

Mid-Year Report

La'ó Hamutuk

January - June 2008

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La'ó Hamutuk

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Mission

La'o Hamutuk ("Walking Together" in English) is a eight-year-old Timor-Leste organization that monitors, analyzes and reports on the principal international institutions present in Timor-Leste as they relate to the physical, economic and social development of the country. La'o Hamutuk believes that the people of Timor-Leste must be the ultimate decision-makers in this process, which should be democratic and transparent.

La'o Hamutuk is an independent organization which works to facilitate effective Timorese participation in the reconstruction and development of the country. In addition, La'o Hamutuk works to improve communication between the international community and Timor-Leste's people. Finally, La'o Hamutuk is a resource center, providing literature on development models, experiences and practices, as well as facilitating solidarity links between Timor-Leste groups and groups abroad with the aim of creating alternative development models.

Background

Following peaceful democratic elections in 2007, a new President and Government have taken office in Timor-Leste. The party which was voted, out, FRETILIN declines to formally recognize the legitimacy of the new AMP coalition government, although it is an active Parliamentary opposition. Parliamentary and other political debates are often polarized along party lines, focusing on rhetoric rather than substance. *La'o Hamutuk* and others in civil society are building on our experience since 2000, and are actively engaging the government and other institutions, and trying to influence policies. One significant engagement was a civil society statement to the March Development Partners Meeting, where La'o Hamutuk was one of three representatives chosen by civil society.

After a 'transitional' budget spanning the last half of 2007, Timor-Leste's Parliament approved an annual budget for calendar 2008 just before Christmas 2007. For the first time, the Government decided to spend the entire Estimated Sustainable Income (\$294 million, representing 3% of Timor-Leste's total oil wealth). In March 2008, the Council of Ministers approved a new Tax Reform Law, later approved by Parliament on 10 June, which drastically cut import, business and wage taxes.

The UN and RDTL signed an agreement on 12 February for UN Serious Crimes investigators to have access to the files of the former UN Serious Crimes Unit, which are now controlled by the Timor-Leste Prosecutor General. The attempted assassinations of the President and Prime Minister on 11 February came as a shock to the nation, and temporarily quieted voices of dissent. As a result a temporary 'State of Siege' was imposed, including a nightly curfew and a joint police-military command with larger authority to maintain law and order. It also made the government focus on security issues more, with as side result increased efforts to solve the IDP situation.

During first half of 2008 the government stepped up its efforts to attract foreign investment. The Timor-Leste Minister of Agriculture and Fisheries signed a Memorandum of Understanding with the Indonesian company GTLESTE BIOTECH for a \$100 million, 100,000 hectare sugar cane plantation, sugar refinery, ethanol plant and power generation facility. The project, which will last for fifty years, is planned for Covalima, Manatuto, Viqueque and Lautem districts. The Secretary of State for Energy Policy signed a deed of agreement with Enviroenergy Developments Australia allowing the company access to 59 ha land to develop a jatropha processing facility. To support the Government's view that a liquefied natural gas plant is feasible in Timor-Leste, the State Secretariat for Natural Resources (SERN) and Malaysian petroleum company Petronas formed a Joint Task Force to perform a pre-feasibility study. SERN also made an agreement with Korea Gas to do a detailed bathymetric study of the Timor Sea, and has transformed the binational Timor Sea Designated Authority into a Timor-Leste the National Petroleum Authority, with the mandate to regulate all petroleum contracts and activities here and in the joint area..

Plans, Activities and Results

Strengthening La'o Hamutuk as an Organization

La'o Hamutuk has worked hard to recruit new local and international staff, although we did not receive many responses to our vacancy notices in newspapers and on public information boards. In March, national staff member Santana Soares left for a short-term consultancy with the Petronas and SERN Joint Task Force, followed by a scholarship for a master's course in Gender and Development at the Asian Institute of Technology in Thailand, which will see her back in Timor in 2010. Australian Shona Hawkes joined the La'o Hamutuk team in April. In May we renewed our national staff search, but most applicants lacked the skills, knowledge and experience to be self-directed researchers, as we do not currently have the resources for extensive mentoring. Only one applicant was accepted and she will start her probation period in July.

Improving staff capacity is one of our priorities this year. Despite current monitoring and research workload, which sometimes hamper follow up on Human Resource Development, a substantive amount of training was received by staff members:

- Research Methodology training by Progressio. Two staff members.
- Organizational Management and Leadership training by Trócaire.
- Radio training by Trócaire. Two staff members. Our radio programming is now better scripted and organized.
- Financial coaching from Hivos. Our financial management continues to improve, and our external financial audit for 2007 did not find any major problems.

We have made good progress in developing our operational policies and have finalized Financial Policies and Internal Policies. We have not yet finished codifying job descriptions and are mostly working on precedence.

We have not yet been able to conduct a small survey on outreach and use of our 'products', the radio program, public meetings, and the Bulletin. We will probably defer this until 2009.

Although we continue to explore possibilities, we have not yet found satisfactory new office space.

Program Activities

Organizational level

During six months La'o Hamutuk produced 21 **radio** programs out of 44 planned for the whole year, listed in Appendix I.

Our plan for 2008 is to organize ten **public meetings**, and we hosted four during the first half of the year. In addition, we held a Book Launch for our report "Sunrise LNG in Timor-Leste: Dreams, Realities, and Challenges", in February and a press conference on the National Petroleum Authority in June. See Appendix II.

During the first six months of 2008, we produced one **Bulletin** out of five planned for this year. A second Bulletin was nearly finished, (published in August), delayed by the press of other activities in the second quarter.

The **website** www.laohamutuk.org has been updated regularly. Our website continues to rank high in web searches, and is the primary internet reference source regarding the TL state budget, 2008 development partners meeting, Petroleum Fund, natural resource regulation, tax reform, agrofuels and other issues. Between January and June the number of daily visitors to our website doubled, and now averages more than 1,000 per day.

Although we have had to decrease our popular education activities in rural areas, May and June saw increased involvement with the NGO Forum and the Core Group on Transparency, both of whom have nationwide outreach.

Media is very important for advocacy, and La'o Hamutuk frequently gives interviews or provides information to journalists who contact us. A partial list of articles of using information from or featuring La'o Hamutuk is included in Appendix III.

La'o Hamutuk joins with many other organizations in international and local coalitions or networks whose focus overlaps the topics that we monitor. During the reporting period, we worked with the following:

Timor-Leste Coalitions: Statements on prisoner pardons, Truth and Friendship Commission, and Chega! report implementations through the **Aliansa Nasional ba Tribunal Internasional (ANTI)**; statements on the mid-year budget and testimony to Parliament through the **Core Group on Transparency**; statement on housing and eviction legislation and submission to Parliament on status of IDPs through the **Rede Direitu ba Uma**; and participation in **Land Reform Working Group** and **HASATIL**.

International Coalitions: Involvement in **South East Asia Committee for Advocacy**; **Oilwatch**; **Publish What You Pay**; **Focus on the Global South**; national Timor-Leste Solidarity Organizations, and **EITI**.

Natural Resources

The team is on track with its 2008 plans, with many developments during the first half of the year. Our overriding goal continues to be to help Timor-Leste avoid the “resource curse” which damns nearly every other impoverished, oil-dependent country.

In February we published our 131-page report “Sunrise LNG in Timor-Leste: Dreams, Realities, and Challenges”, the result of two years of research. More than 115 people came to the launching, filling the room to capacity and including 41 from NGOs, 31 from Government, 13 journalists, 10 diplomats, and others from international institutions and oil companies. Since the book launch, La'o Hamutuk has sold more than \$500 worth of books and CD-ROMS. Secretary of State for Natural Resources Alfredo Pires, who spoke at the launch, will buy 100 copies of the Indonesian version to help educate his staff. After the book launch, the public debate about building an LNG plant in Timor-Leste has escalated, with many articles in local and international media. The Indonesian translation, a Tetum popular version will be published during the second half of 2008, when we will socialize the reports in rural areas being considered as possible plant sites.

We were the only civil society organization to participate in a public consultation about environmental impacts of an offshore seismic survey by the Indian company Reliance, resulting in some small changes have been made to the Environmental Management Plan.

In late May, the Australia-Timor-Leste Timor Sea Designated Authority (TSDA, which has since become the NPA) briefly circulated draft Technical Regulations for the Exploration and Exploitation of Petroleum in the Joint Petroleum Development Area. On 5 June 2008, La'o Hamutuk submitted a thorough review, and TSDA then invited us to discuss our concerns. They then circulated a revised draft, incorporating some of our recommendations, but sadly not the most important ones.

Although the Government announced plans to consult on and enact legislation creating a National Petroleum Authority (NPA) during the first quarter of 2008, no information was forthcoming. In May, La'o Hamutuk wrote an open letter to the Secretary of State for Natural Resources Alfredo Pires, urging public consultation, which was then half-heartedly granted. Although we had only one week, La'o Hamutuk submitted an in-depth analysis of the law. As a result of our efforts, the NPA law was amended (albeit slightly), incorporating the technical regulations from the TSDA but still lacking other important documentation, and passed by Decree-Law on 18 June. We continue to follow the activities of the new Authority, which began operating on 1 July.

In June, the Italian company ENI proposed another seismic survey, with a brief public consultation, and La'o Hamutuk wrote a submission. As a result the company amended its Environmental Management Plans.

However, none of these public consultations were conducted with a serious aim to educate the public and receive comment from them, and consequently very few organizations or individuals, and often only La'o Hamutuk, were able to make submissions. We will continue to advocate formalization of meaningful public consultation procedures, as it is a cross-cutting issue in all our work.

In June, the Ministry of Finance initiated a hasty and incomplete bidding round for the project "Construction of Nationwide Electrical Power Grid and Power Plant and its Facilities", estimated at 150 to 200 MW and using heavy oil. Since La'o Hamutuk first brought this issue to public attention, national interest has gained momentum and discussions at many levels are continuing. Most significantly, Mid-Year Budget Rectification submitted to Parliament included \$390 million for this project.

Throughout the half-year, we participated in the Government-Company-Civil Society Working Group on the Extractive Industries Transparency Initiative (EITI), with extensive coverage in our January 2008 Bulletin. We continued to cooperate with groups working on revenue transparency in Cambodia and other countries. We continued to engage with other Timorese and international NGOs, Government officials and advisors, Petroleum Fund managers, oil company representatives and others to broaden and deepen our understanding of oil and gas developments here, which fund about 90% of the Timor-Leste State Budget.

Economics and Trade

This new team within La'o Hamutuk focuses on economic development in Timor-Leste in sectors other than petroleum and agriculture, including foreign investment, privatization, globalization and trade. During its first half year it concentrated on tax reform and on the national budget.

On the proposal of Tax Reform, La'o Hamutuk made a submission to the National Parliament and was invited to give a statement in National Parliament before Committee C. On this issue we co-operated with the NGO Forum in making a public statement to media, continued to disseminate information to communities through radio programs, and organized an open debate among civil society, government and IMF. As a result, Parliament made some, albeit very small, changes to the proposed law before passing it.

In May, La'o Hamutuk learned that the Government intended to massively increase the State Budget in a mid-year adjustment, but we were unable to obtain specifics or confirmation. After the Council of Ministers approved the budget and we obtained details in June, La'o Hamutuk spearheaded communication on budget information and participated actively in the Core Group on Transparency discussions and statements. La'o Hamutuk will continue involvement in activities involving this MYBU (and the future 2009 budget) in the next half year.

Because of the budget's importance, the dearth of informed analyses from civil society, and the fact that it cuts across La'o Hamutuk's work, our Economics team works on these issues jointly with the National Resources and Agriculture teams, as well as on issues related to lowering of import barriers and attracting foreign investment. We will defer deeper research in private sector development activities and trade policy until 2009.

Agriculture

The agriculture team was formed in mid-2007 and aims to advocate for sustainable agriculture development in Timor-Leste. In 2008 the team needed to finish research started by the previous rural development team, and completed investigations on the Oecusse Community Activation Project (OCAP), and on health co-operation between Timor-Leste and Cuba. The team then began its first planned investigations, of sugar cane and jatropha plantations and refineries in Timor-Leste, and started monitoring food security in Timor-Leste.

In its investigation of OCAP, the team found that consultation and inclusion of local people in decision making was poor, and project coordination was weak, leading to low project effectiveness. We organized public meetings and published our results, allowing local communities to communicate project issues to

the government and UN agencies overseeing the project. Many of La'o Hamutuk's recommendations are now being considered by Government, who is taking over the program from UNDP and UNOPS.

Based on leaked information, La'o Hamutuk began looking into a proposed sugar cane plantation and ethanol plant, by Indonesian company GT Leste Biotech which would bring minimal benefits and pose many risks to poor farmers. The contract sets bad precedents in several areas related to agriculture including land rights, impacts on food sovereignty, environmental management and modeling plantations-style agricultural development leading to poor working conditions for local workers. The team organized civil society meetings and met with the Minister of Agriculture to advocate for proper public consultation and an environmental and social impact assessment.

La'o Hamutuk was the first civil society organization to bring this issue to the wider public and got attention from many quarters, including the Parliamentary opposition who raised it in Parliament. As a result, the project received much public scrutiny and the Minister has indicated willingness to follow processes proposed by La'o Hamutuk. We continue to be the principal NGO monitoring and advocating on this proposal and on other foreign engagement in agrofuels in Timor-Leste.

La'o Hamutuk staffers Maximus Tahu and Santana Soares attended the worldwide Conference of Parties to the Kyoto Protocol in December 2007, just after Timor-Leste ratified Kyoto. In 2008 we began researching and socializing on the impact of Climate Change in Timor-Leste and the Government's plans for adaptation and advocacy.

In the first six months of 2008, the new Agriculture team fulfilled several of its plans, including the production of regular radio programs, holding public meetings, engagement in local and international networks, investigation into agrofuels/biofuels, and the recruitment of new staff. It was however unable to realize its planned investigation on food security, which will continue in the future. This was due to over-ambitious plans, as well as limited consideration of long-term strategic and advocacy objectives, but the team has learned from this experience and can now focus its energies more effectively.

Governance

In February, as part of our regular governance and democracy monitoring as well as international relationship building, staffer Santana Soares attended the Conference "Democratic Governance in Timor Leste: Reconciling the Local and the National" at Charles Darwin University in Darwin Australia.

We continue our monitoring and advocacy and are an active member of the Timor-Leste National Alliance for an International Tribunal (ANTI), which advocates for justice for crimes against humanity committed during Indonesia's occupation of Timor-Leste. In this light, we conducted a public meeting and radio programs about the Chega! Report from the Timor-Leste Commission on Truth, Reception and Reconciliation, as well as the activities of the Timor-Leste-Indonesia Truth and Friendship Commission. We were also active within ANTI organizing a statement before Parliament and produced radio programs around the Presidential pardon of prisoners and other impunity enhancing measures.

As the UN considered extending UNMIT's mission in February, La'o Hamutuk wrote to the UN Secretary-General, urging him to strengthen UNMIT's mandate for justice. This prompted similar letters from Progressio and TAPOL to the UK Foreign Office. Several countries raised this concern during the February 22 Security Council meeting.

Staffer Inês Martins, on invitation of KOMEK, observed the general elections in Nepal, gaining more knowledge about electoral systems in other countries and sharing information about the governance and democracy situation in Timor-Leste.

Continuing from earlier involvement, and fitting gender as a cross-cutting issue within La'o Hamutuk, staffer Yasinta Lujina participated in the Women Movement Southeast Asia Workshop, in Medan Indonesia, in June.

Appendix 1. Radio Programs

January	Government concept and politics on agriculture Development. Interview with State Secretary of Livestock, Valentino Varela (Dean of National University Faculty), Mateus da Silva, (HASATIL)
	Biogas and Biodiesel Development. Interview with Avelino Coelho (State Secretary for Energy Policy) and Arsenio Pereira (HASATIL)
	Climate Change. Interview with Santana Soares and Maximus Tahu (La'o Hamutuk)
February	Petroleum in Timor-Leste. Interview with Santana Soares (La'o Hamutuk), Francisco Monteiro (SERN) and Adriano do Nascimento (Parliament)
	Housing Rights and Eviction, interview with Joao Pequinho (Forum Tau Matan)
	CAVR recommendations. Interview with Rev. Agostinho Vasconcelos (Post-CAVR Technical Secretariat) and Fernanda Borges (Parliament)
	Sunrise LNG Report. Interview with Viriato Seac and Santana Soares (La'o Hamutuk)
March	Alternative Energy. Interview with Avelino Coelho (State Secretary for Energy Policy) and Fr. Rolando Fernandes
	International Women's Day, interview with Idelta Rodrigues (State Secretary for Gender Equality Promotion), Rosa da Sousa (Fokupers) and Tome Xavier (Lawyer)
	Tax Reform, interview with Cecilio Caminha, Parliament Member and Santana Soares (La'o Hamutuk)
	Civil Society in the Development Partners' Conference, interview with Santana Soares, (La'o Hamutuk)
April	Truth and Friendship Commission mandate, interview with Manuela Leong Pereira (ICTJ) and Edio Saldanha (ANTI)
	LNG pipeline in Timor-Leste Interview with Viriato Seac and Santana Soares (La'o Hamutuk)
	Tax Reform, interview with Cecilio Caminho (Parliament), Rui Gomes (UNDP), and Viriato Seac (La'o Hamutuk)
May	Mining Impact on Women, interview with Inês Martins (La'o Hamutuk), who participated in the Women and Mining Conference in PNG
	State of the Nation Report, interview with Helder da Costa and Edmundo Viegas
	Pardon to prisoners, interview with José Luis Oliveira (HAK), Timotio de Deus (JSMP) and Vox Pop.
June	Permaculture, interview with Lachlan and Hermnia (Permatil)
	MoU of Sugar cane Plantation, interview with Arsenio Pereira (HASATIL) and Maximus Tahu (La'o Hamutuk)
	Pardon to Ex-Militias and NPA law, Interview with Timotio de Deus (JSMP), and La'o Hamutuk statement on NPA law.
	The impact of the sugar cane Plantation, Interview with Mariano Sabino (Minister of Agriculture), Arsenio Pereira (HASATIL) and Rui Pinto.

Appendix 2. Public meetings

February	The implementation of <i>Chega!</i> in the National Curriculum. Speakers: Dr. Clinton Fernandes (Professor in New South Wales University), Rev. Agostinho Vascoselhos (Director of STP) and Fernanda Borges (Parliament Member). Attended by over 40 people;
	Book Launch of “Sunrise LNG in Timor-Leste: Dreams, Realities, and Challenges” report by La’o Hamutuk. Key speakers, Alfredo Pires (State Secretary for Natural Resources), with presentation of LNG Report by Viriato Seac and Santana Soares (La’o Hamutuk). Attended by over 100 people.
March	The Government Policy on alternative Energy. Speakers, Avelino Coelho (State Secretary for Energy Policy), Fr. Rolando Fernandes, and Arsenio Pereira (HASATIL). Over 40 people attended the meeting.
April	Tax Reform. Speakers, Rui Gomes (UNDP), Tobias Rasmussen (IMF), and Viriato Seac (La’o Hamutuk). Attended by around 40 people.
May	Oecusse Community Activation Project (OCAP), speakers Jose Oki (diretur agrikultura Oecusse) and Domingos Maniquen (Fungsionario Dezenvolvimentu Distrital (DDO)). Attended by around 75 people.
June	La’o Hamutuk Press Conference and Public Statement on National Petroleum Authority draft decree-law. Attended by around 25 people.

Appendix 3. La'o Hamutuk in local and international media

This list includes only some of the times La'o Hamutuk was cited during the first half of 2008; it is not intended to be a complete list.

- Timor-Leste Security situation, interview with Santana Soares, Radio Timor-Leste (RTL), 3 January 2008
- Petroleum Fund and State Budget, interview with Santana Soares, Radio Timor Kmanek (RTK), 8 January 2008
- Impact of Timor-Leste's Situation on its Economic Growth, Interview with Santana Soares and Charlie Scheiner, Associated Press, 15 February 2008
- LNG report, interview with Santana Soares, TVTL, 18 February 2008
- LNG report, interview with Santana Soares, Timor Post, 18 February 2008
- LNG report, interview with Santana Soares, Media Weekly Internet, 19 February 2008
- LNG report, interview with Santana Soares, RTL, 20 February 2008
- Security and Justice, interview with Santana Soares and Charlie Scheiner, ABC Radio, 2 March 2008
- LH position on transparency, interview with Viriato Seac, Labeh Radio Program, 18 March 2008
- Tax Reform, interview with Viriato Seac, RTL, 28 March 2008
- Charlie Scheiner interviewed on live radio program on WNYC, with Guteriano from Hawaii. Listenable at <http://www.wnyc.org/shows/lopate/episodes/2008/03/27>
- Women Program, interview with Yasinta Lujina, RTK, 18 April 2008
- UNMIT Political Affairs, interview with Viriato Seac, UNMIT Radio, 23 April 2008
- OCAP, interview with Inês Martins and Yasinta Lujina, RTL, Lifau Post and STL, 25 May 2008
- Sugar cane Plantation in Timor-Leste, interview with Maximus Tahu, FPA, 20 June 2008
- Sugar cane Plantation in Timor-Leste, interview with Maximus Tahu, Radio France International, 26 June 2008
- NPA Law Passed by Council of Ministries, interview with Viriato Seac, Dili Weekly, 25 June 2008
- MCC fund for Timor-Leste, interview with Viriato Seac and Charlie Scheiner, Timor Post, 25 June 2008
- Timor-Leste budget review endangering oil fund, interview with Charlie Scheiner, ABC, 30 June

La'o Hamutuk is frequently interviewed by journalists (local and foreign) and international organizations to give background information or elaborate on articles.