge to students. At the same time, more of the materials should be translated into Tetum and/or Bahasa Indonesia.

4. Administration and management

As mentioned above, finance management and administration are handled directly by staff brought in from Brazil. According Timorese staff at the center, all the management is under their control, without participation from local staff. The Timorese told us they could not access information about financial reports, and don't even know how much the Technical Advisers are paid. Moreover, financial reports are only given to the Brazilian side, whereas the Timor-Leste government received only the activity reports from center.

We received different information from Jones Ceisar, who said that although the management execution is done by the technical people from Senai, Timorese technicians participate in the planning of expenditures and the annual financial reports. The current financial report has been summarized for the governments of Brazil and Timor-Leste.

La' o Hamutuk believes that cooperation must have transparency and joint participation from both sides in planning, implementation, evaluation and monitoring.

5. Skills transfer in relation to managing the program

It was planned to transfer administrative skills and responsibilities to local staff during 2004, but this had not begun by 2006, because the missions were too short and Timor-Leste went into crisis. The transfer process has just begun, and will be strengthened and finished in 2008. Although the Timorese staff who will be responsible for the center's development began working in 2001, they still do not have the capacity to manage the center.

6. Products

From *La' o Hamutuk's* monitoring, products of the training, such as tables, chairs, cupboards, tires and thatch weavings, are kept in a warehouse. Cakes and bread made in trainings are eaten and brought home by students. *La' o Hamutuk* feels the center should promote the products from participants to the public, for example by exhibiting their work. Also, those who learn construction, IT, electricity, hydraulics, etc. could use their skills and training to do actual practical work – rebuilding houses, repairing computers, assisting NGOs and government agencies, etc.

Moreover, products could be distributed to schools (especially schools in the districts). This would need active participation by the Ministry of Education to gather data on isolated rural schools that need materials and facilities. Thus, the students' products can be effective and useful.

7. Monitoring

The center has trained 1150 people, but does not know how many graduates have found work and how many are still unemployed.

The center was discussing this issue with the Ministry of Labor. Students who finish the program say they cannot find jobs because this country has no regulation for businesses or system of internships between professional education and local business. However, *La' o Hamutuk* believes that the current economic conditions of few job opportunities and pervasive unemployment make it difficult for many capable people go get jobs.

According to Jones Ceisar, the Center is only responsible to provide training and prepare people to be employed, but the government of RDTL, especially the Ministry of Labor and Solidarity, is responsible to register and monitor graduates of the program.

According to *La' o Hamutuk*, the center should record information about graduates from center, to know why graduates do not find work, whether it is because of the quality of the graduates, the topics of the training or the quality of the training. Priority should be given to the quality, not the quantity, of graduates.

Moreover, the center should approach local businesses and ask them if interns can work there. The center should also give recommendations for the better participants and promote their capacities and skills to local and international companies. It should also communicate with companies in the sectors that the center's education covers, to help graduates find jobs.

Cooperation between Timor-Leste and Portugal

The National Center for Work and Professional Education (*Centro Nacional de Emprego e Formação Profissional - CNEFP*) in Tibar, better known as Centru Tibar, was established in May 2001 in Becora, and moved to Tibar in 2002.

The centre was opened to provide a professional education to Timorese people aged 18-45, so they can have knowledge, skills and relevant professional technical expertise.

From 2001 to 2006, this educational center was funded by the Portuguese government through the Portuguese Ministry of Labor. Although the educational center was supervised by the Timor-Leste Ministry of Labor, all the center's management and administration of finances was done by Portuguese staff assigned by the Portuguese Institute of Work and Professional Education (IEFP), and evaluated annually by the Portuguese Institute for Development Assistance (IPAD). The center's activity reports were sent to a council formed by the two countries (Portugal and Timor Leste) composed of:

1. The Office for Cooperation in the Portuguese Ministry of Social Security and Labor
2. The Portuguese Institute of Work and Professional Education (IEFP)
3. The Portuguese Institute for Development Assistance (IPAD)
4. The Department for National Work and Professional Education in the Timor-Leste Ministry of Labor.
5. CNEFP (Center Tibar)

This year, the center's management was handed over to local staff with Simão Barreto as Center Director, while reporting and evaluation continues to be the joint council's responsibility.

The center's annual budgets have ranged from US\$0.5 to \$1.2 million, allocated for educational costs, construction and rehabilitation.

The Ministry told *La' o Hamutuk* that the Timor-Leste government allocated \$272,000 for the center in 2007 and Portugal allocated \$1,187,620.

The recruitment of student applications is conducted by the Timor-Leste Ministry of Labor, through announcements at the Social Work Departments in the Ministry of Labor in all districts. Candidates in each district must register at the office for the Department for National Work and Professional Education in the Ministry of Labor, followed by a written test and interview, which determine who is selected.

Candidates must be able to read and write, be unemployed and be at least 18 years old. Consideration is given for those who are married, have family working in relevant fields, and who receive recommendations by agencies or others, but they must also go through the written test and interview.

Where do the students come from? (partial, through 2006)	
Region	Students
Aileu	0
Ainaro	6
Atauro (Dili District)	3
Baucau	28
Bobonaro	9
Covalima	18
Dili	59
Ermera	23
Lautem	20
Liquiça	11
Manatuto	6
Manufahi	8
Oecusse	6
Viqueque	25

Type of Study and Education			
Course	length (months)	Instructors	Students
Carpentry	4.5	2	18
Pipe installation	4.5	2	16
Construction	4.5	2	18
Electricity	4.5	2	16

At the beginning the focus was only on the Construction field with the four programs above, but in 2007 a new program was started in the field of Rural Development, consisting of “Fertilizers and Horticulture” and “Fruticulture.”

Twice a year, for two weeks before the training begins, courses are given in Portuguese language, mathematics, citizenship, and social development and relations. The classes are conducted in Tibar from 8:30 - 17:30, but this year the classes ended at 15:30 for security reasons.

The education system used in the center adopts the curriculum of IEFP Portugal, including Portuguese language. The teaching uses Tetum, but all materials and manuals are in Portuguese, although there is a plan to translate them to Tetum.

Facilities provided by the center include: free bus pick-up and drop-off, free snack and lunch, manual and necessary course materials, access to information, a \$1.50 per day subsidy, and access to ‘KIT’ or supporting equipment.

Sixty-eight new students are recruited each semester, but some withdraw during the training or do not finish. Additionally, not all students receive certificates of completion because some do not pass the exam or demonstrate capacity in their chosen field.



Year	Semesters	Graduates
2001	1	52
2002	1	38
2003	2	96
2004	1	49
2005	2	129
2006	1	39
	(second cancelled due to crisis)	
2007	1	49
	(second not yet finished)	
Total	9	452

Passing students receive certification at the Technical Foundation Level (Level 2), the same professional education level as in Europe. The director of Tibar center said that this level is based the facilities and materials used for teaching, which are the same as in Europe including Portugal.

Based on interviews with several sides and direct observation, several matters come to our attention:

1. Women’s Participation

As the program provided by the center is in the construction field, female participation was minimal. Of 452 graduates, only 11 were women.

According to Pedro Fraga of Portugal, former director of the Tibar Center and now an advisor to Timorese director Simão Barreto, women’s participation must follow criteria from the Ministry of Labor, and giving more opportunities for women depends on an agreement and the Ministry’s policy.

According to *La’o Hamutuk*, in order to increase participation of women they must be given more access to the en-

tire student recruitment process. By giving them more support and opportunities, women will be interested in developing their own capacities.

2. Management

In 2001 to 2002, all center management and administration was done by the Portuguese government, which did not regularly report to Timor-Leste. However, since 2003, according to the bilateral working agreement between these governments, all activities within the center have to report to the Timor-Leste Ministry, including planning and implementation programs.

Several sources from Ministry of Labor and Community Reinsertion told us they did not know about the center’s financial situation, and that the center has not given an expenditure report to the Ministry. Pedro Fraga told *La’o Hamutuk* that the Tibar Center produced reports for the Timor-Leste Minister of Labor based on the agreement between high level officials. The two relevant directors in the previous government were unaware of these reports, and equivalent officials in the new government had not yet had time to learn about them.

According to *La’o Hamutuk*, cooperation should have transparency and participation from both sides. Even if the Timor-Leste government did not allocate funding for the centre, it still has the right to know the center’s allocations and expenditures.

3. Skills Transfer

When the center was managed by the Portuguese, they managed the finances themselves. Training began only when it was being handed over to local people.

According to *La’o Hamutuk*, local people should have been included from the beginning in various matters, including management, administration, coordination, monitoring, evaluating and reporting, so that they can understand the system as a whole.

4. Monitoring

The center does not have data regarding how many of the 452 graduates have found work or are still unemployed. Al-

though several graduates work for companies, the center does not know if they are permanent or temporary workers. Graduates are only asked to keep the center informed about their situation, without a clear mechanism to do so.

The Center says it is the government's responsibility to monitor, however Tibar Center plans to do the monitoring for graduating students.

La' o Hamutuk recommends that the center should monitor graduates to evaluate the quality of graduates and training from the center.

The Timor-Leste government's plans for professional education

With the opening of various professional education institutes in this country, the RDTL government needs to prepare standards and a system for professional education to be of good quality. Professional education programs here already use different education systems and curricula, including systems from Portugal, Brazil, Australia, Indonesia and elsewhere.

On 12-13 February 2007, the Ministry of Labor, with support from the ILO and UNDP, held a meeting about "Education for work" for professional education in the São Paulo Hall at Comoro-Dili.

The meeting was held to discuss the professional education system in Timor-Leste, and existing mechanisms of cooperation and coordination between the various professional educational institutions. This meeting was attended by some of the larger professional educational agencies in Dili and the districts.

To answer the needs of the professional education system, the Ministry of Labor drafted the formation of an institution that will regulate professional education, named *IDT - Instituto ba Dezenvolvimentu Trabalhador* (Institute for Worker Development).

This institute will make a professional education system that fits the needs of the labor market in Timor-Leste in accordance with international standards. It will also certify people as technically and professionally competent, and certify companies and certain people as competent advisers.

The executive commission in this institution will include representatives from the Ministry of Labor, the Ministry of Education and Culture, companies, worker organizations and professional educational centers.

Recommendations

Professional Education and Training centers are very important for the country's youth. They can give capacity and skills to them to use in their own interests and for the development of this nation.

These two centers of Professional Training and Education are quite useful, so we should pay attention to their development and continuation.

Several issues should be considered, including:

1. Bilateral cooperation (between the countries of Timor-Leste and Portugal and Timor-Leste and Brazil) should be carried out as equal work partners, not as boss and subordinate. There should be openness,

participation and initiatives from both sides in all matters.

La' o Hamutuk hopes that donor countries appreciate that Timor-Leste is a sovereign country. And the government of Timor-Leste should not blindly accept donor assistance without mechanisms for cooperation and domestic policies established for cooperation, and those principles must be honored.

2. The governments of Timor-Leste, Portugal and Brazil should have mechanisms to monitor center graduates. There should be a database with graduates who are working in companies, are self-employed or still unemployed. Also, by keeping track of graduates and what happens to them in their new jobs, the centers will be able to evaluate and improve their programs based on their results. This could include adding or removing subjects of study, as well as revising the subject matter in the training so that it is more useful for actual jobs.

3. Graduates from the centers should have a forum to support them, be sent to companies that need them, or employed in construction projects funded by the Timor-Leste, Portugal and Brazil governments, to avoid a scenario of "professionally unemployed." They should also be given support in finding jobs, and companies looking for workers should be able to come to a center run by the vocational education programs which will help them find interested, capable workers. If the education center works with potential employers, such as through internships, these relationships will be easier to establish.

4. The centers should begin considering education and training which matches Timor-Leste's needs, especially programs in agriculture, fisheries and tourism. Other useful subjects could include paramedics, motorcycle/auto repair, road maintenance, finances, administration, and running a small business.

Graduates from the centers should not depend on companies, but be able to use their expertise and skills for their own development in these fields.

5. The RDTL government must enact strict legislation about workers and companies who invest in Timor-Leste. This would reduce workers being dominated from outside or jobs being given to foreigners when qualified Timorese workers are available, and also guarantee local workers' rights to work at these companies.

The government could also make efforts to hire graduates of the professional education programs, or encourage its subcontractors to do so.

6. The Timor-Leste government must enact a standard so that all professional education available in Timor-Leste is of high and measurable quality. This standard and curricula must be suitable for the conditions in Timor-Leste.

7. *La' o Hamutuk* supports forming an institution that regulates professional education, with the hope that with an agency/organizational forum will improve the quality of professional education in Timor-Leste. ❖

Gareth Evans Must Apologize to the People of Timor-Leste

Statement from the Timor-Leste National Alliance for an International Tribunal during former Australian Foreign Minister Gareth Evans' visit, 4 August 2007

Gareth Evans comes to Timor Leste for the first time since Timor-Leste's independence. We believe that he should recognize his complicity in the suffering of the Timorese people during the 24-year Indonesian occupation. Indeed, he should apologize before he sets foot in this country.

Gareth Evans does not visit at a good time, because now Timor-Leste is politically unstable, with Australia continuing to pressure Timor-Leste as it has many times in the past.

Looking back, at the time of the 1991 Santa Cruz Massacre, Gareth Evans was the Foreign Minister of Australia, and he tried to convince the international community that the Santa Cruz Massacre was "an aberration, not an act of state policy." This shows that Gareth Evans contributed to suppressing the truth about the violence that was being perpetrated against Timor-Leste.

When Gareth Evans' party was in opposition, it adopted policies against the Indonesian occupation of Timor-Leste and to limit Australian military assistance to Indonesia. But when they came into power he changed these policies, acting as if Timor-Leste had no problems and no human rights violations. His Labor Party changed its policy, and continued negotiating with Indonesia about Timor Gap oil reserves. In December 1989, Gareth Evans signed the Timor Gap Treaty with Indonesian Foreign Minister Ali Alatas. This Treaty was how Australia and Indonesia stole Timor-Leste's oil and continued their illegal occupation of Timor-Leste, which killed 250,000 people.

Gareth Evans continues to avoid justice for the Timor-Leste people. Now, when Timor-Leste's political and security situation is unstable, he comes to visit as if he had never done anything against our people. Therefore, once again we urge him to recognize his sins, the political manipulation he committed, and ask forgiveness from the people of Timor-Leste. ❖

[translated from Tetum.]



Foreign Ministers Gareth Evans (Australia) and Ali Alatas (Indonesia) celebrate signing the Timor Gap Treaty in an airplane flying over the Timor Sea, December 1989. The treaty assigned half of illegally occupied Timor-Leste's offshore oil resources to Australia and the other half to Indonesia.



Gareth Evans debates with Timorese demonstrators during his first visit to independent Timor-Leste, August 2007. He told them he has nothing to apologize for.

La'ó Hamutuk Proposes Changes in Petroleum Decree-Laws

Last April, *La'ó Hamutuk* was the only Timor-Leste NGO to make a submission to the RDTL Ministry of Natural Resources, Minerals and Energy Policy regarding three proposed decree-laws which would restructure how Timor-Leste manages petroleum projects, establish a national oil company and create a National Council on Energy Policy. The June 2007 *La'ó Hamutuk Bulletin* summarizes the laws and our April submission.

The two-week public consultation was too short to allow thorough analysis of these complex decree-laws. In response to public concerns, the Government wisely extended the time for submissions, postponing enactment until after the elections. The mandate for the bi-national Timor Sea Designated Authority (TSDA) has been extended until January 2008, removing one pressure for hasty creation of new regulatory mechanisms.

A new government has taken power since this process began, with some changes in current structure and in its vision for how to develop Timor-Leste's petroleum resources. Two of the three draft decree-laws -- Regulatory Authority and National Oil Company -- will be included in a "Petroleum Optimization Law" which will be drafted soon by the State Secretariat for Natural Resources. Responsibility for a National Council on Energy Policy goes to a new Secretary of State for Energy Policy.

Brazil is the model for much of what was proposed for Timor-Leste in these draft laws, but their Energy Minister was fired in May, and 50 of his staff were arrested. São Tomé has one of the world's best regimes for managing petroleum revenues, but a corruption scandal surfaced there in June. These sad experiences should cause Timor-Leste to try even harder to develop laws which are not only among the best in the world, but which will keep our nation from falling into the same trap.

With help from international experts, *La'ó Hamutuk* submitted more than twenty pages of additional commentary on the proposed decree-laws in July, which is summarized below. The complete submission is available on our website or from our office.

These should be Parliamentary Laws, not Decree-Laws passed by the Council of Ministers.

International experience shows that the petroleum sector, especially in countries which depend on it for most of their revenue, is particularly vulnerable to mismanagement, corruption and abuse of power. Therefore, we should use the strongest, most transparent, most democratic, most inclusive and most deliberative process to establish stable foundations for future petroleum development and regulation.

Parliament operates in public, with participation from many political parties, unlike the Council of Ministers which meets in secret and includes only people chosen by the Prime Minister. As with the unanimous parliamentary passage of the 2005 Petroleum Fund Act, an open and extensive public consultation and parliamentary debate can help ensure that the whole society supports the decision. Especially with a coalition government, a law passed openly by elected representa-

tives is more durable than a secretly-debated decision by the government of the day. Such stability is attractive to international petroleum companies, purchasers of our petroleum product exports, and others concerned about transparency, accountability, corruption and long-term, sustainable economic development.

Three laws cannot fill a legal vacuum.

A comprehensive legal framework should be in place before these specific laws are enacted, as they do not fit easily into our mixed Timor-Leste/UN/Indonesian legal regime. In particular, overall statutes on transparency, environmental protection and review, dispute resolution, and conflicts of interest should be enacted first. If these draft laws are passed without that foundation, there will be legal confusion. Many of the structures used in them do not exist in Indonesian law, which applies in areas where Timor-Leste has not yet passed a new law.

Some related laws are already in effect, including the Petroleum Act, the Petroleum Fund Act and the law on Public Companies. These new laws must be consistent with them. Contradictions and gaps in legislation create loopholes which could enable corruption or worse; they also make it hard for the laws to be administered by officials or enforced by a court. Before these laws are passed, Parliament should pass an organic law for the Ministry of Natural Resources, Minerals and Energy Policy, as it has done for other ministries. This organic law would make parts of these decree-laws unnecessary.

Petroleum exploration and distribution are different.

The draft laws create a National Regulatory Authority on Natural Gas and Biofuels (ARNP), Timor-Leste National Petroleum Company (PETROTIL) and a National Council on Energy Policy (CNPE). Each new agency has authority over the entire petroleum process, from exploration and production (upstream), to refining, gas liquefaction, marketing, distribution, and retail sales (downstream). This is a significant expansion of the 2005 Petroleum Act, which only covers upstream activities. The purpose of upstream operations is to provide revenue for the State treasury, while downstream, from a national government perspective, is to ensure energy availability to the people of Timor-Leste. It is unreasonable and inefficient to put them under the same regulators, who will inevitably prioritize certain concerns and neglect others.

Centralized power can lead to corruption.

Decision-making power, appointments and access to information are too centralized in the Minister of Natural Resources, Minerals and Energy Policy (MNRMEP). Checks and balances, consultation, and transparency are necessary within Government, with other state institutions (President, Parliament, Provedor and judiciary) and with non-governmental actors (business, civil society, local communities).

(The structure of the AMP government created in August divides the functions of the MNRMEP among two Secretar-

ies of State; this is a welcome step toward decentralization but raises concerns about the lower profile given to managing the petroleum sector.)

Transparency and public information are essential tools to help prevent corruption, collusion and nepotism. Timor-Leste needs a comprehensive, government-wide, legally-binding policy of public information based on the principle that everything should be public unless there is a compelling reason for it to be concealed, but these laws lack basic provisions for transparency. In particular, the secretive instincts of petroleum companies, often claimed as “commercial confidentiality,” should not override the right of citizens to understand the exploitation of our resources and the performance of our public servants.

No country would need laws if everybody was well-intentioned and performed their tasks flawlessly – the purpose of legislation is to ensure that human greed or fallibility do not cause serious consequences for the people and the State. Unfortunately, conflicts of interest are permitted by many articles in the proposed laws, which contain little to hold wrongdoers accountable for their actions.

Timor-Leste should have a government-wide conflict of interest code which applies to all decision-makers. In addition to prohibiting involvement with businesses whose interests overlap with their regulatory duties, such a code should require them to declare their assets before beginning service, every year and when their service is completed.

National Regulatory Authority on Natural Gas and Biofuels

The proposed legislation creates the ARNP as a semi-autonomous agency, rather than a normal government department (such as the current National Directorate of Petroleum and Gas (DNPG)), to manage the State’s oil and gas resources for the benefit of our people. We believe that this role is too important to be removed from the democratic process, and should include Parliamentary oversight and appropriate public consultation. In addition, the ARNP budget should be part of the State budget, and its revenues should come from Parliamentary appropriations. Petroleum-related revenues should go through the legally-required Petroleum Fund process, rather than directly to the ARNP. People who work for the ARNP should have the same rights, responsibilities and benefits as other public servants.

Petroleum development in countries similar to Timor-Leste often brings a resource curse. Some of this arises from mismanagement or theft of revenues, but it also results because commercial companies are formed to benefit their shareholders, rather than the people of the countries where they operate. Commercial companies will watch out for their own economic desires, but who besides Timor-Leste’s Government will safeguard the needs and well-being of Timor-Leste citizens?

The proposed legislation prioritizes short-term commercial concerns over long-term public interests. Regulation must include protecting the environment from leakage, accidents and waste; providing for sustainability and inter-generational equity; safeguarding worker health and safety; preventing violations of land rights and human rights; developing alternative energy; maximizing spin-off to Timor-Leste businesses

and workers; and minimizing climate impact. These are mostly ignored in the draft mandate of the ARNP, which also omits the need to consult communities and the public before approving activities which would affect them.

The entire ARNP Board of Directors would be chosen by the Minister for Natural Resources. We suggest that they be appointed by different officials and confirmed by Parliament. In addition, this Board should be internally democratic and transparent. The compliance officer (Single Auditor) should be independent, and his/her reports should be published.

The scope of activities regulated by ARNP would be extremely broad, and everyone who trades in petroleum products has to register with ARNP and receive authorization. As proposed, this includes every shop which sells kerosene or exchanges LPG bottles, every kiosk which sells petrol, every street vendor who sells butane cigarette lighters.

Timor-Leste National Petroleum Company (PETROTIL)

La’o Hamutuk supports the creation of a strong, well-managed, citizen-owned national oil company for Timor-Leste. Such an institution can help develop our resources and our capacity to manage them, as well as maximizing income to Timor-Leste. In addition, a transparent, accountable, democratically-controlled national oil company will respond to our own people, rather than to overseas investors. It will prioritize Timor-Leste’s long-term interests, rather than daily share prices or quarterly dividends.

However, in other countries national petroleum companies are often a path to disaster. They can be used to evade responsibility for pollution caused by foreign companies (such as Texaco selling its interests in Ecuador to Petroecuador), or to enable flouting laws about safety or communication with local people (such as NNPC in Nigeria). If not carefully regulated, a national oil company is more dangerous than a privately owned one which has to answer to regulators in countries where its stock is traded. Timor-Leste’s Government alone will have the responsibility to keep PETROTIL honest, responsible and transparent, and this is a critical and difficult task.

PETROTIL should be held to a standard of transparency and accountability as high as a rich democracy applies to a publicly traded, investor-owned oil company.

Good corporate governance should be explicit and mandatory for all PETROTIL operations, including prohibitions of conflicts of interest, compliance with international transparency standards, parliamentary oversight, public and community consultation, periodic published independent audits, and governmental and public reporting. Unfortunately, the draft PETROTIL statute contains none of these requirements, and it therefore endangers Timor-Leste.

A multi-sectoral Consultative Council, similar to the one for the Petroleum Fund, could help improve oversight and accountability.

The draft PETROTIL statute requires PETROTIL to distribute profits to its own employees and directors and links workers’ wages to PETROTIL’s profits. This is an open invitation to corruption and violates the RDTL Constitution, which says that petroleum resources belong to Timor-Leste,

not to a select appointed few. MNRMEP minister José Teixeira claimed that profit-sharing is necessary to attract qualified personnel in the highly-paid oil industry. We believe it is more likely to attract greedy people tempted by the chance to steal our resource entitlement.

PETROTIL profits should go through the Petroleum Fund, like all other petroleum revenues. When PETROTIL employees take a share, this is a dangerous precedent. Should tax collectors be paid a percentage of the revenues they collect or purchasing agents receive a percentage kickback for the contracts they award? PETROTIL workers should be covered by the same labor code and salary system as other public employees.

PETROTIL's international staff and their families would be exempt from import taxes on personal items undermining the rule of law. Other parts of the draft law also create a corruption-friendly atmosphere, such a "simplified" tender process, centralized appointments and no requirement for an outside audit.

Draft Law on Regulation of Petroleum Activity

This law sets up a National Council on Energy Policy (CNPE), which is empowered to propose policies to the Council of Ministers. This indicates that it is an advisory body, without real decision-making powers or legal responsibilities. We concur with this, but other commentary on the CNPE describes it as an oversight or regulatory organ. The law also mandates CNPE to recommend approval of the budgets and financial reports of energy regulators, but it's unclear if the CNPE itself can approve (or reject) such reports.

Like the other proposed decree-laws, this one is very weak on decentralizing authority, transparency, sustainability, preventing conflicts of interest and intergenerational equity. In addition to energy security, the CNPE should consider building the capacity of the RDTL labor force, increasing the absorptive capacity of our economy, long-term planning, minimizing global environmental damage, and protecting Timor-Leste's land, communities, and existing activities (such as fishing and agriculture).

The CNPE is responsible to help shape energy policy for the entire nation, and it should be expanded to include representatives of labor, rural communities and consumers. Six of the ten proposed members are ministers or their designees (three of the remaining four are appointed by the Minister of Natural Resources), and Government ministers already have a large influence on policy. A Council like this one should incorporate diverse perspectives, and should involve civil society, agents and consumers.

Conclusion

These laws were poorly thought through before they were circulated for public consultation and would have seriously damaged Timor-Leste if they had been passed. We are encouraged that the previous Government responded to public and internal criticisms and the new Government is undertaking a more deliberate process. We hope that the final versions of each of these laws (which can each be enacted separately) will be part of the best possible legal regime to manage this dominant, lucrative and perilous aspect of Timor-Leste's future. ❖

Listen to La'o Hamutuk's "Iguabilidade" Radio Program

Interviews and commentary on the issues we investigate -- and more!

In Tetum and Bahasa Indonesia

Every Sunday at 1:00 pm on Radio Timor-Leste.

Every Thursday at 9:00 pm on Atoni Oecussi Community Radio.

La'ó Hamutuk: Re-orienting Our Approach

Lao Hamutuk is a local non-governmental organization that monitors, analyzes, and reports on international institutions involved in the reconstruction and development of Timor-Leste. LH was formed in 2000 as a continuation of the international solidarity movement's commitment to the Timorese people's struggle for self-determination. By studying together and distributing information about international institutions like the World Bank, IMF, United Nations and its agencies, bilateral development agencies and their policies and interests in Timor-Leste, international and Timorese activists and analysts hope to make those institutions more responsive and to help the Timorese people better understand their agendas and histories.

From its beginning, LH monitored the international organizations that arrived in Timor-Leste during the UNTAET transitional period, when there was no government to hold them accountable. Early on, the *LH Bulletin* helped inform people in Timor-Leste about these organizations through articles such as "What is the World Bank?" and "What is the IMF?". We also monitored bilateral and multilateral aid, including agencies and programs from the USA, China, Japan, Portugal, Australia and Brazil. We looked at their role in the reconstruction and development process in Timor-Leste, and how well they involved Timor-Leste people in planning and implementation. We published many reports about these agencies' backgrounds, motivations, activities and projects in Timor-Leste.

After Timor-Leste's formal independence in 2002, LH began to look more closely at projects funded by these organizations, and began monitoring their work as advisors to the new government. LH also broadened its research areas to include the issue of oil and gas, creating a new research team on Natural Resources. This was done because of the involvement of Australia and international companies in petroleum development, and the fact that oil revenues make up around 90% of Timor-Leste's economy. In 2005, to address our long-time desire to cover developments outside of Dili more effectively, we formed a Rural Development research team. This team monitors and reports on projects funded by international institutions that relate to the lives of the majority of Timorese who live outside of the capital.

LH recently reviewed our work, finding that nearly all projects managed by foreign agencies have similar problems:

- √ insufficient consultation with the local people, the ostensible beneficiaries of these projects;
- √ few women involved in decision making;
- √ poor relationships between international and local staff, including poor transfer of skills to Timorese;
- √ failure to use local capacities and existing structures;

- √ no sustainability, so that projects die when foreign funding stops;
- √ poor coordination between implementing agencies and the government or other groups; and
- √ failure to answer the needs of the community because implementation models don't take into account the local communities' specific conditions and needs.

These weaknesses reflect global patterns of the development industry which are not easy to change in Timor-Leste alone.

We realized that if LH continues to monitor such projects, we are limited by the donors' agendas and perspectives, and often will not be able to identify better ways to address a problem, compare with other models, or incorporate alternative approaches or more effective alternatives.

Based on these considerations, we decided to focus on broader topics in our research and reporting, and have identified five sectors:

1. **Natural Resources, especially oil and gas:** petroleum dependency; management of income from oil and gas; government policies; environmental issues; transparency, accountability and sustainability.
2. **Agriculture:** public policy related to farming, land rights, markets, food security, irrigation, transportation from fields to markets, and other aspects of rural life.
3. **Governance:** justice, security, law, human rights, civic education, elections, the law-making process, state institutions, decentralization and government administration.
4. **Economics:** foreign investment, privatization, globalization, debt and trade, particularly in sectors other than petroleum and agriculture.
5. **Service Delivery:** health, education, communications, water, electricity and infrastructure.

Due to current staff limitations, we are working on the first three for now. We hope to add economics in 2008 and service delivery in 2009, when we will have more staff with more experience and knowledge.

La'ó Hamutuk is not changing our overall mission to monitor international organizations, and we continue to look at the same actors within the same institutions. International organizations remain involved in Timor-Leste in major ways, designing, funding and implementing projects and advising in many areas. We hope that this organizational change of perspective will make *La'ó Hamutuk* more effective in our efforts to advance a development process that is responsive to and effectively addresses the needs and wishes of all the people of Timor-Leste. ❖

Who is La'ó Hamutuk?

La'ó Hamutuk staff: Yasinta Lujina, Inês Martins, Guteriano Neves, Charles Scheiner, Viriato Seac, Santana Soares, Maximus Tahu

Translation for this *Bulletin*: Andrew de Sousa, Pamela Sexton, Nugroho Kacasungkana

Executive board: Joseph Nevins, Pamela Sexton, Adérito de Jesus Soares, Justino da Silva, Oscar da Silva

The Women's Movement: Looking Back and Looking Ahead

While many women's organizations and networks organize and struggle for women's interests, there is not yet a structural mechanism within the women's movement in either Indonesia or Timor-Leste. Culturally, young women in Indonesia and Timor-Leste don't yet have a strong role within the process and movement for change. In order to strengthen the women's movement with a strategy that supports village-based women's organizations and focuses on young women, a workshop was organized in Bogor, Indonesia from 18-23 June 2007 entitled "Reflecting on and Revitalizing the Women's Movement with Young Feminists in Indonesia and Timor-Leste."

The goals of this workshop were:

- √ To strengthen and broaden leadership in the women's movement through inter-generational political education and skill-building activities, as well as study and action across borders
- √ To remember what we have learned already as we "re-vision" the future: well-developed analyses of power, gender equity, women's rights, negotiating skills, as well as strategy/methodology for organizing and mobilization through popular education.
- √ To bridge the differences between village and city realities, between grassroots efforts and policy level work, between research and activism, and between the women's movement and other social movements including those working for minority rights and workers' rights.

The workshop was organized by Just Associates (JASS) with financial support from HIVOS. JASS is an organization founded by women's movement activists from North America and the Asia Pacific region. The primary goal of JASS is to bridge women's movements in the global North and South. JASS publishes reference books, participates in lobbying and advocacy at the international level and supports social justice. HIVOS receives money from the Netherlands government and from individuals in Europe and America to support projects in, among other places, Indonesia and Timor-Leste. Two foci of the organization are gender mainstreaming and strengthening the women's movement by supporting village-based women's organizing.

The overall workshop was facilitated by Nani Zulminarni and Dina Lumbantobing from Just Associates. Lely Zailani (Director of the Political Commission HAPSARI-Himpunan Serikat Perempuan Indonesia or Association Women Union Indonesia) facilitated the workshop "Sharing Experiences about the Women's Movement" and Dian Kartika Sari (Deputy Director of INFID-Indonesian Federation for Development) facilitated the workshop "Understanding Events and Actions from Local to Global." Other activities included:

- √ **Poster Café:** participants divided into three groups, and each day each group made an informational stand with posters, pictures, brochures and books. Participants then visited each other's cafés to gather ideas and information.
- √ **Learning Group:** For an hour each day, participants divided into small groups to discuss topics related to the



women's movement and feminism. They shared ideas, deepened understanding, met one another and shared strategies from the personal to the public.

- √ **Discussion Room:** Different rooms were given different discussion topics; groups met to discuss and prepare presentations to the rest of the group the following day. Topics came from material presented in the seminars and related to the women's movement and feminism and the individual experiences of women.
- √ **Informal Discussion about Sexual Orientation:** This session wasn't in the agenda but emerged because the participants included lesbians and those who serve the LGBT (Lesbian, Gay, Bisexual and Transgender) community. This discussion was very interesting because besides giving information about LGBT issues, it raised awareness about sexual orientation. A major point gleaned from the discussion was that differences in sexual orientation shouldn't be a barrier to working together; instead they should enrich and strengthen our movement.
- √ **Social Night:** On the last night of the conference, participants put together performances to share, representing their different regions of Indonesia and Timor-Leste.

Representatives of organizations that work on women's issues, advocacy and media at all levels throughout Indonesia attended the workshop. Timor-Leste sent six representatives: Rosa Maria Do Rosario De Sousa and Maria G Barreto (Fokupers), Maria Evelina Iman (Rede Feto/Women's Network), Natércia Barbosa De Deus (Asosiasaun HAK), Maria Do Rosario Fatima Correia (JSMP) and Yasinta Lujina (*La'o Hamutuk*).

A total of 34 women from different generations who work in the women's movement and other social movements for change and justice participated. Older and younger generations shared their experiences and studied together about women's movements of the past and the present. Reflecting on key events of the past, particularly those connected with the local, national and international women's movements, the group examined what, where and how the women's movement has contributed, as well as where the movement is today. Studying

Personal experience teaches patience

We will tell a story here about how one young woman, a lesbian, has struggled to improve the status and dignity lesbians in the just cause to secure their human rights. It started with a fire within her and the self-knowledge that her sexual orientation was different than most others. She felt buried by extreme worry and fear. Her extended family was furious when they found out, as they were very religious and included respected community leaders. Her family tried in many ways to change her, including sending her to an Islamic boarding school. Nothing, however, could change her sexual orientation, the fact that she was a lesbian. Finally, her family gave up.

The challenges lesbians face are enormous. Some religious teachings and social customs say two women loving one another is “strange” and “immoral.” Some people view it as some kind of sickness that must be wiped out. These ideas lead to discrimination against and the marginalization of lesbians.

With different approaches, she tried to teach her family and the community around her that lesbians are human beings and have the same rights as everyone else. People must be allowed to decide their sexual orientation. While it was not easy and took time (around seven years), her family and community were eventually able to accept her difference. And with the activism of lesbian-based organizations, lesbians are finally being affirmed and given the same social space as others.

From this story, we can see that the struggle for social change is not easy. It requires time and patience. The biggest challenge is often self-awareness and self-understanding. Too often we view difference as something negative or a problem, which prevents us from accepting differences among us. This leads to difference being a dividing factor, preventing us from working together. In any movement, viewing difference as positive means a longer life for the movement.

the history of the women’s movement can help motivate the current women’s movement as it continues to confront injustice.

We observed that the women’s movement grew when there were monumental levels of oppression against women. By reflecting on that history, we see that the women’s movement has been intertwined with other struggles on social issues, and how much it has contributed through the work of individuals, organizations and as a movement.

During the five-day workshop, participants reflected on the women’s movement in Indonesia and Timor-Leste to better comprehend what makes a movement, the elements of a movement, strategy, approach, methods, follow-up, as well as leadership and intergenerational issues. We studied how to strengthen the movement, build communication, exchange ideas and information, understand the context of the movement from the local to global, micro to macro, and all of the power dynamics within it. We studied movement-building skills about creating a collective vision and mission, feminist leadership, popular education, organizing, networking, and creating new strategies for the women’s movement to link up with other movements and build effective and clear collaborations between activists, organizations and movements.

From the above reflections, it was agreed that there are great similarities between the experiences of women in Indonesia and Timor-Leste and even across the world. While women’s problems are multidimensional and varied, women face the same problems of discrimination, cultural and economic isolation, political and personal disempowerment, and violence. It is important for women to recognize common enemies and also to recognize the enemy within ourselves - internalized oppression - and free ourselves in thought, feeling, and action from these feelings that women are somehow less than men. We need to understand well the principle that before we can free another, we must first free ourselves. We must also be aware that we all experience some form of oppression. Women must unite and work together to oppose all forms of discrimination and injustice, to bring about social justice and transformation.

Women struggle in various arenas, including public, domestic, political and economic. Many women’s organizations therefore focus on one arena and work separately from other groups. Divisions arise based on the regional or issue focus of each organization. There are also divisions between the generations, between those who work in rural areas and those who work in cities, between those with more experience and newly formed groups, etc. These divisions weaken the movement, crippling its ability to address differing individual interests and sometimes leading to suspicions and competition between groups, leaving a “movement” in name only.

The workshop identified several important points about the women’s movement:

- √ The women’s movement cannot focus only on one issue because the problems women face are extremely complex; we must work to link various issues together.
- √ Young feminists in the movement should be respected and nurtured, and receive trainings and access to leadership in the movement.
- √ We must work towards critical awareness of women’s issues beginning with ourselves and the people closest to us.
- √ We must activate community participation (women and men, young and old) within the movement, thus diversifying the movement.
- √ We must always reflect on the movement’s journey in order to renew and rebuild our common commitment.

The workshop and reflections helped all the participants think more deeply about community organizing, movement building, feminist leadership and power differences. The workshop helped to build solidarity, friendships and comradeship between the older women’s movement and young feminists to encourage them to be more active in the movement at local, national and global levels.

Women’s struggle to chase the sun is not easy. Activist women – young and old – must support each other as women and come together to oppose discrimination. Come and let us all work together for social change. ❖

President Promises not to Promulgate Amnesty Law

On 4 June, Timor-Leste's National Parliament passed a law on "Truth and Measures of Clemency for Diverse Offenses," which provides amnesty for perpetrators of more than 180 specific types of crimes committed between 20 April 2006 and 30 April 2007. Although supporters of the amnesty law claim it would relieve pressures on the justice system, *La'o Hamutuk* argued that failing to hold lawbreakers accountable only weakens the rule of law - perpetuating impunity and encouraging a growing culture of criminality in Timor-Leste. The proposed legislation includes no truth-finding mechanisms, such as testimony or public hearings. It provides amnesty for crimes which damage property worth less than \$10,000, but not more, setting a precedent of unequal justice for rich and poor (see editorial, *La'o Hamutuk Bulletin* Vol. 8 No. 2). This is one of several controversial laws passed during periods of significant public disruption in the past year, in this case amidst the political and media distractions of the parliamentary election campaign.

While Parliament and the public waited for President José Ramos-Horta's decision to promulgate or veto the law, *La'o Hamutuk* worked to raise awareness, analyzing the law's impact, publishing an editorial and commenting in the national and international media. On 5 July, the President asked the Court of Appeals to provide advice as to whether the law violates the constitution. That same day, *La'o Hamutuk* met with the President, and he committed not to promulgate the law, regardless of what the court advises. It will up for the new Parliament and Government to decide what to do.

The Court of Appeals issued its opinion on 16 August, finding the law in violation of the Constitutional principle of equality because only crimes committed during a particular time period are covered.

The President, in collaboration with some civil society organizations, is looking for alternative recommendations about how to deal with the large number of crimes committed during the 2006-2007 crisis. ❖

Editorial: Local Content *(continued from page 16)*

our economy to absorb this money is limited. Timor Leste has seen this with international assistance over the past eight years. The international community has spent close to three billion U.S. dollars on Timor-Leste, but it has not developed our local economy. Timor-Leste still imports many things because we do not yet have the businesses, the manufacturers, the infrastructure or the experienced workforce to supply most needs of foreign companies in our country.

We encourage a long-term strategy to use local content to develop our economy. Petroleum development in Timor-Leste will continue for several generations, and our human, agricultural, infrastructure and manufacturing capabilities will grow.

In many countries, oil projects actually increase poverty, as foreign oil companies exploit the public's resources for their shareholders' profit, leaving little benefit for the people of the country. Therefore, the State must create mechanisms to protect the people's interests.

Like other petroleum-dependent nations, Timor-Leste needs to reduce our dependency and diversify our economy. So far, Timor-Leste receives high revenues from petroleum, but the industry has provided few opportunities for employment or to develop the non-petroleum sector. This regulation gives legal power to the government so that it can direct companies who exploit our resources to consider our local needs.

Local Content projects should not be paid for from public revenues, and oil company public relations should not substitute for government programs.

It is important to understand that expenditures related to implementing Local Content policies are often paid for by Timor-Leste. Much of the money spent on Local Content by a company with a Production-Sharing Contract (PSC) will be cost-recoverable under the PSC, which means that it will

be subtracted from the revenue that the government receives. As a result, Local Content projects and procurement are not paid for by the companies, but by Timor-Leste's people.

It is better for the companies to spend money in Timor-Leste rather than overseas, and for them to hire Timorese workers in preference to foreign workers. But *La'o Hamutuk* does not want this money to be wasted, or only to promote the company's image, since it comes out of Timor-Leste's treasury (albeit circumventing the Petroleum Fund and budgeting processes).

In June, the Eni oil company briefed local NGOs in Dili about "Local Content and Sustainable Development." They discussed Eni's "engagement" in other countries: agriculture in Nigeria, malaria control in Azerbaijan, AIDS awareness in Africa, education in Venezuela, a medical center in Libya, rice cultivation in Congo, etc. These are not related to petroleum development, but are intended to reduce criticism and make the people whose resources Eni is profiting from feel better about the company.

Examples of engagement with local communities

- Green River Project:** integrated agriculture development program launched in Nigeria in 1987, to contribute to the economic self-sufficiency of some 200,000 people in the Niger Delta
- Roll Back Malaria:** promoted in Azerbaijan in 1998, to avoid socio-economic impacts of malaria burden by preventing its spread in not-impacted areas
- Social infrastructure in Kazakhstan:** development of basic infrastructure (distribution networks for water, gas and district heating) and construction of houses, schools, cultural and recreational buildings
- Fight against AIDS:** prevention of HIV transmission from mother to child in Nigeria and in Congo and awareness campaigns in Indonesia

Eni Exploration & Production division Eni's Way

Some of the NGOs attending became eager for a share of the \$9.5 million Eni has promised for Local Content. Very little will be spent on purchasing goods and services, which means that most of it will be given to organizations for projects they propose. However, Eni did not mention that the money would be taken from Timor-Leste's revenues until they were directly asked.

In July, National Director of Petroleum and Gas Amandio Gusmão told *La' o Hamutuk's* public meeting that only some expenditures will be recoverable, although Eni told their meeting that they expect Local Content projects they fund to be included as recoverable costs. The Local Content Policy needs to be clear about this.

Our government should not pay foreign oil companies to select and manage non-oil projects that should be handled by through normal budgetary and administrative processes. Oil companies do not make decisions openly and democratically, do not prioritize the public interest, and are not development professionals. Such projects should be run by Timor-Leste's Government or international development agencies, whose mission is to reduce poverty or provide services.

La' o Hamutuk believes that petroleum company public relations should not be cost recoverable. Expenditures which would not be made if the company had to pay for them out of their profits, or whose primary purpose is public relations, should not be recoverable or considered Local Content. Rather, Local Content should apply to decisions which the company makes in the course of its exploration and production: what goods to buy, which employees to hire, what subcontractor to use, etc. In these decisions, Timor-Leste goods, services and employees should receive priority.

“Timor-Leste content” should really come from Timor-Leste.

Local Content can stimulate local economic, social and infrastructure development, and we must ensure that these investments provide sustainable benefits to Timor-Leste. In addition to stimulating future development and growth, local content can be an immediate mechanism to inject money into Timor-Leste's economy and to create jobs, helping to reduce our crisis-level rate of unemployment.

This requires “local content” actually to come from Timor-Leste workers, not from importers from foreign manufacturers, which does not significantly benefit the Timorese economy. For example, a chair could be bought from a Timorese carpentry workshop or from an importer of furniture mass-produced in Indonesia. The former helps develop our economy and provide jobs; the latter does not.

We suggest that a “Timor-Leste content” purchase be at least 50% produced in Timor-Leste, and that at least 50% of the dollars paid for work and services relating to a Local Content project be paid to Timor-Leste citizens.

The Local Content Committee should be effective, transparent and accountable.

We support the idea of the Timor-Leste Content Committee (TLCC) to oversee the execution of the Local Content regulation. However, the draft regulation needs to be clearer

about appointments, require transparency of information, include safeguards against conflicts of interest, and protect against corruption. Public consultation and open tender processes should be required for local content project awards and procurement. The regulations should also include mechanisms and sanctions if companies violate the regulation or provide false or incomplete information.

Access to the internet is difficult for nearly all Timorese people, and we suggest that DNPG establish a publicly accessible information center, where proposals could be read and comments accepted. This information center could also facilitate public awareness on other aspects of petroleum development and public tenders, as well as helping people understand these issues critical to our national economy.

The Local Content regulation derives from the 2005 Petroleum Act, which requires that applications for production-sharing contracts include proposals for training and preferential employment of Timor-Leste nationals and for acquisition of goods and services from Timor-Leste. *La' o Hamutuk* previously recommended that companies' proposals in these areas should be published before contracts are awarded, but they are not required to be public at all. This makes it difficult for the Local Content process to be transparent, as the public cannot know what the company has promised to do.

Women and children should not be ignored.

We believe that the Local Content regulation needs to give attention to vulnerable groups, such as women and children, the future of our nation. In this patriarchal society trying to move toward gender equality, it is important to focus on women in every aspect of our nation's life.

When large investments come into other countries, they usually don't benefit women or children but reinforce the dominant position of men in the society. Many women work in their homes, and many children leave school to seek work. Some companies exploit children, making them do heavy work. With many highly-paid foreign male workers, women may be coerced into prostitution.

We therefore recommend to include gender equity and impact in the project requirements and selection criteria.

The public consultation mechanism still needs improvement.

Public consultation is a mechanism to facilitate public participation, and this public consultation has been slightly more accessible than past consultations on petroleum legislation. Although the available languages have improved, the Government publicized this consultation only through email and internet, which most people find difficult to access. At *La' o Hamutuk's* public meeting, many participants expressed unhappiness with the consultation process, including the lack of available information.

Future consultations should use additional media and hold public hearings at national, district and sub-district levels. The people who will produce the goods and services, or will seek training or employment in the industry, as well as those who live in communities where petroleum development may come, should have an opportunity to participate. ❖

As *La'o Hamutuk* has often written, petroleum development is essential for Timor-Leste's government income and economy, and will be for about two generations. But if petroleum revenues are to benefit the people of Timor-Leste, they need to be managed well. In addition, our resources and the income they produce must be utilized to develop other sectors of our economy, so that it will be strong even after all our oil and gas has been sold. This is a crucial aspect of moving Timor-Leste beyond a petroleum-dependent, rent-seeking economy toward a more diversified, sustainable one.

One way to do that is to ensure that foreign companies involved in petroleum operations maximize their use of Timorese workers, goods and services, providing training and support to develop new skills and business which can serve other sectors as well. The portion of oil company expenditures which comes into Timor-Leste's economy is called "local content" or "Timor-Leste Content."

In June 2007, the Timor-Leste Government circulated a decree law for public consultation establishing "Policy and guidelines for administration and monitoring of Timor-Leste Content." This decree-law builds on ideas from the 2005 Petroleum Act and sets up a Timor-Leste Local Content Committee, criteria for projects to qualify as local content and a process for proposals and approval of such projects.

Unfortunately, the National Department of Petroleum and Gas (DNPG, within the Ministry of Natural Resources, Minerals and Energy Policy) circulated the proposal only through their website and in their office, and allowed only three weeks for commentary. As a result, *La'o Hamutuk* and two oil companies made the only submissions.

To increase public awareness and participation in this process, *La'o Hamutuk* met with DNPG advisors and participated in a public meeting organized by the NGO Forum with the Eni oil company from Italy, which has exploration contracts for several offshore blocks in Timor-Leste. We also organized a public meeting to help the government explain the concept, and most of the people who attended had not heard about local content or the draft decree-law.

The Petroleum Act requires oil companies to include a proposal for Local Content when they make their bid prior to receiving an exploration or production contract from the government of Timor-Leste. The draft regulation explains how that proposal will be implemented, setting up a Timor-Leste Content Committee (TLCC) to evaluate specific proposals for Local Content projects, and make recommendations on whether they benefit the development of Timor-Leste, in accordance with principles of transparency and good governance. The TLCC would be under the Minister for Natural Resources, Minerals and Energy Policy, who selects its membership: a chair, two members with knowledge of human resources development or the petroleum industry, and representatives from an NGO, an educational institution and the local business forum.

On 26 June, *La'o Hamutuk* submitted our analysis and recommendations to the Government. Since then, a new government has come into office, with a Secretary of State for Natural Resources replacing the Ministry which had a broader mandate. The new government views Local Content as part of "Social Responsibility" to be included in a new Petroleum Optimization Law. Some specifics of this legislation will change, but the issues in our submission are still relevant, and a summary follows:

Local Content is one way to diversify our economy.

Money from petroleum development often does not meet people's expectations, which is one component of the "resource curse." Local content requirements, carefully planned over decades, can reduce this problem by helping to diversify Timor-Leste's economy away from dependency on petroleum revenues.

Investments in the petroleum sector are very large, generating high expectations among our people, but much of the money is spent outside Timor-Leste because the capacity of

(Continued on page 14)

What is La'o Hamutuk?

La'o Hamutuk (*Walking Together* in English) is an East Timorese non-governmental organization that monitors, analyzes, and reports on the principal international institutions present in Timor-Leste as they relate to the physical, economic, and social reconstruction and development of the country. *La'o Hamutuk* believes that the people of Timor-Leste must be the ultimate decision-makers in this process and that this process should be democratic and transparent. *La'o Hamutuk* is an independent organization and works to facilitate effective Timorese participation. In addition, *La'o Hamutuk* works to improve communication between the international community and Timor-Leste society. *La'o Hamutuk's* Timorese and international staff have equal responsibilities, and receive equal pay. Finally, *La'o Hamutuk* is a resource center, providing literature on development models, experiences, and practices, as well as facilitating solidarity links between Timorese groups and groups abroad with the aim of creating alternative development models.

La'o Hamutuk welcomes reprinting articles or graphics from our *Bulletin* without charge, but we would like to be notified and given credit for our work.

In the spirit of encouraging greater transparency, *La'o Hamutuk* would like you to contact us if you have documents and/or information that should be brought to the attention of the Timorese people and the international community.