Rights and Sustainability in Timor-Leste’s Development

Briefing for media and others
La’o Hamutuk 18 May 2012

Contents

This presentation discusses several topics that La’o Hamutuk works on which are critical to the future of Timor-Leste. We have inserted more slides to provide additional information.

1. TL is the second-most petroleum-export dependent country on earth. This defines our State, economy and future.

2. TL has almost no industry and an embryonic private sector. Our State Budget increases faster than everyone’s except Zimbabwe.

3. Current development plans will not provide a sustainable improvement in our people’s lives. These unrealistic dreams rely on Greater Sunrise gas, which is limited and might never come to our shores or treasury.

4. Impunity for past crimes threatens future rule of law.

5. Land is the base of our culture and lives; recent developments may increase injustice and conflict.
1. Petroleum Dependency

TL is the second-most petroleum-export dependent country in the world. This determines our State, our economy and our future.

Basic Statistics

- 41-50% of the people live below the poverty line.
- 80% of the people live in rural areas, largely by subsistence farming.
- More children die of diarrhea than malaria.
- About 2,000 children under age 5 die from preventable conditions every year ... about 50 times the number of Timorese who die from violence (39 in 2010).
- During the last few weeks, at least 10 people died from Dengue Fever and nobody died from election-related violence.
- In 2010, TL exported $16 million (coffee).
- In 2010, TL imported $288 million (everything).
By 2024, 360,000 babies will have been born, and the only producing oil and gas field will be used up. How will they survive?

Petroleum Dependency

- **State expenditures in 2012:** $1,674 million, $1,495 million (89%) will come from the Petroleum Fund.
- **Non-oil GDP in 2012:** $930 million
- **GNI in 2012:** $3,750 million
  - $2,497 million is from exporting nonrenewable oil and gas. Together with $324 million from Petroleum Fund investments, this is 75% of our entire economy and 97% of state revenues. It is declining every year and will probably end by 2024.
- **State activities paid with oil money are about half of Timor-Leste’s “non-oil” economy as they are recycled through the local economy.**
- **Petroleum income doesn’t provide jobs or money for people – it all goes to the State.**
- **Although the Petroleum Fund can improve equity between generations, it does not guarantee good governance or prevent corruption, and will not last long if current policies continue.**

South Sudan is the only country which depends more on oil and gas exports than Timor-Leste.
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This Ministry of Finance graph shows that TL has already passed its peak of revenues from Bayu-Undan and Kitan.
If current trends continue, TL will not be able to finance its budget in six years.

Today's spending policies will bankrupt Timor-Leste by 2018.

This graph shows what happens if our economy and state budget continue trends established during 2010-2012:

- Oil revenue + Petroleum Fund Interest
- Oil revenue based on GOI's projections for Bayu-Undan and Kitabu, and assumes Service is not built down. Assume 4% annual return on Petroleum Fund investments, consistent with recent earnings.
- Domestic revenues
  - Projected to increase 4.5% per year more than the 3.6% average increase in 2010-2012.
  - State expenditures
    - Gas's estimates for 2012-2013, assumed to increase 2% per year after that. During 2012-2013, expenditures increased 13.5% per year. We do not consider TIG in the budget as additional revenue since 2009.
- Petroleum Fund balance
  - Calculated from the above assumptions
  - Unfilled annual deficit
    - The gap each year between spending and revenues resulting from these assumptions. It starts when the Petroleum Fund turns out in 2013.
  - Outstanding infrastructure loans
    - Includes only the $451 million in loans described in the 2012 State budget, none after 2016.
- Cumulative debt
  - Based on the assumptions above. If we can borrow to close the budget gap at the same interest rate as the Petroleum Fund, our total debt will rise to $362 billion by 2015 and $531 billion by 2016.

With improvements, we still go for broke.

If current trends continue, Timor-Leste will run out of money in ten years.

Our assumptions are more conservative than recent history, but show that the Petroleum Fund will be emptied by 2021.

- Oil revenue + Petroleum Fund Interest
- Oil revenue based on GOI's projections for Bayu-Undan and Kitabu, and assumes Service is not built down. Assume 4% annual return on Petroleum Fund investments, which have re-earned more than 7%.
- Domestic revenues
  - Assumptions to increase 4.5% per year more than the 3.6% average increase in 2010-2012.
  - State expenditures
    - Gas's estimates for 2012-2013, assumed to increase 2% per year after that. During 2012-2013, expenditures increased 13.5% per year. We do not consider TIG in the budget as additional revenue since 2009.
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Signs of the “resource curse” (1)

- **Seeing money as the solution to every problem**
  It’s easier to buy a scholarship than to build a university.

- **Spending without thinking**
  State expenditures are growing 28% every year.

- **Lack of realistic long-term planning**
  The Strategic Development Plan is but a dream.

- **Import dependency**
  TL has a billion-dollar non-oil trade deficit.

- **Inflation (17%) from little local productive capacity**
  Our economy cannot absorb the cash in circulation.
Signs of the “resource curse” (2)

- Ignoring non-oil development and revenues

- Acting as if oil will last forever
  Bayu-Undan and Kitan will be dry by 2024.

- Borrowing today, to repay tomorrow
  TL will borrow more than $460 million in the next five years, often for projects with little likelihood of return.

- Wealth goes mainly to the urban elite.
  Most people won’t benefit from highways, airports and oil facilities, but will feel the burden of loan repayments.

- Petroleum sector “captures” decision-making.
  Few creative ideas to develop agriculture, education, tourism, small industries ...

Most people live in rural areas by subsistence agriculture.
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2. Unsustainable budget and economy

Timor-Leste has almost no industry and a tiny private sector.

Our State Budget increases faster than every country except Zimbabwe.
The State Budget is growing at 28%, much faster than the economy and faster than every country except Zimbabwe.
Income in the 2012 state budget
Total revenue: $1,674 million

- ESI from Petroleum Fund 39.7%
- Above ESI from Petroleum Fund 49.6%
- Taxes 5.7%
- User fees 1.1%
- Autonomous agencies 1.2%
- Borrowing 2.6%

Donor support is less important now.

Percentage of Donor Support in Combined Sources Budget

Based on information from 2012 State Budget and Aid Transparency Portal, May 2012
Countries on track to meet the MDGs spend 28% of their budgets on health and education. Timor-Leste will spend 10.4% in 2012.

What do 600,000 working-age Timorese do for work?

Farmers, fishers, other informal or unemployed 71%

- Petroleum sector 0.1%
- Private businesses 9%
- UN, embassies, int’l agencies 0.7%
- Public employees 7%
- $3/day labor for gov’t 6%
- Local & int’l NGOs 0.3%
- Self-employed (taxi, market, kios) 8%
Real Threats to Real Security

- Human security is health care, food, education, employment, housing, etc.
- 50 times as many Timorese children under five die from avoidable conditions as people are killed by violence.
- These children will not be helped by police, soldiers or judges, but the UN and donors prioritize the “security sector” and see everything through a conflict lens.
- We must diversify our economy and strengthen our people and workers to prepare for the day our oil runs out and we can no longer pay for imports.

Timor-Leste’s Balance of Trade

The graph shows legal goods trade only.

Coffee was 96% of all non-oil exports in 2010.

89% of donor spending and 70% of state spending goes overseas.
Timor-Leste trade in 2010
(million USD)

<table>
<thead>
<tr>
<th>Category</th>
<th>Imports</th>
<th>Exports</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods</td>
<td>$289 (DNE reports)</td>
<td>$17 (96% coffee)</td>
<td>-$272</td>
</tr>
<tr>
<td>Other goods (extra-legal)</td>
<td>$200 (LH est.)</td>
<td>$0.3 (LH est.)</td>
<td>-$200</td>
</tr>
<tr>
<td>Services</td>
<td>$505 (2009, from BPA)</td>
<td>$3 (LH est. remittances)</td>
<td>-$502</td>
</tr>
<tr>
<td>Total excluding oil and gas</td>
<td>$994</td>
<td>$20</td>
<td>-$974</td>
</tr>
<tr>
<td>Petroleum receipts (to state)</td>
<td>--</td>
<td>$2,016 (incl. $294 Petrol. Fund interest)</td>
<td>$2,016</td>
</tr>
<tr>
<td>Total</td>
<td>$994</td>
<td>$2,036</td>
<td>$1,042</td>
</tr>
</tbody>
</table>

Timor-Leste changes every year.

- **Population**
  is increasing 2.4% per year, doubling in less than 29 years (the post-war “baby boom” will become parents).

- **Inflation**
  According to the National Statistics Department, consumer prices in Dili increased 17.4% from December 2010 to December 2011.

  People’s needs and desires will increase as the country develops.
Many children will become youth.

**Timor-Leste Population by Age**
(From 2010 census)

Timor-Leste is struggling to find jobs for 15,000 people who will enter the work force this year.

In 2024, it will be around 30,000 each year, and the oil will be gone. Today’s youth will have children of their own.
Inflation since 2009 comes from the government spending more than the economy can absorb.

Figure 28 Timor-Leste inflation rate, Monthly Rolling Year Rates
Rolling year change in CPI (%) This graph is from the Strategic Development Plan.
La'o Hamutuk extended the red dashed line to include data through December 2011.

Local factors drive recent inflation.

Contributions to CPI
(In percent, year-on-year)

Sources: Timor-Leste authorities; and IMF staff estimates.
More than 70% of Dili's population are among the wealthiest 20% of Timorese, while only 2.5% are below the poverty line. About 50% of Timorese families outside Dili live in poverty.
Budget projections are unreliable.

How budget estimates change over time

Each line represents the total projected state expenditure during a particular fiscal year, as given in previous budgets. If the projections were accurate, the lines would be horizontal. If the fiscal year is already over, a solid marker at the right end of the line shows actual executed expenditure.

For example, the original budget for 2008 projected that expenditures during 2010 would be $572 million. Two years later, the 2010 budget appropriated $838 million, although only $756 million was actually spent.

In the 2009 budget, the government projected expenditures during 2012 at $470 million, and in the 2010 budget they estimated 2012 expenditures as $441 million. Two years later, the government is asking Parliamentary approval to spend $1.788 million next year, four times as much.

How real is perceived corruption?

Timor-Leste on Transparency International’s Corruption Perception Index

(Describing the situation about two years earlier)

Graph by La'o Hamutuk based on information from Transparency International
3. Unrealistic dreams

Current plans for future development will not sustainably improve our people’s lives. They rely on Greater Sunrise gas, which is limited and might never come to our shores or treasury.

The Strategic Development Plan

- Issued July 2011, promises to make TL an Upper Middle Income Country by 2030.
- A vision and dream, not a realistic plan.
- Focuses on physical infrastructure, not sustainable development.
- Will require loans and spending beyond TL’s means.
In 2010, TL began working on the South Coast Petroleum Corridor.

During 2011, TL spent $19 million, and total project costs will be more than $2 billion (much more if Timor-Leste pays to build the refinery, gas pipeline or LNG plant).

The 2012 budget allocates $164 million (including the Supply Base and highway).

Tasi Mane petroleum infrastructure project

- Suai: Supply base area, Industrial estates, Nova Suai, Suai Airport, Crocodile farm
- Betano: Refinery and Petrochemical complex, Petroleum city (Nova Betano)
- Beaçu: LNG Plant complex, Nova Beaçu, Nova Viqueque, Viqueque airport.
- Highway from Suai to Beaçu
It makes TL more dependent on the oil and gas sector.

It neglects sustainable sectors (agriculture, tourism, small industries and others).

Nearly all the money spent will go to foreign companies, providing hardly any local jobs or contracts.

It will create social conflict, take up valuable land, displace people, worsen health and degrade and endanger the environment.

We wonder if it will provide a reasonable return on investment.

The Government has made many unrealistic promises to local communities about jobs and other benefits.
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18 May 2012

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### Tasi Mane project costs

<table>
<thead>
<tr>
<th>Project component</th>
<th>2011 expenditure</th>
<th>2012 allocation</th>
<th>2013-2016 allocation</th>
<th>Anticipated loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detailed site survey for Beecu infrastructure</td>
<td>$5.0m</td>
<td>$0.5m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Design, construction and supervision of Suai supply base</td>
<td>$9.0m</td>
<td>$100.0m</td>
<td>$200m</td>
<td></td>
</tr>
<tr>
<td>Construction and supervision of roads and bridges for Suai-Beecu highway</td>
<td>$1.3m</td>
<td>$45.2m</td>
<td>$500m</td>
<td>$220m</td>
</tr>
<tr>
<td>Environmental studies</td>
<td>$0.8m</td>
<td>$2.1m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pipeline route analysis</td>
<td>$7.0m</td>
<td>$1.5m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Design and supervision of Beecu infrastructure</td>
<td>$0.8m</td>
<td>$3.5m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Design, construction and supervision of Suai airport</td>
<td></td>
<td></td>
<td>$5.0</td>
<td></td>
</tr>
<tr>
<td>Design, construction and supervision of Viqueque airport (budgeted under transport)</td>
<td></td>
<td></td>
<td>$1.0</td>
<td></td>
</tr>
<tr>
<td>Detailed Geotechnical and Marine study for the Betano petrochemical plant</td>
<td></td>
<td></td>
<td>$3.0</td>
<td></td>
</tr>
</tbody>
</table>

- No information on projected benefits or return.
- Omits most future expenditures.
- Exemplifies “petroleum capture” of decision-making.
- What if Sunrise gas doesn’t come here?
Laws passed since 2009 have paved the way for Timor-Leste to take out foreign loans.

The 2012 Budget starts borrowing with $160 million, including $43.1 million to be spent this year.

The Government recently signed $103 million in loan contracts with Japan and the ADB.

During the next four years, the Government plans to borrow nearly half a billion dollars.
Most loans will pay for roads.

Projects to be financed with borrowed money, 2012-2016

<table>
<thead>
<tr>
<th>Project</th>
<th>Financed by</th>
<th>Loan</th>
<th>Grace Period (yrs)</th>
<th>Term (yrs)</th>
<th>Interest rate</th>
<th>Total Repaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dili-Liquiçá-Gleno roads</td>
<td>ADB ADF concessional</td>
<td>$9.1m</td>
<td>8</td>
<td>32</td>
<td>1.0% / 1.5%</td>
<td>$12m</td>
</tr>
<tr>
<td>Dili-Liquiçá-Gleno roads</td>
<td>ADB OCR commercial</td>
<td>$30.9m</td>
<td>5</td>
<td>25</td>
<td>LIBOR + 0.19%</td>
<td>46m</td>
</tr>
<tr>
<td>Dili-Ainaro, Same, Ermera roads</td>
<td>WB IDA concessional</td>
<td>$20m</td>
<td>10</td>
<td>25</td>
<td>2.50%</td>
<td>$28m</td>
</tr>
<tr>
<td>Dili-Ainaro, Same, Ermera roads</td>
<td>WB IBRD commercial</td>
<td>$20m</td>
<td>5</td>
<td>30</td>
<td>LIBOR + 0.46%</td>
<td>$32m</td>
</tr>
<tr>
<td>Dili-Baucau road</td>
<td>JICA concessional</td>
<td>$68.7m</td>
<td>10</td>
<td>30</td>
<td>0.70%</td>
<td>$77m</td>
</tr>
<tr>
<td>Dili drainage</td>
<td>China Ex-Im bank</td>
<td>$40m</td>
<td>10</td>
<td>25</td>
<td>3.00%</td>
<td>$60m</td>
</tr>
<tr>
<td>Manatuto-Natarbora road</td>
<td>ADB OCR commercial (?)</td>
<td>$75m</td>
<td>5</td>
<td>25</td>
<td>LIBOR + 0.19%</td>
<td>$110m</td>
</tr>
<tr>
<td>Tasi Mane highway</td>
<td>unknown commercial</td>
<td>$220m</td>
<td>10</td>
<td>20</td>
<td>4.00%</td>
<td>$352m</td>
</tr>
</tbody>
</table>
Borrowing in the 2012 State Budget

<table>
<thead>
<tr>
<th>Roads</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dili-Lique, Timor-Leste</td>
<td>5.26</td>
<td>10.70</td>
<td>10.70</td>
<td></td>
<td></td>
<td>26.66</td>
</tr>
<tr>
<td>Manatuto-Natal bola</td>
<td>2.06</td>
<td>2.06</td>
<td>2.28</td>
<td>6.34</td>
<td>30.00</td>
<td>43.34</td>
</tr>
<tr>
<td>Dili-Manatuto-Bacau</td>
<td>0.27</td>
<td>1.35</td>
<td>12.05</td>
<td>12.96</td>
<td>12.77</td>
<td>68.79**</td>
</tr>
<tr>
<td>Maubisse-Ainaro/Same</td>
<td>5.00</td>
<td>10.00</td>
<td>20.00</td>
<td>5.00</td>
<td></td>
<td>40.00</td>
</tr>
<tr>
<td>South Coast Highway</td>
<td>30.00</td>
<td>40.00</td>
<td>50.00</td>
<td>100.00</td>
<td>200.00</td>
<td></td>
</tr>
<tr>
<td>Dili sanitation/drainage</td>
<td></td>
<td>20.00</td>
<td></td>
<td></td>
<td></td>
<td>20.00***</td>
</tr>
</tbody>
</table>

** The total amount to be provided in Loans is $87 million. This total is made based on the information provided by JICA. Government will be finding 25% to complete 95 million of the total project cost.

*** The Exim Bank still needs to do design in 2012 therefore there will be no expenses in 2012.

Table 6.1 Loans and Co-financing from the Government, 2012 – 2016 ($ millions)

<table>
<thead>
<tr>
<th>Loans</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>43.10</td>
<td>90.2</td>
<td>61.1</td>
<td>102.0</td>
<td>167.9</td>
<td>414.2</td>
</tr>
<tr>
<td>Government Co-Financing</td>
<td>9.90</td>
<td>24.65</td>
<td>24.32</td>
<td>30.85</td>
<td>54.00</td>
<td>143.15</td>
</tr>
<tr>
<td></td>
<td>53.00</td>
<td>164.25</td>
<td>185.42</td>
<td>133.65</td>
<td>161.09</td>
<td>557.35</td>
</tr>
</tbody>
</table>

Source: Major Projects Secretariat, Ministry of Finance, 2011

Loans will have to be paid back.

Projected annual loan repayments (million US dollars)

Graph by Lilo Hamutuk based on information from lenders, Government and other sources. March 2012
Implementing the SDP will require billions of dollars more in loans, probably at commercial rates. Even at concessional rates, repaying a loan will permanently reduce money in the Petroleum Fund. The yen loan makes us hostage to a strong dollar. TL’s oil and gas are small and non-renewable, and future oil prices are unpredictable. TL will have to make loan repayments before spending money on people’s needs or developing other sectors. Our children and grandchildren will inherit our debt.
Sunrise and maritime boundary dispute

- Australian companies began exploring Sunrise in the early 1970s, after Australia and Indonesia divided our maritime resources without involving Portugal. In 1989, they closed the “Timor Gap” to share illegally occupied resources in the Joint Development Area.
- The 2006 CMATS treaty bans maritime boundaries discussion for 50 years. It divides Sunrise upstream revenues 50-50.
- Australia put its greed for oil before respect for its sovereign neighbors or international law.
- Based on UNCLOS, TL owns everything north of the median line.

The Greater Sunrise stalemate

- The project is stalled because Timor-Leste and the companies do not agree on how it should be developed.
- Woodside and its partners Shell, ConocoPhillips and Osaka Gas believe a floating LNG plant in the sea is the most profitable.
- Timor-Leste wants a pipeline from Sunrise to Beaçu, to get more tax revenues and anchor the Tasi Mane project.
- Under contracts and treaties, the companies can choose the path, but both governments need to approve it.
- TL can cancel CMATS next year if the parties haven’t agreed yet.
Foreign ministers Gareth Evans and Ali Alatas toast the signing of the Timor Gap Treaty in 1989 while flying over the Timor Sea.
Impunity for past crimes undermines future stability, security and rule of law.

• 1975-1999: Indonesian invasion and occupation killed about 180,000 people in a systematic and planned policy executed throughout Timor-Leste.
• 2000: Indonesian Commission on Human Rights Abuses in TL (KPP HAM) reported on 1999 crimes and recommended an international mechanism.
• 2001-2004: UN-supported Serious Crimes Unit indicted 391 people for 1999 crimes. All Indonesian and most Timorese indictees live free in Indonesia.
• 2001-2005: TL’s Commission for Reception, Truth and Reconciliation (CAVR) researched history and encouraged reconciliation among Timorese. Its extensive report made 200 recommendations, including that if other processes fail, the UN should create an international tribunal.
• 2005: UN Commission of Experts (COE) reviewed legal processes to date and recommended creating an international mechanism.
• 2005: TL and Indonesian governments created the Commission of Truth and Friendship (CTF) using diplomacy to avoid individual accountability.

Until today, no legitimate processes in Indonesia or Timor-Leste have held major criminals accountable.
Indonesia’s occupation included many massacres.

Above: 1983 massacre in Kraras, Viqueque
Right: Commemorating the 10th anniversary of the 1999 Suai Church massacre. Indicted ringleader Maternus Bere was illegally freed due to Indonesian pressure on TL’s leaders.

UN Serious Crimes Unit Special Panel

The UN-supported Serious Crimes Unit indicted 391 people for 1999 crimes, tried 87 Timorese and convicted 84.

All Indonesian indictees and most Timorese are living free in Indonesia, and recent efforts to prosecute were blocked by political interference.
2004: President Xanana Gusmão and indicted ex-General Wiranto

The Serious Crimes Unit issued an arrest warrant for former Indonesian military chief Wiranto for Crimes Against Humanity weeks before this photo was taken in Bali.

Wiranto later ran twice for President of Indonesia.
Ongoing impunity creates insecurity.

- Today, all the main perpetrators of crimes against humanity during the Indonesian occupation are free in Indonesia, including everyone responsible for the 99% of occupation-related killings committed between 1975 and 1998.
- They are all protected by the Indonesian government, and many hold high Indonesian political and military positions.
- This ongoing impunity greatly threatens peace, security, democracy, rule of law and moral values in both Timor-Leste and Indonesia.

What happens next?

- Today, neither Indonesia, Timor-Leste nor the international community has the political will to bring these criminals to justice.
- The Commission of Experts report has never been discussed in the Security Council.
- UNMIT will leave Timor-Leste at the end of 2012, having failed to achieve justice, and future UN processes here will have less power and are not yet defined.
- UN policy and global consensus says that there can never be impunity for crimes against humanity. Chega!

A luta continua. We continue to demand that people who violate the law be held accountable for their crimes.
Land is the base of our socio-cultural lives.

Recent developments could increase injustice and conflict.

<table>
<thead>
<tr>
<th>Traditional land system before Portuguese colonization and Indonesian occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Land functions</strong></td>
</tr>
<tr>
<td>• Determines our origin and identity</td>
</tr>
<tr>
<td>• Place occupied by our ancestors spirits</td>
</tr>
<tr>
<td>• Socio-cultural functions linked to tradition and cosmos</td>
</tr>
<tr>
<td>• Collective economic function</td>
</tr>
<tr>
<td><strong>Access to land</strong></td>
</tr>
<tr>
<td>• Inheritance</td>
</tr>
<tr>
<td>• Traditional system allowing right to collective use</td>
</tr>
<tr>
<td>• Property right allowed after occupying land for a long time</td>
</tr>
<tr>
<td><strong>Land management</strong></td>
</tr>
<tr>
<td>• Traditional collective management system at the family and village levels (Tara Bandu).</td>
</tr>
</tbody>
</table>
Consequences of colonization and occupation

Introduction of a new coercive system
- Forced displacement
- Transmigration
- Taxes
- Certificates
- Corruption and stealing

Changes in land functions

Land as a strategic tool to
- Reinforce power and domination
- Support Portuguese and Indonesian economy
- Increase people’s dependency and vulnerability

Land as a commodity without soul

Privatization: communities lose rights to individuals.
Desertification: monocrop agriculture depletes soil.

Land registration in Portuguese and Indonesian times

- 200,000 parcels already registered.
- 2,843 land titles issued by Portuguese.
- 34,965 land titles issued by Indonesians including 30% through corruption.

This system transferred land ownership from Timorese families and communities to more than 100,000 non-Timorese private owners.
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In 2009, the Ministry of Justice, with the support of USAID, implemented the cadastre and registration system and created the Special Regime for Determination of Ownership of Immovable Property, Expropriation Law and Real Estate Finance Fund Law.

These laws were elaborated with very limited community participation.

Land law concept

Establishment of a formal, basic land tenure system to address:

- needs of the modern urban sector
- formal land transactions
- registration.

It must also respect traditional land and customs.
Who will benefit from these land laws?

- The State. 
  Land “owned” by Portuguese and Indonesian administrations automatically becomes Timor-Leste state property without considering how the occupiers got it.

- People who got certificates during Portuguese and Indonesian times.

- Rich and powerful people. 
  People with a lot of land and money can pay taxes and exert disproportionate influence.

Likely consequences of the implementation of the Land Laws

Social, cultural and economic impacts:

- Land will become a commodity with no spiritual value.
- Degradation of our cultural system which is based on collective values.
- Land concentration in the hands of rich and powerful people.
- Increasing cases of eviction.
- Poor people will lose their land.
- Less land available for agriculture and production.
- Emergence of slums, landlessness and homelessness.
Thank you.

You will find more and updated information at

• La’o Hamutuk’s website
  http://www.laohamutuk.org

• La’o Hamutuk’s blog
  http://laohamutuk.blogspot.com/

• Reference DVD-ROM available from our office.

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