

**Unofficial translation of recommendations from  
RDTL Parliamentary Committee C report on 2010 General State Budget**

**Largely done by computer, edited and distributed by La'o Hamutuk.**

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**Committee C, National Parliament, RDTL**

**Report and Opinion  
Proposed Law No. 29/II,  
General State Budget for 2010**

**17 November 2009**

*(Excerpt beginning from page 44 in Portuguese version.)*

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## **VI. Recommendations from Permanent Specialized Committees**

### **Committee for Constitutional Affairs, Justice, Public Administration, Local Power and Government Legislation (Committee A)**

Based on sectoral economic analysis of the proposed budget and in the public hearings, the Committee criticizes the errors in the supporting documents accompanying the proposed law, errors which already existed in the documents issued for the 2009 state budget remain in the State Budget 2010.

This happens, for example, on page 320 of Book 1 on the budget of the Prosecutor General's Office (PGR) where it is said that State funding for the PGR in 2010 is \$ 3,684,000 representing an increase of 17% over 2009. The truth, however, is exactly the opposite, that is, as stated in the draft law the PGR budget has been cut to \$ 2,550,000.

Moreover, in Table 7.M.24 of the same page a value is given for funding confirmed from other sources of \$ 2,396,000 which it turned out, according to information from the Prosecutor General provided at the hearing, does not exist.

The Committee makes the following recommendations:

- The Ministry of Finance review and improve the method of preparation of the documents sent to the Parliament to avoid errors and contradictions;
- The Ministry of Finance be questioned about the methods adopted for authorization of payments to different institutions, and introducing the necessary improvements;
- The Ministry of Finance review the method for calculating the estimates and forecasts in order to reduce the substance of the transfers;
- The Ministry of Finance presents data on the estimate of unused budget by 31 December 2009, and to what objective they will be given;
- The budget should reflect an investment in people and training, through legal and other measures, especially the employees who work in public administration and of whom are required a special duty of respect and professionalism in providing services to all citizens;
- The budget should similarly reflect an investment in education, improving conditions in schools, while respecting the fundamental rights of children and youth;
- As the number of temporary employees is greater than the number of permanent staff, the Committee recommends that the number of permanent employees required in the public service is legally stipulated and to ensure quickly resolution of the plight of temporary workers and develop better motivation of all workers;
- With the same purpose, the Committee recommends the establishment of a pension fund for contribution, and monitoring of pension payment under the current law;
- The Committee recommends that the implementation of a gender equality policy in the civil service be monitored;
- The adoption of additional legislation necessary to implement the Statute of the Ombudsman for Human Rights and Justice, as provided for in Article 50 of that Statute;
- The revision of Law No. 10/2009, to be re-analysed in regard to retroactive payments to judges, prosecutors and public defenders from the starting date of service;

- The establishment of a separate bank account and safe in the Courts for deposit of revenues, as determined by law, to comply with the requirements under Code of Court Costs;
- The establishment by law of the right of the National Electoral Commission to benefit from free access to transmission on the public television of Timor-Leste;
- The budget should clarify the “funds from other sources, including informing the various institutions that will benefit from the funds, and the National Parliament, of the funds origin and destination;
- A change in the draft 2010 State Budget in the budgetary allocation for salaries of the Ombudsman for Human Rights and Justice and the Deputy Ombudsmen, according to the values established in Law No. 10/2009 (Statute Remuneration of Judges), so as to comply with the Statute of the Ombudsman which determines that wages are equal to the Prosecutor General and Deputy Prosecutor;
- A change in the draft 2010 State Budget allocation in the Prosecutor General's Office to re-budget in 2010 values are not used up to December 31, 2009 in categories of minor capital and development capital to ensure completion of projects started in 2009 and the improvement of working conditions in the District Prosecution offices: Minor Capital totalling \$ 261,000; Office equipment: \$ 90,000; Communication Equipment: \$ 20,000; Furniture: \$ 75,000; Other equipment: \$ 76,000; Capital Development Fund in the total of \$ 79,000 -- Accommodation for employees of District Prosecutor - Suai: \$ 59,000; Security for the offices of Prosecutor - Suai: \$ 20,000.
- Still on the part of the Prosecutor General's budget, the Committee recommends the creation of capital budget allocations for projects beginning in 2010, as follows: an amount of \$ 700,000, increased in 2011 with \$ 300,000 for construction Building for the Dili District Prosecutor, and a cost of \$ 700,000, increased in 2011 with \$ 380,000 for construction of residences for national Prosecutors and Justice Officials in Dili District (15 homes);
- Finally, the Committee recommends that the draft State Budget 2010 will be amended in the amount allocated to the Civil Service Commission for capital development of \$ 250,000 to begin construction of the headquarters of the Civil Service Commission, and in the category of wages and salaries an amount of \$ 150,000 for the recruitment of technical assistance.

## **Committee on Foreign and Defense Policy (Committee B)**

### **The Committee recommends:**

- That the Government promote the creation of a specific legislative framework for the purchase of security and defense material, given the exceptional characteristics of this sector;
- Reinforce the budget for the Immigration Department in order to meet the challenges arising from the threats of illegal immigration, drug trafficking, human trafficking and other related crimes;
- That the Government consider allocating funding to the Minor Capital item, so that the basic needs for full operation of future PNTL facilities are guaranteed, either through the budget of the Secretariat of State Security or the Ministry of Defense and Security;
- There is a need to create a framework for coordination between the Secretary of Defense and F-FDTL, and the Secretariat of State Security and PNTL, by introducing

procedures in respect to acquired materials as well as management procedures, such as vehicle maintenance;

- That the sovereign state organs have better planning and coordination of official visits with the Ministry of Foreign Affairs;
- That the costs of representation made by other ministries or body, with the Ministry of Foreign Affairs (MFA) are borne by the respective ministries and not exclusively by the MFA;
- That the Government is attentive to the constant devaluation of the U.S. dollar when calculating the amounts to be transferred to the diplomatic offices abroad, as well as all entities on official trips abroad;
- To allocate funds to cover the deportation of citizens to other countries and from abroad to Timor-Leste.

## **Committee on Agriculture, Fisheries, Forestry, Natural Resources and Environment (Committee D)**

The Committee presents the following comments based on sectoral economic analysis of the proposed budget and on public hearings:

### **A) Agriculture**

The Committee considers that Agricultural Development Fund should be increased by one million dollars to support fisheries, livestock, coffee production, corn, and the purchase of agricultural equipment (hoes, plows, threshers, etc.). To support this amount we suggest a cut of a million dollars from funding earmarked for overseas travel of government members.

The Committee would also disagree with the cut in the budget for agriculture for the year 2010, and suggests that in the future the priorities be reviewed for capital development in this area. It is of paramount importance to invest in agricultural irrigation (number of hectares), and even the purchase of machinery for coffee production, forestry and fisheries.

The Committee recommends support for the creation and development of agricultural cooperatives and producer associations.

### **B) Energy**

Renewable energy programs should be strengthened, namely the purchase of solar panels for rural homes and stoves using bio-diesel or bio-bricks.

To fund this we suggest a reduction of one million dollars in Goods and Services under the Ministry of Finance.

### **C) Environment**

The Committee proposes that the government should create the following programs:

- Construction of two pilot projects for biodiversity gardens in Baucau and Oecusse;
- Construction of waste collection posts in Aileu, Ainaro and Viqueque;
- Implementation of an awareness raising program at the national level regarding the environment.

For all three programs the Committee estimates funding requirements of 700 thousand U.S. dollars (380 thousand for the first, 120 thousand for the second and 200 thousand for the third programs), and propose a corresponding reduction of 700 thousand dollars in the overseas travel line item.

### **Committee on the Elimination of Poverty, Rural and Regional Development and Gender Equality (Committee E)**

The Committee presents the following comments based on sectoral economic analysis of the proposed budget and on public hearings:

The Committee disagrees with the fact that there was a huge cut in the budget for agriculture for the year 2010, and suggests to review the priorities for capital development in this area in future. It is of paramount importance to invest in agricultural irrigation (number of hectares), and even the purchase of machinery for coffee production, forestry and fisheries.

The Committee reminds the Ministry of Social Solidarity to start the work of the Data Verification Commission as soon as possible in order to implement the latest revision of the Veterans Law. The Committee also recommends creating a program of information dissemination on the new rights adopted in the revised Veterans Law.

The Committee considers that the program of the State Secretariat for the Promotion of Equality should be more concrete in future, meeting the needs of people, and adopting a more pro-active attitude.

While agreeing with the program resource redistribution among the various groups of women, the Committee believes it should be preceded by adequate training and implementation that it is effectively monitored and supervised.

The Committee strongly disagrees with the cooking competition for women, because they consider it not only maintains a traditional view of separate tasks for women and men, but also there is no clear benefit of the program. The Committee considers that it would be more useful to spend this money on training sessions for rural women in various areas.

The Committee also notes that women are still a minority in the Public Administration, especially in management positions and more senior positions (above level 4), and asks the Government to establish a pro-active policy to reduce this disparity.

The Committee proposes that as of now there be an increase of subsidies for Suco Chiefs, Village Chiefs and Suco Council members, valued at \$ 60, \$ 40 and \$ 30 per month respectively.

The Committee also recommends that in the near future, the allowance for seniors citizens increase to \$ 30 per month.

The Committee disagrees with setting up a national lottery as it is not a useful tool to reduce poverty, and also because it will only bring benefits to the Government and the company managing the lottery.

The Committee considers that there is no reason to allocate seven million dollars for the purchase of local products, because the total sum of local products does not reach this value. Part of that money therefore should be used to support the proposed subsidy increase

for Suco Chiefs, Village Chiefs and Suco Council members and one million dollars should also be channeled to the Agricultural Development Fund.

## **Committee for Health, Education and Culture (Committee F)**

### **A) Ministry of Health and Ministry of Education**

The Committee considers that the low execution of the Capital and Development line items of the Ministries of Health and Education is due to the fact that the excessive centralization as well as heavy bureaucracy of the Ministry of Finance at the core of Government. The Committee F recommends that the government carry out a decentralization process of the state procurement system, permitting the two ministries to carry out all procurement processes needed to carry out their projects, with the Ministry of Finance only with role of supervision.

The Committee also noted that to achieve greater efficiency and effectiveness in implementing and monitoring the implementation of programs and projects of the Ministries of Health and Education, it is crucial to recognize, value and involve local authorities and communities in these programs and projects.

The Committee requests the Government to develop a multi-ministerial plan to ensure access to basic sanitation in all health and education facilities in Timor-Leste.

The Committee also recommends to the Ministries of Health and Education, to implement the "School Health" (*Saude Escolar*) program in all basic education schools in Timor-Leste.

The Committee considers it urgent to create special career tracks within the Civil Service for health professionals and staff. The Committee calls on the government to approve and implement these special career tracks in 2009 or 2010.

Again, the Committee recommends that the government, in conjunction with the Public Service Commission resolve the problem of all temporary employees in the Ministries of Health and Education in as brief a time as possible.

The Committee deplors the recent labour problems that occurred in the Ministries of Health and Education, requesting that the responsible politicians of both ministries fulfill their duties with a high sense of duty to the state, always contributing to the resolution of conflict, as it is these two ministries that deal with two fundamental issues of the people those being one's health and future as a person, that is, one's life as a human being.

### **B) Ministry of Health**

Despite the increase in the total allocation for the Ministry of Health, it appears that there is a decrease in allocation to the category of "Goods and Services", which can have negative consequences on the quality of health services to the population. The Committee hopes that the Ministry of Health is aware of this situation;

The Committee requires the government to immediately implement the projects already approved in previous budgets. The Committee stresses the importance of completing the Baucau Referral Hospital and the respective doctors' residences;

To ensure the existence of minimum levels of medical assistance to the population, the Committee believes that the permanence of at least one doctor in each sub-district should

be guaranteed. The Committee therefore calls on the Government to develop a plan to ensure this goal, equally ensuring the availability of transportation and medical equipment to guarantee access to health care to people living in more remote locations, as they are more penalized because they live far from everything.

The Committee recommends that the Department should closely monitor the implementation of all budget categories, so as not to be surprised at the end of each year, with transfers executed unknown to the Ministry.

The Committee requests the Government to proceed with the institutional development of Sames pharmacies which should have administrative and financial autonomy from the government.

### **C) Ministry of Education**

Although it appears that to be a 2% increase in the total allocation for the Ministry of Education, there is actually a decrease as the Secretary of State for Natural Resources (scholarship program) came under the Ministry. This can have negative effects on quality of education provided. The Committee hopes that the Ministry of Education is aware of this situation, given that the reduced funding for minor capital is not enough to meet the needs for school equipment.

The Committee calls for rapid government action to execute the basic education law which has not yet been executed.

The Committee continues to receive complaints about the school feeding program, that is not being distributed on a regular and timely way, and under conditions of minimum quality. The Committee therefore recommends that the Ministry ensure the distribution of school feeding to all children and young people in the education system including the years 7, 8 and 9 of compulsory education.

The Committee recommends that the government conduct an inventory of housing as soon as possible for teachers to reside in rural areas, and to draw up a plan to start construction immediately. The Committee also recommends immediately creating an additional isolation subsidy for teachers in rural areas.

The Committee recommends that the Ministry of Education pays more attention to the training needs of teachers at the pre-secondary and secondary levels of education in all subject areas and especially in Portuguese language.

The Committee reminds the Government that, with the approval of the Basic Law of Education, private schools that provide a public service need to be subsidized.

The Committee recommends that the government create a mechanism for placement of students from non-accredited universities into UNTL or other universities accredited by the Ministry of Education.

The Committee stresses the importance of creating a plan to protect Timorese culture, which firstly offers and disseminates traditional values among the younger population and, secondly, preserves the history of Timor-Leste.

The Committee calls upon the Minister of Education to remind everyone that they are responsible for training young Timorese at all levels, and thus extremely important that each one has an exemplary moral and ethical attitude.

The Committee considers there to be a large discrepancy between the stated objectives for education and the actual results achieved, due to (the objectives) being overly-ambitious. Thus, the Committee considers it essential to create annual action plans more in line with the reality of Timor-Leste.

### **Committee on Infrastructure and Public Works (Committee G)**

In line with sectoral economic analysis of the proposed budget, public hearings and comments referred to above, the Committee has the following recommendations:

- That the equipment and heavy machinery donated by Japan be auctioned and sold while they have asset value, especially the machinery that is unnecessary and has become a source of excess expenditure for the State;
- That the Government consider an alternative to the present legal system of procurement, particularly for the public works sector. The current system is cumbersome and slow and is not in accordance with the development needs of the country;
- Verify the application of the ban on members of government and civil servants from holding company that have state contracts. This prohibition is already in the law, but the Committee considers it essential to reiterate (the ban) and punish those who do not comply through relevant disciplinary proceedings;
- To create a centralized monitoring system of public works for all areas of government. It is urgent to establish a body to monitor and control the quality of public works, that they are in strict compliance with the project in the application of public funds and the quality and price of materials used;
- With increasing population in Dili, the need for potable water has led to critical shortages. To this end the Committee recommends that the Government to find alternative solutions for ensuring the supply of potable water to citizens. The government has to guarantee the integrity of the water distribution system, sanctioning and punishing those who violate it (making illegal connections), as there is enough water for the entire population of Dili if the network is not violated;
- Timorese registered vehicles crossing the land border with Indonesia pay a fee of 40USD, while the cars registered in Indonesia do not pay when crossing the border into Timor-Leste. The Committee considers that it is not fair, believing that the principle of reciprocity should apply and charge the same amount to the car registered in Indonesia. The Committee recommends that the government to implement a fee to that effect;
- The Committee noted that maintenance does not comply with the highest standards of quality for the electricity transmission and distribution grid, the generators in Comoro, and generators in the districts. This is seen by having energy losses equivalent to 43 % of the energy grid in Dili. These losses are due to old transformers, “brown-outs” electricity, and illegal connections. For this reason it is necessary to develop more effective policy to control and maintain the distribution grid and to install prepaid meters;
- It is also essential to extend the distribution line through the installation of more feeder lines to ensure that there are fewer breaks in electricity supply;



- Finally, the Committee recommends that the Government consider greater use and promotion of renewable energy, especially in remote areas where it is not to extend the national grid supply.

### **Committee of Youth, Sports, Employment and Training (Committee H)**

Based on sectoral economic analysis of the proposed budget and public hearings, the Committee criticizes the flaws in the supporting documents accompanying the proposed law which aims to facilitate the assessment of the law.

For example on page 111 of Book 1 which states that funding for capital development of the State Secretariat for Youth and Sports has increased from U.S. \$ 1,453,000 in 2009 to U.S. \$ 2,216,000 in 2010. However, the value shown in page 110 of the same book and law has only \$ 110,000.

The same happens on page 131 of Book 1 which says that the capital development funding for the Secretary of State for Vocational Training and Employment is U.S. \$ 364,000, while on page 130 of the same book and law the value is only \$ 310,000.

The Committee recommends:

- There should be a recommendation to the government to ensure the accuracy of information provided to Parliament to avoid that the consideration of the draft budget law is based on erroneous data;
- The Committee requests clarification as to the reason for the discrepancy in the amount of the State Secretariat for Youth and Sport's capital development funds, particularly if the works to be financed from the budget of \$ 2,216,000 (referred to on page 110 of Book 1) were carried out under the State Budget 2009;
- The budget of the Secretariat of State for Vocational Training and Employment for public transfers of the amount U.S. \$ 1,225,000, should be reinforced with an additional U.S. \$ 775,000;
- In the same section, the funding for training centres of the amount U.S. \$ 650,000, should be reinforced with an additional U.S. \$ 600,000;
- The goods and services budget should include an allocation of \$ 250,000 to fund working visits to other countries with the objective to assess, monitor and supervise the professional activities of Timorese workers in those locations, as well as examining the professional activities conducted there for further development of the capacity of workers in Timor-Leste.

### **VII. Recommendations GMPTL (Timor-Leste Women's Parliamentary Group)**

The Committee also invited the GMPTL to deliver their own conclusions and recommendations to the PPL on the budget for 2010, and is as follows:

#### **General Recommendations:**

- Each Ministry / Secretary of State should include in its proposed budget a gender statement that reflects a clear policy and a program for the promotion of gender equality. This declaration of gender should be reflected in the budget and the annual action plan of each Ministry / Department of State.

- The gender statement in the budget must be individualized and not combined with any cultural statement as shown in this proposed budget document. This gender statement in the budget must be inclusive and comprehensive and clearly reflecting the government's commitment to gender equality in line with the Millennium Development Goals, national priorities and the concluding observations of the CEDAW.
- The Gender Focal Point in each ministry and secretariat should be facilitated through the development of a mechanism for gender / thematic working group on gender within ministries and provided with adequate resources, including adequate funding, facilities, training activities and capacity building activities for effective implementation of its program of gender sensitivity and work plans based on a gender analysis of the ministry. Each Ministry / Department should ensure its close collaboration with SEPI, given SEPI's mandate.
- The proposed budget of each Ministry / Department of State should include gender analysis, gender disaggregated data and an annual action plan with clear results, supporting activities with indicators to address gaps in gender, and each ministry / department should ensure its implementation.

## **Selected Recommendations for Priority Sectors**

### **SECRETARY OF STATE FOR THE PROMOTION OF EQUALITY (SEPI)**

- The GMPTL calls on SEPI to improve its capacity to implement the budget and make use of its budget efficiently to maximize the impact on the promotion of gender equality throughout the country.
- The GMPTL also calls on SEPI to rethink and review its program in respect to the proposed cooking competition and reallocate the budget provision for this program to other programs for the empowerment of women in less traditional areas such as strengthening and building capacity of gender focal points.

### **HEALTH**

- The GMPTL strongly recommends that the Government pay special attention and strengthen its efforts in reducing the fertility rate and address the socio-cultural and economic factors that impede access to health services and facilities for women and girls. This includes the promotion of sex education and awareness programs related to female reproductive health, family planning, prevention of early marriage and pregnancy targeting female and male youth and their parents. The Government through the Ministry of Health must make available and use information and statistical data and analysis of the health situation of the Timorese population, disaggregated by gender in its forthcoming budgets. This should serve to discuss trends and the progress of the health status of women, men, girls and boys and to ensure better planning, programming and sufficient financial resources to support implementation.

### **EDUCATION**

- The GMPTL strongly recommends that the Government, through its Education and Culture Ministry, pay special attention and provide the necessary measures to address the issue of traditional attitudes, marriage and early pregnancy, affecting the ability of women to access education. These measures may include awareness and educational campaigns to combat the traditional tendency of gender inequality on

women and girls' education. These programs of education and awareness should be targeted at different groups of society, including women and men, parents, communities and religious leaders, teachers, civil servants and civil society in general. The Government should also strengthen its efforts in reducing illiteracy by supporting educational campaigns and competitions in reading skills for students across the country. In addition, the government should increase awareness of parents regarding the importance of education for their children. Parents who do not send their children to school may be penalized according to law.

- In addition it is recommended that the Government introduce a program of literacy / education geared especially for young married women who leave school due to early marriage and / or early pregnancy. In order to reduce the dropout rate in rural areas, the Government may introduce a literacy program in line with seasonal agricultural activities. Scholarship programs must be applied throughout the country and they should be allocated equally to women and men. To reduce the gender gap in higher education, the government should take necessary measures to ensure that women, especially those living in the districts, have equal access and opportunity in programs for scholarships, possibly incorporating a quota system. This quota system may be removed when the gender balance in higher education is achieved.

## **ECONOMIC EMPOWERMENT OF WOMEN**

- To ensure that the promotion of economic empowerment of women and gender equality is an explicit component of the Government's program and development plan, GMPTL calls on the Ministry of Economy and Development and other ministries / departments to provide relevant consideration for the adoption of strategies, plans and programs sensitive to gender issues and the development of mechanisms for monitoring and evaluation (M & E) of programs for poverty reduction and for strengthening the empowerment of women. The Government should also continue to provide training on "income generation" for women and men as beneficiaries of these programs. This will ensure that government programs in poverty reduction and economic empowerment of women through the Ministry of Economy and Development and other ministries / departments are able to achieve their objectives, particularly in relation to poor women and men in isolated rural areas.

## **AGRICULTURE, FOOD SECURITY AND RURAL WOMEN**

- The GMPTL recommends that the government should reassess its budgetary needs in this area and take the necessary measures to ensure that the proposed budget is strategically maximized in order to prevent any negative impact on poverty and gender inequality.
- The proposed budget must be distributed properly according to the action plans of each Directorate in proportion to their importance in improving food security and to avoid an excessive focus on a particular sector, as this could affect the performance of MAPTL (Ministry of Agriculture and Fisheries) to achieve their results and effectiveness of their funding.
- The MAPTL fiscal policy should include the combined strengths and value of each of its sub-sectors in a comprehensive strategy for increasing agricultural production and ensure the various ways to achieve better food security. This includes the production of cash crops and various food crop alternatives, livestock products, fisheries, and similarly the long-term investment in the maintenance of vital natural resources such as forests, soil and water and technologies to conserve (irrigation, terracing and methods to combat erosion).

- Specifically, in order to achieve this objective, the MAPTL should utilize and strengthen their efforts in the capacity of rural extension services, investing in training its technical staff and farmers. The MAPTL also needs to strengthen its organizational development and raise the level of motivation and resourcefulness of its agricultural extension agents, aiming for a more diversified action in line with the higher potential crops and better techniques for each region. This initiative is a key element in order to provide technological knowledge in rural areas, including to rural women. This will allow the reduction of poverty and food insecurity. In addition, in order to obtain a better understanding of the role of women and gender issues in agriculture, the number of female extension agents should be increased. This is important to allow the adoption of new strategies to strengthen women farmers and ensure a better gender balance in the rural extension services.
- The budget MAPTL should prioritize crop most relevant to the country, such as corn, rice, coffee, cassava, and legumes (beans, soy, peanuts, etc. ...) As well as forestry and invest in high value potential crops such as coconut, cashew, cocoa, cloves, etc. - the key to the future agro-industrialization of the country. The planning and implementation of these initiatives should be gender sensitive in their programming and design, to ensure equal opportunities and benefits for women and men.
- The MAPTL should make available the more profitable inputs in a rational and economic way to ensure increased agricultural production such as seeds (crops), nursery plants (permanent crops and trees), fertilizers, pesticides and fuel and maintenance of machines as well as basic agricultural tools. This can be through mechanisms such as grants (only on a small scale and when necessary), but preferably through micro-credit given to farmers, male and female, or by providing these products to men and women in exchange for participation in the public works, such as road maintenance, rehabilitation of irrigation systems, etc. ... In addition, the government should give priority to women farmer groups in the distribution of motorized cultivating equipment in 2010.
- In short, the supply of basic agricultural knowledge and basic inputs combined with crop diversification and strategies to reduce risk, applied to the most needy groups (women, youth), seem to be the most appropriate solution for agricultural modernization within the current budget scenario.

## **PARTICIPATION OF WOMEN IN PUBLIC ADMINISTRATION AND POSITIONS OF DECISION**

- The GMPTL is particularly concerned about the limited participation of women in administration, particularly the decision-making level of government institutions / public services. In line with the principle of equality, as mandated by the Constitution and in accordance with Article 4 of CEDAW, the GMPTL strongly recommends that the Government makes use of temporary special measures, i.e. affirmative action for women in recruitment and promotion as a special measure to ensure the acceleration of women's participation and the promotion of gender balance in public service. The Government should make civil service positions openly available for the best candidates and not politicize the appointments to these positions.

## **GENDER-BASED VIOLENCE, JUSTICE AND SECURITY**

- The GMPTL strongly recommends that the Government through its relevant ministries / departments resort to special temporary measures such as affirmative action and women's capacity building to increase and ensure a full and equal participation of women in these areas. The GMPTL in addition calls on the Government to develop a full and inclusive action plan and create mechanisms for

gender, security and justice. Also to train justice and security personnel, including police, judges and other justice officials to protect women prevent gender based violence (GBV) including domestic violence, sexual trafficking and exploitation, and prostitution under the Criminal Code, Domestic Law and other legal remedies. Recruitment and promotions for key positions within the judiciary and security must be sensitive to gender issues and take into account the importance of gender balance in staff. The government through its ministries / departments should provide relevant budgetary provision to ensure the full effective implementation of programs in these areas.

## **VIII. RECOMMENDATIONS OF THE COMMITTEE ON ECONOMICS, FINANCE AND ANTI-CORRUPTION**

Recommendation 1: To avoid dependence on revenues from oil and gas, the country will have to work harder to develop its domestic economy. This could be done through the creation of public enterprises and joint ventures.

Recommendation 2: Faced with a rapidly growing budget, financed by increasing oil revenues, the budget execution rates remained low, particularly in respect of capital expenditure and development. There is an urgent need to standardise procurement legislation in the Ministry of Finance and develop human resources in this Ministry for the speedy implementation of projects.

Recommendation 3: The foreign loans should be allocated to specifically identified projects, with economic return to avoid future costs from externalities. A rigorous analysis must be done of the positive and negative impacts on the economy, avoiding the use of the Petroleum Fund to pay these loans.

Recommendation 4: In terms of economic and social development, the allocation to agriculture should be approximately \$ 38 million (or 6% of total budget) to reduce poverty by 5-7% in rural areas. Special attention should also be given to creating additional opportunities for self-employment and access to microfinance, especially for women, and for granting land rights and other assets important to the country's economic development.

Recommendation 5: The Budget, as an instrument of intervention in the economy, will have to balance the policy to promote growth with pro-poor policies employment promotion. Therefore, the state budget will promote economic growth which is less ambitious (6-7% per year over a decade) with the aim of social and human development to reduce poverty and create employment opportunities.

Recommendation 6: For the improvement of credible statistical information, it will be necessary for the government to carry out the following research to complete the information and data: (1) household savings and investment survey, (2) Input-Output Survey to obtain basic information about the cost structure, availability of goods and distribution of products for certain economic activities, employment structure, production indicators, prices and other supporting information. (3) Research into the trade and service sectors, necessary to improve the distribution, production quality and price indicators, and revision of GDP (annual and quarterly).

Recommendation 7: There are obstacles that the Government will have to deal in the next few years, problems that affect the administration of taxes, such as tax evasion, corruption and leakages in tax management and the lack of a clear tax policy framework. These obstacles must be resolved.

Recommendation 8: It is highly advisable that the government reform the investment law and develop a clear competition policy to attract more potential local and foreign investors to the country; strengthen the IADE to make this institution can work to promote investment in the country; and map the priority investment sectors.

Recommendation 9: It is necessary to provide access to housing for the poor and most vulnerable, especially given that 66% of households in Timor-Leste live in temporary housing, and 81% of households were classified as severely damaged, according to the Survey on Living Standards 2007.

Recommendation 10: The nature of temporary positions may vary from the periodic contracting of unskilled labour to contracts longer term contracts. Keeping temporary staff for long periods of time may affect any programs for capacity building in this young country. Therefore, it is recommended that the Civil Service Commission be immediately strengthened to carry out civil service reforms and reduce the number of temporary positions.

Recommendation 11: The *TradeInvest* that stresses being a *one-stop-shop* should operate more effectively for investors, through more explicit policies and incentives.

Recommendation 12: At the same time international investment is approved, the government should stipulate in the investment agreements the requirement to employ Timorese labour: unskilled labour, semi-skilled and qualified. The Council of Ministers should adopt as soon as possible, the National Strategy for Employment and begin effective implementation.

Recommendation 13: It is not necessary to transfer the full amount of the Estimated Sustainable Income of \$ 502 million from the Petroleum Fund to the State Budget for 2010. The cash balance carried from December 31, 2009 plus domestic revenue and the amount of \$ 400 million from the Petroleum Fund are sufficient to meet the cash payments estimated at U.S. \$ 502.9 million in 2010. Thus, only \$ 400 million is needed to transfer from the Petroleum Fund, which is within the Estimated Sustainable Income.

Recommendation 14: For financial year 2009 onwards, the Government should adhere to the international accounting standard and practice of reporting financial results over a one-year period. A “complementary” period of 60 days (e.g., up to 28 February) such as in the international accounting practice of a “*modified cash basis of accounting*”, will be allowed to ensure that cash payments made in the current year for previous years’ obligations are matched properly with those prior years when the obligations have been made. Books are not to be kept open for transactions beyond 28 February other than for ensuring proper matching of cash expenditures between the current year and prior years. This will also ensure a timely audit of the annual financial statements.

Recommendation 15: The reasons for the qualifications of the auditors’ opinion on the annual financial statements for the financial year 2008 point primarily to a limited access to information and documents made available to the auditors during the audit. This shows a disregard of Section 40 of the UNTAET/REG/2001/13 which states that “the independent auditor shall have unrestricted access to all information and explanations that, in the independent auditor’s judgment, are necessary for the purpose of the audit.” The independent auditor who will perform the year-end audit of financial statements *shall have unrestricted access to all information and documents, that in the independent auditor’s judgment, are necessary to support the determination of the validity of expenditures.*

Recommendation 16: The inability of the auditors to form an opinion on the opening cash balance as at 1 January 2008 and the limited evidence made available to them to audit the movements of the Consolidated Fund during 2008 in effect renders the cash balance as at 31 December 2008, without validity. During the audit of the financial statements for 2009, the opening cash balance as at 1 January 2009 should be further audited, to satisfy the auditors on the fair presentation of the cash balance at the beginning of January 2009.

Recommendation 17: Committee C recommends that another audit should be carried out during the audit of the financial year 2009 on the additional cash receipts of US\$817,000 and cash payments of US\$116,746,000 made during the period 1 January 2009 to 30 June 2009 relating to the 2008 budget. The objective is to ensure a fair presentation of the cash balance as at 31 December 2009.

Recommendation 18: The Government should endeavour to submit the Government National Strategic Development Plan (NSDP) to the Parliament for approval before the Government issues the budget circular for the GSB 2011. National priorities laid out in the NSDP should be provided with adequate budgetary resources to achieve the desired outcomes.

Recommendation 19: The Ministry of Finance should put importance to quality control in the presentation of budget data and information for budget transparency. Errors and inconsistencies in budget numbers impact on the integrity and validity of data and create confusion among the members of Parliament leading to an improper analysis of the budget estimates.

Recommendation 20: The Committee requests that during the general discussion of the draft law on State Budget for 2010, the Government submit to National Parliament the Prime Minister's dispatch authorizing the transfer funds for the referendum package and the Minister of Finance's approval.

## **IX. Opinion**

The Committee is therefore of the OPINION that draft law 29/II "General State Budget 2010" possesses the constitutional, legal and regimental requirements and therefore meets the conditions to submit to the plenary for discussion and voting in general and specific, according to applicable constitutional and regimental rules.

## **X. Approval of Report**

This report was discussed and approved on November 17 2009, with 6 votes in favor, 0 votes against, and 4 abstentions.

Reporter: Maria Paixão de Jesus Costa

President of the Committee: Manuel Tilman