



República Democrática de Timor-Leste

# State Budget 2018

## Approved

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## Budget Overview

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# Book 1



República Democrática de Timor-Leste  
Ministério das Finanças  
**Gabinete do Ministerial**



## Book 1 – Budget Overview

### Preface

The Organic Law of the Ministry of Finance specifies the responsibility of the National Directorate of Budget to collect and manage financial information relating to the public sector and publish the statistical results.

In accordance with this provision and to promote the transparency of the public finances, the Ministry of Finance is publishing the final version of the documents relating to the 2018 State Budget, following the approval of the National Parliamentary .

The documentation for the 2018 State Budget consists of the Budget Law, plus various supporting budget books:

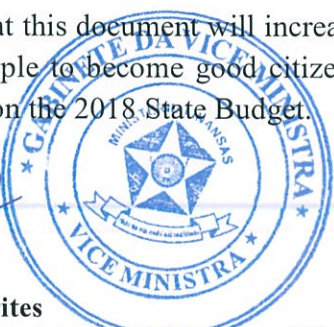
<b>Book 1</b>	<b>: Budget Overview</b>
Book 2	: Annual Action Plan
Book 3A	: Infrastructure Fund
Book 3B	: Municipalities
Book 3C	: RAEOA & ZEESM
Book 4a and 4b	: Budget Line Items
Book 5	: Development Partners
Book 6	: Special Fund - FDCH

Book 1 *Budget Overview* describes the overall budget strategy of the Government. It provides information on the international and domestic economic outlook, expected domestic and oil based revenue including expected sustainable income, and overall expenditure in the medium term and the main new initiatives in the coming year.

Budget documentation is available on the website of the Ministry of the Finance, [www.mof.gov.tl](http://www.mof.gov.tl). Inquiries relating to this publication should be directed to the General Directorate of State Finance on email [jgama@mof.gov.tl](mailto:jgama@mof.gov.tl) telp.+67077852000, [syaquim@mof.gov.tl](mailto:syaquim@mof.gov.tl) – telp.+67077305809 and [spmartins@mof.gov.tl](mailto:spmartins@mof.gov.tl) – telp.+67077879183.

I consider that this document will increase awareness and understanding of the Government's finances and help people to become good citizens and heroes to our nation by providing them with relevant information on the 2018 State Budget.

  
**Sara Lobo Brites**  
Vice-Minister and Acting of Minister of Finance



# 2018 State Budget Book 1

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# Part 1 Speech of the Prime Minsiter

*National Parliament, August 27, 2018*

His Excellency,

President of the National Parliament

Your Excellencies,

Vice-Presidents, Secretary and Vice-Secretary of the National Parliament

Your Excellencies,

Dear Deputies,

Dear colleagues,

Ladies and gentlemen members of the Government

Ladies and gentlemen,

Distinguished Guests

It is with great honor and humility that we present to the National Parliament and to the country, the State Budget (OGE) for the current fiscal year 2018.

With this event we honor and fulfill one more political and constitutional obligation of the establishment of the Eighth Constitutional Government, after the approval of our Government Program, on July 27, 2018, and the promulgation and publication of the Decree Law that the Organic Law of the VIII Constitutional Government organic.

After about sixty days since my inauguration as Prime Minister, it is with great satisfaction that we take another important step in the process of **restoring political and financial normality**, with the approval of the budget that will govern the expenditure of the country in the next four months of the fiscal year 2018.

We do this presentation in unprecedented and truly exceptional circumstances, resulting from the political impasse caused by the dissolution of Parliament and the calling of early parliamentary elections, which require us to submit a budget proposal, "out of time", when about eight months of the 2018 fiscal year had already been implemented.

As everyone should remember the "VII Constitutional Government did not submit any draft budget law for 2018, making the fulfillment of a duodecimal system from 1 January 2018 inevitable, through temporary appropriations" defined under the Budget and the Financial Management Law.

Consequently, today we present the budget proposal that incorporates in its text and reflects in its tables and annexes, a complex environment, which can split briefly in three distinct phases:

- The first phase, covering the period of time **between January and June 2018**, during which it was run by the VII (seventh) Constitutional Government in duodecimal system, with a total recorded expenditure recorded of *four hundred and two million, one hundred thousand US dollars (US\$ 402.100 million)*.

*"Note that the government that preceded us had a distinct organizational structure than that of the VI (sixth) Government (which served as the basis for the classification of the State Budget for 2017, which appropriations are for reference to determine the maximum appropriations value monthly budget) and it is distinct also from the organic structure of the VIII (eighth) government (which is the basis for organic classification of expenditure ", the current proposal for the State Budget 2018.*

- The second phase, covering the period **between July and August 2018**, in which the VIII Constitutional Government, already in a critical cash position (with a balance of twenty million US dollars on the 10<sup>th</sup> of August, to meet current urgent expenses of about thirty million dollars per month), continued to ensure the implementation of public expenditure in duodecimal regime.

We are, at this time, responding to this situation, haveng budgeted for this purpose a total of *one hundred million, four hundred thousand dollars (US \$ 100.400 million)* to implement this budget phase.

- The third phase, covering the period **between September and December 2018**, with the expenditure expected until the end of the fiscal year budgeted at *seven hundred and fifteen million and five hundred thousand US dollars (US \$ 715.500 million)*.

With the approval of this budget, we will overcome the difficulties imposed by this negative environment, which forced "to finance public expenditure with the remaining balance of the budget implementation of the 2017 fiscal year".

We will also provide the Government with financial and budgetary conditions necessary to realize our vision, reflected in the second phase of the Strategic National Development Plan (SDP 2016-2020) and in the Roadmap for the Implementation of Sustainable Development Goals, whose efforts link aim to "the development of infrastructure, human resources and diversification of the non-oil economy".

A vision that aims to transform Timor-Leste into a Rich, Strong and Safe Country, removing it from the list of countries "with low incomes and turning it into a prosperous society medium-high income by 2030".

I would therefore like to thank Your Excellency, Mr. President, and various MPs and Members of this Uma Fukun (House of Democracy), for having accepted our overriding and urgent request to schedule this debate as expected by our citizens and longed for by the various sectors of our society and economy.

Thanking again for the particular attention demonstrated by Your Excellences to the Government's cash requirements, experienced in the last two months of governance, which put at risk of financial paralysis the various agencies of government and state bodies, for lack of funds to ensure the payment of obligations or pressing commitments for the functioning of the country.

Thanks to your prompt and timely intervention by approving the Law 1/2018, of 10 August 2018, recently enacted by Hon. President of the Republic and published in the Official Gazette, it was

possible to obtain an "extraordinary authorization to carry out a transfer from the Petroleum Fund", with the value of *one-hundred and forty million dollars (US \$ 140 million)* whose implementation will briefly rebalance current accounts of the State.

His Excellency, President of the National Parliament,

Dear Deputies,

Timorese People,

It is time to start a new chapter, more positive, marked by normality and security for the economy, by approving both a draft State Budget in accordance with paragraph 1 of Article 145. the Constitution for the current year 2018, which includes revenues and expenses already taken during the current fiscal year as expenses that the State should execute until the end of this year to ensure the provision of public goods and services to our citizens and create political and financial conditions to resume the path of economic and social development in our country, through the adoption of measures that stimulate economic growth.

In this sense, we propose a General State Budget, detailing all revenue and expenditure of the State and Social Security, for the financial year 2018, in accordance with the following provisions:

- 1) **With regard to revenues:** *We estimate that we will raise until the end of the current fiscal year the amount of one thousand two hundred seventy-nine million and six hundred thousand US dollars (US \$ 1.2796 billion), of which, nine hundred eighty-four million, eight hundred thousand US dollars (US \$ 984,8 million) stem from the realization of transfers from the Petroleum Fund and one hundred eighty-eight million and eight hundred thousand US dollars (US \$ 188.8 million) represent domestic revenues.*
- 2) **In Total Amount of Expenditure** (including the amount of loans): we anticipate a sum in the various categories of *one thousand two hundred seventy-nine million six hundred thousand dollars (US \$ 1,279,6 million)*, divided into the following categories and amounts:
  - In Wages and salaries: it is planned for *two hundred million three hundred and twelve thousand US dollars (US \$ 200,312,000);*
  - The Goods and Services: it is planned for *four hundred twenty-one million and six hundred sixty-six thousand US dollars (US \$ 421,666,000);*
  - In Public Transfers: it is planned for *two hundred sixty-one million and nine hundred and twenty-five thousand US dollars (US \$ 261.925 million);*
  - In the Minor Capital: it is planned for *three million, six hundred and fifty-nine thousand US dollars (US \$ 3,659,000);*
  - In Development Capital, including the Infrastructure Fund and loans: it is planned for *three hundred ninety-two million and thirty-seven thousand dollars (US \$ 392,037,000).*



Of these expenses, *eight hundred twenty-five million, four hundred eighty-three thousand* US dollars (US \$ **825,483,000**), corresponding to services without administrative and financial autonomy and autonomous bodies without own income;

While *four hundred thirty million, two hundred and sixty thousand* US dollars (US \$ **430.260 million**), corresponding to the autonomous funds and services, including expenditure financed by borrowing.

Moreover, the *twenty-eight million dollars* (\$ **28 million**), corresponding to the Authority RAEOA (Special Administrative Region of Oe-cussi Ambeno) and ZEESM (Special Zone of Social Market Economy of Oe-cussi) stand out, of which twenty seven million seventy-six thousand dollars (US \$ 27,076,000) will be financed through the 2018 State Budget allocation.

Proposed expenditure on the General State Budget for 2018 will be **funded**:

- through Domestic Revenues: with a total *one hundred and eighty-eight million, eight hundred thousand dollars* (US \$ **188.8 million**)
- through the Estimated Sustainable Income (ESI): with a total of *five hundred and fifty million, four hundred thousand dollars* (US \$ **550.4 million**), of which the total amount already includes the *seventy million dollars* (\$ **70 million**), withdrawn by the VII Government and *one hundred and forty million dollars* (US \$ **140 million**), extraordinarily authorized to the VIII Constitutional Government, by the National Parliament and promulgated by the President, under the Law 1/2018 of 10 August 2018;
- furthermore, with withdrawals in excess of the ESI: with a total *four hundred and thirty-six million, eight hundred thousand US dollars* (US \$ **436.8 million**); and
- also through Loans from international institutions: with an amount of *sixty-one million, six hundred thousand dollars* (US \$ **61.6 million**), of which *forty-four million* (\$ **44 million**) correspond to the contracting of concessional loans and the remaining *seventeen million and six hundred thousand dollars* (US \$ **17.6 million**), corresponding to disbursements.

As it can be seen from the 2018 General State Budget proposal, we continue to focus on **cost containment**, following the trajectory of the last budgets, with:

- *seven million, two hundred and twenty-six thousand dollars* (US \$ **-107.226 million**) worth of savings, compared to the 2017 State Budget; and
- *six hundred sixty-three million dollars* (US \$ **-663 million**) worth of savings, compared to the 2016 State Budget.

*"The reduction of expenditure seeks to achieve a balance between the need to continue to provide public incentives to increase the momentum of our economy (namely through public investment) and the need to adjust state spending to the current economic situation which has negative effects at the level of the evolution of the budgetary revenue."*

The principle of budgetary balance postulates that *"revenue collection is made in an amount at least equivalent to what is provided for expenses."* For this reason and in view of the projections of the government in matters concerning the development of the economic situation, either

nationally or internationally, we believe it is prudent to seek a balance between compliance with our policies, constitutional and legal obligations, provision of public goods and services to the citizens and creating a favorable environment for the intensification of economic activity, and a conscientious use of financial resources of our people.

The limits defined for the exercise of common sense and fiscal prudence that we propose do not impair, however, our commitment to continue working to ensure the prosperity and the gradual improvement of the living conditions of our people.

*They do not question the fulfillment of "legal or contractual obligations to the public sector, particularly regarding the operation of the state machine (ensuring the security, defense, justice, education and health for our citizens), the protection of the most vulnerable social groups, investment in the effort of human resource qualifications and the financial continuation of some projects, as well as being strategic to the promotion of our development, serve to stimulate the non-oil sector of our economy. "*

In the draft State Budget 2018, we also continue to promote a policy of **reduction of transfers from the Petroleum Fund**, including:

- with a reduction of *ninety-three million two hundred thousand dollars (US \$ -93.2 million)*, compared to the 2017 State Budget;
- with a reduction of *six hundred eighty-nine million seven hundred thousand dollars (US \$ -689.7 million)*, compared to the 2016 State Budget; and
- with a reduction of *three hundred forty-two million seven hundred thousand dollars (US \$ -342.7 million)*, compared to the 2015 State Budget;

As you can observe, the financing of budgetary expenditure in the 2018 State Budget proposal provides that transfers from the *Petroleum Fund* will amount to *nine hundred eighty-four million eight hundred thousand dollars (US \$ 984.8 million)*, of which *four hundred thirty-four million four hundred thousand dollars (US \$ 434.4 million)* consubstantiate a transfer above the *Estimated Sustainable Income (ESI)* of the *Petroleum Fund*, which for the current financial year stood at *five hundred and fifty million, four hundred thousand dollars (US \$ 550, 4M)*.

*In accordance with the provisions of point d) of article 9. of the Petroleum Fund Law as amended by Law 12/2011, of September 28, "In each fiscal year, transfers from the Petroleum Fund higher than the Estimated Sustainable Income cannot be realized unless the Government submits, in advance, to the National Parliament, the justification on the reasons that are deemed to be in the long-term interests of Timor-Leste in order to realize a transfer in an amount beyond the ESI.*

*It is already now clear that the proposed ceiling for a transfer from the Petroleum Fund includes the amount transferred by the VII Constitutional Government during the current Financial Year, amounting to seventy million dollars (US \$ 70 million) as well as the amount of one hundred and forty million US dollars whose transfer was recently authorized by Law n. 1/2018, of August 10, 2018, amounts destined to ensure the financing of temporary budgetary allocations established by the Government until the entry into force of the 2018 State Budget and amounting to five hundred and two million five hundred thousand dollars (US \$ 502,5 million)."*

These measures are in accordance with *"the investment policy that the government intends to carry out and that relates to the construction of essential infrastructure for the country's economy, which will allow its growth over the long term."*

The Government does not hide his ambition and his aim to resume the pace of growth of our economy, in the meant time interrupted, returning to achieve an annual economic growth of 7% per annum, starting from the next financial year. We know that not everything depends solely on the government, but we want to reaffirm before the Distinguished Representatives of our people that the Executive will do everything for our economy to return to grow and for this growth to be founded on solid bases of stability, reliability and productivity.

In the preparation of the State Budget 2018 the oil wealth was estimated at *eighteen billion and three hundred forty-five million eight hundred thousand dollars (US \$ 18,345.8 million)*.

It is expected that the balance of the Fund is *sixteen billion, four hundred and eleven million, nine hundred thousand US dollars (US \$ 16,411.9)*, after the implementation of this budget.

For this reason, the projections which provide the ability to continue to raise funds above the Estimated Sustainable Income (ESI) are still valid, similarly to what was expected for this year for investments in the interest of Timor-Leste, keeping in 2021 a balance in the Petroleum Fund over *twelve billion dollars (US \$ 12,000 million)*, as advocated in the 2017 State Budget approval debate.

In relation to **Oil Revenues**, we anticipate raising a total of *five hundred ninety-nine million nine hundred thousand dollars (US \$ 599.9 million)*, representing a reduction of:

- *five hundred and six million, five hundred thousand dollars (US \$ -506.5 million)*, compared to the 2017 General State Budget; and OF
- *nine hundred ninety-three million seven hundred thousand dollars (US \$ -993.7 million)* relative to the 2016 General State Budget;

For this reduction in revenue, a significant contribution is given by the **decrease in revenue collected** in respect of:

- Petroleum Fund interest, with a drop of *five hundred and sixty million two hundred thousand dollars (US \$ -560.2 million)*;
- Tax on Oil Profits, with a drop of *forty-eight million dollars (US \$ -48 million)*; and
- Additional taxes on profits, with a drop of *forty-three million, five hundred thousand dollars (US \$ -43.5 million)*.

The fall of oil revenues **was mitigated by the growth of revenue** from:

- Sea tax Timor: which had a growth of *thirteen million, six hundred thousand dollars (US \$ +13.6 million)*;
- Income tax: with a growth *one hundred and three million two hundred thousand dollars (US \$ +103.2 million)*; and
- Other Taxes and Duties Oil: with a growth increase of *twenty-eight million, five hundred thousand dollars (US \$ +28.5 million)*.

In relation to **Non-Oil Revenue**, including *five million six hundred thousand dollars (US \$ 5.6 million)* from autonomous services and RAE OA, referred above as Domestic Revenues, we anticipate raising a total of *one hundred eighty-eight million eight hundred thousand dollars (US \$ 188.8 million)*, representing:

- *an increase of twenty-five million nine hundred thousand dollars (US \$ +25.9 million)* relative to the 2016 General State Budget; but
- *a reduction of seventeen million four hundred thousand dollars (US \$ -17.4 million)*, compared to the 2017 State Budget;

Contribute to this decline in domestic revenue forecasts for collection:

- *Indirect taxes, with a reduction of eight million, five hundred thousand dollars (US \$ -8.5 million);*
- *Direct Taxes, with a reduction of four million, seven hundred thousand dollars (US \$ -4.7 million); and*
- *Taxes on RAE OA / ZEESM, with a reduction of two million seven hundred thousand dollars (US \$ 2.7 million).*

The fall in domestic revenues will be slightly mitigated by the increase in revenues from:

- *The Treasury Account Interest, with an increase of five hundred thousand US dollars (US \$ +0.5 million); and*
- *Other Fees and Charges, with an increase of two hundred thousand US dollars (US \$ +0.2 million).*

Contributes to this revenue shortfall, surely the world situation with the decrease in petroleum prices.

But above all, the slowing of our internal growth, which recorded in 2016, an average growth of 10.6% per year, marking a sharp drop during prolonged political deadlock 2017-2018 to the actual values of 2.37%.

In terms of domestic revenue collection, the Government wants to adopt measures to promote transparency and a real policy. It is in this framework that are inscribed the rules contained in paragraphs 2 and 3 of Article 4 of the proposed budget law for the current year, exempting the payment of taxes and other customs tariffs imports of goods donated by other states or international organizations, destined to the Timorese State, as part of agreements of cooperation and friendship.

The situation recorded in recent years to tax with customs duties and charges of "*property donated to the State (...) under agreements to that end, by holders or holders or members of the organs of sovereignty*" was not justified on international best practice, and served only to "*artificially inflate the bills in the amount of revenue*" through a simple accounting operation.

We can well manage our public financial resources only if we have a thorough and complete knowledge about them. It is for this reason that the Government proposes that import goods for donation to the State to be exempted from paying fees and other custom duties, since this does

not increase the financial resources of the state, as it comes down to a mere accounting operation which involves, moreover, the realization of an operation involving the loss of time and public funds.

The Government intends to adopt an aggressive policy of raising domestic revenues, reducing the dependence on funding of our public accounts for the Petroleum Fund, however, it intends for this collection to be reflected positively in the State Coffers and not only in their accounting documents.

On **Public Debt**, hiring concessional loans (with interest lower than those earned in the Petroleum Fund), for the financing of state activity, has been growing since 2014, reversing this trend of growth in the current proposal estimated at *sixty-one million six hundred thousand dollars (US \$ 61.6 million)*, representing:

- a drop of *forty million two hundred thousand dollars (US \$ -40.2 million)*, compared to the 2017 State Budget; and
- a drop of *forty-five million, four hundred thousand dollars (US \$ -45.4 million)*, compared to the 2016 State Budget;

On the **Category of Expenditure** referred to above, it is important to distinguish two types in economic terms:

- Current expenses: Which are intended primarily to support the state machine and add this year a total of *six hundred and one million eight hundred thousand dollars (US \$ 601.8 million)*, with the following changes:
  - in Salaries and Wages, recorded a drop of *nine million, three hundred and eighty-nine thousand US dollars (US \$ -9.389 million)*
  - in Goods and Services recorded an increase of *twenty-six million, six hundred and nineteen thousand US dollars (US \$ +26.619 million)*;
  - in Minor Capital, recorded a drop of *eight million, four hundred and sixteen thousand US dollars (US \$ -8.416 million)*.
- Capital expenditure (including loans): which are destined to promote investment in human, social and economic capital and add up this year to a total of *six hundred seventy-seven million three hundred thousand dollars (US \$ 677.3 million)*, with the following evolution :
  - in Public Transfers: it is registered a reduction of *one hundred fifty-nine million thirty nine thousand dollars (US \$ -159.039 million)*;
  - In the Human Capital Development Fund (FDCH): we will continue to implement the policy of "Investing in the Country" with a value of *twenty-three million nine hundred thousand dollars (US \$ 23.9 million)*, "in the education of citizens as the technical and academic training of human resources was established as key for success of any country that wishes to be modern and creative in the future. "

- In Development Capital (including loans), it is recorded an increase of *forty-two million and nine hundred and ninety-eight thousand US dollars (US \$ 42,998 million)*.

As it can be seen, most of the realized expenses, as well as the amount above the value of the Estimated Sustainable Income (ESI), **are not destined for current expenditure**, aimed to sustain the state machine, but rather to Capital Expenditure essential to the development.

We believe that the costs that contribute to improving the well-being of citizens, to fight poverty and malnutrition or investment in education, health, social protection, defense, security or justice, also contribute to consolidate a more prosperous, modern and diversified economy.

This means that expenditure to promote the well-being should not be seen only as "spend with return", but also in its component of "hammer and multiplier", by preparing better educated, trained or qualified citizens, healthier and less prone to situations of social risk, which are fundamental conditions for the labor market, the competitiveness of our economy and the increase in national productivity.

Moreover, the need to establish a Human Capital Development Fund (FDCH) in 2011, was intended to address the systemic weaknesses, experienced by different generations, throughout their academic, technical and professional careers, for which it is urgent to invest more and better in education, vocational training and higher education sectors, qualifying our citizens and thus improving productivity and competitiveness of our economy.

We must have also realized that with expansion of investment in basic infrastructure and collective public facilities, in subsequent years current expenditures related to its functioning and its conservation will also increase, generating future commitments in current expenditure, traditionally regarded as harmful to the economy, despite the obvious need to allocate more and more resources for these expenditures. However, for the importance that this expense has for the welfare of our citizens and for the greater dynamism of our internal market, it is important to assume the increase of current expenditure also consciously and upfront, justifying before our people and future generations Timorese the option that we took in this matter.

We are aware that the effort to stop depending from the Petroleum Fund, fulfilling our goal of achieving 17% of domestic revenue of the total Gross Domestic Product (GDP), is a long-term goal (expected by the end of the term in 2023), will be hardly achieved in only one term or legislature.

However, we are unwaveringly committed to minimize the risks normally associated with public investment, increasingly focusing on effectiveness, efficiency, fostering of savings, on the fight against mismanagement, waste, superfluous or unnecessary expenditure (for instance, in catering, printing, office supplies, fuel, vehicle maintenance, local and abroad travel, among others) and in fighting corruption.

We also have a particular concern to invest and support areas or projects that can guarantee a clear and justifiable social, economic, fiscal and financial return.

It is impossible to reduce dependence on revenues from oil or gas without the investment in human capital and without continuing to invest in basic infrastructure, cross-cutting and essential to all sectors of the economy.

His Excellency, President of the National Parliament,

Dear Deputies,

For a better understanding of the circumstances justifying the expenses, I would like to analyze each subcategory with a little more detail.

**With regards to Wages and Salaries:** the total for this sub-category is *two hundred million and three hundred and twelve thousand US dollars (US \$ 200,312,000)*. This amount decreased 4.5% in the State Budget for 2018 compared to the allocation for 2017.

This is motivated by the fact that many ministries and agencies have budgeted surplus for this category in 2017, in anticipation of more staff recruitment throughout the year.

For various reasons, this new contracting did not materialize.

As such, budgets have been adjusted to more accurately reflect the needs and current commitments with existing civil servants in 2018.

**With regards to Goods and Services:** The total for this sub-category is *four hundred twenty-one million and six hundred sixty-six thousand US dollars (US \$ 421,666,000)*, which represents an increase of 8.1% compared to the allocation in the State Budget 2017.

This increase is due to the payment obligations and outstanding commitments provided in previous years which have not been paid in full.

The main measures in this subcategory include, among others:

- *Eighty-two million one hundred thousand dollars (US \$ 82.1 million)* for fuel and maintenance of electricity generators in Hera and Betano;
- *Twenty-two million four hundred thousand dollars (US \$ 22.4 million)* allocated in appropriations for Whole of Government for Contingency Reserve;
- *Eighteen million one hundred thousand dollars (US \$ 18.1 million)* for legal services;
- *Eighteen million dollars (US \$ 18 million)* For payments for national elections;
- *Fourteen million four hundred thousand dollars (US \$ 14.4 million)* are allocated to municipalities for the School Feeding Program and operational costs and services for administrative authorities;
- *Ten million, three hundred thousand dollars (US \$ 10.3 million)* for SAMES for drug procurement and to improve the quality of health services across the country;
- *Four million eight hundred thousand dollars (US \$ 4.8 million)* for a clean water and sanitation program in rural and urban areas.

**Public Transfers:** The total for this sub-category is *two hundred sixty-one million and nine hundred and twenty-five thousand US dollars (US \$ 261.925 million)*, which represents a decrease of 37.8% compared to the State Budget for 2017.

This decrease was driven by a decrease in budgeted funds for the Special Administrative Region of Oecussi (RAEOA) and Special Areas of Social Market Economy of Oecussi Ambeno and Atauro (ZEESM).

The main measures in this sub-category are:

- *Ninety-eight million nine hundred thousand dollars (US \$ **98.9 million**)* for pensions and broader support to veterans. This program includes support for the most vulnerable.
- *Forty-eight million one hundred thousand dollars (US \$ **48.1 million**)* for social programs, including pensions for old-age and disability, and survival (including social pensions / subsidies for the Elderly and Disabled and pensions under the transitional social security scheme), *Bolsa da Mae*, and support to the victims of natural disasters;
- *Twenty-eight million dollars (US \$ **28 million**)* for the Special Administrative Region of Oecussi Ambeno (RAEOA) and Special Areas of Social Market Economy of Oecussi Ambeno and Atauro (ZEESM);
- *Thirteen million seven hundred thousand dollars (US \$ **13.7 million**)* for the Contributory Regime for Social Security;
- *Twelve million four hundred thousand dollars (US \$ **12.4 million**)* for medical treatment abroad;
- *Twelve million one hundred thousand dollars (US \$ **12.1 million**)* to support the National Petroleum and Minerals Authority (ANPM) TIMOR GAP and the Institute of Petroleum and Geology (IPG);
- *Seven million five hundred thousand dollars (US \$ **7.5 million**)* to the municipalities to support urban cleaning activities, school feeding programs and scholarships, and to contribute to rural development and inclusive growth;
- *Six million five hundred thousand dollars (US \$ **6.5 million**)* to support the Episcopal Conference of East Timor.

**Minor capital:** The total for this sub-category is *three million and six hundred fifty-nine thousand US dollars (US \$ **3.659 million**)*, which represents a decrease of 69.7% from the State Budget for 2017.

This reduction is justified by the fact that expenditure of Minor Capital have been frozen during the exercise under duo-decimal regime.

**Development Capital:** the total for this sub-category is *three hundred ninety-two million and thirty-seven thousand dollars (US \$ **392,037,000**)*, including loans for this category in 2018, which are worth *sixty-one million, six hundred thousand US dollars (US \$ **61.6 million**)* which shall be allocated to the Infrastructure Fund.

The budget for this category, excluding loans, has increased by 33.7% compared to the allocation for 2017. This is driven by an increase of 45.4% in the Infrastructure Fund budget, to meet the financial needs of projects in progress.

The main measures in this sub-divided under the Treasury Account, are:



- *Three hundred and twenty-three million six hundred thousand dollars (US \$ **323.6 million**)* for the Infrastructure Fund
- *Three million one hundred thousand dollars (US \$ **3.1 million**)* to the Municipal Integrated Development Plan (PDIM); and
- *Three million seven hundred thousand dollars (US \$ **3.7 million**)* to other development capital projects destined to the ministries.

Finally, we will implement some measures of the new policy agenda. We also plan to address the debt and accrued contractual obligations in recent years, which have not been paid. The total cost of these payments is *eighty-seven million dollars (\$ **87 million**)*, broken down as follows:

- *Sixty-four million five hundred thousand dollars (US \$ **64.5 million**)* allocated to the Appropriations for Whole of Government to reimburse the Kitan exploitation rates;
- *Six million nine hundred thousand dollars (US \$ **6.9 million**)* for retroactive payment of salary increases for teachers in seven municipalities that received promotions between 2013 and 2017;
- *Five million eight hundred thousand dollars (US \$ **5.8 million**)* allocated to rapid custom clearance;
- *Four million five hundred thousand dollars (US \$ **4.5 million**)* for the payment of debts to Timor Telecom;
- *Two million two hundred thousand dollars (US \$ **2.2 million**)* To pay electricity debts;
- *One million five hundred thousand dollars (\$ **1.5 million**)* to the National University Timor Lorosae in order to pay various debts accumulated between 2016 and 2017;
- *Eight hundred thousand dollars (US \$ **0.8 million**)* for the National Police of Timor-Leste in order to cover debts relating to the maintenance of vessels, CCTV and telecommunications;
- *Five hundred thousand dollars (US \$ **0.5 million**)* for FALINTIL - East Timor Defense Force, in order to pay several outstanding subsidies and additional costs associated with the recent elections;
- *Three hundred thousand dollars (US \$ **0.3 million**)* to cover the remaining costs not paid the 2016 Suco elections.

His Excellency, President of the National Parliament,

Dear Deputies

Timorese people,

The State Budget for 2018 also includes the budget of the Social Security (OSS) 2018, detailing all income and expenditure of social security for the financial year 2018.

*"Through n.º12 / 2016 Act of November 14, the National Parliament approved the establishment of contributory social security scheme, which is characterized by being a single scheme and for all,*

*integrating the beneficiaries of the transitional, mandatory, self-financed regime with financial independence from the State Budget.*

*The budget of the Social Security (OSS) provides a set of approval mechanisms similar to those of the State Budget, being assessed and approved in equally annual cycles as the central instrument for control and monitoring of the development and planning of the social security system by sovereign bodies.*

In this sense, it presents a Total revenues for the budget of the Social Security (OSS) 2018 of *forty-one million, one hundred and forty-nine thousand US dollars (US \$ **41,149**)*, divided into the following categories:

- Contributions: with a total of *twenty-four million, eight hundred and thirty-one thousand US dollars (US \$ **24,831**)*;
- Earnings (including interest from the investment of cash surpluses): with a total of *one million five hundred thousand dollars (US \$ **1,500 million**)*;
- Cash balance (Last year): with a total of *sixteen million, three hundred and sixteen thousand US dollars (US \$ **16,316**)*;

These global revenues of Social Security therefore include the actual revenue of the year 2018 in the amount of *twenty-four million, eight hundred and thirty-three thousand US dollars (US \$ **24,833 millions**)*, and the balance carried over from the year 2017, not yet transferred to the Reserve Fund of Social Security.

*"Following the rule of budgetary balance, total Global Expenses Social Security is also forty-one million, one hundred and forty-nine thousand US dollars (US \$ **41,149 million**), of which seven hundred and sixteen thousand US dollars (US \$ **716 million**) are effective expenditure of the year 2018 (including seven hundred and thirteen thousand US dollars (US \$ **713 million**) in current transfers for the payment of benefits to beneficiaries) and forty million, four hundred and thirty-three thousand US dollars (US \$ **40,433 million**) they are expensed in financial assets related to investment / applications of the accumulated funds in the Reserve Fund of Social Security. "*

His Excellency, President of the National Parliament,

Ladies and gentlemen,

Timorese people,

The General State Budget for 2018 can not be a budget for the launch of new and large projects, but will certainly be a budget for the restoration of normalcy in managing a situation inherited from previous governments.

It will also be in our view a budget for the recovery of Hope, preparatory for the changes that will occur in the next fiscal year of 2019.

In the 2016 State Budget, the VI Constitutional Government initiated a reorganization under the title of "**one Plan, one Budget and one System.**"

We want to continue this commitment, which we believe to be the right one for our country!

This policy foresaw a close link between the different tasks to plan, monitor, evaluate and budget, a real weighting cycle of expected results, given the benefits and impacts of the different programs and projects obtained in improving the quality of life and economic growth.

This policy gave rise to the regular presentation of Book 2, annexed to the proposed State Budget, drawn up by a network of ministerial and organizational units of planning, monitoring and evaluation, coordinated by the Office of the Prime Minister.

The establishment of this policy intended to create the foundations for "*Program Budgeting*", which we will now proceed to strongly implement, in presenting the 2019 State Budget, expected to take place until 15 October 2018, under the terms of the Law.

At this time, it is possible to make a thorough and detailed analysis of the different levels of activity (annual and multi-annual), with better mechanisms to set clear goals, avoiding duplication, unnecessary costs, waste, profligacy or unnecessary expenses.

Monetization of shares of means and resources aimed at saving, conservation, complementarity and cross-linking the sectoral level have all our priority and attention because we believe that it is possible to do better in a creative and innovative way to exceed the expected nominal reduction of revenue sources that support spending in future budgets.

It also prevents the restarting, in each budget cycle, especially of programs that can not perform in one fiscal year or one term, avoiding the planning of activities, for which we did have not an approved budget previously.

We can implement greater budgetary discipline and provide more realistic cost, which will allow certainly redirect assessing this implementation, the current system of "*percentages*" for a new evaluation system "*by results*".

It makes no sense to assign success, in isolation, to a budget execution with percentages above 80% or 90% as if it were an exemplary result, when the impact of these expenses are not reflected on beneficiaries' satisfaction and on the quality of life of the population or of the services, which are desired to be increasingly more professional, effective, efficient, transparent, accountable and absent of any corruption.

For this task of monitoring and evaluation results, we certainly count on the strengthening of good cooperation between the various audits, sectoral inspections, State General Inspection and Audit Chamber of the Court of Appeal.

But we also count on - as mentioned in our inaugural speech and presentation of the government program - the close collaboration with the different civil society organizations and the media, in particular those which by their nature or mission, implement programs of social audit, aimed at participation, monitoring and continuous scrutiny by the citizens with more control, accuracy and responsibility in carrying out spending and achieving results.

The State and Timorese society are united in the common desire to rationalize the use of public resources for development objectives and well-being to which we all aspire. For this reason, I would like to reaffirm to the National Parliament, the body that the Constitution defines as representative of all Timorese people, that our Government will do everything to combat waste, increase discipline, control, accountability and transparency of operations involving the use of public money.

It is therefore with pleasure that I have the honor to inform the National Parliament that last week, the government was the recipient of a letter from His Excellency the President of the RAEOA Authority, Mr. Mari Bin Amude Alkatiri, through which we He informed about their desire that the financial management operations of the Authority start to be processed through the *FreeBalance* system. We welcome and appreciate the willingness expressed by the President of the RAEOA Authority and which we regard as very positive for the improvement of public finance management also in that region.

His Excellency, President of the National Parliament,

Ladies and gentlemen,

Timorese people,

Next year, 2019, marks twenty years since the day of the referendum that paved the way to the restoration of the sovereignty of our people.

It is also celebrating seventeen years of restoration of independence, the date which marks the coming of age of our democracy and the building of our democratic rule of law.

We hope that these anniversaries are celebrated with dignity and in a stable, safe environment, peace and tolerance, which are fundamental to the happy and healthy growth of our children and to the achievement of life goals of our citizens.

We aspire that the open political cycle the elections held last May to open a long period of prosperity, favorable for the development of all sectors of the economy and our society, it is urgent to consolidate and expand in a fair, inclusive and sustainable manner.

I would like, therefore, in this occasion and before the representatives of the People, to congratulate all workers, producers, entrepreneurs and investors, who over the last decade believed in Timor-Leste future by investing in our economy.

Saluting, moreover, all the young people, especially those who were able to respond with their good academic, technical and vocational education to the needs of our development partners, national and international, with commitment, dedication, team spirit and discipline in carrying mission and goals of companies and organizations.

A special congratulation to all women who believed and implemented their potential to serve and develop this country and to all those who bet on a more sensitive economy to the needs of gender and greater social inclusion.

A special praise to all those citizens, dissatisfied and not resigned to their situation of unemployment or lack of opportunity, but who knew how to put into practice their knowledge, their skills and competencies for development of the country, authentic entrepreneurs and innovators who are certainly the new heroes of the productive economy.

I conclude by appealing to all the different parliamentarians and distinguished deputies, members of this noble House of Democracy, so that a dynamic, frank and constructive debate is held, able to improve and enrich the presented budget proposal without distorting the values or principles (of unity, objectivity, coordination and economy of means) defended by the Government and without jeopardizing the balance, accuracy, effectiveness or efficiency that we must all defend on public accounts.

Despite the different thoughts and political ideologies, there is a clear consensus on what should be a priority, namely: the fight against hunger, extreme poverty and on the need to give all better living conditions, better access to public education services, health, basic infrastructure, housing, sanitation, electricity, accessibility and transport.

The common good of the Timorese should outweigh our individual interests or partisan strategies. In this sense, the State Budget 2018 we are presenting today is an opportunity to overcome our differences and work together for the sake of our people and the Timorese nation.

It also calls for civil society and its institutions to monitor the budget debate in order to broaden the debate on the draft State Budget 2018 in order to further bring citizens of Parliament in both directions.

Only with the interest, participation and contribution of all can the State Budget for the year 2018 to translate the real needs of people in favor of a more Modern, Developed and Prosperous Nation!

God bless us all.

Thank you for your attention.

## Part 2 Description and Analysis of the 2018 State Budget

### 2.1: Executive Summary

#### 2.1.1: Government Policy

The Government of Timor-Leste's policies as guided by Strategic Development Plan are laid out in the Annual State Budget, with the long-term objective to become an upper middle income country by 2030. Achieving this goal, the Government is investing in infrastructure and key economic sectors including tourism, health, education and agriculture. Detail on the Government's program is laid out in part 2.2. Budget Book 1 for 2018 summarizes the plans on pursuing these policies for the current fiscal year.

**Table 2.1.1.1: Combined Sources Budget 2016-2022, \$ million**

	2016 Actual	2017 Provisional	2018 Budget	2019	2020	2021	2022
<b>Combined Sources Budget</b>	1,834.5	1,369.6	1,459.1	1,770.6	1,478.3	1,306.6	1,301.2
<b>Government Expenditures by Fund</b>	1,629.9	1,192.9	1,277.4	1,631.6	1,362.8	1,254.2	1,301.2
CFTL (excl. loans)	1,570.6	1,138.9	1,200.0	1,528.1	1,305.8	1,223.0	1,273.1
HCDF	28.7	23.9	15.8	16.4	17.1	17.8	18.5

	2016 Actual	2017 Provisional	2018 Budget	2019	2020	2021	2022
Borrowing/Loans (disbursements)	30.6	30.1	61.6	87.0	40.0	13.5	9.7
<b>Development Partner Commitments</b>	204.6	176.7	181.7	139.0	115.5	52.4	-

Sources: National Directorate of Budget and Development Partnership Management Unit, Ministry of Finance, 2018

## 2.1.2: Economic Growth

Becoming an upper middle income country by 2030 requires strong, high-quality non-oil economic growth. Public investment seen from 2007 to 2016 through the frontloading fiscal policy has driven growth in the non-oil economy, averaging at 6.9% per year. This was aimed at providing necessary foundations for long-term sustainable private sector led development. The real non-oil GDP growth was strong in 2016 at 5.3%, up from 4.0% in 2015. In particular, household consumption increased by 6.0% suggesting that living standards are continuing to increase in Timor-Leste. There were challenges during 2017 that have continued into 2018, and these have affected the growth forecasts. However, with the return to a normal budget situation, the growth of previous years is expected to return.

## 2.1.3: Expenditure

Total expenditure in the 2018 budget is \$1,277.4 million (excluding donor funded activities). This is lower than the allocation for the 2017 State Budget predominantly due to a sizeable reduction in the allocation for Public Transfers. The new Government is also using the 2018 State Budget as a means to pay off various outstanding financial commitments generated in previous years before the government took office. This is critical for the Government in its efforts to strengthen public financial management in Timor-Leste.

Due to the delayed submission of the 2018 State Budget, all government spending in 2018 thus far has occurred under the application of the Duo-Decimal regime for the 2017 State Budget. The 2018 State Budget presents allocations for the entirety of 2018, including what has already been spent since the start of the year.

The Government is focussed on continuing to develop key infrastructure throughout Timor-Leste, in order to stimulate growth and reduce poverty. With the successful implementation of the electricity project, focus is now shifting towards investment in roads, ports, airports and bridges. As a result, expenditures, particularly on key sectors and priority infrastructure projects, will increase in 2019. However as some SDP priority projects will begin to near completion, expenditure and excess withdrawals are expected to fall. Over the long-term expenditure will fall further whilst domestic revenue will continue to increase, allowing excess withdrawals to fall.

**Table 2.1.3.1: Fiscal Table with Memorandum Items, \$ million (Update table)**

	2014 Act.	2015 Act.	2016 Act.	2017 Prov.	2018 Budget	2019	2020	2021	2022
<b>Total Expenditure by Appropriation Category (incl. loans)</b>	1,343.3	1,336.7	1,629.9	1,192.9	1,277.4	1,631.6	1,362.8	1,254.2	1,301.2
<b>Total Expenditure by Appropriation Category (excl. loans)</b>	1,327.5	1,312.5	1,599.3	1,162.8	1,215.8	1,544.6	1,322.8	1,240.7	1,291.5
<i>Recurrent</i>	918.3	1,029.6	1,027.7	931.3	878.5	913.6	950.2	988.2	1,027.7
Salary and Wages	162.5	173.4	178.6	197.2	200.3	208.3	216.6	225.3	234.3
Goods and Services (inc. HCDF)	464.2	423.8	378.1	328.4	354.0	368.2	382.9	398.2	414.2
Public Transfers	291.7	432.5	471.1	405.8	324.2	337.2	350.7	364.7	379.3
<i>Capital</i>	424.9	307.1	602.2	261.5	398.9	717.9	412.7	266.0	273.5
Minor Capital	53.6	33.9	20.8	13.1	5.1	5.3	5.5	5.8	6.0
Capital and Development (including loans)	371.4	273.1	581.4	248.4	393.7	712.6	407.1	260.3	267.5
<b>Revenue</b>	799.7	808.3	744.1	671.2	739.2	737.5	727.6	724.3	723.8
Domestic Revenue	167.4	169.8	199.3	189.6	188.825	198.3	208.5	219.0	230.0
Estimated Sustainable Income (ESI)	632.3	638.5	544.8	481.6	550.4	539.3	519.1	505.3	493.7
<b>Fiscal Balance</b>	(543.6)	(528.4)	(885.8)	(521.7)	(538.1)	(894.0)	(635.3)	(529.9)	(577.5)
<b>Financing</b>	543.0	528.2	885.8	521.7	538.1	894.0	635.3	529.9	577.5
Excess Withdrawals from the PF	99.7	640.0	700.0	597.1	432.1	807.0	595.3	516.4	567.8
Use of Cash Balance	427.6	(136.0)	155.1	(105.6)	44.4	-	-	-	-
Borrowing/Loans (disbursements)	15.8	24.2	30.6	30.1	61.6	87.0	40.0	13.5	9.7

Sources: National Directorate of Budget, National Directorate of Economic Policy, Petroleum Fund Administration Unit and Major Projects Secretariat, Ministry of Finance, 2018

## 2.1.4: Domestic Revenue

Domestic revenues in 2017 have fallen below domestic revenues in 2016. This trend reflects the poor performance of GDP growth, which negatively affected tax receipts, the main component of non-oil revenue. In 2018, domestic revenues are expected to be roughly constant to their 2017 level. This trend is likely due to the weak macroeconomic performance and political environment, which has slowed down efforts in fiscal reform. Positive trends in domestic revenues are expected in the medium term thanks to a combination of improvements in administration, fiscal reform and stronger economic performance (see Table 2.6.1.1).

The Estimated Sustainable Income (ESI) is the sustainable amount of petroleum revenue which can be withdrawn from the Petroleum Fund each year. Since spending only up to non-oil revenue and the ESI allows to maintain fiscal sustainability, the treatment of ESI has changed with this budget to be considered a component of total revenue. The ESI for 2018 is calculated at \$550.4 million.

### 2.1.5: Financing

The ESI-adjusted balance is equal to revenue minus expenditure (see Table 2.7.1.1.). The Government uses excess withdrawals from the Petroleum Fund (PF), loans and the cash balance to finance the ESI-adjusted deficit in 2018.

The total amount budgeted to be withdrawn from the PF in 2018 is \$982.5 million, with excess withdrawals of \$432.1 million. The Government considers that excess withdrawals are necessary in the medium term to finance priority capital expenditures.

Loans are becoming an increasingly important tool for financing in the Government of Timor-Leste. The current loans contracted by the Government of Timor-Leste are used to finance key infrastructure projects and have relatively low rates of interest and significant grace periods. Total loan financing for 2018 is \$61.6 million.

In 2018, the Treasury account for all government entities is expected to run a positive use of cash balance of \$44.4 million. Hence, cash balance will be included in finance expenditures in the 2018 State Budget.

## 2.2: Government Program 2018-2023

The executive, during its mandate, will continue to transform Timor-Leste, from a low-income country to a medium high income country: a country in which the population lives in safety, and is healthy, educated and prosperous.

The Government is set to implement the 2030 Agenda for Sustainable Development of the United Nations, incorporating both the Strategic Development Plan and the Sustainable Development Goals (SDGs). This Global agenda is composed of 17 SDGs, aimed at solving the needs of people, emphasizing that no one should be left behind, guaranteeing a better future not only for Timorese but also for the whole world at large.

Investments in **social capital** aim to build a healthy and educated society, to meet the social needs of the people and to produce a workforce that accompanies the development of the country. Investments in **infrastructure** aim to contribute to an emerging, interconnected and sustainable economy. We have a complete plan of infrastructure for the construction of **ports, airport, roads, drinking water and basic sanitation** across the country, to be implemented with a new dynamic in the next five years. Investment in **economic development** will enable Timor-Leste to be a prosperous, modern, and diversified economy. Reforms to **government administration and good governance** will enhance the ability of government to deliver to citizens



### 2.2.1: Development of Social Capital

Timor-Leste's economic development is a national goal that depends heavily on the empowerment, health, and qualification of its workforce. Investing in human capital is therefore a key strategy to enable sustainable development while creating conditions for greater inclusion, well-being and dignity in Timorese society.

A culturally democratic and developed society is also one that leaves no one behind, investing in the most fragile and vulnerable groups, and where the fundamental role of women, young and old, for sustainable development is recognized.

The Government's program includes, amongst other measures:

**Education.** The Government will improve the quality of education and vocational training, ensuring equal access of all Timorese to all areas of education through reform the management and administration of the education system. This will include improving schooling; modernizing and ensuring greater relevance of continuing vocational training efforts; developing national human resources through multiannual programs; strengthening the National Education Commission (CNE); and consolidating the Tetum language.

**Health.** The Government will continue to implement the National Health Policy and the National Strategic Plan for the Health Sector 2011-2030 (PENSS 2011-2030), maintaining the vision of having a "healthy Timor-Leste".

**Youth.** The Government will create opportunities that enable young people to realize their potential through implementing the National Youth Policy and the National Youth Development Council.

**Sport.** The Government will promote and encourage the practice of sports activities through the implementation of Strategic Sports Plan.

**Information and Communication Technologies.** The Government will continue to implement the Information and Communication Technologies Policy. As well as providing training and a new legal framework, the government will create the necessary infrastructures for widespread Internet access throughout the country. Within government, a strategy will be implemented for the administrative modernization and development of Electronic Government, providing training in Information and Communication Technologies for all leaders, administrators, directors, and public officials.

**Housing.** To provide decent housing for our citizens, the Government will review the 2007 National Housing Policy and develop a National Housing Program, and create and implement a program to support the rehabilitation and construction of housing.

### 2.2.2: Infrastructure

Infrastructure is crucial to economic and social development, and the scale and costs associated with the implementation of an infrastructure network are a huge challenge to sustain productivity, job creation and private sector development at the national level.

For this reason, **planning, budgeting, monitoring and evaluation** are an essential part of this strategy. Thus, in the short term, the Government proposes to carry out a **detailed survey of all infrastructure and current projects**. The infrastructure plan will be subject to reassessment, correction, and restructuring, combating the asymmetries and filling the many gaps that are still existing in terms of basic infrastructure in the country.

One of the main priorities of the Government in relation to the infrastructure sector, is to demand **greater professionalism** on the part of human resources and contractors in this sector, implementing institutional reform that includes better planning, monitoring, inspection and supervision of projects and works in progress. In order to build a productive and modern economy it is necessary to continue to invest considerably in large-scale infrastructures. It is also necessary to guarantee quality construction and delivery of the **most benefit for the least cost, to project future maintenance costs**, and to do this while assessing the available resources and **future sustainability**.

It is intended, with this infrastructure plan, to combat extreme poverty in the country. This will be achieved through facilitating access to health and education, improving water, sanitation, and electricity infrastructure, and access to the internet. It will create conditions for private investment and economic growth, through the provision of better transport, communications and energy supply. By facilitating mobility and access to work, and also through the opportunities arising from economic growth and increased private investment in the country, it will raise employment opportunities.

### 2.2.3: Development of the Economy

Although much progress has been made in this area, Timor-Leste must continue to invest in strategic planning for a **modern and diversified economy**. Much-needed economic diversification will be achieved through empowering the productive sectors around three essential industries - agriculture, tourism, and oil - through the study and use of existing natural resources, taking advantage of the added value of geographical location and population profile.

**Job creation and the promotion of entrepreneurship** are integral in the pursuit of economic development, and the Government must create the conditions to ensure these are available to the young. To this end, the Government will introduce legal and political mechanisms to stimulate creativity, innovation and diversification of the national economy.

The Government of Timor-Leste will develop a **National Planning Framework**, with a view to the implementation of Development Centers in the various regions of the country, which defines the

characteristics of each region and the growth potential of each sector and sub-sector, according to the resources places available for the implementation of actions and strategies for sustainable growth and equitable development throughout the country.

#### 2.2.4: Government Policy and Adminsitration

The government intends to create a working environment for all, particularly young people and the well-being of the entire population. **Macroeconomic policy** will focus above all on economic development with high, inclusive and sustainable growth, diversification of the economy through the development of productive sectors, the promotion of private sector investment, strengthening fiscal sustainability and developing the financial industry.

The Government will work with the Central Bank of Timor-Leste (BCTL) to promote the development of the **financial industry** by creating a favorable environment, facilitating the commercial activities of the banking sector, insurance institutions, microcredit institutions and the financial market in Timor-Leste. The Government will establish a Timor-Leste Development Bank (BDTL), with the aim of facilitating access to long-term financing with affordable interest rates. Finally, the Government, through the Ministry of Finance, will work with the Central Bank of Timor-Leste (BCTL) to conduct in-depth studies and analyzes on the advantages and disadvantages of using the dollar currency or using its own currency.

The government will continue to improve and strengthen **public finance management** with transparency, accountability, efficiency and sustainability as one of its major programs. The promotion of public finance management for the better will be done through a Public Finance Management Reform, including the continued implementation of program budgeting. Tax will be targeted to reach 18% of GDP by 2023, including through the introduction of a VAT law. The Procurement law will be reviewed and updated. Further, there will be efforts in strengthening management and expanding the implementation of Public-Private Partnerships, establishing good policy and management of public debt (loans), maintaining a good and prudent management of the Petroleum Fund, and also to make sound management of the public funds, including the Social Security Fund. Finally, a dedicated institution will be established to coordinate with the relevant public institutions, and to manage all state assets, furniture and real estate.

#### 2.2.5: Good Governance and Combating Corruption

Good governance is a professional, competent and efficient public sector, which are essential conditions for the provision of public services and for the implementation of the policies and actions set forth in the Strategic Development Plan and in the Government Program. Increasing confidence in governance necessarily implies raising the performance of the public sector, since it is the primary driver of national economic growth at first.

Conducting audits and establishing effective mechanisms to ensure the transparency of public institutions and independent accountability of their actions are the main guarantor of good governance. Good governance, in turn, helps prevent corruption at all levels of society.

As such, the Government will promote the principles of transparency, accountability, integrity, and leadership through risk management mechanisms, accountability based on results, complaints systems and, fundamentally, adequate use of public funds.

To promote good governance and fight against corruption, the Government will, amongst other measures:

#### **Anti-corruption Organizations**

- Strengthen the inspection bodies, in particular the Office of the Inspector General of the State, in order to increase and improve inspections and audits of public entities;
- Invest in capacity building of the Anti-Corruption Commission and the Civil Service Commission, and strengthen cooperation with the Court of Auditors.
- Develop and implement a Code of Conduct for Members of the Government (PED);
- Adopt modern information technology in the civil service to support Government cohesion and eGovernment initiatives (PED 2020);
- Carry out anti-corruption campaigns in public administration, in schools and with the general public;
- Promote complaints and public awareness systems, promoting complaint forms and implementation of questionnaires to the public;
- Develop a database on public and private institutions involved in corruption for effective monitoring;

#### **Legal affairs**

- Continue to implement a legislative policy aimed at the quality of legislation, its simplicity, systematization and accessibility;
- Improve access and knowledge to national legislation by improving the publication and continuous distribution of collections organized by sectors, as well as their bilingual availability and their online dissemination;

#### **Government operations**

- Strengthen institutions responsible for the production of national statistics to better inform decision-making;
- Improve internal communication within the Government;
- Strengthen the implementation of the Program Budget Roadmap for Timor-Leste, which should link the plan to the budget in all government agencies;
- Strengthen planning, monitoring and evaluation capacities in all government agencies;

- Review the Life Pension Law, so that this scheme is integrated into the Social Security Contribution Scheme, relative to the pensions of the new members of the Sovereignty Organs.

## 2.3: Economic Overview

### 2.3.1: International Economy

#### 2.3.1.1: International Growth

Global growth is strengthening, projected by the IMF to be 3.9 percent in both 2018 and 2019. The increase in growth is driven by strong growth in emerging Asia and Europe and a modest upswing in commodity markets for emerging and developing economies.

Growth in advanced economies is projected at 2.5 percent in 2018, higher than in 2017 at 2.3 percent. The increase in growth in 2018 is driven by predominantly by expansionary fiscal policy in the US and the gradual cyclical recovery in Europe from the crises of 2008-2009 and 2011-12. For the emerging and developing economies, growth is forecast to increase strongly at 4.9 percent in 2018 to 5.1 percent in 2019 as a result of improvements in the commodity export market, and a strong emerging Asia, led by a projected increase in India's growth alongside China's gradual moderation.

China's economic growth is strengthening in 2017 at 6.9 percent and is projected to decrease to 6.6 percent in 2018 and 6.4 percent in 2019. The decline in growth seen in 2018 is due higher debt level and the fiscal adjustment towards a lower growth path.

The strong global growth, especially in Asia, provides a solid foundation for Timorese exporters and economic development.

**Table 2.3.1.1.1 Real Economic Growth 2017-2019 (%)**

Country	Actual	Forecast	
		2018	2019
	2017		
World	3.8%	3.9%	3.9%
Advanced Economies	2.3%	2.5%	2.2%
Emerging and Developing Economies	4.8%	4.9%	5.1%
Emerging and Developing Asia	6.5%	6.5%	6.6%
China	6.9%	6.6%	6.4%
Euro area	2.3%	2.4%	2.0%
Timor Leste (non-oil) *	-5.3% **	0.6%	4.5%

Sources: IMF World Economic Outlook April 2018, unless \* Ministry of Finance 2018. \*\* Projection

### 2.3.1.2: Trends in International Prices

According to the IMF, global inflation is projected to remain stable at 3.5 percent in 2018. Inflation in advanced economies is projected at 2.0 percent in 2018 and decline to 1.9 percent in 2019. For the advanced economies inflation is below central bank targets, but is expected to pick up in the near term. For the emerging and developing economies the inflation is projected to remain stable in 2018 and 2019 at 4.6 percent and 4.3 percent respectively. Low inflation in Timor Leste in this context will tend to help improve competitiveness.

**Table 2.3.1.2.1: Global and Regional Inflation Rates (%)**

Country	Actual		Forecast	
	2016	2017	2018	2019
World	2.8%	3.0%	3.5%	3.4%
Advanced Economies	0.8%	1.7%	2.0%	1.9%
Emerging and Developing Economies	4.3%	4.0%	4.6%	4.3%
Emerging and Developing Asia	2.8%	2.4%	3.3%	3.3%
Timor-Leste	-1.3%	0.6%	1.8%	2.7%

Sources: IMF World Economic Outlook April 2018

#### Oil prices

Oil prices are important to Timor-Leste both for consumers, through consumer prices, and as an oil exporting country. The international price of Brent oil has witnessed dramatic declines since June 2014 from highs of \$111.9 per barrel to lows of \$32.2 per barrel in January 2016. The decline in oil prices was driven by the increased global supply during a period of low global demand. However, for the period following this, the oil market began to recover reaching an average of \$73.15 per barrel in May 2018. While remaining weak, this recovery has been driven by more robust global demand, rising geopolitical tensions and both agreed and unplanned restrictions on oil supply (see figure 2.3.1.2.2).

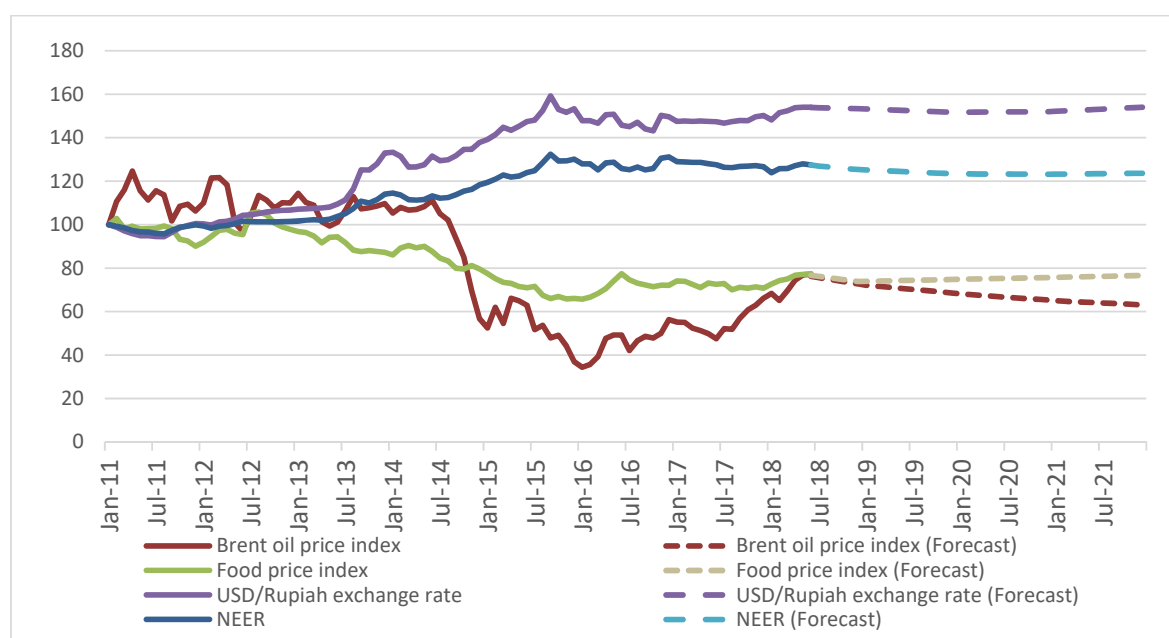
#### Agricultural Commodity Prices

A significant portion of the food consumed in Timor-Leste is imported and thus changes in international food prices can have a significant impact on both the rate of inflation and standard of living. According to the World Bank commodities Prices Forecast, the international food prices started to increase from early 2016 and continued to the early 2018 reaching a high of 85.83, from the low of 79.86 witnessed in 2015. The increasing cost of energy and weather variability, including concerns about la Niña, could push the food prices higher for the remainder of the year. The World Bank is forecasting that food prices will continue to rise marginally throughout the rest of 2018 and 2019, however the food prices expected to decline again in the future years due to potentially better supply condition for some commodities (see figure 2.3.1.2.2). This will benefit poorer households in Timor-Leste.

## Foreign Exchange Rates

The general appreciation of the US dollar against a weighted basket of currencies of Timor-Leste's trading partners (the nominal effective exchange rate, NEER) began in early 2014 and continued into December 2016. Between May 2017 and May 2018 the US dollar depreciated by only 0.2% against the weighted basket of Timor-Leste's major trading partners' currencies. The overall appreciation in the last few years has reduced the price of imports, placing downward pressure on domestic inflation, benefiting Timorese consumers. However, this appreciation makes Timorese non-oil exports more expensive in international markets constraining the development of the country's exports sector. For the future, there is expected to have a slightly declining trend in the coming years (see graph 2.3.1.1.1), this depreciation will help the Timorese export market be well-placed in the international market.

### 2.3.1.1.1: Commodity Price and Exchange Rate Indices



Source: National Directorate of Economic Policy and Statistics Directorate, Ministry of Finance, 2018

## 2.3.2: Domestic Economy

### 2.3.2.1: Timor-Leste's Recent Economic Performance

In 2016, total (oil and non-oil) real GDP in Timor-Leste increased by 0.8% to \$3,130 million (in 2015 prices). National Accounts data exist up to 2016, which is the latest year of GDP data available without forecasting. The increase in total GDP in 2016 is attributed to the rise in the non-oil sector (5.3%), which offset declines in the oil sector (see Table 2.3.2.1.1), as the volume of oil extracted decreased across the year (-4%).

Given the relatively small level of employment in the oil sector, total GDP is not the best measure of economic performance for Timor-Leste. Instead, it is more useful to monitor economic performance using non-oil GDP together with a wide variety of other indicators relating to the non-oil economy. This approach provides a more accurate indication of the real impact of changes in the economy on the people of Timor-Leste.

**Table 2.3.2.1.1: Real GDP by Sector, Timor-Leste 2016**

	GDP, \$ millions	Percent of Whole
<b>Whole Economy</b>	<b>3,130</b>	<b>100%</b>
Petroleum Sector	1,436	46%
Non-petroleum Sector	1,694	54%

*Source: Statistics Directorate, Ministry of Finance 2018*

### 2.3.2.2: Non-Oil Economy

Up to 2016, Timor-Leste experienced high non-oil GDP growth, averaging 6.9% per year over 2007-2016. These strong growth rates have been driven by increases in government expenditure associated with the government's economic strategy to ensure that Timor-Leste has the necessary infrastructure to allow the private sector to flourish in the long-run. The Government's economic strategy uses loan financing and excess withdrawals<sup>1</sup> from the Petroleum Fund to finance high quality investment in infrastructure and human capital development. As outlined in Timor-Leste's Strategic Development Plan, the Government's high return investments will provide the necessary foundations for long-term sustainable private sector led development. These investments are stimulating economic growth, leading to higher domestic revenues and more sustainable government finances, which will allow withdrawals to return to levels consistent with the ESI. The frontloading policy has already allowed the Government to significantly upgrade road and electricity coverage throughout Timor-Leste, which has helped to improve both living standards and the business environment.

Table 2.3.2.2.1 shows that trend non-oil GDP maintained a strong growth performance in 2016 at 5.3%, building on 4.0% growth in 2014. The economic growth witnessed in 2016 is the result of a combination of strong growth household consumption, increases in exports, and increases in Government expenditure, associated with the frontloading policy. Aided by the low inflationary environment, household consumption increased by 6% suggesting that living standards are continuing to increase in Timor-Leste. It is projected that non-oil GDP fell in 2017. Forecasts for 2017 and after are discussed in section 2.3.3.

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<sup>1</sup>Withdrawals from the Petroleum Fund in excess of the ESI.



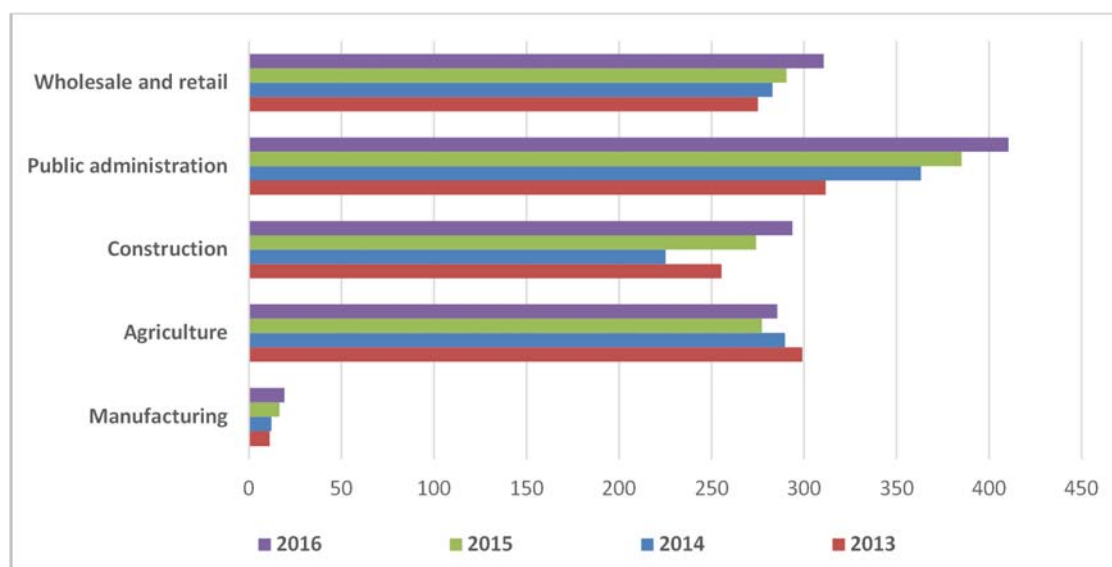
**Table 2.3.2.2.1: Real GDP 2009 - 2016, \$ millions**

	2009	2010	2011	2012	2013	2014	2015	2016
<b>Non-Oil Sector (\$m)</b>	1,176	1,276	1,374	1,450	1,486	1,547	1,609	1,694
<b>Non-Oil Sector Growth</b>	9.9%	8.5%	7.7%	5.5%	2.5%	4.1%	4.0%	5.3%

Source: Statistics Directorate, Ministry of Finance 2018

### Sectoral Performance

The performance across the major sectors of the Timorese economy has been strong in 2016. Manufacturing has continued its increasing trend, rising by 16.4%. High growth levels were witnessed in the construction sector (7.2%) and the area of public administration (6.6%), both highly correlated with the increase in government expenditure linked to the investment strategy. Output in the agriculture sector increased by 3% in 2016 but remains flat-lined overall in recent years. Finally, the wholesale and retail trade sector increased by 7% in 2016.

**Figure 2.3.2.2.2: Real Non-Oil GDP by Industry 2013–2016, \$ million**

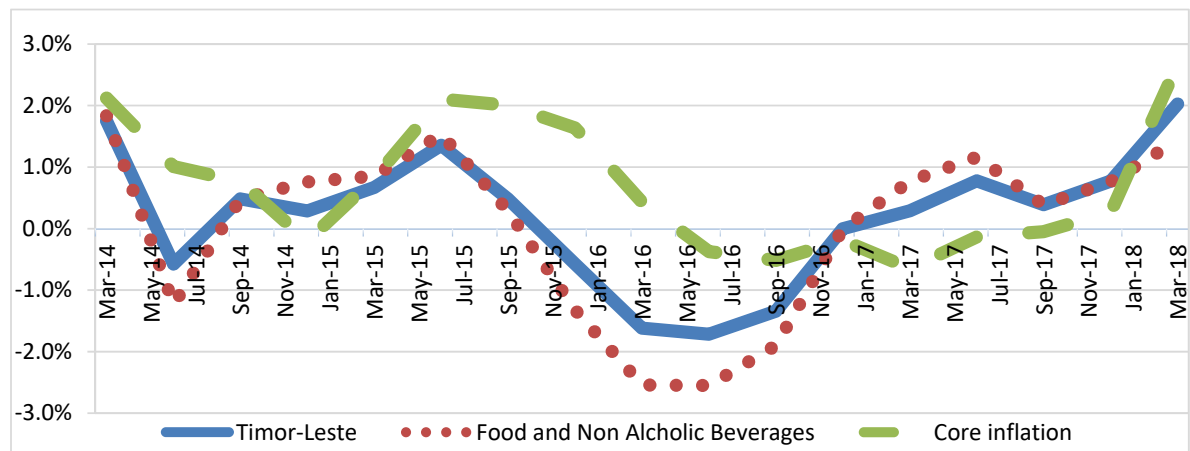
Source: Statistics Directorate, Ministry of Finance 2018

### Inflation

Inflation in Timor-Leste has been low for a number of years, following a period of high and volatile price increases in 2011-13. This low or negative inflation is consistent with the Government's poverty reduction strategy, providing Timorese consumers and business with greater purchasing power. In 2015 inflation averaged 0.6%, though in 2016 Timor-Leste entered deflation with an average rate of -1.3%. This fluctuation is primarily due to factors such as oil and food prices that dropped earlier in 2016. By the end of 2016 December Timor-Leste began to come out of deflation and into small, stable inflation. Recently this has started to increase, and in March 2018, year-on-year (YoY) inflation in Timor-Leste was 2.0%. This rate is below the 4%-6% target range set out in the Government's Strategic Development Plan.

Timor-Leste still enjoys a low level of inflation. As detailed in Section 2.3.1.2, a continued strong dollar and low international oil and food prices are the main reasons for Timor-Leste low inflation rate, though these have been increasing recently. Due to the significant weight of food and non-alcoholic beverages in the CPI basket and the high proportion of food imported into Timor-Leste every year, international food prices remain one of the key drivers of the overall CPI rate, and the MPF will continue to monitor price levels. The Food and Agricultural Organization's (FAO) food price index rose by +0.8% year on year in March, following a period of decline in early 2018. This may place some upwards pressure on inflation in Timor-Leste. Domestic food prices rose +1.4% in March, on the back of previous world food price rises in the later part of 2017. These increases in domestic food prices remain muted and it is expected that the current world food markets will provide a moderate but positive impact on domestic food prices in the near future. A one-off 17% increase in education costs will affect annual inflation in Timor-Leste throughout 2018, and has exerted upward pressure from the start of 2018.

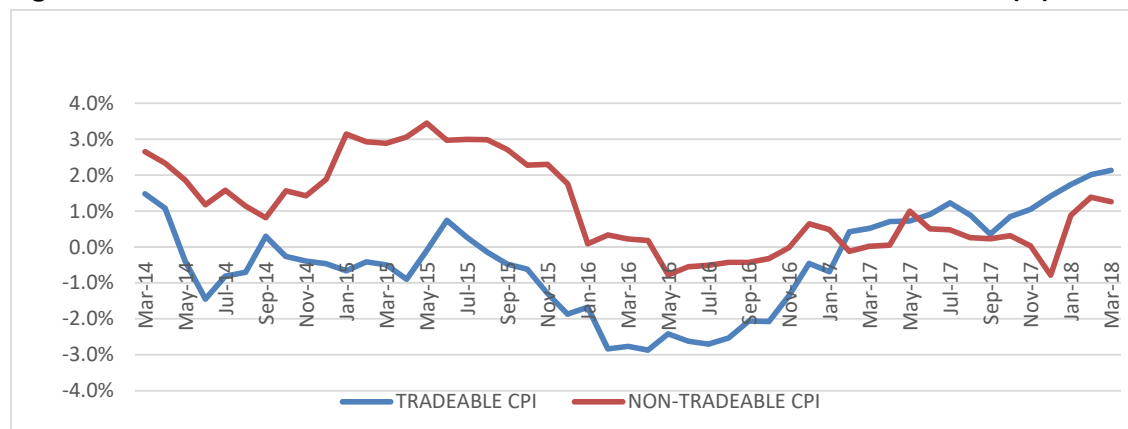
**Figure 2.3.2.2.3: Change in Consumer Price Index Timor-Leste 2014-2018 (%)**



Sources: National Directorate of Economic Policy and Statistics Directorate, Ministry of Finance 2018

Inflation in Timor-Leste can be split into tradeable activity and non-tradeable activity, with data available from March 2013. The tradeable sector had year on year inflation of 2.1% in March 2018 compared to 1.3% in the non-tradeable sector, highlighting imports and world commodity prices as an important driver of inflation.

**Figure 2.3.2.2.4: Tradeable and Non-tradeable Consumer Price Index 2014-2018 (%)**



Sources: National Directorate of Economic Policy and Statistics Directorate, Ministry of Finance 2018

### 2.3.2.3: Employment

According to the Business Activity Index (BAS) there are 58,200 people in Timor-Leste who have been formally employed in 2016. This represents a 5.1% decrease in employment since December 2015.

Table 2.3.2.3.1 shows the construction sector is the largest single contributor to this decrease of this employment, and formal construction jobs decreased by -7% between 2015 and 2016. There was growth in Manufacturing (+10%) and Finance & Insurance (+17%).

Within the public sector, the number of Public and Civil Servants remains flat-lined with 34,307 in 2015, 34,594 in 2016, and 34,194 in 2017.

**Table 2.3.2.3.1: The contribution of sectors to employment growth in 2015-2016**

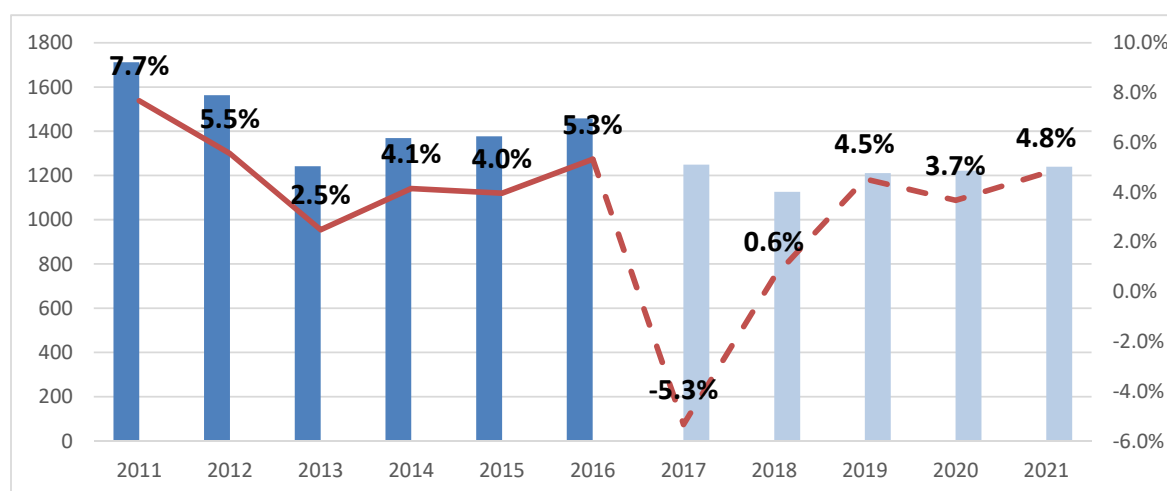
Sectors	No. of employees in 2015	No. of employees in 2016	2016 Share in %	Growth in employees
Manufacturing	2,900	3,200	5	10%
Construction	20,000	18,600	32	-7%
Retail and Wholesale Trade	17,400	17,100	29	-2%
Transportation and Storage	1,000	900	2	-10%
Accommodation and Food Services	5,100	5,000	9	-2%
Information and Communication	1,400	1,200	2	-14%
Financial and Insurance	600	700	1	17%
Other industries	12,900	11,500	20	-11%
<b>Total</b>	<b>61,300</b>	<b>58,200</b>	<b>100</b>	<b>-5%</b>

Source: Business Activity Survey 2016

### 2.3.3: Short to Medium-Term Prospects (2017-2021)

The Ministry of Finance is forecasting non-oil GDP growth to be -5.3% for 2017, turning positive in 2018, before trend growth picks up to 4% to 5%<sup>2</sup> in the medium term (see Figure 2.3.3.1). An uncertain economic environment affected economic performance in 2017 and is providing downside risks to 2018. Factors contributing to low 2017 growth included political uncertainty, low government expenditure and a poor coffee harvest. However, this downturn is not expected to have hit living standards, with household consumption broadly maintained. The government is implementing policies, including with this budget, to return to growth and enable increased household consumption. Growth is expected to become positive once again from the later part of 2018, as large Government financed projects enter higher-spending phases and government expenditure returns to normal following the duodecimal regime. Over time the infrastructure assets resulting from public investment as well as legal reform will create an environment conducive to strong growth in the private sector.

**Figure 2.3.3.1 Executed Government Expenditure (\$m, LHS) and real non-oil GDP growth (RHS)**



Sources: Source: Timor-Leste National Accounts 2000-2016, General Directorate of Statistics, Ministry of Finance, 2018, and Economic Forecasts, National Directorate of Economic Policy, Ministry of Finance, 2018

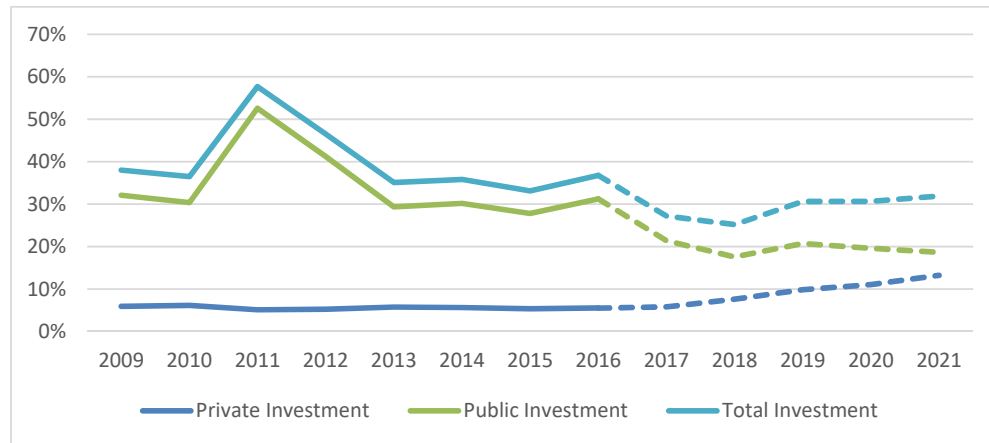
Investment has continued in key infrastructure within Timor Leste in 2017. The electrification programme works towards completing the provision of electricity in the country, by finishing the remaining power distribution lines, substations, and infrastructure for continued operation and maintenance. Roads and bridges continue to be built or improved, providing better and lower cost

<sup>2</sup> The real GDP growth forecasts are based on 2015 prices. The National Accounts were rebased to 2015 prices in 2017 to ensure the data reflects a more current snapshot of the economy, improving the coverage of economic activities included in the GDP compilation framework. Rebasing is a normal statistical procedure undertaken by countries' national statistical offices. This means, however, that the forecasts and the growth figures will not be directly comparable to previous outturn rates or forecasts.

transportation within the country and enabling the private sector to develop. Recently completed investments such as the Heineken brewery are now providing high quality manufacturing jobs. Over the medium-term, large-scale private sector investments will result in a significant increase in private sector investment across the forecast period. 2018 will see construction on the Tibar Bay Port, and the expansion of existing commercial and retail properties throughout the country. Such investments are consistent with the Government's economic strategy, alongside continued investments in human capital and education, to attract investors and consequently creating jobs domestically.

The medium-term outlook for Timorese consumers is also positive with consumption set to grow steadily, boosted by a low inflationary environment. Looking forward across the medium-term, this environment is likely to continue given regional growth rates, the world commodity price outlook and exchange rate projections (see Figure 2.3.1.2.2).

**Figure 2.3.3.2: Investment as a % of non-oil GDP, 2009-2021**



Sources: Source: Timor-Leste National Accounts 2000-2016, General Directorate of Statistics, Ministry of Finance, 2018, and Economic Forecasts, National Directorate of Economic Policy, Ministry of Finance, 2018

## 2.4: Monitoring Socioeconomic Indicators

### 2.4.1: Sustainable Development Goals (SDG)

#### Introduction

In 2012, the UN Secretary General established the High Level Panel of Eminent Persons, consisting of 27 members, with Timor-Leste represented by the Chair of g7+. This panel established the first draft of the SDGs.

The table below shows the 17 goals of SDGs that have been approved in the UN general assembly and call upon countries to implement.

**Table 2.4.1.1: The 17 Sustainable Development Goals**

Goal 1	End poverty in all its forms everywhere
Goal 2	End hunger, achieve food security and improved nutrition and promote sustainable agriculture
Goal 3	Ensure healthy lives and promote well-being for all at all ages
Goal 4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
Goal 5	Achieve gender equality and empower all women and girls
Goal 6	Ensure availability and sustainable management of water and sanitation for all
Goal 7	Ensure access to affordable, reliable, sustainable and modern energy for all
Goal 8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
Goal 9	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
Goal 10	Reduce inequality within and among communities
Goal 11	Make cities and human settlements inclusive, safe, resilient and sustainable
Goal 12	Ensure sustainable consumption and production patterns
Goal 13	Take urgent action to combat climate change and its impacts
Goal 14	Conserve and sustainably use the oceans, seas, and marine resources for sustainable development
Goal 15	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
Goal 16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
Goal 17	Strengthen the means of implementation and revitalize the global partnership for sustainable development

**Progress**

The following table shows Timor-Leste's achievement of Sustainable Development Goals (SDG) based on the most recent Demographic and Health Survey conducted in 2016 and published in 2018. The DHS Survey is the most recent evidence for trends in SDGs. The majority of the SDGs

indicators that are comparable with 2016 survey figure will be presented in the table, and indicators that are not are left blank.

There is an improvement in **SDG 2** in stunting among children, which decreased from 58 to 45.6 percent. However, malnutrition, as measured by wasting and overweight children, increased. Wasting among children under 5 years of age increased from 19 to 24 percent and overweight among children under 5 years of age had an additional increase of 0.5 percent from 5 percent.

There's a significant improvement in **SDG 3** indicators, particularly in the area of child births attended by skilled health personnel, which increased from 29.9 to 56.7 percent. Similarly, other indicators such as Under-five mortality rate and Neonatal mortality rate also decrease, respectively from 64 to 41 per 1000 and 30 to 19 per 1000.

Despite the significant improvement in SDG 3, there's a slight increase in percentage of sexual, and psychological violence in **SDG 5**. Sexual violence increases from 2.9 to 4.8 percent and psychological violence increased by 0.6 from 8.3 percent. However, physical violence decreased by 0.4 percentage points.

In **SDG 6**, the proportion of the population using safely managed drinking water services increased from 64 to 79.8 percent, and the proportion of the population using safely managed sanitation services, including a handwashing facility with soap and water increased by 10.8 pp from 43 percent.

In **SDG 7**, there's a dramatic increase in the proportion of population with access to electricity from 38.9 to 76.5 percent.

In **SDG 16**, the proportion of children under 5 years of age whose births have been registered with a civil authority increases from 55.2 to 60.4 percent.

**Table 2.4.1.2: Summary Achievements of the SDG based on Demographic and Health Survey**

Goal	Indicator	Percentage	
		2010	2016
2	Prevalence of stunting among children under 5 years of age	58	45.6
	Prevalence of malnutrition among children under 5 years of age	23.3	29.5
	a. Prevalence of wasting among children under 5 years of age	19	24
	b. Prevalence of overweight among children under 5 years of age	5	5.5
3	Proportion of births attended by skilled health personnel	29.9	56.7
	Under-five mortality rate (per 1,000)	64	41
	Neonatal mortality rate (per 1,000)	22	19
	Proportion of women of reproductive age (aged 15-49 years) who have their need for family planning satisfied with modern methods	-	46.6
	Adolescent birth rates per 1,000 women - Women aged 15-19 years	-	42
	Age-standardized prevalence of current tobacco use among persons aged 15 years and older	-	28.4

Goal	Indicator	Percentage	
		2010	2016
	Proportion of the target population covered by all vaccines included in their national program	-	45.2
5	Proportion of ever-partnered women and girls aged 15 years and older subjected to physical, sexual or psychological violence by a current or former intimate partner in the previous 12 months	-	30.7
	a. Physical violence	33.5	33.1
	b. Sexual violence	2.9	4.8
	c. Psychological violence	8.3	8.9
	Proportion of women aged 20-24 years who were married or in a union before age 15 and before age 18	-	-
	a. before age 15	-	2.6
	b. before age 18	-	14.9
	Proportion of women aged 15-49 years who make their own informed decisions regarding sexual relations, contraceptive use and reproductive health care	-	35.9
	Proportion of individuals who own a mobile telephone	-	71.4
6	Proportion of the population using safely managed drinking water services	64	79.8
	Proportion of population using safely managed sanitation services, including a handwashing facility with soap and water	43	53.8
7	Proportion of population with access to electricity	38.9	76.5
	Proportion of population with primary reliance on clean fuels and technology	-	9
8	Proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile-money-service provider	-	13.4
16	Proportion of children under 5 years of age whose births have been registered with a civil authority	55.2	60.4
17	Proportion of individuals using the Internet	-	26.8

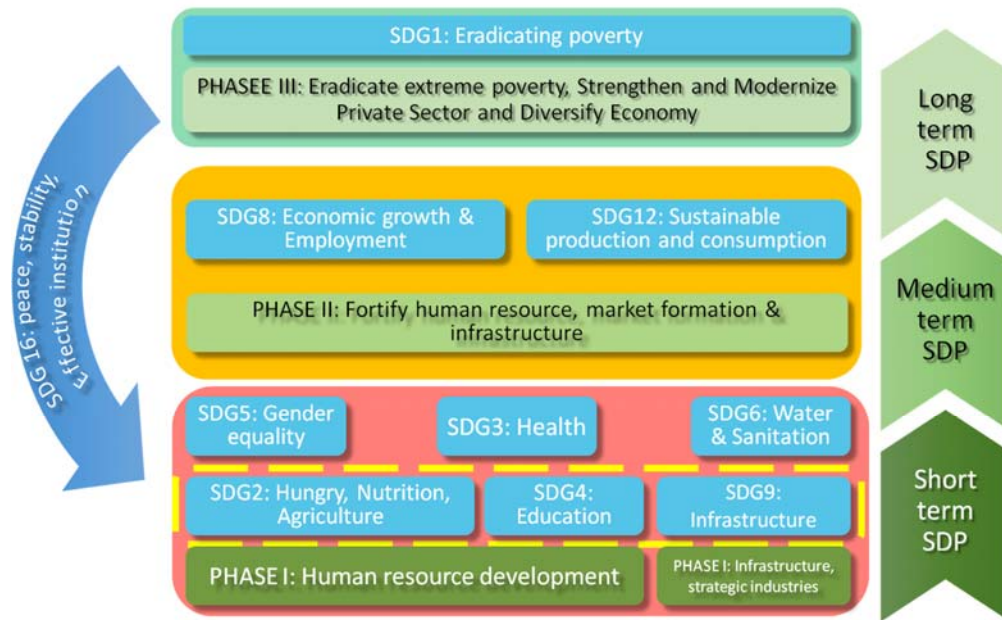
Source: Demographic and Health Survey of Timor-Leste Report 2016, and Demographic and Health Survey of Timor-Leste Report 2011

#### 2.4.2: Alignment to the Strategic Development Plan (SDP)

The SDGs working group will work to align the Strategic Development Plan and the SDGs, as summarized in the following diagram:



**Figure 2.4.2.1: SDP and SDG Alignment**



The red block shows the alignment of the SDP Phase 1 goals of developing human resources, strategic industries and infrastructure with the SDG goals on eradicating hunger, developing quality educations and infrastructure, ensuring a healthy population, gender equality and clean water and sanitation for all.

The yellow block shows the alignment of the SDP Phase 2 goals of further strengthening human resources, infrastructure and forming markets with the SDG goals of economic growth and employment, and sustainable consumption and production.

Finally, the third turquoise block shows the alignment of the SDP Phase 3 goal of ending extreme poverty, strengthening the private sector and diversifying the economy with the SDG goal of ending poverty.

## 2.5: Expenditure and Development Partners' Commitments

The 2018 combined sources of the State Budget totals \$1,459.1 million. This is composed of \$1,277.4 million in Government expenditures (including \$61.6 million in loan-financed projects) and \$181.7 million from development partners.

The total 2018 State Budget is slightly lower than that allocated for 2017. This is predominantly due to a sizeable reduction in Public Transfers driven by a significantly lower allocation to the Special Administrative Region of Oecusse Ambeno (ARAEOA) and the Oecusse Ambeno and Atauro Special Zones for Social Market Economy (ZEESM) as compared to 2017.

Due to the delayed submission of the 2018 State Budget, all government spending in 2018 thus far has occurred under the application of the Duo-Decimal regime for the 2017 State Budget. The 2018 State Budget presents allocations for the entirety of 2018, including what has already been spent since the start of the year. In order to clearly show the period under the Duo-Decimal regime, some tables are included to break down the year into three periods. The first shows expenditure in 2018 up to June, based on actual expenditure data. The second shows forecasted spend in July and August, still under the Duo-Decimal regime. The third period shows the remaining part of the year, which reflects how much it is possible to spend under the allocations of the 2018 State Budget, which are expected to cover the period from September to December.

Upon taking office, the VIII Constitutional Government has been confronted with various outstanding financial commitments for which it is required to pay. These expenses relate to historic activities and situations that occurred under previous governments, and the new Government believes it is crucial to pay such obligations and arrears through the 2018 State Budget in order to promote strong financial management and allow for proper planning and budgeting going forward.

### 2.5.1: Changes to Structure of Government

The VIII Constitutional Government has undergone various structural changes to better align itself with its priorities and achieve the goals of its program. This section explains the key changes to the structure of government. The structural changes made by the VIII Constitutional Government are described in relation to the VI Constitutional Government, since the budget proposals of the VII Constitutional Government were not approved, and all payments and budget allocations are currently still under the structure of the VI Government.

- The **Ministry of Legislative Reform and Parliamentary Affairs** has been created, in order to oversee the Government's various institutional and legal reforms. The **Secretariat of**

**State for Social Communication** has moved under this new ministry, as has the Commission for Legislative Reform and the Justice Sector, which was previously under the Minister of State for the Presidency of the Council of Ministers.

- The **Ministry of Higher Education, Science and Culture** has been created to further improve the quality of higher education in Timor-Leste. As well as assuming those programs relating to higher education from the Ministry of Education, this new ministry also contains the **Secretariat of State for Art and Culture**, with relevant programs taken from the Ministry of Tourism, Art & Culture.
- The **Secretariat of State for Youth and Sport** has moved under the Ministry of Education to form the **Ministry of Education, Youth and Sport**. All higher education, science and technology programs have been moved out of the Ministry of Education to the Ministry of Higher Education, Science and Culture.
- The Secretariat of State of the Council of Ministers and Secretariat of State for Parliamentary Affairs have been dissolved, with their key programs moving under the **Minister of State for the Presidency of the Council of Ministers**.
- The Minister of State Coordinating Economic Affairs has become the **Minister of Coordination for Economic Affairs**. This office now oversees three Secretariats of State: the **Secretariat of State for Vocational Training and Employment Policy**; the **Secretariat of State for the Development of the Cooperative Sector**; and the **Secretariat of State for the Environment**, with the latter two made up of programs moved out of the Ministry of Commerce, Industry and the Environment.
- The **Ministry of Tourism, Commerce and Industry** has been formed out of the remaining programs from the Ministry of Commerce, Industry and the Environment and the Tourism programs from the Ministry of Tourism, Art and Culture.
- All programs relating to veterans have been moved out of the Ministry of Social Solidarity to form the new **Ministry for Liberation Fighters' Affairs** and, within this, the **Secretariat of State for Liberation Fighters' Affairs**.
- The Minister of State Coordinating Social Affairs has been dissolved, with all programs relating to support for children moving under the the Ministry of Social Solidarity, which has become the **Ministry of Social Solidarity and Inclusion**.
- The Ministry of Public Works, Transport and Telecommunication has been split into the **Ministry of Public Works** and the **Ministry of Transport and Communication**.
- The Secretariat of State for the Support and Socio-Economic Promotion of Women has become the **Secretariat of State for Equality and Inclusion**, and will now report directly to the Prime Minister.
- The **Secretariat of State for Civil Protection** has been created, and will sit within the Ministry of Interior.
- The Secretariat of State for Institutional Strengthening and Minister of State Coordinating Administration and Justice Affairs have been dissolved in order to increase spending

efficiency across government. The cost-saving from the dissolution will be used to support the Government's program and priorities.

## 2.5.2: Expenditure by Fund

Government expenditure is spread across the Consolidated Fund of Timor-Leste (CFTL), the Human Capital Development Fund (HCDF) and loans. Since 2016, the Infrastructure Fund is an autonomous agency under the CFTL. Compared to the allocations for the 2017 State Budget, all allocations for 2018 have decreased: HCDF by 41.9%, loan disbursements by 39.5%, and the CFTL by 4.6%.

**Table 2.5.2.1: Expenditure by Fund, (\$m)**

	2016 Actual	2017 Provisional	2018 Budget	2019	2020	2021	2022
<b>Combined Sources Budget</b>	1,834.5	1,369.6	1,459.1	1,770.6	1,478.3	1,306.6	1,301.2
<b>Government Expenditures by Fund</b>	1,629.9	1,192.9	1,277.4	1,631.6	1,362.8	1,254.2	1,301.2
CFTL (excl. loans)	1,570.6	1,138.9	1,200.0	1,528.1	1,305.8	1,223.0	1,273.1
HCDF	28.7	23.9	15.8	16.4	17.1	17.8	18.5
Borrowing/Loans (disbursements)	30.6	30.1	61.6	87.0	40.0	13.5	9.7
<b>Development Partner Commitments</b>	204.6	176.7	181.7	139.0	115.5	52.4	-

Sources: National Directorate of Budget and Development Partners Management Unit, Ministry of Finance, 2018

## 2.5.3: CFET / CFTL Expenditures

The CFTL is the Government's central account and includes all expenditures for line ministries and autonomous agencies with the exception of the HCDF. Within it, recurrent and capital expenditures are spread across five appropriation categories as laid out in table 2.5.3.1. Table 2.5.3.2 shows the effective budgets for the final four months of 2018, after spending that has already occurred until now is considered.

Total allocations in the CFTL will decrease by 4.6% in 2018 compared to the 2017 State Budget. This is driven by a significant decrease in the allocation for Public Transfers, which has fallen by 23% compared to the allocation for 2017.

Due to low expenditure under the Duo-Decimal regime, the Goods and Services allocations for many ministries and agencies have also decreased, with the allocation for the category as a whole 8% lower than in the 2017 State Budget.

The allocation for Capital and Development has increased by 34% in 2018 compared to the 2017 State Budget, as the Government ensures that key infrastructure projects are able to develop at a good rate, in line with its program and priorities.

**Table 2.5.3.1: Breakdown of CFTL expenditure, (\$m)**

	2016 Actual	2017 Provisional	2018 Budget	2019	2020	2021	2022
<b>Total CFTL Expenditure</b>	1,570.6	1,138.9	1,200.0	1,528.1	1,305.8	1,223.0	1,273.1
<b>Recurrent</b>	999.0	907.5	862.7	897.2	933.1	970.4	1,009.3
Salary and Wages	178.6	197.2	200.3	208.3	216.6	225.3	234.3
Goods and Services	349.4	304.5	338.2	351.8	365.8	380.5	395.7
Public Transfers	471.1	405.8	324.2	337.2	350.7	364.7	379.3
<b>Capital</b>	571.6	231.4	337.3	630.9	372.7	252.5	263.8
Minor Capital	20.8	13.1	5.1	5.3	5.5	5.8	6.0
Capital and Development	550.7	218.3	332.1	625.6	367.1	246.8	257.8
<i>Infrastructure Fund (Autonomous, excl. loans)</i>	-	200.8	323.6	616.7	357.9	237.1	247.8

Source: National Directorate of Budget, Ministry of Finance, 2018

**Table 2.5.3.2: CFTL expenditure during 2018, (\$m) (Update Table)**

	2018 Budget	2018 DOT Actual Jan - Jun	2018 DOT Forecast Jul - Aug	2018 Effective Budget Sep - Dec
<b>Total CFTL Expenditure</b>	1,200.0	397.3	99.2	703.4
<b>Recurrent</b>	862.7	296.2	81.5	485.0
Salary and Wages	200.3	89.1	29.7	81.4
Goods and Services	338.2	119.4	29.9	189.0
Public Transfers	324.2	87.7	21.9	214.6
<b>Capital</b>	337.3	101.1	17.8	218.4
Minor Capital	5.1	0.0	0.0	5.1
Capital and Development	332.1	101.1	17.8	213.3
<i>Infrastructure Fund (Autonomous, excl. loans)</i>	323.6	98.3	17.8	207.5

Source: National Directorate of Budget, Ministry of Finance, 2018

### 2.5.3.1: Salaries and Wages

The allocation for Salaries and Wages has decreased by 4.5% in the 2018 State Budget compared to the allocation for 2017. This is driven by the fact that many ministries and agencies overbudgeted for this category in 2017, in the expectation that additional staff would be recruited throughout the year. For various reasons, this new hiring did not materialise. As such, budgets have been adjusted to more accurately reflect the current needs and commitments to existing public servants in 2018.

### 2.5.3.2: Goods and Services

The CFTL Goods and Services budget for 2018 is set to decrease by 8% compared to the allocation in the 2017 State Budget. It is important to also note that a notable amount of the 2018 Goods and Services budget (\$15.3 million) is allocated for the payment of outstanding obligations and commitments for goods and services provided in previous years, but which have not yet been paid in full. More details of this are given in section 2.5.3.7.

Due to low execution rates during the application of the Duo-Decimal regime in 2018, as well as the fact that ministries will only have four months in which to spend new budget allocations, most ministries and agencies have experienced reductions in their 2018 Goods and Services budgets as compared to 2017. However, it should be noted that these allocations have been made due to the exceptional circumstances of 2018 and the application of the Duo-Decimal regime for the majority of the year, and therefore are not necessarily representative of the size of Goods and Services allocations for institutions in future years.

## **Measures**

The main measures for Goods and Services are:

- \$82.1 million to the Ministry of Public Works towards fuel and maintenance of electricity generators in Hera and Betano. Providing electricity throughout the whole country is key to generating growth and development across the country.
- \$22.4 million is allocated to the Whole of Government for the contingency fund. These funds are available in case any ministry falls into financial difficulties because of unexpected circumstances that require an urgent resolution.
- \$18.1 million to the Whole of Government for legal services. These are funds that enable the state to defend itself in various legal cases.
- \$14.4 million is allocated to the Municipalities for the School Feeding program, subsidies for schools, and operational costs and services for administrative authorities.
- \$11.7 million to the Whole of Government to support the national elections in 2018. The recent elections have been important to Timor-Leste in allowing it to further establish itself as a country with strong democratic principles and processes.
- \$10.3 million to SAMES for medication to help improve the quality of health services provided throughout the country.
- \$4.8 million to the Ministry of Public Works for a clean water and sanitation programme in rural and urban areas.
- \$4.6 million to the Whole of Government for the Counterpart Fund.
- \$4.6 million to the Ministry of Justice for its Ita nia Rai program and the cadastral survey. These are key programs for improving land rights in Timor-Leste, which are a key factor for personal security as well as for promoting economic growth.
- \$2.5 million to the Whole of Government for the payment of quotas to international institutions.

- \$1.8m to the Ministry of Education, Youth and Sport for strengthening the budget for the payment of school concessions for basic and secondary public schools.
- \$1.1 million to the Ministry of Foreign Affairs and Cooperation to cover new costs for providing goods and services across various embassies and consulates.
- \$1 million to the Whole of Government to support the Fiscal Reform, Performance Management Reform, and Budget Performance Reform. These reforms are crucial for strengthening Public Financial Management across government.
- \$0.5 million to the Ministry of Health to buy food for patients. These expenditures will help improve the quality of health services provided in the country.
- \$0.3 million to the Administration of Ports of Timor-Leste for fuel for the Berlin Nakroma to ensure the operation of the ferry and continued access to Oecusse and Atauro for the population of Timor-Leste.
- \$0.1 million to the Ministry of Education, Youth and Sport for printing materials for schools.

#### 2.5.3.3: Public Transfers

Public Transfers comprise all of the money the Government spends on public grants and consigned payments. The allocation for this category will fall significantly in 2018 to \$324.2 million, a reduction of 23% compared to the 2017 State Budget. This decrease is driven by a reduced allocation for the Special Administrative Region of Oecusse Ambeno (ARAEOA) and the Oecusse Ambeno and Atauro Special Zones for Social Market Economy (ZEESM), as they are still using unspent funds from previous years for ongoing infrastructure projects, and do not require any additional financing for capital in 2018. Their 2018 allocation will cover all recurrent expenditures for the region this year.

#### Measures

The main measures for Public Transfers include:

- \$99 million to the Ministry for Liberation Fighters' Affairs to provide pensions and broader support to veterans. This program provides support to some of the most vulnerable and deserving people in Timor-Leste.
- \$50 million to the Whole of Government to provide the state's participation commitment for the TL-Cement investment.
- \$48.1 million to the Ministry of Social Solidarity and Inclusion towards social programs, including the old age and disability pension schemes, Bolsa de Mãe, and support to victims

of natural disasters. These programs look after vulnerable and deserving groups and contribute to reducing poverty.

- \$28 million to the Special Administrative Region of Oecusse Ambeno (ARAEOA) and the Oecusse Ambeno and Atauro Special Zones for Social Market Economy (ZEESM).
- \$13.7 million to the Whole of Government for the provision of pensions for permanent civil servants under the contributory regime.
- \$12.4 million to the Ministry of Health for treatments abroad, primary healthcare and the subsidy for Cuban Doctors in Timor-Leste. These investments are important to further improving the quality of health services for the population.
- \$12.1 million to the Ministry of Petroleum and Mineral Resources to support the National Petroleum Authority and Minerals (ANPM), TIMOR GAP and the Institute of Petroleum and Geology (IPG). This money is required to ensure Timor-Leste maximizes the benefits from its natural resources.
- \$7.5 million to the Municipalities to support urban cleaning activities, school feeding programs and school grants, and to contribute to rural development and inclusive growth.
- \$6.5 million to the Whole of Government to support the activities of the Church in Timor-Leste, in line with the plans and policies of the Government.
- \$6.0 million to the National Electoral Commission. This expenditure will provide subsidies to political parties, which continue to develop and strengthen the democratic process in Timor-Leste.
- \$5.4 million to the Whole of Government to provide a lifetime pension for former leaders and members of sovereign bodies due to their dedication and services to the country.
- \$5.0 million to the Whole of Government in order to capitalize the Central Bank of Timor-Leste (BCTL). This capitalization will continue to assist the development of the financial sector in the country.
- \$4.5 million to the Whole of Government to cover loan repayments.
- \$3.5 million to the Office of the Prime Minister to provide support for NGOs and various activities of the Church.
- \$3.4 million to the Ministry of Education, Youth and Sport, to provide support for various sporting events, youth activities, and social protection schemes throughout the year.
- \$2 million to the Whole of Government as contributions for international financial support to support humanitarian causes abroad.



- \$1.1 million to the Whole of Government for the g7+ secretariat. The work of this secretariat ensures that the voice of fragile states is heard and acted upon by the international community.

#### 2.5.3.4: Minor Capital

Minor Capital includes expenditures on vehicles, furniture and other movable assets. The 2018 budget for this category reflects a 57.6% reduction as compared to the 2017 State Budget. During the application of the Duo-Decimal regime, all spending on Minor Capital was frozen, and this significantly lower allocation reflects the fact that all expenditure under this category will only take place for the final four months of the year, once the 2018 State Budget has passed.

Expenditure under the Minor Capital category is used for the purchase of capital equipment such as furniture and electrical equipment, as well as machines that last for several years and do not need to be repurchased in the near future.

#### Measures

The main measures for Minor Capital include:

- \$1.3 million to the Minister of State for the Presidency of the Council of Ministers and for new entities created by the VIII Constitutional Government. This will cover the costs of IT equipment, furniture, and other necessary initial costs for supporting the new structure of government.
- \$0.8 million to the Ministry of Public Works to purchase 3 electricity transformers and 30,000 pre-payment units.
- \$0.7 million to the Ministry of Finance to purchase hardware and equipment to update and improve the IFMIS system.
- \$0.6 million to the Guid Valadares National Hospital for medical and non-medical machines and equipment.
- \$0.5 million to the Ministry of Planning and Strategic Investment for various costs including furniture for a house for veterans, and equipment for a dormitory at Hera Polytechnic.

#### 2.5.3.5: Capital and Development

The 2018 allocation for Capital and Development has increased by 34% compared to the allocation for 2017. This is driven by an increase of 45.4% in the allocation for the Infrastructure Fund, in line with the financial requirements of ongoing projects. As shown in Table 2.5.3.5.1, Capital and Development allocations under the CFTL are broken down into \$323.6 million for the Infrastructure Fund, \$3.1 million for the Integrated Municipal Development Planning (PDIM), and \$3.7 million for other Capital and Development projects across line ministries.

**Table 2.5.3.5.1: Capital and Development Expenditures, (\$m)**

	2016 Actual	2017 Provisional	2018 Budget	2019	2020	2021	2022
<b>Total Capital and Development</b>	550.7	218.3	332.1	625.6	367.1	246.8	257.8
Infrastructure Fund (Autonomous, excl. loans)	519.0	200.8	323.6	616.7	357.9	237.1	247.8
District Development Programs	19.5	12.6	4.1	4.3	4.4	4.6	4.8
Ministries / Agencies	12.3	4.9	4.4	4.6	4.8	5.0	5.2

Sources: National Directorate of Budget, Ministry of Finance; National Development Agency and Major Projects Secretariat, Ministry of Planning and Strategic Investment, 2018. For 2016-2017, PDIM figures include MPIE's ministerial capital spend.

### 2.5.3.6: Additional Costs for New Structure of Government

Through its new structure, the VIII Constitutional Government has streamlined ministries and agencies to reduce costs and improve efficiency. Hence, the costs for most of the new ministries, secretariats of state, and other new divisions are offset by efficiency savings from streamlining. The allocations for divisions created by the new structure are detailed in table 2.5.3.6.1 below, and will cover spending for the final four months of the year.

**Table 2.5.3.6.1: Additional Costs for New Structure, (\$'000s)**

New Division (\$ ,000)	SW	GS	PT	MC	CD	Total Budget
<b>Total</b>	<b>526</b>	<b>996</b>	<b>0</b>	<b>330</b>	<b>0</b>	<b>1,852</b>
Office of the Minister of Legislative Reform and Parliamentary Affairs	139	581	0	50	0	<b>770</b>
Office of the Vice Minister of Justice	48	50	0	0	0	<b>98</b>
Office of the 2nd Vice Minister - Ministry of Health	90	75	0	50	0	<b>215</b>
Office of the Minister for Liberation Fighters' Affairs	61	50	0	50	0	<b>161</b>
Office for the Secretariat of State for Liberation Fighters' Affairs	46	50	0	50	0	<b>146</b>
Office for the Secretariat of State for Civil Protection - Ministry of Interior	46	90	0	30	0	<b>166</b>
Office for the Secretariat of State for the Development of the Cooperative Sector	50	50	0	50	0	<b>150</b>
Office for the Secretariat of State for the Environment	46	50	0	50	0	<b>146</b>

Source: National Directorate of Budget, Ministry of Finance, 2018

### 2.5.3.7: Arrears and Contractual Obligations

The VIII Constitutional Government has decided to resolve a numbers of debts and contractual obligations that have accumulated in recent years, but are as yet unpaid. The payment of these outstanding commitments will enable more accurate planning and budgeting in the future, and will ensure that all new spending is done from a clear and stable foundation. The total cost of such payments in the 2018 State Budget is equal to \$22.5 million, with a breakdown of these costs for each ministry shown in Table 2.5.3.7.1. These payments include:

- \$6.9 million to the Ministry of Education, Youth and Sport to finance the retroactive payment of salary increases for teachers across 7 municipalities who received promotions between 2013 and 2017.
- \$5.8 million to the Whole of Government to enable the payoff of the unpaid Quick Release balance to the Customs Authority.
- \$4.5 million to the Whole of Government fund to contribute to some of the unpaid bills for Timor Telecom for telecommunication services provided across government in previous years.
- \$2.2 million to the Whole of Government to pay for outstanding electricity debts owed to EDTL.
- \$1.5 million to the National University of Timor-Leste to pay for various outstanding debts accumulated between 2016 and 2017.
- \$0.8 million to the National Police of Timor-Leste to cover outstanding debts relating to boat maintenance, CCTV and telecommunications.
- \$0.5 million to FALINTIL – Defense Force of Timor-Leste to pay for various outstanding subsidies and additional costs associated with recent elections.
- \$0.3 million allocated to the Ministry of State Administration to cover the remainder of the unpaid costs of the 2016 Suco elections.

<b>Table 2.5.3.7.1: Arrears and Contractual Obligations, (\$m) (\$ million)</b>	<b>Appropriation Category</b>	<b>Additional Budget Allocation for outstanding commitments</b>
<b>Total obligations</b>		<b>22.5</b>
Whole of Government	GS	12.5
Ministry of Education, Youth and Sport	SW	6.9
National University of Timor-Leste	GS + KM	1.5
National Police of Timor-Leste (PNTL)	GS	0.8
FALINTIL - Defense Force of Timor-Leste	GS	0.5
Ministry of State Administration	GS	0.3

Source: National Directorate of Budget, Ministry of Finance, 2018

## 2.5.4: Infrastructure Fund

According to the Strategic Development Plan, a central pillar for the long-term development of Timor-Leste is the building and maintenance of core, productive infrastructure in order to create employment and promote sustainable economic growth. The Infrastructure Fund was established in 2011, with the role of financing and overseeing key infrastructure projects (over \$1 million) in accordance with the Government's priorities and vision. Since 2011, a total of \$3.87 billion has been approved and allocated to the IF to finance 22 programs, and includes Public Private Partnerships (PPPs) and external loans. Since 2016, the Infrastructure Fund has operated as an autonomous agency.

The VIII Constitutional Government has set the infrastructure development priorities in the area of basic physical infrastructure on both social and economic grounds. This includes programs such as roads, bridges, water and sanitation, and the provision of a sustainable energy supply. Many projects relating to these areas have already been started in previous years. As well as further progress in these areas, other important infrastructure that will be required to support the modernization and growth of the Timor-Leste economy includes digital infrastructure, transport and logistics infrastructure for trade, as well as the creation of a broader framework for supporting industrial development. Most of the projects in the 2018 State Budget are not new, but instead reflect the ongoing financial demands for programs that have already been planned and approved in previous years.

The total budget for the Infrastructure Fund (excluding loans) in 2018 is \$323.6 million across 21 programs. In line with the ongoing needs of programs and the Government's priorities, the largest portions of the 2018 Infrastructure Fund budget are allocated to the roads program (39.8%), the Tasi Mane Development Program (31.1%), and the electricity program (5%).

**Table 2.5.4.1: Infrastructure Fund Projections, (\$m)**

	2017 Provisional	2018 Budget	2019	2020	2021	2022
<b>Total Infrastructure (including loans)</b>	<b>230.9</b>	<b>385.2</b>	<b>703.7</b>	<b>397.9</b>	<b>250.6</b>	<b>257.5</b>
<b>Total Infrastructure (excluding loans)</b>	<b>200.8</b>	<b>323.6</b>	<b>616.7</b>	<b>357.9</b>	<b>237.1</b>	<b>247.8</b>
Agriculture	2.8	3.8	3.4	6.1	5.1	1.5
Water and Sanitation	0.2	0.6	15.9	0.3	0.0	0.0
Urban and Rural Development	5.0	5.4	9.5	3.3	1.0	1.0
Public Buildings	1.1	10.2	12.9	9.0	5.6	6.0
Education	0.2	1.7	30.2	25.0	17.1	9.1
Electricity	12.2	16.1	25.2	0.1	0.0	0.0
Informatics	1.6	8.0	5.7	2.4	0.0	0.0
Millennium Development Goals	0.8	0.0	0.0	0.0	0.0	0.0
Health	0.0	1.9	0.5	5.0	2.5	2.5
Security and Defence	0.4	4.4	4.1	3.9	0.7	0.5
Social Solidarity	0.0	0.1	1.6	0.0	0.0	0.0
Tasi Mane	67.8	100.5	108.1	196.2	185.3	221.2
Airports	17.1	10.3	9.0	1.7	0.6	0.4
Preparation of Designs and Supervision	0.7	0.8	0.1	0.0	0.0	0.0
Roads	69.3	128.8	370.5	93.7	19.1	5.5
Bridges	7.8	10.6	13.2	10.1	0.0	0.0
Ports	0.5	0.8	0.2	0.2	0.0	0.0
Tourism	0.3	0.2	0.5	0.0	0.0	0.0
Financial System and Supporting Infrastructure	6.8	4.9	1.6	0.0	0.0	0.0
Youth and Sport	1.9	1.9	0.3	0.5	0.0	0.0
Maintenance and Rehabilitation	4.6	12.5	4.1	0.6	0.0	0.0
Loans Program	30.1	61.6	87.0	40.0	13.5	9.7

Source: Major Projects Secretariat, Ministry of Planning and Strategic Investment, 2018

**Table 2.5.4.2: Infrastructure Fund during 2018, (\$m)**

Infrastructure Data, \$ millions	2018 Budget	2018 DOT Actual Jan - Jun	2018 DOT Forecast Jul - Aug	2018 Effective Budget Sep - Dec
<b>Total Infrastructure (including loans)</b>	<b>385.2</b>	<b>115.6</b>	<b>23.1</b>	<b>246.4</b>
<b>Total Infrastructure (excluding loans)</b>	<b>323.6</b>	<b>98.3</b>	<b>17.8</b>	<b>207.6</b>
Agriculture	3.8	0.3	1.1	2.4
Water and Sanitation	0.6	0.2	0.0	0.4
Urban and Rural Development	5.4	0.9	0.0	4.5
Public Buildings	10.2	1.1	0.0	9.1
Education	1.7	0.0	0.0	1.7
Electricity	16.1	7.1	0.0	9.0
Informatics	8.0	0.8	3.0	4.2
Millennium Development Goals	0.0	0.0	0.0	0.0
Health	1.9	0.2	0.0	1.6
Security and Defence	4.4	0.8	0.0	3.6
Social Solidarity	0.1	0.0	0.0	0.1
Tasi Mane	100.5	30.8	0.0	69.8
Airports	10.3	0.1	0.0	10.2
Preparation of Designs and Supervision	0.8	0.0	0.0	0.8

Roads	128.8	45.4	10.2	73.3
Bridges	10.6	2.9	0.0	7.7
Ports	0.8	0.2	0.3	0.3
Tourism	0.2	0.0	0.0	0.2
Financial System and Supporting Infrastructure	4.9	1.9	0.2	2.9
Youth and Sport	1.9	0.3	0.3	1.4
Maintenance and Rehabilitation	12.5	5.5	2.6	4.4
Loans Program	61.6	17.4	5.4	38.9

Source: Major Projects Secretariat, Ministry of Planning and Strategic Investment, 2018

## 2.5.5: Expenditure by Loan Financed Projects

Expenditure on loan-financed projects in 2018 is expected to reach \$61.6 million, as presented in Table 2.5.5.1. This a 39.5% reduction compared to the allocation in the 2017 State Budget, although only \$30.1 million of this allocation was actually disbursed in 2017. A detailed description of these projects is presented in Section 2.7.3.

**Table 2.5.5.1: Expenditure on Loan Financed Projects, (\$m)**

	2017	2018 Budget	2019	2020	2021
<b>Loan Expenditure</b>	30.1	61.6	87.0	40.0	13.5

Source: PPPLU Ministry of Finance and Ministry of Planning and Strategic Investment, 2018

## 2.5.6: Human Capital Development Fund

The purpose of the HCDF is to finance expenditures on scholarships and capacity development in line with the Strategic Development Plan of Timor-Leste. For the 2018 budget, the HCDF is broken down into four major programs: Vocational Training, Technical Trainings, Scholarships and Other Types of Training.

Table 2.5.6.1 summarizes the budget appropriations for HCDF by program. The total 2018 budget is \$15.8 million, 41.9% lower than the allocation for the 2017 State Budget.

**Table 2.5.6.1: Human Capital Development Fund by Program, (\$m) (Update Table)**

	2017 F'casted Actual	Final 2018 Budget	2018	2019	2020	2021
<b>Total HCDF (by Program)</b>	<b>23.9</b>	<b>15.8</b>	<b>16.4</b>	<b>17.1</b>	<b>17.8</b>	<b>18.5</b>
Vocational Training	6.3	1.5	1.6	1.6	1.7	1.8
Technical Training	1.8	0.4	0.5	0.5	0.5	0.5
Scholarships	13.0	12.5	13.0	13.6	14.1	14.7
Other Training	2.8	1.3	1.3	1.4	1.5	1.5

Source: Secretariat for Human Capital Development Fund, 2018

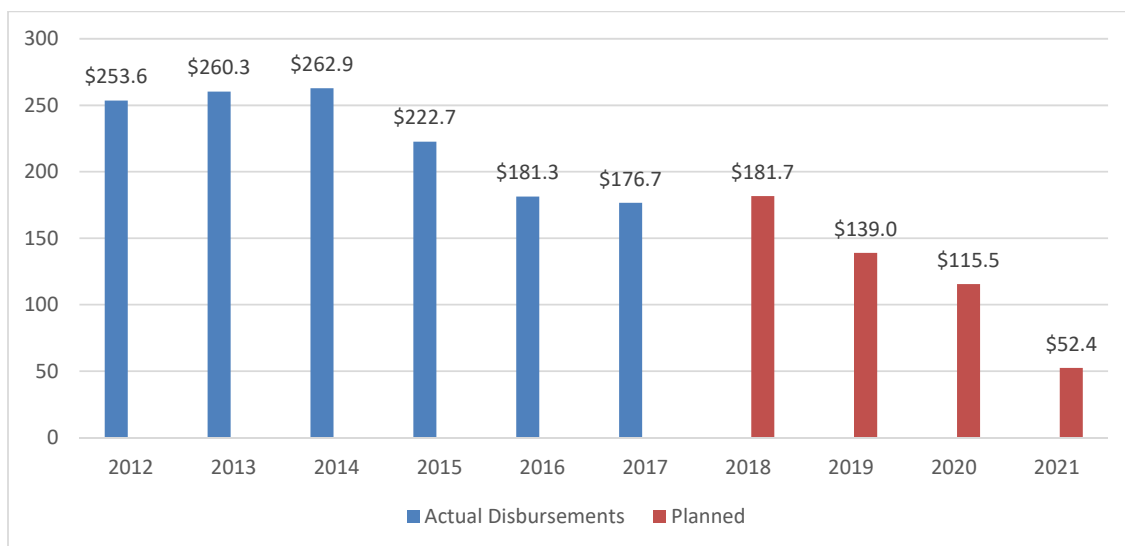
**Table 2.5.6.2: Human Capital Development Fund in 2018, (\$m)**

	2018 Budget	2018 DOT Actual Jan - Jun	2018 DOT Forecast Jul - Aug	2018 Effective Budget Sep - Dec
<b>Total HCDF (by Program)</b>	<b>15.8</b>	<b>4.8</b>	<b>1.2</b>	<b>9.8</b>
Vocational Training	1.5	0.9	0.2	0.4
Technical Training	0.4	0.2	0.0	0.2
Scholarships	12.5	2.8	0.7	9.0
Other Training	1.3	0.9	0.2	0.2

Source: Secretariat for Human Capital Development Fund, 2018

### 2.5.7: Development Partners' Commitments

Development Partners will contribute a total of \$181.7 million to Timor-Leste in 2018. The three highest amounts of contributions are expected to originate from the Government of Australia (\$61.7 million); the Government of Japan (\$24.2 million), and Government of Portugal (\$16.1 million). The details of these commitments can be found in Budget Book 5.

**Figure 2.5.7.1: Non-lending Development Partner Disbursements to Timor- Leste (\$m)**

Source: 2012-2015 data was drawn from previous years' Budget Books; 2016 on was extracted from the Aid Transparency Portal on 25 July 2018

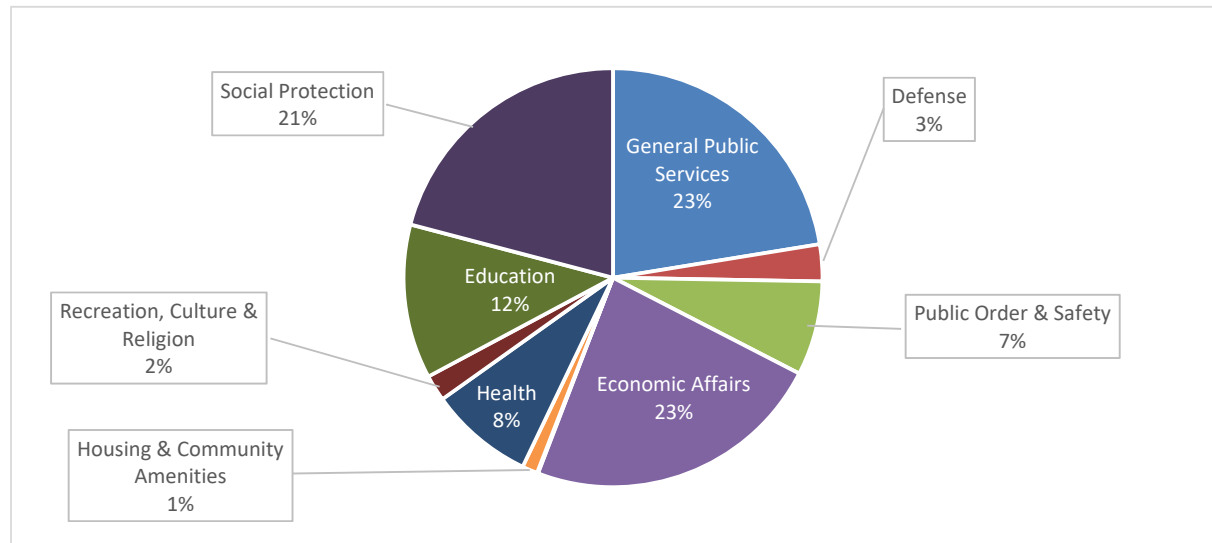
### 2.5.8: Classification of the 2018 Budget by Sector

The standard United Nations Statistics Division 'Functions of Government' classification<sup>3</sup> is adopted to examine the 2018 budget allocations by sector. For the recurrent budget, Economic

<sup>3</sup> <https://unstats.un.org/unsd/classifications/>

Affairs and General Public Services have the largest allocation. Economic Affairs includes fuel for EDTL power generation, road maintenance, tourism spending and maintenance of water and irrigation systems. General Public Services can be considered as the 'machinery of government', but also covers recurrent transfers to municipalities and the ZEESM. Social protection has the third largest allocation which reflects social welfare programs such as Bolsa da Mae, veterans' and other pensions, and the school feeding program. The fourth largest sector is Education, followed by Health.

**Figure 2.5.8.1: Recurrent Expenditure by Sector for 2018**

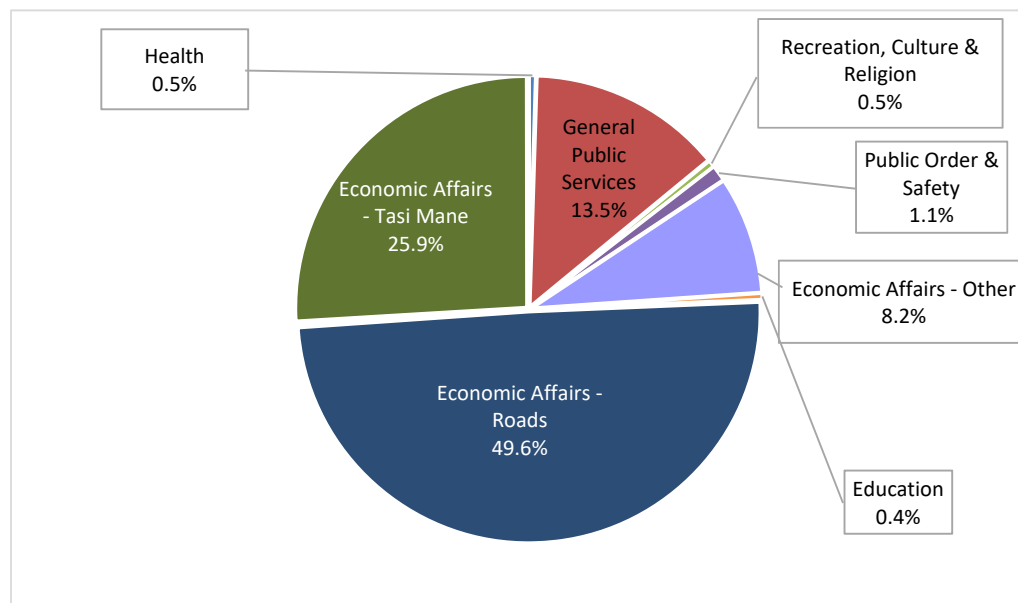


*Source: Estimate based on proposed ministerial allocations, Ministry of Finance, 2018*

Looking at the sectoral division of the Infrastructure Fund, which covers over 90% of capital spending for the CFTL, road projects represent its largest portion, followed by spending for the infrastructure investment in Tasi Mane and capital spending for other economic affairs. Roads are a stated priority in the Strategic Development Plan, and now that the electricity project has been largely completed, funding to the roads program is the largest single component of the budget. Most road expenditure is loan financed, and details of these projects are in Section 2.7.3. Other than roads, investment in the electricity network, Suai airport, infrastructure maintenance and other transport infrastructure are the largest projects in the Economic Affairs sector, receiving a combined allocation of \$49.7 million. The remaining 9% of the Infrastructure Fund budget reflects the allocations to the construction of new public buildings, development of IT infrastructure, and other capital investments. Further details are provided in Part 1 of Budget Book 6.



**Figure 2.5.8.2: Infrastructure Fund by Sector for 2018**



Source: Estimate based on proposed IF allocations, Ministry of Planning and Strategic Investment

## 2.6: Revenue

### 2.6.1: Overview of Revenue Projections

Table 2.6.1.1 shows the forecasts for total revenues up to 2022, which are the sum of petroleum revenues and domestic revenues. The gradual trend of declining petroleum revenues is in general set to continue as production from existing fields draws to a close.

The positive performance of domestic revenues in 2016 has slowed down to \$189.6m in 2017. This is a reduction of 5% compared to the 2016 actual collection and it is likely to result from the negative macroeconomic conditions and the political uncertainty that Timor-Leste faced in 2017. The reduction appears to be driven mainly by lower tax revenues, which are susceptible to GDP fluctuations and make up most of domestic revenues. The trend is projected to be stable in 2018, with an expected domestic revenue collection of \$188.8m. The lack of improvement in overall domestic revenue trends reflects the protracted political stall into 2018.

The economy continues to face several challenges about how to increase domestic revenue, as have been identified by the Fiscal Reform Commission, including on basic infrastructure, management of resources and human development. Domestic revenues make up a small proportion of overall revenues and thus do not completely offset the oil price and investment return changes. This underlines the importance of focusing on domestic revenue streams going forward.

**Table 2.6.1.1 Total Revenue, 2016 – 2022, (\$m)**

	2016	2017 Provisional	2018 Projection	2019	2020	2021	2022
<b>Total Revenues</b>	<b>1,070.9</b>	<b>2,223.1</b>	<b>788.7</b>	<b>1,279.0</b>	<b>1,342.3</b>	<b>1,272.7</b>	<b>1,000.5</b>
Domestic Revenues	199.3	189.6	188.8	198.3	208.5	219.0	230.0
Petroleum Revenues	871.6	2,033.5	599.9	1,080.8	1,133.9	1,053.7	770.5

Source: National Directorate of Economic Policy and Petroleum Fund Administration Unit, Ministry of Finance, 2018.

## 2.6.2: Domestic Revenues

Domestic revenues in Timor-Leste are composed of tax revenues, fees and charges, interest, revenues from autonomous agencies and ZEESM Taxes. Table 2.6.2.1 breaks down domestic revenues into these categories showing actual and forecasted amounts between 2017 and 2022. In 2018, total domestic revenues are expected to be constant with respect to the 2017 final estimated figures.

**Table 2.6.2.1: Domestic Revenue 2016 – 2022, (\$m)**

	2016	2017 Provisional	2018 Projection	2019	2020	2021	2022
<b>Total Domestic Revenue</b>	<b>199.3</b>	<b>189.6</b>	<b>188.8</b>	<b>198.3</b>	<b>208.5</b>	<b>219.0</b>	<b>230.0</b>
<b>Taxes</b>	139.6	127.9	127.6	134.0	140.7	147.7	155.1
<b>Fees and Charges</b>	46.6	50.3	50.2	52.6	55.4	58.3	61.1
<b>Interest</b>	0.0	0.0	0.5	0.5	0.5	0.5	0.6
<b>Autonomous Agencies</b>	9.0	6.6	5.6	6.0	6.4	6.9	7.3
<b>ZEESM (Taxes)</b>	4.1	4.7	4.9	5.2	5.4	5.7	6.0

Source: National Directorate of Economic Policy, Ministry of Finance, 2018

### 2.6.2.1: Tax Revenues

Tax revenues comprise the largest source of domestic revenues in Timor-Leste, totalling 67.5% of total domestic revenues in 2017. Tax projections are summarized in Table 2.6.2.1.1 and are divided into Direct taxes, Indirect taxes and Other tax revenues.

In 2017, tax revenues, excluding taxes from ZEESM, do not hold up to the 2016 levels, experiencing a fall of 8.4%, totalling \$127.9m. This trend reflects the general macroeconomic and political conditions to which tax instruments are sensitive. In particular, lower government's capital spending, especially in large infrastructure projects has reduced Withholding tax receipts by over 25%. This reduction is the principal driver of the total tax revenue decline for the year.

In 2018, tax revenue collection is expected to be stable compared to 2017, reaching \$127.6m. However, a sizable increase in withholding taxes is expected following the settlement of pending collection from previous years on capital projects. Additionally, the expected reduction in revenues collected by custom authorities (custom duties, excise tax and sales tax) reflects both lower imports of tobacco products following more stringent controls, and lower tax rates on domestically-produced alcoholic beverages, following the opening of the Heineken factory. From

2019, tax receipts are expected to improve, as macroeconomic growth recovers and the political situation stabilises. The trend is expected to continue through 2022, at the current growth expectation.

**Table 2.6.2.1.1: Total Tax Revenue 2016 – 2022, (\$m)**

	2016	2017 Provisional	2018 Projection	2019	2020	2021	2022
<b>Total Tax</b>	<b>143.7</b>	<b>132.6</b>	<b>132.5</b>	<b>139.1</b>	<b>146.1</b>	<b>153.4</b>	<b>161.1</b>
<b>Direct Taxes</b>	<b>64.2</b>	<b>54.7</b>	<b>60.3</b>	<b>63.3</b>	<b>66.5</b>	<b>69.8</b>	<b>73.3</b>
Income Tax	17.3	19.3	20.8	21.8	22.9	24.1	25.3
Individual Income	8.2	7.3	7.3	7.6	8.0	8.4	8.8
Individual Inc Other	9.1	11.9	13.5	14.2	14.9	15.6	16.4
Corporate Tax	13.9	10.7	8.4	8.8	9.2	9.7	10.2
Withholding Tax	33.0	24.7	31.1	32.7	34.3	36.0	37.8
<b>Indirect Taxes</b>	<b>78.8</b>	<b>76.7</b>	<b>71.7</b>	<b>75.3</b>	<b>79.1</b>	<b>83.0</b>	<b>87.2</b>
Service Tax	2.7	2.5	3.3	3.5	3.7	3.9	4.1
Sales Tax	14.8	17.3	16.2	17.0	17.8	18.7	19.7
Excise Tax	47.2	41.5	37.6	39.4	41.4	43.5	45.6
Import Duties	14.2	15.3	14.7	15.4	16.2	17.0	17.8
<b>Other Tax Revenue</b>	<b>0.7</b>	<b>1.3</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.6</b>	<b>0.6</b>

Source: National Directorate of Economic Policy, Ministry of Finance, 2018

#### 2.6.2.2: Fees and Charges

Fees and charges include a wide selection of categories from non-tax sources that contribute to domestic revenue. These comprise administrative fees, utility payments and royalty payments to the Government from natural resources other than petroleum.

Increases in fees and charges revenue in 2017 have been driven by higher electricity sales (as in 2016), mining & quarrying royalties, auctions and social game receipts. 2018 revenue projection for fees and charges is expected to be constant to the 2017 levels, with the largest contribution coming from electricity revenue, at 61% of the total revenue from fees and charges. It is estimated that the revenue from electricity will continue to increase as EDTL continue to distribute pre-paid meters and electricity coverage increases across the country. The contribution from transport, immigration and rental of government property is expected to stable. Moreover, between 2017 and 2018 new revenue instruments have been introduced, such as parking and advertising fees in the Dili municipality. Projections for outer years are expected to continue on a positive trend, following the improvement and reinforcement of collection mechanisms in line ministries.

**Table 2.6.2.2.1: Fees and Charges Projections 2016 – 2022, (\$000's)**

	2016	2017 Provisional	2018 Projection	2019	2020	2021	2022
<b>Total Fees and Charges</b>	<b>46,613.1</b>	<b>50,307.8</b>	<b>50,221.1</b>	<b>52,607.6</b>	<b>55,416.3</b>	<b>58,256.5</b>	<b>61,129.5</b>
Commercial License Fees	142.9	663.5	139.3	144.9	150.7	156.7	162.9
Postage Fees	43.5	55.6	50.7	61.0	66.9	72.8	78.6

Property Rentals	3,632.4	3,878.8	<b>2,961.1</b>	3,079.5	3,202.7	3,330.8	3,464.1
Water Fees	177.2	333.3	<b>153.2</b>	177.0	200.8	224.5	248.3
Vehicle Registration Fees	1,556.9	1,614.3	<b>1,172.6</b>	1,231.2	1,292.7	1,357.4	1,425.2
Vehicle Inspection Fees	589.8	756.4	<b>742.9</b>	780.0	819.0	860.0	903.0
Vehicle Inspection Imported	5.1	-	-	-	-	-	-
Drivers Licence Fees	348.0	397.1	<b>373.7</b>	392.4	412.0	432.7	454.3
Franchising Public Transport Fees	328.2	358.9	<b>296.2</b>	311.0	326.5	342.9	360.0
Transport Penalties	135.3	153.0	<b>133.8</b>	139.1	144.7	150.5	156.5
Other Transport Fees	40.8	48.4	<b>12.3</b>	12.9	13.6	14.2	14.9
ID and Passport	873.5	1,211.6	<b>1,412.5</b>	1,469.0	1,527.8	1,588.9	1,652.4
Visa Fees	3,580.9	3,748.2	<b>2,834.9</b>	2,948.3	3,066.2	3,188.8	3,316.4
Court Fees	207.0	247.5	<b>247.5</b>	257.4	267.7	278.4	289.5
Fines-Health professionals	-	5.6	<b>5.6</b>	5.8	6.1	6.3	6.6
Dividends, Profits, and Gains	729.9	-	<b>3,110.1</b>	3,234.5	3,363.9	3,498.5	3,638.4
Fines and Forfeits	101.1	252.3	<b>537.8</b>	563.6	586.1	609.6	634.0
Mining and Quarrying	283.7	1,026.0	<b>1,039.3</b>	1,065.1	1,090.9	1,116.7	1,142.5
RTTL FEE	54.2	-	-	-	-	-	-
Bid Document Receipts	82.7	56.4	<b>30.2</b>	31.4	32.7	34.0	35.4
Auctions	504.4	1,000.2	<b>102.0</b>	106.1	110.4	114.8	119.4
Productos Florestais	89.4	95.1	<b>65.8</b>	68.4	71.2	74.0	77.0
Rent of Government Property	216.2	116.5	<b>112.2</b>	116.7	121.3	126.2	131.2
Sanitation Services Fee	7.9	8.2	<b>10.4</b>	10.8	11.3	11.7	12.2
TL Internet Domain Revenue	101.3	133.4	<b>86.7</b>	90.2	93.8	97.5	101.4
Other Non-Tax Revenue	1,056.2	1,173.9	<b>125.8</b>	130.8	136.0	141.5	147.1
Social Games Receipts	1,274.6	1,428.4	<b>1,910.6</b>	1,987.0	2,066.5	2,149.2	2,235.2
Sale of Rice	1,514.5	1,050.4	<b>1,050.4</b>	650.0	650.0	650.0	650.0
Sales of Local Product	192.8	107.2	<b>360.0</b>	374.4	389.4	405.0	421.1
Parking Fee Dili	-	13.2	<b>18.2</b>	18.9	19.6	20.4	21.3
Registration of Health Profess	-	10.6	<b>33.1</b>	34.4	35.8	37.2	38.7
Polytechnic Institute of Betan	-	48.2	<b>48.2</b>	50.2	52.2	54.2	56.4
Administrative Sanctions and Fines	-	5.5	<b>5.5</b>	5.7	5.9	6.2	6.4
Printing Fee-PCM	-	-	<b>389.2</b>	404.8	421.0	437.8	455.3
Electricity Fees and Charges	28,742.8	30,285.2	<b>30,506.0</b>	32,506.0	34,506.0	36,506.0	38,506.0
AM de Dili - Advertising Revenue	-	24.9	<b>143.3</b>	149.1	155.0	161.2	167.7

Source: National Directorate of Economic Policy, Ministry of Finance, 2018

### 2.6.2.3: Interest

Interest reflects interest payments received from cash held in Government funds. Given low interest rates, and low cash balances held by government, this is has traditionally represented small source of revenue. Interest is expected to be \$15,679 in 2017, compared to \$15,265 in 2016. However, the 2018 projections expect interest receipts to grow to \$475,086. This significant

growth reflects the recent increase in overnight repo rates in the Federal Reserve Bank of New York. The trend is expected to continue in the coming years, provided the level of deposits and the interest rate policy of the FED remain stable.

#### 2.6.2.4: Autonomous Agencies

The number of autonomous agencies has been increasing steadily in recent years, reflecting government's desire to grant greater financial independence to institutions so to improve their efficiency. From a revenue perspective the port in Dili generates the majority of revenues for this group, as detailed in Table 2.6.2.4.1.

**Table 2.6.2.4.1: Autonomous Agencies 2016 – 2022, (\$000's)**

	2016	2017 Provisional	2018 Projection	2019	2020	2021	2022
<b>Total Autonomous Agencies</b>	<b>8,297.2</b>	<b>5,833.7</b>	<b>5,629.1</b>	<b>6,032.9</b>	<b>6,441.8</b>	<b>6,855.8</b>	<b>7,275.4</b>
Archive and Museum Resistência Timorens	-	-	-	-	-	-	-
Press Council	-	-	-	-	-	-	-
Institute of Support for Enterprise Development	-	-	-	-	-	-	-
Specialized Agency for Investment	-	-	-	-	-	-	-
Service for Registration and Verification of Entrepreneurs	-	-	-	-	-	-	-
Bamboo Centre	95.8	74.9	150.0	156.0	162.2	168.7	175.5
Training Centre (SENAI)	-	-	-	-	-	-	-
Forensic Police	-	-	-	-	-	-	-
National Hospital Guido Valadares	258.3	249.5	235.0	244.4	254.2	264.4	274.9
SAMES	156.5	213.8	327.9	341.0	354.7	368.8	383.6
National Laboratory	-	-	-	-	-	-	-
Institute of Health Sciences	-	-	-	-	-	-	-
Investment Registration Fee	-	19.8	45.0	46.8	48.7	50.6	52.6
National Center for Rehabilitation	-	-	-	-	-	-	-
Institute for Equipment Management	197.8	483.5	50.1	52.1	54.2	56.3	58.6
Administração de Aeroportos e Navegação Aérea de Timor-Leste*	2,386.5	-	-	-	-	-	-
Administration of Ports of Timor-Leste	4,419.7	3,993.8	3,015.0	3,305.0	3,595.0	3,885.0	4,175.0
National Authority of Communication	-	-	-	-	-	-	-
National Defense Institute	-	-	-	-	-	-	-
National University Timor Lorosae	782.6	798.3	881.7	917.0	953.7	991.8	1,031.5
Infrastructure Fund	-	-	-	-	-	-	-

Authority for Food Inspection and Economic Activity	-	-	-	-	-	-	-
National Agency for Evaluation and Academic Accreditation	-	-	-	-	-	-	-
National Logistic Centre	-	-	-	-	-	-	-
National Centre for Employment and Professional Training – Tibar	-	-	-	-	-	-	-
<b>ZEESM**</b>	<b>682.2</b>	<b>794.2</b>	<b>924.4</b>	<b>970.6</b>	<b>1,019.2</b>	<b>1,070.1</b>	<b>1,123.6</b>

Source: National Directorate of Economic Policy, Ministry of Finance \*Not part of Autonomous Agencies since 2017

\*\*ZEESM revenue includes fees and charges only, tax revenue is presented separately.

## 2.6.3: Petroleum Revenues and the Petroleum Fund

The Petroleum Fund is the main source of funding for the state budget each year. Withdrawals from the Fund are guided by the ESI. The ESI represents the maximum amount that can be appropriated from the Petroleum Fund in a fiscal year so as to leave a sufficient Fund balance for an amount of the equal real value to be appropriated in all later years. The ESI is set to be 3 percent of the Petroleum Wealth, which comprises the balance of the Fund and the Net Present Value of future petroleum revenue.

The Government can withdraw an amount from the Petroleum Fund in excess of the ESI where it provides to Parliament justification why that is in the long-term interests of Timor-Leste. Government withdrawals in excess of the ESI have been justified on the grounds of economic development. Withdrawing more than the ESI, by definition, depletes the purchasing power of the Fund. Calculating Petroleum Wealth and the ESI for 2018

### 2.6.3.1: Calculating Petroleum Wealth and the ESI for 2018

Table 2.6.3.1.1 shows the estimated Petroleum Wealth and the ESI from 2016 and onwards, assuming that withdrawals from the Fund are equal to the projected withdrawals in Table 2.6.3.1.1.

**Table 2.6.3.1.1: Petroleum Wealth and the Estimated Sustainable Income (ESI)**

	2016*	2017*	2018 Budget	2019	2020	2021	2022
Estimated Sustainable Income (PWx3%)	544.8	481.6	550.4	539.3	519.1	505.3	493.7
Total Petroleum Wealth (PW)	18,159.6	16,054.6	18,345.8	17,975.4	17,304.0	16,842.8	16,458.2

Opening PF Balance			<b>16,799.3</b>	16,416.6	16,151.1	16,170.6	16,202.6
Net Present Value of Future Revenues			<b>1,546.5</b>	1,558.8	1,152.9	672.2	255.6

Sources: Petroleum Fund Administration Unit, Ministry of Finance, 2018\*ESI for 2016 & 2017 figures as estimated for in Budget 2016 and Budget 2017. Estimates for ESI 2019 onwards are adjusted for the revenues as projected in Table 2.6.3.2.1. ESI 2019 in Annex 4 of \$541.8 reflects earlier projections.

The 2018 Budget estimates of Petroleum Wealth were finalized in January 2018. The estimates used the data available as at January, including the actual value of the Fund as at 1 January 2018.<sup>4</sup> The NPV of future oil and gas revenues reflects the assumptions set out in Table 2.6.3.1.2. Our practice is to only update the ESI calculations once a year. The full assumption set will be updated shortly as part of the 2019 Budget Book.

Petroleum Wealth for the 2018 Budget Book calculations is estimated to be \$18,345.8 million. Accordingly, the 3% ESI is estimated at \$550.4 million for 2018. This is about \$75.3 million higher than the estimate for the 2018 ESI in last year's budget. The key assumptions behind the calculations and the differences with 2017's estimate are discussed below.

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<sup>4</sup> The independent auditor recommended using the actual balance of the Fund for the 2018 ESI calculations.

**Table 2.6.3.1.2: Key assumptions behind the ESI**

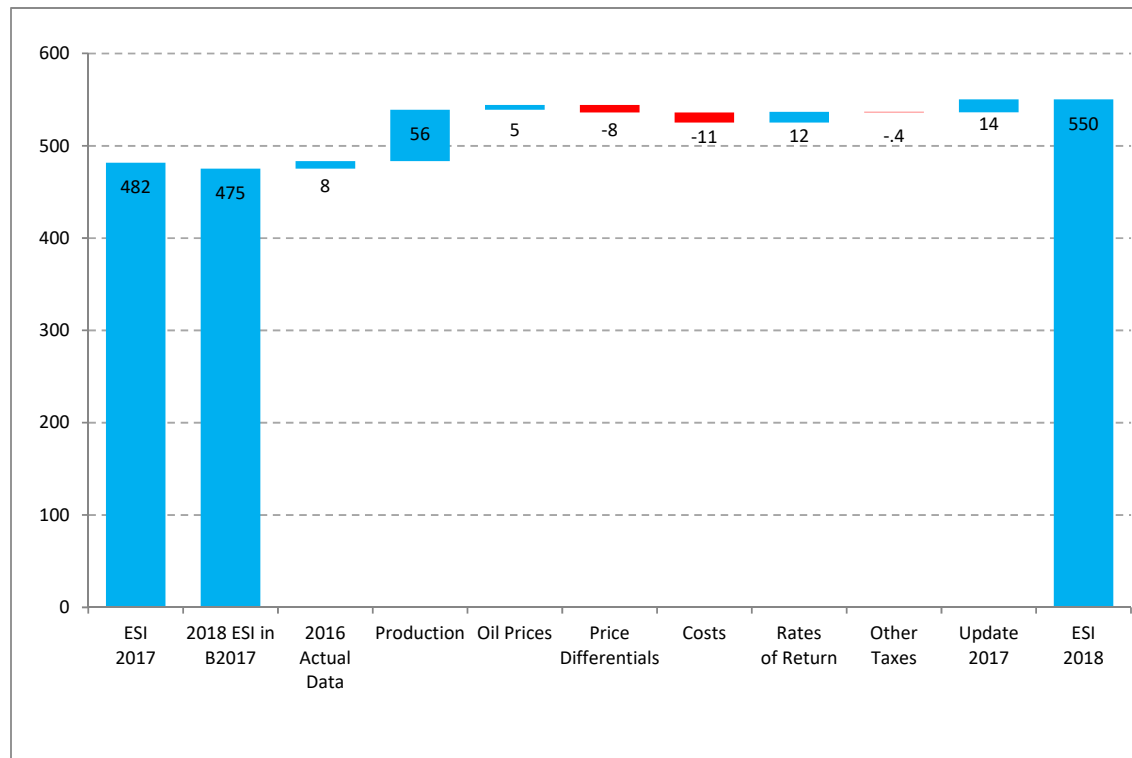
<b>Asset recognition</b>	Forecast petroleum revenues are included only for projects with approved development plans. Bayu-Undan (BU) is the only operating field since Kitan was closed in 2015.
<b>Petroleum Reserves and Production Forecasts</b>	Project operators provide production estimates. Base case production is now the only forecast provided by the Operator.
<b>Oil price forecast</b>	Brent crude oil has been shown to be the best indicator of the price of BU liquid products (condensate and LPG). ESI for Budget 2018 is prepared using the average of Energy Information Agency (EIA) low case and reference case for Brent in its Annual Energy Outlook (AEO) for 2017, released in January 2017.
<b>Prices for specific petroleum products</b>	BU produces condensate, Liquefied Petroleum Gas (LPG) and Liquefied Natural Gas (LNG). Forecast assumptions for each product are derived from historical differentials observed with Brent. Liquefied Natural Gas (LNG) prices are forecast using the provisional price formula negotiated between the Darwin LNG (DLNG) facility and Japanese LNG buyers. The price formula is renegotiated every three years.
<b>Production costs</b>	Central estimate of future capital and operating costs as provided by project operators.
<b>Discount rate</b>	Under Schedule 1 of the Petroleum Fund Law, the interest rate used to discount future petroleum revenue is the expected rate of return on the portfolio of financial assets held in the Fund. The Fund's investment strategy is for 60 percent bonds and 40 percent equities.

**Changes in the ESI from 2017 to 2018**

Figure 2.6.3.1.3 shows the key incremental changes in the current estimate of the 2018 ESI relative to the estimate in Budget 2017. An increase in production is the main driver of the increase in the 2018 ESI, along with changes to the discount rate and differences in the realized results versus projections for both 2016 and 2017.



**Figure 2.6.3.1.3: Changes in the 2018 ESI (from Budget 2017 to Budget 2018)**



Source: Petroleum Fund Administration Unit, Ministry of Finance, 2018

### Actual data 2016

The current ESI estimate incorporates actual results in 2016, as opposed to the projections needed for the 2017 estimate. The Fund balance at the end of 2016 was higher than projected, because withdrawals were lower than expected (\$1,244.8 vs \$1,647.6m), although petroleum revenues (\$223.6m vs \$316.6m) and investment returns (\$647.7m vs \$747m) were lower than expected. These outcomes increased the 2018 ESI by \$8 million.

### Production

The production forecast for Bayu-Undan are higher than Budget 2017 because:

- i) Only the base case scenario was available from the operator at the time the calculation was made. Estimates of the ESI in previous years used the low case scenario.
- ii) Production is expected to extend another year until 2022. The current estimate also includes the Bayu Undan Infill Well (BUIW) drilling project which is expected to take place in mid-2018. This pushes the production projection higher than previous estimates.

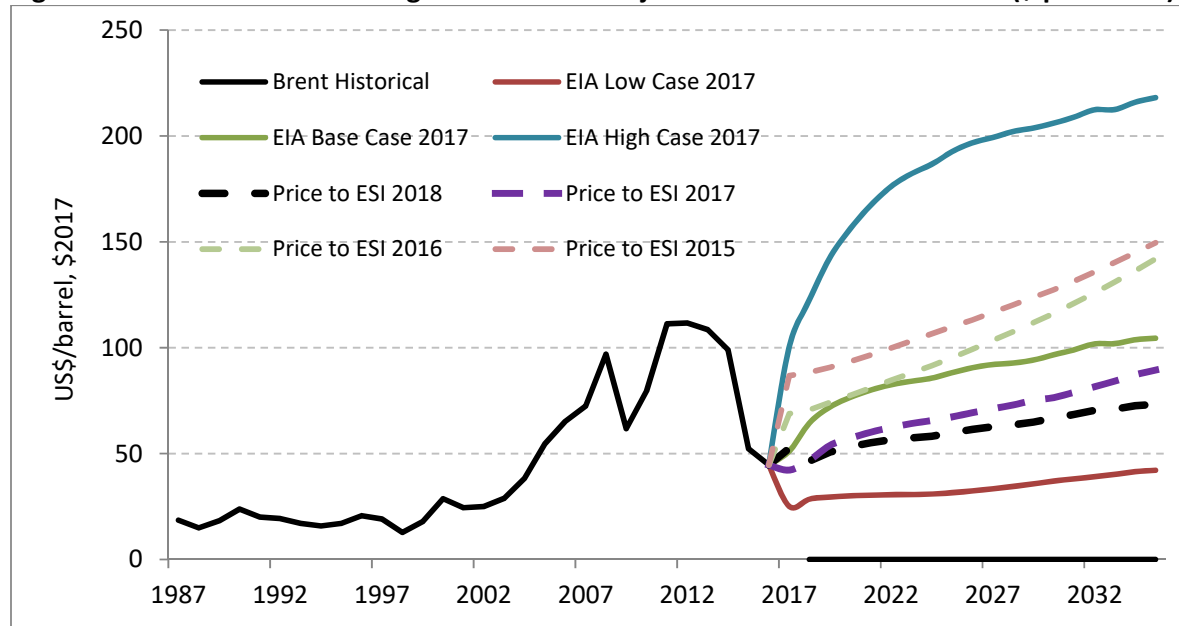
Higher production increased the 2018 ESI by \$56 million.

### Oil prices

The ESI 2018 assumes a benchmark Brent oil price of \$47.3 per barrel in 2018 based on the EIA's Annual Energy Outlook 2017's Low and Base case forecasts. This compares with \$46.9 per barrel as estimated in the Budget 2017. From 2019 on, the oil price is assumed to be relatively lower

than previously forecasted (see figure 2.6.3.1.2). Higher oil prices resulted in a US\$ 5 million increase in the 2018 ESI.<sup>5</sup>

**Figure 2.6.3.1.4: Historical Changes and Future Projections in the Brent Oil Price (\$ per barrel)**



Source: Petroleum Fund Administration Unit, Ministry of Finance, 2018

#### **Liquids price differentials (condensate and LPG)**

The result of new price differentials is a decrease in the ESI of \$8 million.

#### **Production costs**

Production costs from the operator are forecast to be slightly higher in this Budget than in Budget 2017. The change is primarily from the capital expenditures related to BUIW drilling projects and other operational related issues. The result of these new cost forecasts is a decrease in the ESI of \$11 million.

#### **Rates of return and discount rate**

The expected long-term nominal return was revised down from last year's forecast of 5.7 percent to a nominal rate of 3.9 percent per annum. This is mostly driven by low bond yields, which act as

<sup>5</sup> The monthly Brent Crude Oil price for 2018 until July has averaged \$71.1 per barrel, illustrating the conservative assumptions in the 2018 ESI. The EIA's Short-Term Energy Outlook (STEO) released in July forecasts the reference Brent price to be \$73 per barrel for the second half of 2018. The average low/reference is historically about 20 to 25% lower than the reference case. By applying a discount of 25% of the \$73/b and the actual average price for January-July, the estimated weighted average benchmark price for 2018 is \$64.3/b. While the ESI is not formally recalculated, if we incorporated the increase in oil prices in 2018, the ESI 2018 would be revised up slightly to \$558.3 million.

a drag on the return forecasts for bonds. The lower discount rate results in a higher NPV of petroleum revenues, which increased the ESI by \$12 million.

### Other Taxes

Other taxes include wage taxes, tax collections from subcontractors and exploration drilling. These taxes are forecast for Budget 2018 based on an analysis of recent collections and taking into account exploration work commitments. The new forecast of other taxes is slightly lower compared to previous year estimate, thus it decreases ESI by \$0.4 million.

### Update 2017

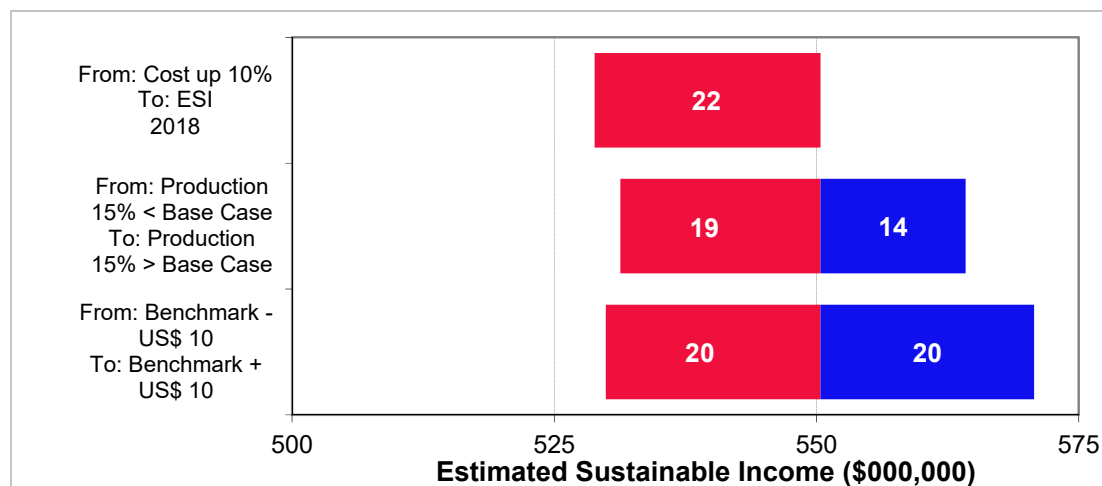
The estimate of the 2018 ESI in Budget 2017 reflected projections for the starting balance of the Fund in 2018. This includes assumptions about government withdrawals, petroleum revenue and investment income.

The ESI 2018 in this Budget was finalized in early January 2018. By incorporating the actual PF balance of \$16,799.3 million, the ESI 2018 increased by \$14 million.

### Sensitivity Analysis

The Government's objective is to prepare an ESI that is prudent overall, as required by the Petroleum Fund Law. While the calculations are based on the best information available and advice from experts, each input is inherently subject to significant uncertainty.

**Figure 2.6.3.1.5: Sensitivity Analysis – Estimated Sustainable Income (\$m)**



Source: Petroleum Fund Administration Unit, Ministry of Finance, 2018

The sensitivity analysis in Figure 2.6.3.1.5 starts with the 2018 ESI of \$550.4 million and shows by how much the ESI would change if a different assumption for each key variable were used.

- A change in **production** by 15 percent would see the ESI fall \$19 million (lower production) or increase by \$14 million (higher production).
- For a \$10 change in Brent **prices** compared to the forecast used in the ESI, the ESI would change by approximately \$20 million (up or down).

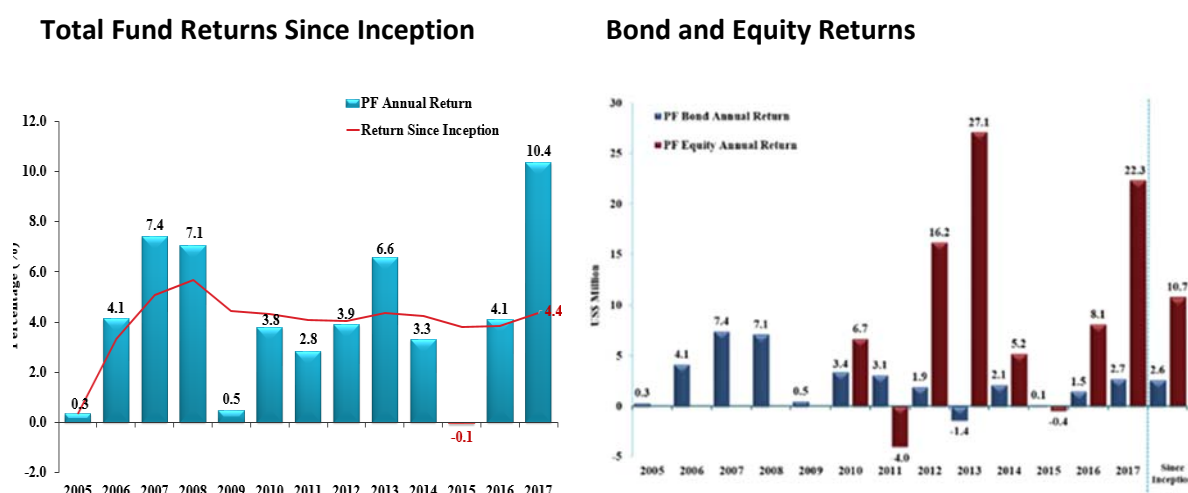
- For a 10 percentage increase in production **costs** compared to the forecast used in the ESI, ESI would decrease by approximately \$22 million.

### 2.6.3.2: Petroleum Fund Management and Projections

The Petroleum Fund is currently invested 40% in equities and 60% in Government bonds. The investment strategy was designed to target a real return of 3%, which would offset the ESI withdrawal and preserve the Fund's purchasing power.

The investment in equities was progressively implemented and completed in June 2014. The Fund's return since inception to December 2017 is 4.4 per cent per annum, which is 2.5 per cent in real terms after accounting for US inflation. Equities have fulfilled their growth role. Figure 2.6.3.2.1 shows the equity portfolio has boosted the Fund's performance by returning 10.7 per cent per annum since the first investment in stocks in 2010. This compares to the bond portfolio's average annual return of 1.3 per cent over the corresponding period.<sup>6</sup>

**Figure 2.6.3.2.1: Petroleum Fund Investment Returns**



The ESI framework is designed to preserve real wealth but is challenged when withdrawals are persistently in excess of the ESI. In addition, there is a growing consensus around the prospect of lower asset class returns over the next decade. That expectation is primarily driven by low bond yields, which act as a drag on the return forecasts for bonds. This is captured in our central estimate of a real return of 1.9 per cent over the next 10 years. It is unlikely that the Fund's current asset allocation will provide a real return of 3 per cent.

The Investment Advisory Board (IAB) have advised that maintaining the 40 per cent equity allocation remains appropriate based on the information available. A significantly higher equity

<sup>6</sup> Please see the Petroleum Fund Annual Report for 2017 for more detailed discussion on the performance of the Fund.

allocation would be required to target a 3 per cent real return but the additional risk does not appear suitable for Timor-Leste, at least for the time being.

Equities are required for the Fund to earn a sufficient return over the long-term. The expected return from government bonds is likely to barely offset inflation. Equities necessarily involve risk and for the investment strategy to succeed it is essential that stakeholders are committed to maintaining the equity allocation during times of market stress.

### Updated projections for the Petroleum Fund

Table 2.6.3.2.2 shows an update of petroleum revenues. The revenues in 2017 amounted to \$421.7 million. This was 88 percent higher compared to \$223.9 million collected in 2016. As of June 2018, petroleum revenue is \$251.9 million, which already exceeds the conservative projection of \$143.9 million in the 2018 ESI. Oil prices were higher than estimated, averaging about \$71.1 per barrel from January to July. Accounting for this and the EIA's projections in the Short Term Energy Outlook report released in July, the estimated average benchmark price for 2018 is \$64.3 per barrel. This compares to the oil price of \$47.3 per barrel used in the 2018 ESI calculation, which was based on the EIA's AEO 2017 report. Accounting for the higher oil price and actual revenues received, the expected total revenue for 2018 is revised up to \$317.1 million.

The revenue is projected to pick up slightly in 2020 before it declines to \$156.2 million in 2022.

**Table 2.6.3.2.2: Petroleum Revenues 2016-2022 (\$m)**

	2016 Actual	2017 Actual	2018 Budget	2019	2020	2021	2022
<b>Total Petroleum Fund Revenue</b>	871.6	2,033.8	599.9	1,080.8	1,133.9	1,053.7	770.5
Petroleum Fund Investment Return	647.7	1,612.1	282.8	622.9	618.2	619.2	614.2
<b>Total Petroleum Revenue</b>	<b>223.9</b>	<b>421.7</b>	<b>317.1</b>	<b>457.8</b>	<b>515.7</b>	<b>434.5</b>	<b>156.2</b>
FTP/Royalties	75.6	177.3	43.8	43.0	43.3	37.1	16.6
Profit oil	51.5	56.7	89.5	207.7	263.4	223.1	80.5
Income Tax	38.2	65.7	126.9	69.1	65.9	47.9	0.0
Additional Profit Tax	30.8	91.6	27.6	115.1	119.9	103.7	38.7
Value Added Tax	4.6	4.5	7.7	4.8	5.0	4.8	3.8
Other Payments	23.2	26.0	21.8	18.1	18.2	17.9	16.6

Source: Petroleum Fund Administration Unit, Ministry of Finance, 2018

The Fund's balance is \$16,927.3 million as of June 2018. This is an increase of \$127.9 million from the start of the year. Investment income for the year to date is a loss of \$54m. Equities have posted small gains of 0.5%, while bonds recorded losses of -0.65%. Taking into account the realized returns, the expected investment income for 2018 is revised down from the central return expectation of 3.9% used in the ESI calculation to 1.7%. This translates to an expected income of \$282.7 million. There had only been \$70m of withdrawals for the year until June.

The Fund balance is expected to be \$16,416.6 million by the end of 2018 after deducting the estimated withdrawal of \$982.5 million in 2018 adopted by Parliament.

The Fund is forecast to decline each year, falling to \$15,911.6 million by the end of 2022. Petroleum revenues and investment income are not expected to offset withdrawals. Investment income is by its nature volatile. In some years, like 2017, the Fund will outperform expectations; in other years, the Fund will incur losses. The Fund is expected to continue to decline in value beyond the projection period, unless there is a significant change in fiscal policy or until significant new petroleum revenues come online.

**Table 2.6.3.2.3: Estimated Petroleum Fund Savings 2016-2022 (\$m)**

	2016 Actual	2017 Actual	2018 Budget	2019	2020	2021	2022
<b>Opening PF Balance</b>	16,217.6	15,844.3	16,799.3	16,416.6	16,151.1	16,170.6	16,202.6
<b>Petroleum Revenue (excluding PF Interest)</b>	223.9	421.4	317.1	457.8	515.7	434.5	156.2
<b>Petroleum Fund Interest, Net*</b>	647.7	1,612.1	282.8	622.9	618.2	619.2	614.2
<b>Total Withdrawals</b>	1,244.8	1,078.8	982.5	1,346.3	1,114.4	1,021.7	1,061.5
<b>Closing PF Balance</b>	15,844.3	16,799.3	16,416.6	16,151.1	16,170.6	16,202.6	15,911.6

Sources: Petroleum Fund Administration Unit, Ministry of Finance, 2018. \* net of management fees and market revaluation

## 2.7: Financing

### 2.7.1: Definition of Financing

The total budgeted expenditure for 2018 is higher than the domestic revenue that will be collected over the same period. This results in a non-oil deficit (domestic revenue minus expenditure) which is financed by withdrawals from the Petroleum Fund (PF), loans and use of the cash balance. Withdrawals from the PF can be either within a sustainable amount, using the revenue of the fund, or excess withdrawals above this sustainable level (see next section). The total amount of financing is equal to the non-oil deficit, less sustainable petroleum revenue, and covers the gap between the budgeted expenditure and total (domestic and sustainable oil) revenue. Table 2.7.1.1 below shows the amount drawn from each of the financing items.

**Table 2.7.1.1: Financing 2018 to 2022, (\$m)**

	2018	2019	2020	2021	2022
<b>Total Financing</b>	<b>538.1</b>	<b>894.0</b>	<b>635.3</b>	<b>529.9</b>	<b>577.5</b>
Excess Withdrawals from PF	432.1	807.0	595.3	516.4	567.8
Use of Cash Balance	44.4	0.0	0.0	0.0	0.0
Borrowing /Loans (disbursements)	61.6	87.0	40.0	13.5	9.7

Sources: National Directorate of Budget, General Directorate of Treasury, Petroleum Fund Administration Unit, 2018

### 2.7.2: ESI and Excess Withdrawals

There are important economic reasons for distinguishing between revenue and financing items. Domestic revenue results from taxes borne by companies and individuals in Timor-Leste from production and income made. The ESI is the sustainable level of use of petroleum revenue, to ensure the continued use of the petroleum fund for ever. Spending only up to total revenue (domestics and ESI) is a position that maintains fiscal sustainability, and is a benchmark level of spending for understanding the long run trend of government finances. The ESI can therefore be considered revenue, whereas excess withdrawals reduce the wealth of the fund and can therefore be considered like borrowing. In line with IMF advice, the government has changed the definition of revenue to include the ESI as it makes clearer what is fiscally sustainable. Previous budgets have included ESI as a financing item.

The ESI is equal to 3% of the net petroleum wealth and is \$550.4 million in 2018. Further details on the ESI and petroleum wealth can be found in Section 2.6.3 of the Budget Book.

The Government plans to withdraw \$432.1 million in excess of the ESI. Excess withdrawals are in line with the Government's investment policy. These excess withdrawals are being used to finance core infrastructure, which is necessary for long-term growth.

### 2.7.3: Loans

As established in the Strategic Development Plan 2011-2030 and in the Public Debt Law, concessional loans constitute a potential source of financing to be considered by the government for the purpose of financing strategic infrastructure projects. The rationale for drawing on concessional loans is three-fold. First, the all-in cost of concessional loans is less than the opportunity cost of withdrawing a similar amount from the Petroleum Fund. That is to say, the recourse to loans allows for net savings in terms of public expenditure. Second, loans make it possible to spread the financial cost of infrastructure projects over a period that more closely matches the economic life of the assets in question, thereby increasing intergenerational equity. And third, concessional loans from development partners are often accompanied by significant technical assistance, helping the government to strengthen the standards for the implementation of these projects.

Loan mobilisation is undertaken in accordance with the Public Debt Law (Law no. 13/2011), which establishes several key guiding criteria. In particular, it states that public debt management must be guided by principles of rigour and efficiency which include: upholding the middle- and long-run equilibrium of public finances; minimising the direct and indirect costs over the long run; ensuring the availability of financing in each budget cycle; avoiding the excessive temporal concentration of debt servicing; avoiding excessive risk; and promoting the balanced and efficient functioning of financial markets.

To ensure that these principles are upheld, the recourse to external concessional loans is rigorously planned and implemented by the government within the parameters validated on an annual basis by the National Parliament. Moreover, the sustainability of public debt is assessed on a regular basis both internally by the Ministry of Finance and externally by the International Monetary fund. On its latest Article IV consultation 2017, IMF supported greater use of concessional financing for large infrastructure projects, which would reduce reliance on withdrawals from the Petroleum Fund while contributing to fiscal sustainability.

To date, the Government has signed nine loan packages but only eight obtained the approval of the Audit Court due to legality issue associated with the agreement signed by GoTL and China EXIM Bank in December 2015 on the project for the upgrade of the drainage infrastructure in Dili. Thus, so far total amount of the eight packages in support of infrastructure projects with high social and economic returns is approximately \$355m. However, because the loan funds are disbursed directly as a function of project progress, and because some of the projects are still in their early stages, actual public debt incurred as of March 2018 amounted to \$ 116m.

The loan packages taken on by the government are all for the rehabilitation and upgrade of national roads:

- Road Network Upgrading Project (RNUP), Dili-Liquica and Tibar-Gleno road sections (signed by GOTL and ADB in May 2012).
- National Road No.1 Upgrading Project, Dili-Manatuto-Baucau (signed by GOTL and JICA in Mar 2012).
- Road Climate Resilience Project, Dili-Ainaro (signed by GOTL and WB in Nov 2013).
- Road Network Upgrading Sector Project (RNUSP), Manatuto-Natarbora (signed by GOTL and ADB in Nov 2013).
- Additional Financing for Road Network Upgrading Project (Tasitolu-Tibar Dual Carriageway Road Project) (signed by GoTL and ADB in June 2015).
- Additional Financing for Road Network Upgrading Sector Project (Baucau-Lautem, Maubara-Karimbala and Atabae-Mota Ain) (signed by GoTL and ADB in March 2016)
- Manatuto-Baucau Highway Road project (signed by GoTL and ADB in December 2016)
- Second Additional Financing for Road Climate Resilient Project, Laulara-Solerema Road section (signed by GoTL and ADB in July 2017)

The following paragraphs provide additional information on each of these loan-funded projects.

**a. Road Network Upgrading Project (Dili-Liquica and Tibar-Gleno road sections)**

This loan package was signed with the Asian Development Bank (ADB) in 2012 to finance the rehabilitation and upgrade of the Dili-Tibar-Liquiçá (28.7 km) and Tibar-Gleno (32 km) road sections. These are two important components of the inter-urban network with some of the highest traffic levels in the country. The loan package is comprised of two loans: a highly-concessional Asian Development Fund (ADF) loan in the amount of SDR 5,905,00 (approximately



\$9.15m) with a fixed interest rate of 1% per annum during the 8-year grace period and 1.5% thereafter; and a slightly less concessional Ordinary Capital Resources (OCR) loan for \$30.85m with a variable interest rate of LIBOR+0.4%. Construction works in the Dili-Tibar-Liquiçá and the Tibar-Gleno section have been completed and currently under defect liability and Performance-Based Maintenance period.

Six-monthly repayment of the principal started in September 2017 with total amount of \$518,051.62 paid as to date. Total interest and other charges paid on this loan package as of March 2018 was \$ 1,451,361.10.

**b. National Road No.1 Upgrading Project, Dili (Hera)-Manatuto Road Section**

The 116 km segment linking Dili-Manatuto-Baucau is a very important component of the road network, which connects three of the country's main cities. A loan in support of this project was signed with the Japan International Cooperation Agency (JICA) in 2012 for an amount of approximately 5.28 Billion Yen, which at the time amounted to approximately \$68.72m. However, the subsequent devaluation of the Yen and an increase in the estimated costs of the works during the design phase made it necessary to undertake the financial structuring of this project. As a consequence, a decision was made to allocate the JICA loan entirely to financing Package I, between Hera-Manatuto, while the Manatuto-Baucau section is financed by the new loan agreement signed between GoTL and ADB in December 2016. The interest rate on the JICA loan is a highly-concessional 0.7% per annum for the amount spent on civil works and 0.01% for the amount spent on consulting services. Procurement for this project has suffered considerable delays because of the need for the Government to wait for the non-objection letter from JICA in relation to the bidding documents, which was finally received in April 2015. Construction works for package I started in July 2016 with accomplishment as of March 2018 29.31%. The completion date for this project is estimated to be in April 2019.

As of March 2018, total interest and other charges paid on this loan amounted to \$388,570. The repayment of the principal will begin in 2022.

**c. Additional Financing Road Climate Resilience Project, Solerema-Ainaro**

This loan package was signed with the World Bank in November 2013 and is comprised of two loans: a highly-concessional IDA loan in the amount of \$25m with an interest rate of 1.25%, and an IBRD loan in the amount of \$15m with a variable interest rate of Reference Rate+1%. This financing package supports the rehabilitation and upgrade of several sections of the north-south road that connects the capital Dili with the southern regions of Ainaro, Covalima and Manufahi. While the works in lot 3 (Solerema-Bandudatu) has been completed and currently under Defect Liability period, section 4 and 5 are still under construction and will be completed by end of 2018

(both Bandudatu-Aituto and Aituto-Ainaro). Physical Progress for these two road sections as of March is 64.89% and 50.45% respectively.

As of March 2018, interest and other charges paid on this loan package amounted to \$1,168,889. The repayment of the principal will begin in March 2019.

**d. Road Network Upgrading Sector Project, Manatuto-Natarbora**

The second loan package entered into with ADB (in November 2013) finances the rehabilitation and upgrade of another major north-south axis, between Manatuto and Natarbora. It is comprised of a OCR component worth \$40m with variable interest of LIBOR+0.5% per annum, and an ADF loan with a 2% fixed interest rate in the amount of SDR 6.672m (around \$10m). As of March 2018, physical progress was 75.50% in the Manatuto-Laclubar section and 50.82% in the Laclubar-Natarbora section. While expected dates of completion is on schedule for the first section by 24 December 2018 the other section has experienced delays on its implementation and past its target completion date 28 February 2018 due to combination of issues such as site access, shortage of unskilled labor, unfavorable weather as well as lower than expected output from contractors and consultant. The request for loan extension until December 2021 would be submitted to ADB in 2019 after construction activities are completed by Dec 2018 for both packages. This is to account for new physical completion dates, 12 months defects liability period and 2 years of performance-based maintenance.

Total interest and other charges paid as of March 2018 amounted to USD 633,925. The repayment of the principal will commence in April 2019.

**e. Additional Financing for Road Network Upgrading Project, Tasitolu-Tibar Dual Carriageway Road**

This financing package was signed with ADB on 24 June 2015 to complement the ongoing Road Network Upgrading Project, so as to cover the construction of a four-lane road linking Tasitolu to the entrance of the future Tibar Bay Port (a total of 5.2km). The total loan amount is \$11.78m and the interest rate (variable) is LIBOR+0.6% per annum. The procurement process for the contractor has been completed in the third quarter 2016. Since first quarter 2017, the winning bidder has been doing earthwork activities in the project site with physical progress as of March 2018 67.07%. The request for two years loan extension until June 2020 has been approved by ADB to cope with time discrepancy between loan closing date and construction completion schedule followed by 12 months defect liability.

Total charges paid as of March 2018 amounted to \$101,614. The repayment of principal will begin in September 2019.

**f. Additional Financing for Road Network Upgrading Sector Project, Baucau-Lautem, Maubara-Karimbala and Atabae-Motain**

This loan package is an additional financing to the ongoing Road Network Upgrading Sector Project and is meant to support the rehabilitation and upgrade of three additional sections of the North Coast road corridor: Baucau-Lautem, Maubara-Karimbala and Atabae-Motain. Total financing in the amount of \$76.22 will be provided by ADB as per the agreements signed in March 2016: one for an OCR loan worth \$53m (LIBOR+0.6% interest) and the other for an ADF loan in the amount of SDR 16.754m (around \$23.22m, with 2% fixed interest). Procurement is completed. Constructions will start upon release of environmental license and will be completed by February 2020.

As of March 2018, total interest and charges paid on this loan amounted to \$125,146. The repayment of the principal will begin in June 2021.

**g. National Road No.1 Upgrading Project, Manatuto- Baucau Road Section**

As previously discussed, the loan package offered by ADB for this road section was explored as a result of funding shortfall from original JICA loan. The loan agreement was signed in December 2016. While financing scheme differs, there are no major changes in the technical specifications for both Package I (Dili-Manatuto) and II (Manatuto-Baucau). This loan has a fixed interest rate 2% per annum in the amount of SDR 35.467m (about \$49.65m). Construction works already started in August 2016 with physical progress as of March 2018 37.53%. The project is expected to be completed in May 2019.

Total interest including other charges paid as of March 2018 was \$32,450. The repayment of the principal will begin in March 2022.

**h. Second Additional Financing for Road Climate Resilient Project, Laulara-Solerema Road section**

The loan for this road segment represents second additional financing to the Road Climate Resilient Project to complete the whole stretch connecting Dili to Ainaro corridor. Signing of the loan agreement was held on 7 June 2017 in the amount of SDR 26m or approximately \$ 35.2m. It has 2% flat rate over the loan period. The project is still at the procurement stage with implementation process expected to start in 2018. Project duration is about 2 years.

As to date, no payment has been made for interest or other charges. The repayment of the principal will begin in September 2022.

## I. New Loan 2018

Each year the Government is required to submit for Parliamentary approval, in the context of the State Budget Law, a proposed borrowing limit for new loans. For this year, the Government is proposing \$44 million as a ceiling to implement Baucau-Viqueque road project. The design for this project has already been prepared and is ready to proceed through procurement processes. Loan negotiation with ADB has been completed in December 2017. The total cost for this project is estimated at about \$69 million of which \$25 million, for Civil Works only, will be financed through IF from the Government.

The projected total loan disbursement for all loans, over the period 2018-2022, can be seen below in Table 2.7.3.1.

**Table 2.7.3.1: Projected Total Loan Financing 2018-2022, (\$m)**

	Total	2018	2019	2020	2021	2022
Loans (disbursements)	211.8	61.6	87.0	40.0	13.5	9.7

Sources: PPP&Loans Unit, Ministry of Finance and Major Project Secretariat, 2018

Details about each of the loan agreements are summarized in Table 2.7.3.2 below.

**Table 2.7.3.2 Loan Agreement Summary**

	JICA Loan	ADB - 2857	ADB - 2858	ADB - 3021	ADB - 3020	ADB - 3181	ADB-3341	ADB-3342	ADB-3456	WB - 5303	WB-8290	WB - 6012
<b>Parties:</b>	The Government of the Democratic Republic of Timor-Leste and Japan International Cooperation Agency	The Government of the Democratic Republic of Timor-Leste and Asian Development Bank	The Government of the Democratic Republic of Timor-Leste and Asian Development Bank	The Government of the Democratic Republic of Timor-Leste and Asian Development Bank	The Government of the Democratic Republic of Timor-Leste and Asian Development Bank	The Government of the Democratic Republic of Timor-Leste and Asian Development Bank	The Government of the Democratic Republic of Timor-Leste and Asian Development Bank	The Government of the Democratic Republic of Timor-Leste and Asian Development Bank	The Government of the Democratic Republic of Timor-Leste and Asian Development Bank	The Government of the Democratic Republic of Timor-Leste and International Development Association	The Government of the Democratic Republic of Timor-Leste and International Bank for Reconstruction and Development	The Government of the Democratic Republic of Timor-Leste and International Development Association
<b>Agreement Date:</b>	19-Mar-12	2-May-12	2-May-12	18-Nov-13	18-Nov-13	24-Jun-15	4-Mar-16	4-Mar-16	22-Dec-16	18-Nov-13	18-Nov-13	7-Jun-17
<b>Amount:</b>	Yen 5,278,000,000 (US\$63,300,551) (19/03/2012 Exchange rate = USD1 = YEN83.38.)	USD 30,850,000	SDR 5,905,000	SDR 6,672,000	USD 40,000,000	USD 11,780,000	USD 53,000,000	SDR 16,574,000	USD 49,650,000	USD 25,000,000	USD 15,000,000	SDR 26,000,000
<b>Grace Period</b>	10 years	5 years	8 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	8 years	5 years
<b>Repayment period:</b>	<b>20 Years</b> (20 March 2022 – 20 March 2042)	<b>20 Years</b> (15 September 2017 – 15 March 2037)	<b>24 Years</b> (15 September 2020 – 15 March 2044)	<b>20 Years</b> (15 April 2019 - 15 October 2038)	<b>20 Years</b> (15 April 2019 - 15 October 2038)	<b>20 Years</b> (15 September 2019 - 15 March 2039)	<b>20 Years</b> (15 April 2021 - 15 October 2040)	<b>20 Years</b> (15 April 2021 - 15 October 2040)	<b>20 Years</b> (15 March 2022 and 15 Sep 2041)	<b>20 Years</b> (15 March 2019 - 15 September 2038) - Commencing 15 March 2019 to and including 15 Sept 2028 - 1.65% of principal amount - Commencing 15 March	<b>20 Years</b> (15 March 2022 - 15 September 2041) - Commencing 15 March 2022 through 15 Sept 2040 - 2.56% of principal amount -including 15 March 2041 to 2.72% of	<b>20 years</b> ( Commencing 15 September 2022 - 15 March 2032 1.65% of principal amount and 15 Sep 2032- 15 Mar 2042 3.35% of principal amount)

	JICA Loan	ADB - 2857	ADB - 2858	ADB - 3021	ADB - 3020	ADB - 3181	ADB-3341	ADB-3342	ADB-3456	WB - 5303	WB-8290	WB - 6012
										2029 to and including 15 Sep 2038 - 3.35% of principal amount	principal amount	
<b>Interest rates:</b>	0.7% per annum payable Semi-annually on the principal withdrawn for Civil Works and 0.01% p.a. interest on consulting services (Capitalized)	<b>The sum of LIBOR + 0.60%</b> less credit of 0.20% on the loan withdrawn payable on 15 March and 15 September each year (Capitalized).	<b>1% per annum</b> during the grace period and <b>1.5% per annum</b> thereafter on the withdrawn amount.(Grace period prior to the first Principal Payment Date.) Payable on 15 March and 15 September each year (Capitalized)	2% p.a (During and after grace period) - Capitalized	LIBOR + (0.60% - 0.20%) + 0.10% p.a maturity premium (during and After Grace Period) - Capitalized	LIBOR + (0.60% - 0.10%) + 0.10% p.a maturity premium. - Capitalized	LIBOR + (0.60% - 0.10%) + 0.10% p.a maturity premium (during and After Grace Period) - Capitalized	2% p.a (During and after grace period) - Capitalized		(1.25 p.a + Basis adjustment) - <b>to be paid directly under State Budget</b>	Ref Rate + Fixed Spread (1%) - Capitalized	2% p.a
<b>Commitment Charge</b>	0.1% per annum payable semi-annually on total unused amount budgeted for all works and services excluding commitment charges. (Commitment charges is also lent to the borrower) - Capitalized	<b>0.15%</b> per annum on full amount of the loan (less amounts withdrawn) from <b>60 days after the date</b> of the loan agreement payable on <b>15 March and 15 September each year-Capitalized</b>	-	-	0.15% per annum on full amount of the loan (less amounts withdrawn) from 60 days after the date of the loan agreement - Capitalized	0.15% per annum on full amount of the loan (less amounts withdrawn) from 60 days after the date of the loan agreement payable on 15 March and 15 September each year - Capitalized	0.15% per annum on full amount of the loan (less amounts withdrawn) from 60 days after the date of the loan agreement - Capitalized	-	-	1/2 of 1 % p.a (Unwithdrawn Financing Balance) - <b>to be paid directly under State Budget</b>	-	

	JICA Loan	ADB - 2857	ADB - 2858	ADB - 3021	ADB - 3020	ADB - 3181	ADB-3341	ADB-3342	ADB-3456	WB - 5303	WB-8290	WB - 6012
Service Charge	-	-	-	-	-	-	-	-	-	The greater of (3/4 of 1% p.a + basis adjustment) or 3/4 % p.a - to be paid directly under State Budget	-	
Front End Fee	-	-	-	-	-	-	-	-	-	-	USD 37,500 (0.25% of loan amount)	
Dates of repayment:	Semi-annually on 20 March and 20 September. Principal: Refer to Schedule 3 Loan Agreement	15 March and 15 September each year. Principal: Refer to Schedule 1 Loan Agreement	15 March and 15 September each year. Principal: Refer to Schedule 2 Loan Agreement	Interest and other charges: payable on 15 April and 15 October each year. Principal: Refer to Schedule 1 Loan Agreement	Interest and other charges: payable on 15 April and 15 October each year. Principal: Refer to Schedule 2 Loan Agreement	Interest and other charges: payable on 15 March and 15 September each year. Principal: Refer to Schedule 2 Loan Agreement	Interest and other charges: payable on 15 April and 15 October each year. Principal: Refer to Schedule 2 Loan Agreement	Interest and other charges: payable on 15 April and 15 October each year. Principal: Refer to Schedule 2 Loan Agreement	Commencing 15 Mar 2022- 15 Sep 2041	Interest and other charges: payable on 15 March and 15 September each year. Principal: Refer to Schedule 3 Loan Agreement	Interest and other charges: payable on 15 March and 15 September each year. Principal: Refer to Schedule 3 Loan Agreement	Commencing Sep 15 2022 until March 15 2042
Loan closing date		30-Jun-17	30-Jun-17	30-Jun-20	30-Jun-20	30-Jun-18	30-Jun-21	30-Jun-21	30-Nov-22	31-Dec-18	31-Dec-18	31-Dec-21
Project completion date:	Jun-17	30-Dec-16	30-Dec-16	31-Dec-19	31-Dec-19	31-Dec-17	31-Dec-20	31-Dec-20	31-May-22	-	-	31-Dec-20

Source: PPP&Loans Unit, Ministry of Finance, 2018

## 2.7.4: Use of the Cash Balance

The closing level of cash balance in the Treasury Account for all government entities as of December 2017 was \$244m. This high level is due to the requirements of the duo decimal budget regime that was followed in the first half of 2018. By the end of 2018, the level of cash balance in the Treasury Account is expected to return to the usual value of \$200m. Given the higher opening level in January 2018, the 2018 use of cash balance is forecasted to be positive at \$44.4m. Hence, cash balance will be included in finance expenditures in the 2018 State Budget. On the other hand, no use of cash balance is expected for HCDF in 2018 as its balance is expected to be stable.

**Table 2.7.4.1 Use of Cash Balance in 2018**

<b>Total</b>	<b>44.4</b>
HCDF Rollover	0.0
Drawdown of Cash Balances from the Treasury Account	44.4

*Source: General Directorate of Treasury, Secretariat for the Human Capital Development Fund, 2018.*

## 2.7.5: Public Private Partnerships

Public-Private Partnerships (PPP) are long-term relationships between the government and a private partner for the provision of infrastructure or other public services. They make it possible to access the know-how and experience of national and international firms, to improve the standards of public service provision, and to allocate risks in ways that are more efficient (for example, by the private partner taking responsibility for the timely completion of the infrastructure, subject to payment of compensation in the event of delays).

Timor-Leste began exploring PPPs as a modality for project implementation around 7 years ago, and started out by establishing a PPP Policy, PPP legislation and a dedicated PPP Unit. All of these seek to ensure that only high-quality projects, which have high social and economic returns and which are aligned with the government's strategic priorities, are considered for implementation through a PPP modality. For example, the legislation on PPPs includes a requirement that all PPP projects undergo both a pre-feasibility study and a full-fledged feasibility study prior to proceeding to the procurement phase. There are currently three projects in the PPP pipeline – in the ports, water supply and healthcare sectors.

Tibar Bay Port, the country's future main international container and cargo hub to be built about 12 km to the West of the capital, has entered the implementation stage following the signing of the concession agreement between the government as Grantor and the Timor Port SA as Concessionaire in June 2016. Over a period of 30 years, the Concessionaire will design, co-



finance, build, operate and transfer back a world-class greenfield port subject to technical specifications and performance standards set by the Government. The new port will overcome the limitations of the existing Dili Port, which has very limited expansion possibilities, and give back the waterfront to the city and its inhabitants. It is expected to bring very high economic returns to the country, in addition to a positive financial return to the government by way of the royalties, navigation and dockage fees, and tax returns that the government will receive during the duration of the concession.

Currently, the project is in Financial Closing period where preliminary design has been completed and approved by the Government. A direct agreement between the Grantor, Concessionaire and Key Subcontractor for the construction has been signed. Environmental license has also been secured for the development. Construction of the port is expected to begin in the third quarter of 2018 with completion scheduled within three years.

The government was contractually required to deposit the full amount of its Viability Gap Funding (VGF/government financial contribution) in the amount of \$129.45m in an Escrow Account. An Escrow Agreement was reached between GoTL, Timor Port SA and United Overseas Bank (UoB) in Singapore in November 2016 with the full amount deposited about at the end of 2016. The Escrow Agreement sets out terms and conditions for the management of the VGF for the benefit of the Concessionaire and Grantor. The VGF will be disbursed based on achievement of construction milestones.

Another project in the project cycle is Dili Water Supply PPP. This project is currently in the feasibility stage, after a pre-feasibility study was conducted and approved by the Council of Ministers. The purpose of the ongoing study is to provide information and analysis that will enable the government to decide whether and how to involve the private sector in the water supply services in the capital city of Dili. This feasibility study is currently entering its second phase, in which a small number of PPP modalities selected in the first phase (lease, reduced-risk lease and management contract) will be examined in detail from the technical, financial, economic and legal perspective. Further to this and if a PPP modality is selected for the reform, the government will launch an international tender to select the private partner.

Finally, the government is also looking for possible partnerships with the private sector in the health sector, specifically for the provision of medical diagnostic services. Timor-Leste's Constitution establishes that medical care is a fundamental right for all citizens and imposes a duty on the government to promote and establish a national health system that is universal, general, free of charge and, as far as possible, decentralized and participatory. Diagnostic service provision was identified as a domain with the potential to attract high-quality international private partners, to allow for considerable savings in terms of the government's health expenditure, and to make it possible, through more timely and accurate diagnosis, to significantly

foster public health. The pre-feasibility study of a possible PPP in this domain was undertaken with the support of the International Finance Corporation (IFC) and approved by the government in 2015, and the full feasibility study is on-going and expected to be finalized at the end of 2018.

There is possibility for development of new PPP initiatives with some projects have entered the conceptual stage which precedes the formal PPP cycle. These include Tibar Bay Investment Project (an industrial park at Tibar to take advantage of synergies with the future port), a vocational education project, tourism and related infrastructure and a public housing project.

## **Part 3 2018 General State Budget Law**

**Decreto n.º 2/V**

### **Orçamento Geral do ESTADO PARA 2018**

O Orçamento Geral do Estado para 2018 engloba o Orçamento do Estado (OE) e o Orçamento da Segurança Social (OSS), discriminando todas as receitas e despesas do Estado e da Segurança Social, para o ano financeiro de 2018.

O Anexo I à presente lei estabelece as receitas e as despesas do Orçamento do Estado, de janeiro a dezembro de 2018, sistematizadas da seguinte forma:

Tabela I – Estimativa de receitas a serem cobradas e financiamento das despesas do Orçamento do Estado para 2018, provenientes de todas as fontes, petrolíferas e não petrolíferas (fiscais, não fiscais e provenientes de empréstimos).

O total estimado de receitas é de 850,3 milhões de dólares americanos.

Tabela II – Dotações Orçamentais para 2018 sistematizadas da seguinte forma:

1. 200,253 milhões de dólares americanos para Salários e Vencimentos;
2. 354,031 milhões de dólares americanos para Bens e Serviços;
3. 324,222 milhões de dólares americanos para Transferências Públicas;
4. 5,117 milhões de dólares americanos para Capital Menor;
5. 393,748 milhões de dólares americanos para Capital de Desenvolvimento.

O total das despesas dos serviços sem autonomia administrativa e financeira e dos órgãos autónomos sem receitas próprias é de 830,543 milhões de dólares americanos.

Tabela III – Serviços e fundos autónomos, incluindo Autoridade da Região Administrativa Especial de Oe-Cusse Ambeno (RAEOA) e Zona Especial de Economia Social de Mercado de Oe-Cusse Ambeno e Ataúro (ZEESM).

O total das despesas dos serviços e fundos autónomos em 2018, incluindo as despesas financiadas por empréstimos, é de 431,035 milhões de dólares americanos. O total da estimativa das despesas para a Autoridade da Região Administrativa Especial de Oe-Cusse Ambeno (RAEOA) e Zona Especial de Economia Social de Mercado de Oe-Cusse Ambeno e Ataúro (ZEESM) é de 28,000 milhões de dólares americanos, a serem financiados através de dotação do OE no valor de 27,076 milhões de dólares americanos.

Tabela IV – Dotações Orçamentais para 2018 do Fundo de Desenvolvimento do Capital Humano, no total de 15,794 milhões de dólares americanos.

O total estimado das despesas do OE é de 1.277,372 milhões de dólares americanos.

O total máximo aprovado para financiamento com recurso ao endividamento público, em 2018, é de 61,6 milhões de dólares americanos.

As receitas não petrolíferas estimadas, incluindo as dos serviços e fundos autónomos, são de 188,8 milhões de dólares americanos, dos quais, 5,6 milhões de dólares americanos correspondem ao total de receitas cobradas pelos serviços e fundos autónomos, incluindo RAEOA e ZEESM.

O total utilizado do saldo da conta do Tesouro é de 44,4 milhões de dólares americanos.

Assim, o défice fiscal não petrolífero é de 1.044,1 milhões de dólares americanos, e é financiado em 982,5 milhões de dólares americanos, a partir do Fundo Petrolífero, dos quais 550,4 milhões de dólares americanos correspondem ao Rendimento Sustentável Estimado e 432,1 milhões de dólares americanos acima do Rendimento Sustentável Estimado, e em 61,6 milhões de dólares americanos através do recurso ao crédito público.

O Anexo II à presente lei estabelece as receitas e as despesas do Orçamento da Segurança Social, de janeiro a dezembro de 2018, sistematizadas da seguinte forma:

Tabela I – Total de Receitas Globais da Segurança Social, no total de 41.149.945,00 dólares americanos, assim discriminadas:

- a) Contribuições para a Segurança Social, no valor de 24.831.890,00 dólares americanos;
- b) Rendimentos (incluindo juros provenientes da aplicação dos excedentes de tesouraria), no valor de 1.500,00 dólares americanos;
- c) Saldo de gerência do ano anterior, no valor de 16.316.555,00 dólares americanos.

As receitas globais da Segurança Social incluem, assim, as receitas efetivas do ano 2018, no valor de 24.833.390,00 dólares americanos, bem como o saldo transitado do ano 2017, ainda não transferido para o Fundo de Reserva da Segurança Social.

Tabela II – Total de Receitas do Regime Contributivo de Segurança Social - Componente de Repartição, no valor de 41.149.445,00 dólares americanos.

Tabela III – Total de Receitas do Regime Contributivo de Segurança Social - Componente de Capitalização (Fundo de Reserva da Segurança Social), no valor estimado de 40.433.904,00 dólares americanos.

Tabela IV – Total de Despesas Globais da Segurança Social, no valor previsto de 41.149.945,00 dólares americanos, assim discriminadas:

- a) Juros e outros encargos, no valor de 3.500,00 dólares americanos;
- b) Transferências correntes, no valor de 713.041,00 dólares americanos;
- c) Ativos financeiros, no valor de 40.433.404,00 dólares americanos.

As despesas globais da Segurança Social incluem, assim, as despesas efetivas do ano 2018, no valor de 716.541,00 dólares americanos, bem como despesas em ativos financeiros, referentes a aplicação da verba acumulada no Fundo de Reserva da Segurança Social.

Tabela V – Total de Despesas do Regime Contributivo de Segurança Social - Componente de Repartição, no valor previsto de 41.149.445,00 dólares americanos.

Tabela VI – Total de Despesas do Regime Contributivo de Segurança Social - Componente de Capitalização (Fundo de Reserva da Segurança Social), no valor previsto de 40.433.904,00 dólares americanos.

O OSS para 2018 cumpre a regra do equilíbrio orçamental, estimando-se em 41.149.945,00 dólares americanos, quer do lado das receitas globais previstas na Tabela I do Anexo II, quer do lado das despesas globais previstas na Tabela IV do Anexo II.

Por outro lado, entre as estimativas de receitas e despesas efetivas do OSS do ano 2018 prevê-se a existência de um saldo contabilístico no valor de 24.116.849,00 dólares, relativo a saldo contabilístico do Regime Contributivo de Segurança Social – Componente de Repartição no ano 2018, que será transferido, até final do ano 2018, para o Fundo de Reserva da Segurança Social, em obediência ao estabelecido na lei. Do mesmo modo, também o valor do saldo transitado de 2017, no valor de 16.316.555,00 dólares americanos, reverterá para o Fundo de Reserva da Segurança Social.

Prevê-se, deste modo, que no Fundo de Reserva da Segurança Social seja acumulado um valor global de 40.433.404,00 dólares, transferido do Regime Contributivo de Segurança Social – Componente de Repartição, e que este valor seja aplicado, de forma a capitalizar rendimentos.

As Tabelas II e III e as Tabelas V e VI do Anexo II, correspondentes respetivamente às receitas e às despesas parcelares dos regimes de segurança social, que integram o perímetro orçamental do OSS para 2018, não equivalem aos totais consolidados na Tabela I e na Tabela II do Anexo II, correspondentes respetivamente às receitas e às despesas globais do OSS para 2018, uma vez que, nestas últimas, não são incluídas as transferências entre regimes da segurança social, especificamente da componente de repartição para a componente de capitalização, no valor global referido de 40.433.404,00 dólares.

O Parlamento Nacional decreta, nos termos da alínea d) do n.º 3 do artigo 95.º e do n.º 1 do artigo 145.º da Constituição da República, para valer como lei, o seguinte:

## **Capítulo I**

### **Artigo 1.º**

#### **Definições**

Para os efeitos da presente lei, entende-se por:

- a) "Categoria de Despesa" – O agrupamento das despesas sob as cinco categorias seguintes:
- i) "Salários e Vencimentos", o montante global que um órgão pode gastar com Salários e Vencimentos para os titulares e membros dos órgãos de soberania, funcionários e agentes da Administração Pública e trabalhadores contratados pelos órgãos e instituições do Estado;
  - ii) "Bens e Serviços", o montante global que um órgão pode gastar na aquisição de Bens e Serviços;
  - iii) "Transferências Públicas", o montante global que um órgão pode gastar em subvenções públicas e pagamentos consignados;
  - iv) "Capital Menor", o montante global que um órgão pode gastar na aquisição de bens de Capital Menor;
  - v) "Capital de Desenvolvimento", o montante global que um órgão pode gastar em projetos de Capital de Desenvolvimento;

- b) “Componente de Capitalização (Fundo de Reserva da Segurança Social)”, a componente do regime contributivo de segurança social que é gerida obedecendo ao método de capitalização pública de estabilização;
- c) “Componente de Repartição”, a componente do regime contributivo de segurança social que é gerida obedecendo ao método de repartição (“*pay-as-you-go*”);
- d) “Despesas Compensadas pelas Receitas”, as despesas suportadas pelas receitas próprias cobradas pelos serviços e fundos autónomos, desde que o montante não exceda o valor total das receitas que deram entrada nas contas relevantes do Tesouro;
- e) “Dotação Orçamental”, o montante máximo inscrito no OE a favor de um órgão com vista à realização de determinada despesa;
- f) “Órgão/Órgãos”, o termo genérico adotado no OE para indicar o setor público administrativo sujeito à disciplina orçamental, que inclui os serviços que não dispõem de autonomia administrativa e financeira e os órgãos autónomos sem receitas próprias e que, segundo a classificação orgânica, se pode dividir em títulos, tais como Gabinete do Presidente da República, Parlamento Nacional, Governo (Gabinete do Primeiro-Ministro, Ministros de Estado, Presidência do Conselho de Ministros, Ministérios e Secretarias de Estado), Tribunais, Procuradoria-Geral da República, bem como outras instituições que constam da Tabela II do Anexo I;
- g) “Órgãos Autónomos sem receitas próprias”, os que tenham autonomia administrativa e financeira e não cobrem receitas próprias para cobertura das suas despesas;
- h) “Regime Contributivo de segurança social”, o regime de segurança social que pressupõe uma relação contributiva em que as prestações sociais criam direitos;
- i) “Rubricas de Despesa”, as rubricas de despesa desagregada dentro de cada Categoria de Despesa, com base na estrutura de código de contas de despesa mantida pelo Tesouro;
- j) “Segurança Social”, o regime contributivo de segurança social e a instituição responsável pela gestão do sistema de segurança social;
- k) “Serviços e Fundos Autónomos”, os que satisfaçam, cumulativamente, os seguintes requisitos:
  - i) Não tenham natureza e forma de empresa, fundação ou associação pública, mesmo se submetidos ao regime de qualquer destas por outro diploma;
  - ii) Tenham autonomia administrativa e financeira;

- iii) Disponham de receitas próprias para cobertura das suas despesas, nos termos da lei.

## **Capítulo II**

### **Orçamento do Estado**

#### **Artigo 2.º**

##### **Aprovação**

É aprovado o Orçamento do Estado para o período compreendido entre 1 de janeiro e 31 de dezembro de 2018, nos seguintes termos:

- a) O total das receitas por agrupamentos, incluindo as receitas próprias dos serviços e fundos autónomos, as da Autoridade da Região Administrativa Especial de Oe-Cusse Ambeno e da Zona Especial de Economia Social de Mercado de Oe-Cusse Ambeno e Ataúro, e financiamento proveniente de empréstimos, constantes da Tabela I do Anexo I à presente lei, dela fazendo parte integrante;
- b) O total das despesas por agrupamentos, incluindo as verbas destinadas aos serviços e fundos autónomos, para financiamento da diferença entre as suas receitas próprias e o total das respetivas despesas constantes da Tabela II do Anexo I à presente lei, dela fazendo parte integrante;
- c) O total das receitas dos serviços e fundos autónomos, incluindo as da Autoridade da Região Administrativa Especial de Oe-Cusse Ambeno e da Zona Especial de Economia Social de Mercado de Oe-Cusse Ambeno e Ataúro, e das despesas a serem financiadas a partir das suas receitas próprias e do Orçamento do Estado, constantes da Tabela III do Anexo I à presente lei, dela fazendo parte integrante;
- d) O total das despesas correspondentes à dotação do Fundo de Desenvolvimento do Capital Humano, constantes da Tabela IV do Anexo I à presente lei, dela fazendo parte integrante.

#### **Artigo 3.º**

##### **Impostos e taxas**

- 1. Durante o ano de 2018, o Governo está autorizado a cobrar os impostos e taxas constantes da legislação em vigor.
- 2. Não obstante o disposto no número anterior, em 2018 é suspensa a sujeição de armas e munições, para a PNTL e F-FDTL, a pagamento de imposto seletivo de consumo, nos termos do artigo 11.º e anexo II da Lei n.º 8/2008, de 30 de junho, Lei Tributária.



3. É suspensa a sujeição a retenção na fonte sobre pagamentos relacionados com assistência médica no estrangeiro, quando exista um acordo entre o beneficiário do rendimento e o Ministério da Saúde e a assistência se enquadre ao abrigo do Decreto-Lei n.º 9/2010, de 21 de julho, alterado pelo Decreto-Lei n.º 49/2011, de 30 de novembro, referente à assistência médica no estrangeiro.

#### **Artigo 4.º**

##### **Pagamento de impostos sobre importações**

1. O Tesouro fica autorizado a estabelecer e implementar um mecanismo de contabilidade para o registo e controlo das receitas e despesas, correspondente ao pagamento de impostos sobre importações efetuadas pelos órgãos ou em seu nome.
2. Fica isenta do pagamento de quaisquer taxas, direitos aduaneiros e demais imposições, a introdução, em território nacional, de bens que sejam doados ao Estado por pessoas coletivas de direito internacional ou por pessoas coletivas públicas de outros Estados, ao abrigo de acordos celebrados, para esse efeito, por titulares ou por membros de órgãos de soberania.
3. O disposto no número anterior aplica-se, ainda, aos bens introduzidos em território nacional destinados à construção de equipamentos coletivos ou de infraestruturas que sejam doados ao Estado após a conclusão da execução física da obra.

#### **Artigo 5.º**

##### **Transferências do Fundo Petrolífero**

1. Nos termos e para os efeitos do disposto no artigo 7.º da Lei n.º 9/2005, de 3 de agosto, Lei do Fundo Petrolífero, na redação que lhe foi dada pela Lei n.º 12/2011, de 28 de setembro, o montante das transferências do Fundo Petrolífero para 2018 não excede 982,5 milhões de dólares americanos, correspondendo 550,4 milhões de dólares americanos a transferências até ao valor do rendimento sustentável estimado e 432,1 milhões de dólares a transferências de valor superior ao rendimento sustentável estimado.
2. Entre o dia seguinte ao da publicação da presente lei e o dia 31 de dezembro de 2018, o montante das transferências do Fundo Petrolífero para esse período não excede 772,5 milhões de dólares americanos, correspondendo a transferência de 340,4 milhões de dólares a transferências até ao valor do rendimento sustentável estimado e a transferência de 432,1 milhões de dólares americanos a transferência superior ao rendimento sustentável estimado.

3. Os montantes transferidos do Fundo Petrolífero, durante o corrente ano financeiro e até à data de publicação da presente lei, são integrados no Orçamento Geral do Estado de 2018, em conformidade com o disposto no artigo 4.º da Lei n.º 13/2009, de 21 de outubro, alterada pela Lei n.º 9/2011, de 17 de agosto e pela Lei n.º 3/2013, de 11 de setembro, exclusivamente para efeitos de consolidação das contas do Estado e sem prejuízo da eventual responsabilidade política, financeira, civil e criminal a que possa haver lugar.

## **Artigo 6.º**

### **Montante máximo de endividamento autorizado**

1. Com o objetivo de fazer face às necessidades de financiamento relacionadas com a construção de infraestruturas estratégicas para o desenvolvimento do País, fica o Governo autorizado, nos termos do artigo 20.º da Lei n.º 13/2009, de 21 de outubro, sobre Orçamento e Gestão Financeira, alterada pelas Leis n.º 9/2011, de 17 de agosto, e n.º 3/2013, de 11 de setembro, e do artigo 3.º da Lei n.º 13/2011, de 28 de setembro, sobre o Regime da Dívida Pública, a recorrer ao endividamento externo concessional, adicional, até ao montante máximo de 44 milhões de dólares americanos, com o termo de pagamento até um prazo máximo de 40 anos.
2. Sem prejuízo do disposto no número anterior, em 2018, o financiamento proveniente de empréstimos, já contratados, não excede 61,6 milhões de dólares americanos.

## **Artigo 7.º**

### **Dotações para todo o Governo**

São inscritas em Dotações para Todo o Governo as seguintes dotações, cuja gestão fica a cargo do Ministério das Finanças:

- a) Fundo de Contrapartidas;
- b) Auditoria Externa;
- c) Reserva de Contingência;
- d) Quotas de Membro de Instituições Internacionais;
- e) Pensões dos Ex-Titulares e Ex-Membros dos Órgãos de Soberania;
- f) Serviços de Postos Integrados na Fronteira;

- g) Provisão para g7+;
- h) Provisão para Serviços Legais;
- i) Provisão para a Autoridade da Região Administrativa Especial de Oe-Cusse (RAEOA) e Zona Especial de Economia Social de Mercado de Oe-Cusse Ambeno e Ataúro (ZEESM);
- j) Provisão para Eleições Gerais de 2017 e Eleição Parlamentar de 2018;
- k) Apoio à Conferência Episcopal de Timor-Leste;
- l) Programa de Melhoramento de Infraestruturas Rurais;
- m) Contribuição do Estado para o Regime Contributivo da Segurança Social;
- n) Contribuição em nome dos trabalhadores do Estado, de janeiro a agosto de 2018, para o Regime Contributivo da Segurança Social;
- o) Apoio às Atividades da Comunidade dos Países de Língua Portuguesa;
- p) Apoio Financeiro Internacional;
- q) Provisão para a Reforma Fiscal, Reforma da Gestão do Desempenho e Reforma do Desempenho Orçamental;
- r) Capitalização do Banco Central de Timor-Leste;
- s) Provisão para Parcerias Público-Privadas e Empréstimos;
- t) Provisão para Oficina de Manutenção de Veículos do Governo;
- u) Provisão para Governo Eletrónico ITC;
- v) Provisão para Adesão à Associação de Nações do Sudeste Asiático – ASEAN;
- w) Provisão para Pagamento de Empréstimos;
- x) Provisão para Pagamento de Dívidas de Eletricidade;
- y) Provisão para Pagamento de Dívidas à Timor Telecom;
- z) Provisão para Desalfandegamento Rápido;
- aa) Provisão para a Campanha de Sensibilização Internacional;
- bb) Provisão para a comparticipação do Estado no âmbito do Acordo Especial de Investimento celebrado com a TL Cement, Lda.

## **Artigo 8.º**

### **Receitas dos serviços e fundos autónomos e fundo especial**

1. As previsões das receitas domésticas, incluindo as receitas a serem cobradas pelos serviços e fundos autónomos e RAEOA e ZEESM, constam da Tabela I e da Tabela III do Anexo I.
2. As receitas próprias dos serviços e fundos autónomos devem ser usadas unicamente para os fins dos mesmos.
3. As receitas resultantes das transferências a partir do OE para os serviços e fundos autónomos e para o Fundo de Desenvolvimento do Capital Humano constam das Tabelas III e IV do Anexo I.

## **Artigo 9.º**

### **Regras complementares de execução do Orçamento do Estado**

1. A execução orçamental pelos órgãos e pelos serviços e fundos autónomos deve obrigatoriamente ser feita com recurso ao Sistema Informático de Gestão Financeira, com exceção dos procedimentos relativos à segurança nacional, medicamentos, insumos médicos e equipamentos médico-hospitalares, à Região Administrativa Especial de Oe-Cusse Ambeno e à Zona Especial de Economia Social de Mercado de Oe-Cusse Ambeno e Ataúro, bem como às verbas transferidas do OE para o OSS.
2. As verbas atribuídas aos órgãos e serviços sem autonomia administrativa e financeira que não forem gastas até ao final do ano financeiro devem ser repostas na Conta do Tesouro.
3. A contratação pública por ajuste direto apenas é permitida a cada órgão até 10% do total das respetivas dotações orçamentais para 2018, sem prejuízo da observância das normas legais sobre a sua admissibilidade.
4. O disposto no número anterior não se aplica aos aprovisionamentos no âmbito das Dotações para Todo o Governo, aos relativos a questões de segurança nacional, medicamentos, insumos médicos e equipamentos médico-hospitalares, aos do Planeamento de Desenvolvimento Integrado Municipal e aos da Região Administrativa Especial de Oe-Cusse Ambeno e Zona Especial de Economia Social de Mercado de Oe-Cusse Ambeno e Ataúro.
5. As alterações orçamentais no âmbito das Dotações para Todo o Governo seguem o disposto no artigo 38.º da Lei n.º 13/2009, de 21 de outubro, sobre Orçamento e Gestão Financeira,

alterada pelas Leis n.º 9/2011, de 17 de agosto, e n.º 3/2013, de 11 de setembro, com exceção da Reserva de Contingência.

6. O Parlamento Nacional realiza um debate trimestral, sobre a execução orçamental de cada ministério, secretaria de Estado, órgão autónomo sem receitas próprias e serviço e fundo autónomo, com a presença dos respetivos membros do Governo e dirigentes máximos.
7. Quando o saldo da conta do Tesouro for inferior a 200 milhões de dólares, o Governo pode recorrer à transferência do Fundo Petrolífero acima do Rendimento Sustentável Estimado, informando previamente o Parlamento Nacional e até ao montante máximo autorizado para a realização de transferências do Fundo Petrolífero durante o corrente ano financeiro.
8. A concretização das transferências públicas destinadas à Autoridade da Região Administrativa Especial de Oe-Cusse Ambento (RAEOA) e Zona Especial de Economia Social de Mercado de Oe-Cusse Ambento e Ataúro (ZEESM), só poderá ser efetuada quando a execução orçamental da sua despesa atingir 50% da verba anteriormente transferida.
9. Os pedidos de uso da reserva de contingência devem ser devidamente justificados nos termos do n.º 3 do artigo 7.º e do artigo 37.º da Lei n.º 13/2009, de 21 de outubro, sobre Orçamento e Gestão Financeira, alterada pelas Leis n.º 9/2011, de 17 de agosto, e n.º 3/2013, de 11 de setembro, e devem conter a descrição detalhada das atividades a realizar.
10. Em 2018, em caso de necessidade urgente e imprevista, o Ministro das Finanças pode alterar parte de uma dotação orçamental para despesas de contingência para um programa de órgãos com autonomia administrativa e financeira sem receita própria, de serviços e fundos autónomos e de autoridades municipais e administrações municipais.
11. Os pedidos de uso de reserva de contingência para um programa de um órgão com autonomia administrativa e financeira sem receita própria e de autoridades municipais ou de administrações municipais devem ser justificados e assinados pelo seu responsável ou pela pessoa em quem ele delegar.
12. Os pedidos de uso de reserva de contingência para um programa de um serviço e fundo autónomo, devem ser conjuntamente justificados e assinados pela respetiva tutela e pelo responsável do serviço e fundo autónomo.
13. No âmbito dos contratos celebrados cuja eficácia se encontre suspensa, o Governo fica autorizado a suspender a respetiva garantia de execução até se encontrarem reunidas as condições para a plena eficácia dos referidos contratos.
14. As regras de execução do Orçamento do Estado são definidas no diploma do Governo sobre a execução orçamental.

15. O Governo estabelece as regras de contabilização dos compromissos assumidos pelo Estado resultantes de contratos de parcerias público-privadas, incluindo a contabilização dos montantes executados para pagamento da comparticipação pública nesses projetos.

#### **Artigo 10.º**

##### **Compromissos plurianuais**

1. No ano financeiro de 2018, ficam todas as entidades do perímetro orçamental autorizadas a assinar contratos públicos que constituam compromissos plurianuais.
2. Para efeitos da presente lei, consideram-se compromissos plurianuais os compromissos que constituem obrigação de efetuar pagamentos em mais do que um ano financeiro ou em anos financeiros distintos do ano em que o compromisso é assumido.

#### **Artigo 11.º**

##### **Financiamento através de doadores independentes**

1. Cada Órgão só pode estabelecer acordos com doadores independentes para o fornecimento de recursos adicionais ou complementares ao financiamento contido nas afetações orçamentais na presente lei, mediante parecer prévio obrigatório do ministro responsável pela área das Finanças quando os mesmos tenham impacto no Orçamento Geral do Estado.
2. A gestão do financiamento previsto no número anterior deve ser feita de acordo com as diretivas emitidas pelo Ministério das Finanças e com os requisitos dos doadores.

### **Capítulo III**

#### **Orçamento da Segurança Social**

##### **Secção I**

##### **Normas aplicáveis ao Orçamento da Segurança Social**

#### **Artigo 12.º**

##### **Perímetro Orçamental**

1. O Orçamento da Segurança Social, em 2018, integra:

- a) O orçamento do regime contributivo de segurança social - componente de repartição, que inclui apenas a subcomponente do regime geral de segurança social, excluindo a subcomponente do regime transitório de segurança social;
- b) O orçamento do regime contributivo de segurança social - componente de capitalização (Fundo de Reserva da Segurança Social).

2. O Orçamento da Segurança Social, em 2018, não integra o regime transitório de segurança social, o regime não contributivo de segurança social, nem a Administração da segurança social.

### **Artigo 13.º**

#### **Princípios e regras**

- 1. As receitas do Orçamento da Segurança Social são consignadas ao financiamento das despesas da segurança social.
- 2. O Orçamento da Segurança Social especifica as despesas e as receitas globais, bem como as do Regime Contributivo de Segurança Social - Componente de Repartição e do Regime Contributivo de Segurança Social - Componente de Capitalização (Fundo de Reserva da Segurança Social).
- 3. Sem prejuízo do disposto nos números anteriores, os princípios e as regras orçamentais previstos nos artigos 3.º a 11.º da Lei n.º 13/2009, de 21 de outubro, aplicam-se, com as necessárias adaptações, ao Orçamento da Segurança Social.
- 4. Os saldos anuais da componente de repartição do Regime Contributivo de Segurança Social revertem obrigatoriamente a favor do Fundo de Reserva da Segurança Social, a gerir em capitalização, a regulamentar pelo Governo.
- 5. O Orçamento da Segurança Social está sujeito ao mesmo controlo orçamental, administrativo, jurisdicional e político do Orçamento do Estado.
- 6. O Orçamento da Segurança Social está sujeito às mesmas regras de prestação de contas, relatórios e responsabilidade financeira que o Orçamento do Estado.
- 7. A instituição responsável pela gestão do sistema de segurança social é autorizada a abrir uma ou mais contas bancárias comerciais, para movimentação das verbas de tesouraria da segurança social.

8. Provisoriamente, e enquanto o Instituto Nacional de Segurança Social não se encontra em pleno funcionamento, o Ministério com a tutela da segurança social assume as funções de gestão do sistema, incluindo a gestão e execução do Orçamento da Segurança Social e a tesouraria da segurança social
9. As verbas afetas à Segurança Social não são consideradas dinheiros públicos nos termos a que se refere o artigo 12.º da Lei n.º 13/2009, de 21 de outubro.

### **Artigo 14.º**

#### **Conteúdo e estrutura do Orçamento da Segurança Social para o ano financeiro de 2018**

1. O Orçamento da Segurança Social contém:
  - a) Informação geral sobre o orçamento;
  - b) As dotações das despesas e as previsões das receitas da segurança social.
2. No Orçamento da Segurança Social são inscritas obrigatoriamente as receitas provenientes de todas as fontes de financiamento, as contribuições sociais e outras receitas afetas à segurança social.
3. No Orçamento da Segurança Social são inscritas obrigatoriamente as dotações necessárias para cobrir o financiamento de prestações sociais, previstas na lei.

### **Secção II**

#### **Taxa e cobrança**

### **Artigo 15.º**

#### **Taxa contributiva**

1. O valor da taxa contributiva em 2018 mantém-se em 10%, distribuída da seguinte forma:
  - a) 6 % da responsabilidade da entidade patronal;
  - b) 4 % da responsabilidade do trabalhador.
2. Sem prejuízo do referido no número anterior, as entidades patronais do setor privado podem, nos termos legais, beneficiar de reduções e dispensas na parcela da taxa



contributiva a seu cargo, por períodos transitórios, visando apoiar e incentivar a adesão ao regime contributivo de segurança social

3. Para os anos seguintes, o valor da taxa contributiva será fixado pelo Governo, após consulta com os parceiros sociais, tendo em conta o cálculo atuarial do equilíbrio de longo prazo entre contribuições e responsabilidades, e será refletido anualmente no Orçamento da Segurança Social.

## **Artigo 16.º**

### **Cobrança de contribuições**

A instituição responsável pela gestão do sistema de segurança social está autorizada a cobrar as contribuições devidas à Segurança Social, nos termos da lei em vigor.

## **Secção III**

### **Aprovação**

## **Artigo 17.º**

### **Aprovação**

É aprovado o Orçamento da Segurança Social para o período compreendido entre 1 de janeiro e 31 de dezembro de 2018, nos seguintes termos:

- a) Total de receitas globais da Segurança Social, constantes da Tabela I do Anexo II à presente lei, da qual faz parte integrante;
- b) Total de receitas do Regime Contributivo de Segurança Social- Componente de Repartição e do Regime Contributivo de Segurança Social- Componente de Capitalização (Fundo de Reserva da Segurança Social), constantes das Tabelas II e III do Anexo II à presente lei, da qual faz parte integrante;
- c) Total de despesas globais da Segurança Social, constantes da Tabela IV do Anexo II à presente lei, da qual faz parte integrante;
- d) Total de despesas do Regime Contributivo de Segurança Social- Componente de Repartição e do Regime Contributivo de Segurança Social- Componente de Capitalização (Fundo de Reserva da Segurança Social), constantes das Tabelas V e VI do Anexo II à presente lei, da qual faz parte integrante.

## **Secção IV**

### **Gestão e execução do Orçamento da Segurança Social**

#### **Artigo 18.º**

##### **Alterações orçamentais e execução do Orçamento da Segurança Social**

1. A entidade responsável pela gestão das verbas afetas à Segurança Social é competente para proceder às alterações das dotações de despesa, constantes das Tabelas IV a VI do Anexo II à presente lei, incluindo as que implicam alterações entre as Tabelas V e VI do mesmo Anexo II, dentro dos limites da dotação total da despesa do Orçamento da Segurança Social, constante da Tabela IV do Anexo II, autorizada pelo Parlamento Nacional e respeitadas as respectivas finalidades.
2. Sem prejuízo do referido no número anterior, é o Governo, através do Ministro com a tutela da Segurança Social, competente para proceder a alterações orçamentais que impliquem o aumento da despesa global da segurança social, aprovada pela Tabela IV do Anexo II à presente lei, desde que as despesas em causa tenham contrapartida no aumento de receitas consignadas, designadamente contribuições para a segurança social, ou em saldos transitados de ano anterior, e desde que as referidas despesas sejam relativas a prestações sociais que constituam direitos dos beneficiários do regime contributivo de segurança social.
3. A gestão e execução do orçamento da segurança social são feitas com base num sistema informático de gestão financeira próprio.
4. Pela gestão da Segurança Social é competente a entidade responsável para tal, nos termos da lei.
5. As regras de execução do Orçamento da Segurança Social são definidas em diploma do Governo sobre a execução orçamental da Segurança Social.

## **Capítulo IV**

### **Disposições finais**

#### **Artigo 19.º**

## **Responsabilidade**

1. A assinatura de contratos sem cabimento orçamental gera responsabilidade política, financeira, civil e criminal, nos termos do artigo 46.º da Lei n.º 13/2009, de 21 de outubro, sobre Orçamento e Gestão Financeira, alterada pelas Leis n.º 9/2011, de 17 de agosto, e n.º 3/2013, de 11 de setembro.
2. Para efeitos de efetivação da responsabilidade financeira prevista no número anterior, considera-se que o titular do cargo político procede, com tal conduta, a um pagamento indevido, sujeito a condenação em reposição da quantia correspondente, nos termos dos artigos 44.º e seguintes da Lei n.º 9/2011, de 17 de agosto, que aprova a Orgânica da Câmara de Contas do Tribunal Superior Administrativo, Fiscal e de Contas, na redação que lhe foi dada pela Lei n.º 3/2013, de 11 de setembro.
3. Os responsáveis dos órgãos autónomos sem receitas próprias e serviços e fundos autónomos respondem política, financeira, civil e criminalmente pelos atos e omissões que pratiquem no âmbito do exercício das suas funções de execução orçamental, incluindo reporte e reconciliação, nos termos da Constituição e demais legislação aplicável, a qual tipifica as infrações criminais e financeiras, bem como as respetivas sanções, conforme sejam ou não cometidas com dolo.
4. Os responsáveis da entidade que gere as verbas afetas à Segurança Social respondem política, financeira, civil e criminalmente pelos atos e omissões que pratiquem no âmbito do exercício das suas funções de gestão e execução, incluindo reporte e reconciliação, nos termos da Constituição e demais legislação aplicável, a qual tipifica as infrações criminais e financeiras, bem como as respetivas sanções, conforme sejam ou não cometidas com dolo.

## **Artigo 20.º**

### **Entrada em vigor**

A presente lei entra em vigor no dia seguinte ao da sua publicação, produzindo efeitos a partir de 1 de janeiro de 2018

Aprovada em 7 de setembro de 2018.

O Presidente do Parlamento Nacional,

Arão Noé de Jesus da Costa Amaral

Promulgada em 27 de setembro de 2018.

Publique-se.

O Presidente da República,

Francisco Guterres Lú Olo

## ANEXO I

### Receitas e Despesas do Orçamento do Estado para 2018

**TABELA I - Estimativa de receitas a serem cobradas e financiamento das despesas do  
Orçamento do Estado para 2018 (milhões de dólares norte-americanos) \***

<b>1</b>	<b>Receitas Totais</b>	<b>850,3</b>
<b>1.1</b>	<b>Receitas Petrolíferas</b>	<b>599,9</b>
1.1.1	Imposto sobre Lucros Petrolíferos	89,5
1.1.2	Impostos do Mar de Timor (incluindo Kitan)	43,8
1.1.3	Imposto sobre o Rendimento	126,9
1.1.4	Imposto sobre Lucros Adicionais	27,6
1.1.5	Outros Impostos e Taxas Petrolíferas	29,4
1.1.6	Juros do Fundo Petrolífero	282,8
<b>1.2</b>	<b>Receitas Não Petrolíferas</b>	<b>183,2</b>
1.2.1	Impostos Diretos	60,3
1.2.2	Impostos Indiretos	71,7
1.2.3	Outras Receitas e Taxas	0,5
1.2.4	Taxas e Encargos	50,2
1.2.5	Juros da Conta do Tesouro	0,5
<b>1.3</b>	<b>Doações</b>	<b>-</b>
<b>1.4</b>	<b>Receitas Próprias dos Serviços e Fundos Autónomos, incluindo RAEOA e ZEESM</b>	<b>5,6</b>
<b>1.5</b>	<b>Empréstimos</b>	<b>61,6</b>

\*Valores arredondados

#### **I.2 – Financiamento das Despesas**

Receitas não petrolíferas incluindo receitas próprias dos serviços e fundos autónomos	188,8
Transferências do Fundo Petrolífero	982,5
Empréstimos	61,6
Utilização Saldo da Conta do Tesouro	44,4
<b>Total</b>	<b>1 277,4</b>

\*Valores arredondados

TABELA II

## Dotações Orçamentais para 2018 (milhares de dólares norte-americanos) \*

	Salários e Vencimentos	Bens e Serviços	Transferências Públicas	Capital Menor	Capital de Desenvolvimento	Total das Despesas
Total de Despesas do OGE Incluindo Empréstimos	200,253	354,031	324,222	5,117	393,748	1,277,372
Total de Despesas do OGE Excluindo Empréstimos	200,253	354,031	324,222	5,117	332,148	1,215,772
Total das Despesas dos Serviços sem Autonomia Administrativa e Financeira, dos Serviços e Fundos Autónomos e dos Órgãos sem Receitas Próprias	200,253	338,237	324,222	5,117	393,748	1,261,578
Total das Despesas dos Serviços sem Autonomia Administrativa e Financeira e dos Órgãos Autónomos sem Receitas Próprias	182,652	310,902	324,222	4,218	8,548	830,543
Total das Despesas dos Serviços sem Autonomia Administrativa e Financeira	157,680	280,185	309,785	4,095	8,540	760,285
Total das Despesas dos Serviços e Fundos Autónomos (incluindo as despesas financiadas por empréstimos)	17,601	27,335	-	899	385,200	431,035
Total das Despesas dos Órgãos com Autonomia Administrativa e Financeira sem Receitas Próprias	24,972	30,717	14,437	123	8	70,258
Total do Fundo de Desenvolvimento do Capital Humano	-	15,794	-	-	-	15,794
Fundo de Desenvolvimento do Capital Humano - Nova Dotação	-	15,794	-	-	-	15,794
Fundo de Desenvolvimento do Capital Humano - Saldo Transitado	-	-	-	-	-	-
Instituições Extintas	195	324	261	-	-	780
Presidência da República	818		-	123	-	5,749
		4,808				
Gabinete do Presidente da República	-	262	-	-	-	262
Casa Civil	818	3,934	-	123	-	4,875
Casa Militar	-	612	-	-	-	612
Parlamento Nacional	5,083	4,383	930	-	-	10,396
Parlamento Nacional	3,347	1,903	-	-	-	5,249
Gabinete do Presidente do Parlamento	73	451	-	-	-	524
Bancadas Parlamentares	-	-	930	-	-	930

Gabinete do Secretário-Geral do Parlamento	-	52	-	-	-	52
Comissão A	-	12	-	-	-	12
Comissão B	-	12	-	-	-	12
Comissão C	-	12	-	-	-	12
Comissão D	-	12	-	-	-	12
Comissão E	-	12	-	-	-	12
Comissão F	-	12	-	-	-	12
Comissão G	-	12	-	-	-	12
Conselho de Fiscalização Sistema Nacional de Inteligência de Timor-Leste	-	27	-	-	-	27
Conselho Consultivo do Fundo Petrolífero	-	175	-	-	-	175
Grupo de Mulheres Parlamentares de Timor-Leste	-	43	-	-	-	43
Direção de Administração	1,663	1,484	-	-	-	3,147
Direção de Apoio Parlamentar	-	91	-	-	-	91
Direção de Pesquisa e Informação Técnica	-	44	-	-	-	44
Divisão de Tecnologia de Informação Comunicação	-	25	-	-	-	25
Divisão de Relações Internacionais, Protocolo e Segurança	-	6	-	-	-	6
Primeiro-Ministro	217	1,991	3,510	-	-	5,718
Gabinete de Apoio ao Primeiro-Ministro	217	1,681	-	-	-	1,898
Gabinete de Apoio à Sociedade Civil	-	145	3,510	-	-	3,655
Apoio à Residência Oficial do Primeiro-Ministro	-	44	-	-	-	44
Unidade do Governo Eletrónico (e-government)	-	120	-	-	-	120
Ministro de Estado e da Presidência do Conselho de Ministros	591	2,044	-	1,000	-	3,635
Gabinete do Ministro de Estado e da Presidência do Conselho de Ministros	136	69	-	-	-	205
Direção Nacional de Administração e Finanças	90	878	-	1,000	-	1,968
Unidade de Apoio Jurídico	61	288	-	-	-	349
Gabinete do Diretor-Geral	14	-	-	-	-	14
Gabinete do Porta-Voz do Governo	-	69	-	-	-	69
Direção Nacional de Recursos Humanos	66	10	-	-	-	76
Direção Nacional de Aprovisionamento	56	-	-	-	-	56
Direção Nacional de Logística e Património	68	513	-	-	-	581
Gráfica Nacional	99	217	-	-	-	316
Secretaria de Estado para a Igualdade e Inclusão	347	337	-	-	-	684
Gabinete da Secretária de Estado	90	28	-	-	-	118
Direção-Geral	46	17	-	-	-	63
Direção Nacional da Administração, Logística e Finanças	109	224	-	-	-	333

Direção Nacional de Abordagem Integrada do Género e da Capacitação da Mulher	83	67	-	-	-	150
Gabinete de Inspeção e Auditoria	19	1	-	-	-	20
Ministro Coordenador dos Assuntos Económicos	117	719	-	-	-	836
Gabinete do Ministro Coordenador dos Assuntos Económicos	117	719	-	-	-	836
Secretário de Estado para Formação Profissional e Emprego	1,249	793	-	-	3	2,045
Gabinete do Secretário de Estado	91	174	-	-	-	266
Inspeção-Geral do Trabalho	240	40	-	-	-	279
Gabinete Direção Geral de Gestão e Planeamento	34	11	-	-	-	45
Direção Nacional de Administração e Finanças	78	193	-	-	-	272
Direção Nacional do Aproveitamento	36	13	-	-	3	51
Direção Nacional de Informação do Mercado de Trabalho	56	10	-	-	-	66
Gabinete de Inspeção e Auditoria	39	5	-	-	-	44
Direção Nacional da Política de Formação Profissional	81	22	-	-	-	104
Direção Nacional da Política de Emprego	135	101	-	-	-	236
Direção Nacional das Relações de Trabalho	100	19	-	-	-	119
Secretaria de Apoio ao Conselho Nacional do Trabalho e ao Conselho de Arbitragem do Trabalho	22	7	-	-	-	29
Gabinete de Apoio Jurídico	21	15	-	-	-	35
Fundo de Emprego e Formação Profissional	8	6	-	-	-	13
Adido do Trabalho na Coreia do Sul	36	25	-	-	-	61
Labour Attaché – Austrália	-	60	-	-	-	60
Direção Nacional de Recursos Humanos	39	11	-	-	-	50
Direção Nacional de Planeamento Monitorização e Avaliação	53	11	-	-	-	63
Direção Municipal de Baucau	17	4	-	-	-	21
Direção Municipal de Bobonaro	26	5	-	-	-	32
Direção Municipal de Manufahi	16	4	-	-	-	20
Direção Municipal de Covalima	7	5	-	-	-	13
Direção Municipal de Viqueque	12	2	-	-	-	14
Direção Municipal de Aileu	12	8	-	-	-	19
Direção Municipal de Ainaro	17	1	-	-	-	18
Direção Municipal de Ermera	14	8	-	-	-	22
Direção Municipal de Lautém	12	3	-	-	-	15
Direção Municipal de Liquiçá	12	2	-	-	-	14
Direção Municipal de Manatuto	12	4	-	-	-	15



Direção-Geral da Política de Formação Profissional e Emprego	26	22	-	-	-	48
Secretário de Estado de Cooperativas	351	293	-	50	-	694
Gabinete do Secretário de Estado de Cooperativas	50	50	-	50	-	150
Direção Nacional das Cooperativas	153	57	-	-	-	210
Direção Nacional da Indústria de Bens de Consumo	58	34	-	-	-	92
Direção Nacional da Indústria e Cooperativas	6	25	-	-	-	31
Direção Nacional das Indústrias Transformadoras	84	128	-	-	-	212
Secretário de Estado do Ambiente	406	239	-	50	-	695
Gabinete do Secretário de Estado do Ambiente	46	50	-	50	-	146
Direção Geral do Ambiente	24	23	-	-	-	47
Direção Nacional de Proteção e Recuperação da Biodiversidade	39	56	-	-	-	95
Direção Nacional de Controlo da Poluição e Impacto Ambiental	195	63	-	-	-	258
Direção Nacional para Alterações Climáticas	102	47	-	-	-	149
Ministério da Reforma Legislativa e dos Assuntos Parlamentares, Incluindo SECS	1,075	1,532	1,557	50	-	4,214
Ministério da Reforma Legislativa e dos Assuntos Parlamentares, Excluindo SECS	220	861	-	50	-	1,131
Gabinete do Ministro da Reforma Legislativa e dos Assuntos Parlamentares	139	581	-	50	-	770
Comissão para a Reforma Legislativa e do Setor da Justiça	-	-	-	-	-	-
Centro de Formação e Técnica de Comunicação	9	205	-	-	-	215
Direção Nacional dos Serviços de Tradução	72	75	-	-	-	146
Secretaria de Estado para a Comunicação Social	855	671	1,557	-	-	3,083
Gabinete do Secretário de Estado para a Comunicação Social	147	335	-	-	-	482
Direção de Disseminação de Informação	92	230	-	-	-	322
Centro de Rádios Comunitárias	57	106	300	-	-	463
Apoio à RTTL, E.P.	559	-	1,257	-	-	1,815
Ministério das Finanças	3,883	8,486	-	689	-	13,059
Gabinete Executivo	169	-	-	-	-	169
Direção-Geral dos Serviços Corporativos	1,293	8,481	-	689	-	10,464
Direção-Geral do Finanças do Estado	395	-	-	-	-	395
Direção-Geral do Tesouro	232	-	-	-	-	232
Direção-Geral de Impostos	413	-	-	-	-	413
Direção-Geral das Alfândegas	817	-	-	-	-	817

Direção-Geral de Estatística	330	-	-	-	-	330
Unidades Orgânicas do Ministério	220	-	-	-	-	220
Direção Nacional de Informação e Tecnologia	14	5	-	-	-	19
Dotações para todo o Governo	-	78,845	128,113	240	-	207,198
Fundo de Contrapartidas	-	4,600	-	-	-	4,600
Auditoria Externa	-	750	-	-	-	750
Reserva de Contingência	-	22,437	-	-	-	22,437
Quotas de Membro de Instituições Internacionais	-	2,500	-	-	-	2,500
Pensões aos Ex-Titulares e Ex-Membros dos Órgãos de Soberania	-	-	5,425	-	-	5,425
Serviços de Postos Integrados na Fronteira	-	680	-	170	-	850
Provisão para g7+	-	-	1,125	-	-	1,125
Provisão para Serviços Legais	-	18,096	-	-	-	18,096
Provisão para Autoridade da Região Administrativa Especial de Oe-Cusse (ARAEOA) e Zona Especial de Economia Social e de Mercado de Oe-Cusse Ambeno e Ataúro (ZEESM)	-	-	28,000	-	-	28,000
Provisão para Eleições Gerais de 2017 e Eleição Parlamentar de 2018	-	11,732	6,268	-	-	18,000
Provisão para Apoio à Conferência Episcopal	-	-	6,500	-	-	6,500
Programa de Melhoramento das Infraestruturas Rurais	-	750	-	-	-	750
Contribuição do Estado para o Regime Contributivo de Segurança Social	-	-	13,690	-	-	13,690
Contribuição em nome dos Trabalhadores do Estado, de janeiro a agosto de 2018, para o Regime Contributivo da Segurança Social	-	-	5,600	-	-	5,600
Apoio às Atividades da Comunidade dos Países de Língua Portuguesa	-	400	-	-	-	400
Apoio Financeiro Internacional	-	-	2,000	-	-	2,000
Provisão para a Reforma Fiscal, Reforma da Gestão do Desempenho e Reforma do Desempenho Orçamental	-	1,000	-	-	-	1,000
Provisão para Capitalização do Banco Central de Timor-Leste	-	-	5,000	-	-	5,000
Provisão para Parcerias Público-Privadas e Empréstimos	-	1,400	-	-	-	1,400
Provisão para Oficina de Manutenção de Veículos do Governo	-	600	-	70	-	670
Provisão para Governo Eletrónico ITC	-	400	-	-	-	400

Provisão para Adesão à Associação de Nações do Sudeste Asiático – ASEAN	-	250	-	-	-	250
Provisão para Pagamento de Empréstimos	-	-	4,505	-	-	4,505
Provisão para Pagamento de Dívidas de Eletricidade	-	2,200	-	-	-	2,200
Provisão para Pagamento de Dívidas à Timor Telecom	-	4,500	-	-	-	4,500
Provisão para Desalfandegamento Rápido	-	5,800	-	-	-	5,800
Provisão para a Campanha de Sensibilização Internacional	-	750	-	-	-	750
Provisão para a comparticipação do Estado no âmbito do Acordo Especial de Investimento celebrado com a TL Cement, Lda	-	-	50,000	-	-	50,000
Ministério dos Negócios Estrangeiros e Cooperação	13,024	10,284	-	-	-	23,308
Gabinete do Ministro	-	150	-	-	-	150
Gabinete do Vice-Ministro	-	48	-	-	-	48
Direção-Geral para os Assuntos da ASEAN	-	1	-	-	-	1
Secretário-Geral	13,024	2,706	-	-	-	15,730
Direção-Geral para os Assuntos Consulares e Protocolares	-	-	-	-	-	-
Direção-Geral para os Assuntos Bilaterais	-	38	-	-	-	38
Direção-Geral para os Assuntos Multilaterais e Regionais	-	1	-	-	-	1
Agência de Cooperação de Timor-Leste	-	62	-	-	-	62
Unidade de Missão para o Desenvolvimento Regional Integrado – TIA	-	375	-	-	-	375
Missão Permanente em Nova Iorque	-	470	-	-	-	470
Embaixada – Lisboa	-	309	-	-	-	309
Embaixada – Jacarta	-	263	-	-	-	263
Consulado - Geral de Dempo	-	123	-	-	-	123
Consulado – Kupang	-	83	-	-	-	83
Embaixada – Washington	-	422	-	-	-	422
Embaixada – Canberra	-	336	-	-	-	336
Consulado – Geral de Sidney	-	120	-	-	-	120
Consulado – Darwin	-	176	-	-	-	176
Embaixada - Kuala Lumpur	-	201	-	-	-	201
Embaixada – Bruxelas	-	334	-	-	-	334
Embaixada – Bangucoque	-	109	-	-	-	109
Embaixada – Tóquio	-	251	-	-	-	251
Embaixada – Pequim	-	212	-	-	-	212
Embaixada – Maputo	-	157	-	-	-	157
Embaixada – Havana	-	146	-	-	-	146

Embaixada – Manila	-	105	-	-	-	105
Missão Permanente em Genebra	-	296	-	-	-	296
Embaixada - Santa Sé	-	168	-	-	-	168
Embaixada – Brasília	-	184	-	-	-	184
Embaixada – Seul	-	243	-	-	-	243
Missão Permanente – CPLP/UNESCO	-	148	-	-	-	148
Embaixada – Pretória	-	112	-	-	-	112
Embaixada – Luanda	-	285	-	-	-	285
Embaixada Singapura	-	450	-	-	-	450
Embaixada – Hanói	-	134	-	-	-	134
Agente Consular em Atambua	-	63	-	-	-	63
Embaixada – Londres	-	357	-	-	-	357
Embaixada – Wellington	-	192	-	-	-	192
Embaixada – Vienciana	-	109	-	-	-	109
Embaixada – Naypyidaw	-	128	-	-	-	128
Embaixada – Phnom Penh	-	102	-	-	-	102
Embaixada – Bandar Seri Begawan	-	116	-	-	-	116
Ministério da Justiça	4,750	11,119	-	-	424	16,294
Gabinete do Ministro	361	31	-	-	-	392
Gabinete do Vice-Ministro da Justiça	48	50	-	-	-	98
Gabinete do Secretário de Estado de Terras e Propriedades	147	20	-	-	-	167
Direção-Geral	78	2,069	-	-	-	2,147
Gabinete de Inspeção e Auditoria	94	28	-	-	-	121
Direção Nacional de Administração e Finanças	281	6,506	-	-	-	6,787
Direção Nacional de Assessoria Jurídica e Legislação	107	19	-	-	-	126
Direção Nacional dos Direitos Humanos e Cidadania	115	17	-	-	-	132
Direção Nacional dos Registos e Notariado	732	922	-	-	-	1,654
Direção Nacional dos Serviços Prisionais e da Reinserção Social	974	1,090	-	-	-	2,064
Centro de Formação Jurídica e Judiciária	135	42	-	-	-	177
Defensoria Pública	1,000	106	-	-	424	1,530
Direção Nacional de Terras, Propriedades e Serviços Cadastrais	679	220	-	-	-	899
Ministério da Administração Estatal	3,818	3,332	682	235	287	8,354
Gabinete do Ministro	-	129	-	-	-	129

Unidade de Aprovisionamento Descentralizado	-	7	-	-	-	7
Unidade de Apoio Jurídico e Assessoria Técnica	-	5	-	-	-	5
Unidade de Tecnologia da Informação e da Comunicação	-	6	-	-	-	6
Gabinete do Coordenador das Relações com a Autoridade da RAEOA	-	9	-	-	-	9
Gabinete do Vice-Ministro	-	163	-	-	-	163
Direção Geral da Descentralização Administrativa	-	12	-	-	-	12
Direção Nacional de Finanças Municipais	-	8	-	-	-	8
Direção Nacional para a Modernização Administrativa	-	6	-	-	-	6
Inspeção-Geral da Administração Estatal	-	13	-	-	-	13
Direção-Geral de Serviços Corporativos	-	13	-	-	-	13
Secretariado Técnico do PNDS	-	248	275	-	-	523
Direção Nacional de Finanças e Património	3,818	2,399	-	-	-	6,217
Direção Nacional para o Desenvolvimento e Avaliação de Políticas Públicas	-	16	-	-	-	16
Direção Nacional de Recursos Humanos	-	10	-	-	-	10
Direção Nacional de Protocolo e Comunicação Social	-	8	-	-	-	8
Arquivo Nacional	-	34	-	-	-	34
Secretariado Técnico da Administração Eleitoral	-	29	-	235	-	551
					287	
Direção-Geral para a Organização Urbana	-	22	-	-	-	22
Direção Nacional para a Higiene e Ordem Pública	-	20	407	-	-	428
Direção Nacional de Toponímia	-	108	-	-	-	108
Direção Nacional para a Mobilidade Urbana	-	23	-	-	-	23
Direção Nacional de Apoio à Administração dos Sucos	-	13	-	-	-	13
Direção Nacional da Administração Local	-	16	-	-	-	16
Secretariado de Apoio à Instalação dos Municípios	-	15	-	-	-	15
Ministério da Saúde	22,161	8,065	12,433	50	-	42,709
Gabinete da Ministra	93	124	-	-	-	217
Gabinete da Vice-Ministra I	90	118	-	-	-	208
Gabinete da Vice-Ministro II	90	75	-	50	-	215
Inspeção-Geral da Saúde	117	65	-	-	-	182
Direção-Geral das Prestações em Saúde	50	74	-	-	-	124
Direção Nacional dos Recursos Humanos	16,164	251	5,661	-	-	22,076
Direção Nacional do Planeamento e Gestão Financeira	151	379	-	-	-	530
Direção Nacional de Saúde Pública	537	2,995	192	-	-	3,724
Direção Nacional de Política e Cooperação	178	112	-	-	-	290
Direção Nacional dos Serviços Hospitalares e Emergência	340	350	6,580	-	-	7,270

Hospital de Referência de Baucau	1,451	780	-	-	-	2,231
Hospital de Referência de Maliana	745	424	-	-	-	1,169
Hospital de Referência de Maubisse	743	400	-	-	-	1,143
Hospital de Referência de Suai	721	458	-	-	-	1,179
Gabinete de Garantia da Qualidade na Saúde	116	116	-	-	-	232
Direção Nacional da Administração, Logística e Património	274	851	-	-	-	1,125
Direção Nacional de Aprovisionamento	95	90	-	-	-	185
Direção Nacional de Farmácia e Medicamentos	154	317	-	-	-	471
Gabinete do Diretor-Geral dos Serviços Corporativos	52	86	-	-	-	138
Ministério da Educação, Juventude e Desporto Incluindo SEJD	59,363	13,410	3,412	2	153	76,339
Ministério da Educação, Juventude e Desporto Excluindo SEJD	58,795	12,743	1,035	2	153	72,727
Gabinete do Ministro	97	34	-	-	-	131
Gabinete do Vice-Ministro da Educação, Juventude e Desporto	67	26	-	-	-	93
Gabinete do Inspetor-Geral	113	39	-	-	-	152
Gabinete Jurídico	47	15	-	-	-	62
Direção-Geral de Administração e Finanças	27	16	-	-	-	43
Direção Nacional de Finanças, Administração e Logística	335	5,389	522	2	153	6,400
Direção Nacional dos Recursos Humanos	14,179	83	-	-	-	14,262
Direção Nacional de Aprovisionamento	54	40	-	-	-	94
Instituto Nacional de Formação de Docentes e Profissionais da Educação (INFORDEPE)	532	1,057	175	-	-	1,764
Direção Nacional de Ação Social Escolar	76	197	-	-	-	274
Serviço da Unidade do Currículo Nacional	135	630	-	-	-	766
Direção Nacional de Educação Pré-Escolar	1,330	20	-	-	-	1,350
Direção Nacional do Ensino Básico	34,992	2,174	80	-	-	37,246
Direção Nacional do Ensino Secundário Geral	4,809	227	23	-	-	5,059
Direção Nacional do Ensino Secundário Técnico-Vocacional	1,326	1,101	235	-	-	2,663
Direção Nacional do Ensino Recorrente	176	306	-	-	-	483
Direção Geral Pré-Escolar e Ensino Básico	65	6	-	-	-	71
Direção Geral Ensino Secundário	65	15	-	-	-	80
Direção Nacional da Media Educativa e Bibliotecas	94	33	-	-	-	126
Serviços do Centro de Impressão	44	566	-	-	-	610

Direção-Geral da Política, Planeamento e Parcerias	41	11	-	-	-	52
Direção Nacional de Infraestruturas Educativas	34	681	-	-	-	715
Direção Nacional de Política, Planeamento, Monitorização e Avaliação	94	62	-	-	-	157
Direção Nacional das Parcerias e Cooperação	63	13	-	-	-	76
Secretário de Estado da Juventude e Desporto	568	667	2,377	-	-	3,612
Gabinete do Secretário de Estado	71	112	511	-	-	695
Direção-Geral	69	-	-	-	-	69
Direção Nacional de Administração e Finanças	132	467	-	-	-	599
Direção Nacional da Juventude	50	11	425	-	-	486
Direção Nacional do Desporto	69	8	1,236	-	-	1,312
Direção Nacional de Estudos e Planeamento	38	31	90	-	-	159
Direção Nacional de Comunicação e Novas Tecnologias	57	19	42	-	-	118
Direção Nacional de Arte Juvenil	50	4	72	-	-	126
Gabinete de Inspeção e Auditoria Interna	32	14	-	-	-	46
Ministério do Ensino Superior, Ciência e Cultura, Incluindo SEAC	1,290	1,796	75	50	-	3,211
Ministério do Ensino Superior, Ciência e Cultura, Excluindo SEAC	911	1,333	75	50	-	2,369
Gabinete do Ministro do Ensino Superior, Ciência e Cultura	69	201	-	50	-	320
Instituto Nacional Ciências e Tecnologia	55	59	-	-	-	114
Direção-Geral do Ensino Superior, da Ciência e Tecnologia	42	54	-	-	-	96
Direção Nacional do Ensino Superior Universitário	63	160	75	-	-	298
Direção Nacional do Ensino Superior Técnico	65	457	-	-	-	522
Gabinete de Coordenação do Apoio ao Estudante	618	291	-	-	-	909
Secretariado do FDCH	-	110	-	-	-	110
Secretário de Estado da Arte e Cultura	379	463	-	-	-	842
Gabinete do Secretário de Estado da Arte e Cultura	73	60	-	-	-	133
Direção-Geral das Artes e da Cultura	98	122	-	-	-	220
Direção Nacional de Bibliotecas	57	31	-	-	-	88
Direção Nacional do Património Cultural	59	72	-	-	-	131
Direção Nacional de Artes, Cultura e Indústrias Criativas Culturais	48	52	-	-	-	100
Direção Nacional dos Museus	44	47	-	-	-	91
Academia de Artes, Cultura e Indústrias Criativas Culturais	-	79	-	-	-	79
Ministério da Solidariedade Social e Inclusão	1,744	2,357	48,131	-	-	52,232
Gabinete da Ministra	123	131	-	-	-	254

Gabinete da Vice-Ministra	95	91	-	-	-	186
Direção Nacional do Regime Contributivo de Segurança Social	57	173	1,368	-	-	1,598
Direção Nacional do Regime Não Contributivo de Segurança Social	94	63	35,158	-	-	35,315
Inspeção e Auditoria	50	32	-	-	-	82
Direção-Geral dos Serviços Corporativos	12	11	-	-	-	24
Unidade de Apoio Técnico	38	8	-	-	-	45
Unidade Tecnologia de Informação	21	217	-	-	-	238
Unidade de Comunicação Social e Protocolo	30	23	-	-	-	54
Direção Nacional do Plano, Finanças, Aprovisionamento e Logística	130	524	-	-	-	655
Direção Nacional de Administração e Recursos Humanos	669	191	-	-	-	859
Direção Nacional de Assistência Social	163	442	8,982	-	-	9,587
Direção Nacional do Desenvolvimento Social	108	132	1,750	-	-	1,990
Direção Nacional de Gestão de Riscos de Desastre	81	245	594	-	-	921
Direção-Geral de Proteção Social	26	22	-	-	-	47
Comissão de Combate ao HIV-Sida	-	-	279	-	-	279
Comissão Nacional dos Direitos das Crianças	47	52	-	-	-	98
Ministério para os Assuntos dos Combatentes da Libertação Nacional	368	1,010	98,990	336	125	100,829
Gabinete do Ministro para Assuntos dos Combatentes da Libertação Nacional	61	50	-	50	-	161
Gabinete do Secretário de Estado para os Assuntos dos Combatentes da Libertação Nacional	46	50	-	50	-	146
Direção Nacional dos Assuntos dos Combatentes da Libertação Nacional	261	910	98,990	236	125	100,522
Ministério do Planeamento e Investimento Estratégico	223	5,198	-	500	4,111	10,032
Gabinete do Ministro	86	355	-	-	-	441
Direção-Geral de Gestão Administrativa	19	27	-	-	-	46
Gabinete Jurídico	16	125	-	-	-	141
Direção Nacional de Gestão de Recursos Humanos	45	67	-	-	-	112
Gabinete de Inspeção e Auditoria Interna	13	15	-	-	-	28
Direção Nacional de Administração, Finanças e Aprovisionamento	44	385	-	-	-	429
Agência de Desenvolvimento Nacional	-	2,616	-	500	4,111	7,227



Comissão Nacional de Aprovisionamento	-		-	-	-	1,608
		1,608				
Ministério das Obras Públicas	5,121	91,976	527	750	3,031	101,405
Gabinete do Ministro das Obras Públicas	123	286	-	-	-	409
Gabinete do Vice-Ministro	67	89	-	-	-	156
Secretário-Geral	494	956	-	-	3,031	4,480
Direção-Geral das Obras Públicas	843	2,807	-	-	-	3,650
Direção-Geral da Eletricidade	2,622	82,113	527	750	-	86,013
Direção-Geral de Água, Saneamento e Urbanização	912	5,695	-	-	-	6,608
Direção Nacional de Habitação e Planeamento Urbano	60	29	-	-	-	89
Ministério dos Transportes e Comunicações	1,069	957	-	50	-	2,076
Gabinete do Ministro dos Transportes e Comunicações	90	260	-	50	-	400
Gabinete do Diretor-Geral	73	26	-	-	-	100
Direção Nacional dos Serviços de Transportes Marítimos	88	115	-	-	-	203
Direção Metrologia e Geofísica	129	35	-	-	-	165
Direção Nacional de Informática e Tecnologia	175	45	-	-	-	219
Direção Nacional dos Transportes Terrestres	362		-	-	-	623
		261				
Direção Nacional dos Correios de Timor-Leste	99	71	-	-	-	171
Autoridade da Aviação Civil de Timor-Leste	53	143	-	-	-	196
Ministério do Turismo, Comércio e Indústria	1,605	3,800	-	13		5,532
					114	
Gabinete do Ministro e Vice-Ministro	269	292	-	-	-	561
Gabinete Jurídico e Auditoria	50	101	-	-	-	151
Direção-Geral de Administração e Finanças	229	971	-	-	-	1,200
Direção-Geral do Comércio	351	329	-	-	-	680
Gabinete de Inspeção e Auditoria Interna	87	25	-	-	-	112
Direção-Geral do Turismo	26	38	-	-	-	64
Direção Regional de Turismo I (Município de Díli)	11	-	-	-	-	11
Direção Regional de Turismo II (Município de Baucau)	13	-	-	-	-	13
Direção Regional de Turismo III (Município de Ainaro)	15	-	-	-	-	15
Direção Regional de Turismo IV (Município de Ermera)	14	-	-	-	-	14
Inspeção Geral de Jogos	68	28	-	-	-	96
Direção Nacional de Marketing do Turismo e Relações Internacionais	49	40	-	-	-	89
Direção Nacional do Plano e Desenvolvimento Turístico	41	191	-	-	114	346
Direção Nacional de Empreendimentos, Atividades e Produtos Turísticos	41	131	-	-	-	172

Gabinete da Direção-Geral da Administração e Finanças	28	57	-	-	-	85
Direção Nacional de Administração dos Recursos Humanos	94	837	-	-	-	931
Direção Nacional de Gestão Financeira	39	21	-	-	-	61
Direção Nacional de Aprovisionamento e Logística	111	685	-	13	-	809
Direção Nacional de Pesquisa e Desenvolvimento	46	18	-	-	-	64
Centro de Convenções de Díli	23	35	-	-	-	58
Ministério da Agricultura e Pescas	3,555	3,266	-	-	194	7,016
Gabinete do Ministro	165	35	-	-	-	200
Gabinete de Secretário de Estado das Pescas	129	25	-	-	-	154
Direção-Geral de Floresta, Café e Plantas Industriais	19	10	-	-	-	29
Direção Nacional da Conservação da Natureza	128	90	-	-	-	218
Direção-Geral de Agricultura	24	10	-	-	-	34
Direção Nacional de Veterinária	65	177	-	-	-	242
Secretário-Geral	38	9	-	-	-	47
Direção Nacional de Recursos Humanos	86	180	-	-	-	266
Direção Nacional de Aprovisionamento	40	12	-	-	-	52
Direção Nacional de Agro-Comércio	74	86	-	-	-	161
Direção Nacional de Administração e Finanças	300	163	-	-	-	463
Gabinete de Inspeção, Fiscalização e Auditoria	46	10	-	-	-	56
Direção Nacional de Pesquisa, Estatística e Informação Geográfica	258	176	-	-	-	433
Direção Nacional de Quarentena e Biossegurança	259	128	-	-	-	386
Direção Nacional de Formação Técnica Agrícola	477	143	-	-	-	620
Direção Nacional de Política, Planeamento, Monitorização e Assuntos Jurídicos	119	32	-	-	-	151
Direção Nacional de Agricultura, Horticultura e Extensão	293	838	-	-	-	1,131
Direção Nacional de Aquicultura	133	235	-	-	-	368
Direção Nacional de Segurança Alimentar e Cooperação	78	53	-	-	-	132
Direção Nacional de Florestas e Gestão de Bacias Hidrográficas	109	230	-	-	-	339
Direção Nacional de Irrigação e Gestão Utilização de Água	127	119	-	-	194	440
Direção Nacional de Café e Plantas Industriais	98	264	-	-	-	362
Direção Nacional de Pecuária	139	101	-	-	-	240
Diretor-Geral de Pecuária e Veterinária	18	10	-	-	-	28
Diretor-Geral de Pescas	12	9	-	-	-	21
Direção Nacional da Inspeção das Pescas	91	42	-	-	-	133

Direção Nacional das Pescas e Gestão de Recursos Pesqueiros	232	80	-	-	-	311
Ministério da Defesa Incluindo F-FD'TL	9,021	11,589	-	-	-	20,610
Ministério da Defesa Excluindo F-FD'TL	654	2,434	-	-	-	3,087
Gabinete do Ministro	188	671	-	-	-	859
Direção-Geral	40	-	-	-	-	40
Gabinete de Inspeção e Auditoria	11	-	-	-	-	11
Direção Nacional de Administração e Finanças	30	507	-	-	-	537
Direção Nacional de Planeamento Estratégico e Política Internacional da Defesa	304	345	-	-	-	650
Direção Nacional de Aprovisionamento	30	504	-	-	-	534
Direção Nacional de Gestão do Património	25	306	-	-	-	331
Direção Nacional de Recursos Humanos	24	100	-	-	-	124
FALINTIL-Forças de Defesa de Timor-Leste	8,367	9,155	-	-	-	17,522
FALINTIL-Forças de Defesa de Timor-Leste	-	7,783	-	-	-	7,783
Quartel Geral das F-FD'TL	8,367	1,372	-	-	-	9,739
Ministério do Interior, Incluindo PN'TL	21,169	15,644	-	30	-	36,843
Ministério do Interior, Excluindo PN'TL	5,578	3,856	-	30	-	9,464
Gabinete do Ministro	108	240	-	-	-	349
Gabinete do Secretário de Estado para a Proteção Civil	46	90	-	30	-	166
Gabinete do Diretor-Geral dos Serviços Corporativos	75	34	-	-	-	108
Gabinete de Inspeção e Auditoria	76	12	-	-	-	87
Direção Nacional de Administração e Finanças	170	356	-	-	-	526
Direção Nacional de Logística e Gestão do Património	51	15	-	-	-	66
Direção Nacional de Proteção Civil	1,274	214	-	-	-	1,487
Direção Nacional de Segurança do Património Público	2,412	2,417	-	-	-	4,829
Direção Nacional de Prevenção de Conflitos Comunitários	137	45	-	-	-	182
Direção Nacional de Aprovisionamento	85	21	-	-	-	106
Serviços de Migração	960	374	-	-	-	1,334
Gabinete do Diretor-Geral dos Serviços Operacionais	24	7	-	-	-	31
Gabinete de Assessoria	33	6	-	-	-	38
Autoridade Nacional da Segurança Rodoviária	59	18	-	-	-	77
Direção Nacional de Recursos Humanos	69	8	-	-	-	77
Polícia Nacional de Timor-Leste	15,591	11,788	-	-	-	27,379
Direção Nacional de Administração e Finanças	15,591	6,495	-	-	-	22,086
Unidade Especial da Polícia	-	2,073	-	-	-	2,073
Unidade de Patrulhamento das Fronteiras	-	1,101	-	-	-	1,101

Unidade Marítima	-	841	-	-	-	841
Comando Nacional de Operações	-	264	-	-	-	264
Centro da Formação da Polícia	-	264	-	-	-	264
Região I	-	243	-	-	-	243
Região II	-	200	-	-	-	200
Região III	-	258	-	-	-	258
Região Oe-Cusse	-	50	-	-	-	50
Ministério do Petróleo e Minerais	266	449	12,094	-	-	12,808
Gabinete do Ministro	85	129	-	-	-	213
Diretor-Geral	6	1	-	-	-	7
Gabinete de Inspeção e Auditoria	3	1	-	-	-	4
Gabinete de Apoio Jurídico	3	1	-	-	-	4
Direção Nacional de Administração e Finanças	80	248	12,094	-	-	12,422
Secretariado TL- EITI	5	67	-	-	-	72
Direção Nacional Recursos Humanos	53	1	-	-	-	54
Direção Nacional Planeamento, Monitorização e Avaliação	32	1	-	-	-	33
Tribunais	2,082	892	-	-	-	2,974
Conselho Superior da Magistratura Judicial	26	482	-	-	-	508
Tribunal de Recurso	1,766	339	-	-	-	2,106
Tribunais Distritais	289	71	-	-	-	360
Procuradoria-Geral da República	1,405		-	-	8	2,594
		1,181				
Procuradoria-Geral da República	730	1,118	-	-	8	1,856
Procuradoria Distrital de Baucau	265	28	-	-	-	293
Procuradoria Distrital de Suai	227	22	-	-	-	249
Procuradoria Distrital de Oe-Cusse	183	13	-	-	-	195
Provedoria dos Direitos Humanos e Justiça	701	330	-	-	98	1,129
Provedoria dos Direitos Humanos e Justiça	701	330	-	-	98	1,129
Direções Direitos Humanos e Boa Governação	-	-	-	-	-	-
Comissão Anti-Corrupção	778	265	-	-	-	1,043
Comissão Anti-Corrupção	778	265	-	-	-	1,043
Comissão da Função Pública	872	1,136	-	-	-	2,008
Comissão da Função Pública	872	1,136	-	-	-	2,008
Universidade Nacional Timor Lorosa'e (Serviço e Fundo Autónimo com Receita Própria)	8,776	3,959	-	299	-	13,033
Universidade Nacional Timor Lorosa'e	8,776	3,959	-	299	-	13,033
Arquivo e Museu da Resistência Timorense (Serviço e Fundo Autónimo)	-	662	-	-	-	662

Arquivo e Museu da Resistência Timorese	-	662	-	-	-	662
Conselho de Imprensa (Serviço e Fundo Autónomo)	220	212	-	-	-	432
Conselho de Imprensa	220	212	-	-	-	432
Instituto de Apoio ao Desenvolvimento Empresarial (Serviço e Fundo Autónomo)	517	290	-	-	-	808
Instituto de Apoio ao Desenvolvimento Empresarial	517	290	-	-	-	808
Agência de Promoção e Exportação de Timor-Leste - TradeInvest Timor-Leste (Serviço e Fundo Autónomo)	-	696	-	-	-	696
TradeInvest Timor-Leste	-	696	-	-	-	696
Serviço de Registo e Verificação Empresarial (Serviço e Fundo Autónomo)	-	586	-	-	-	586
Serviço de Registo e Verificação Empresarial	-	586	-	-	-	586
Instituto de Pesquisa, Desenvolvimento, Formação e Promoção do Bambu (Serviço e Fundo Autónomo)	-	285	-	-	-	285
BAMBU	-	285	-	-	-	285
Centro de Formação SENAI (Serviço e Fundo Autónomo)	99	105	-	-	-	204
Centro de Formação SENAI	99	105	-	-	-	204
Polícia Científica de Investigação Criminal (Serviço e Fundo Autónomo)	921	342	-	-	-	1,263
Polícia Científica de Investigação Criminal	921	342	-	-	-	1,263
Hospital Nacional Guido Valadares (Serviço e Fundo Autónomo)	4,378	1,917	-	600	-	6,896
Hospital Nacional Guido Valadares	4,378	1,917	-	600	-	6,896
Serviço Autónomo de Medicamentos e Equipamentos Médicos (Serviço e Fundo Autónomo)	265	10,798	-	-	-	11,063
Serviço Autónomo de Medicamentos e Equipamentos Médicos	265	10,798	-	-	-	11,063
Laboratório Nacional (Serviço e Fundo Autónomo)	492	177	-	-	-	669
Laboratório Nacional	492	177	-	-	-	669
Centro Nacional de Reabilitação (Serviço e Fundo Autónomo)	22	525	-	-	-	547
Centro Nacional de Reabilitação	22	525	-	-	-	547
Instituto de Gestão de Equipamentos (Serviço e Fundo Autónomo)	1,107	833	-	-	-	1,940
Instituto de Gestão de Equipamentos	1,107	833	-	-	-	1,940
Administração dos Portos de Timor-Leste (Serviço e Fundo Autónomo)	353	1,899	-	-	-	2,252
Autoridade Portuária de Timor-Leste	353	598	-	-	-	951

Operações do Berlin – Nakroma	-	1,301	-	-	-	1,301
Autoridade Reguladora das Comunicações (Serviço e Fundo Autónimo)	-	684	-	-	-	684
Autoridade Reguladora das Comunicações	-	684	-	-	-	684
Instituto de Defesa Nacional (Serviço e Fundo Autónimo)	37	642	-	-	-	679
Instituto de Defesa Nacional	37	642	-	-	-	679
Agência Nacional para a Avaliação e Acreditação Académica (Serviço e Fundo Autónimo)	10	129	-	-	-	139
Agência Nacional para Avaliação e Acreditação Académica	10	129	-	-	-	139
Instituto Nacional da Saúde (Serviço e Fundo Autónimo)	241	124	-	-	-	365
Instituto de Ciências da Saúde	241	124	-	-	-	365
Centro Logístico Nacional (Serviço e Fundo Autónimo)	90	1,090	-	-	-	1,180
Centro de Logístico Nacional	90	1,090	-	-	-	1,180
Autoridade de Inspeção e Fiscalização da Atividade Económica, Sanitária e Alimentar (Serviço e Fundo Autónimo)	41	305	-	-	-	346
Autoridade de Inspeção e Fiscalização da Atividade Económica, Sanitária e Alimentar	41	305	-	-	-	346
Centro Nacional de Emprego e Formação Profissional - Tíbar (Serviço e Fundo Autónimo)	-	298	-	-	-	298
Centro Nacional de Emprego e Formação Profissional - Tíbar	-	298	-	-	-	298
Instituto Nacional do Desenvolvimento de Mão-de-Obra (Órgão Autónimo sem Receitas Próprias)	31	116	-	-	-	147
Instituto Nacional do Desenvolvimento de Mão-de-Obra	31	116	-	-	-	147
Autoridade Municipal de Baucau	1,352	1,205	881	-	-	3,439
Secretariado de Autoridade Municipal	428	192	820	-	-	1,440
Serviço Municipal de Saúde	179	115	-	-	-	294
Serviço Municipal de Educação	209	578	61	-	-	848
Serviço Municipal de Agricultura	404	136	-	-	-	540
Serviço Municipal de Obras Públicas e Transportes	55	29	-	-	-	84
Serviço Municipal de Água, Saneamento Básico e Ambiente	64	75	-	-	-	139
Serviço Municipal de Gestão de Mercados e Turismo	-	11	-	-	-	11
Serviço Municipal de Registos, Notariado e Serviços Cadastrais	9	9	-	-	-	18
Serviço Municipal de Ação Social e Gestão de Desastres Naturais	5	60	-	-	-	65
Autoridade Municipal de Bobonaro	1,229	1,624	715	-	-	3,569

Secretariado de Autoridade Municipal	599	321	715	-	-	1,635
Serviço Municipal de Saúde	118	206	-	-	-	324
Serviço Municipal de Educação	163	597	-	-	-	760
Serviço Municipal de Agricultura	259	179	-	-	-	438
Serviço Municipal de Obras Públicas e Transportes	45	54	-	-	-	99
Serviço Municipal de Água, Saneamento Básico e Ambiente	36	129	-	-	-	165
Serviço Municipal de Gestão de Mercados e Turismo	-	10	-	-	-	10
Serviço Municipal de Registos, Notariado e Serviços Cadastrais	4	40	-	-	-	44
Serviço Municipal de Ação Social e Gestão de Desastres Naturais	5	89	-	-	-	94
Autoridade Municipal de Díli	1,671	2,841	1,274	-	-	5,786
Secretariado de Autoridade Municipal	951	1,399	605	-	-	2,954
Serviço Municipal de Saúde	190	220	-	-	-	410
Serviço Municipal de Educação	422	994	670	-	-	2,085
Serviço Municipal de Agricultura	80	56	-	-	-	136
Serviço Municipal de Obras Públicas e Transportes	-	43	-	-	-	43
Serviço Municipal de Água, Saneamento Básico e Ambiente	-	40	-	-	-	40
Serviço Municipal de Gestão de Mercados e Turismo	-	10	-	-	-	10
Serviço Municipal de Registos, Notariado e Serviços Cadastrais	-	7	-	-	-	7
Serviço Municipal de Ação Social e Gestão de Desastres Naturais	28	71	-	-	-	99
Autoridade Municipal de Ermera	881	1,032	876	-	-	2,790
Secretariado de Autoridade Municipal	420	183	865	-	-	1,469
Serviço Municipal de Saúde	112	130	-	-	-	242
Serviço Municipal de Educação	140	332	11	-	-	483
Serviço Municipal de Agricultura	150	99	-	-	-	249
Serviço Municipal de Obras Públicas e Transportes	22	123	-	-	-	145
Serviço Municipal de Água, Saneamento Básico e Ambiente	28	75	-	-	-	103
Serviço Municipal de Gestão de Mercados e Turismo	-	10	-	-	-	10
Serviço Municipal de Registos, Notariado e Serviços Cadastrais	5	18	-	-	-	23
Serviço Municipal de Ação Social e Gestão de Desastres Naturais	4	62	-	-	-	66
Administração Municipal de Aileu	687	758	489	-	-	1,934
Secretariado de Administração Municipal	267	174	415	-	-	856
Serviço Municipal de Saúde	81	232	-	-	-	313

Serviço Municipal de Educação	147	107	74	-	-	327
Serviço Municipal de Agricultura	114	87	-	-	-	201
Serviço Municipal de Obras Públicas e Transportes	31	31	-	-	-	62
Serviço Municipal de Água, Saneamento Básico e Ambiente	29	70	-	-	-	99
Serviço Municipal de Gestão de Mercados e Turismo	8	10	-	-	-	18
Serviço Municipal de Registos, Notariado e Serviços Cadastrais	4	8	-	-	-	12
Serviço Municipal de Ação Social e Gestão de Desastres Naturais	6	39	-	-	-	45
Administração Municipal de Ainaro	888	1,000	381	-	-	2,268
Secretariado de Administração Municipal	351	158	381	-	-	890
Serviço Municipal de Saúde	140	124	-	-	-	264
Serviço Municipal de Educação	171	471	-	-	-	642
Serviço Municipal de Agricultura	160	119	-	-	-	278
Serviço Municipal de Obras Públicas e Transportes	21	49	-	-	-	70
Serviço Municipal de Água, Saneamento Básico e Ambiente	38	24	-	-	-	62
Serviço Municipal de Gestão de Mercados e Turismo	-	5	-	-	-	5
Serviço Municipal de Registos, Notariado e Serviços Cadastrais	4	5	-	-	-	9
Serviço Municipal de Ação Social e Gestão de Desastres Naturais	4	45	-	-	-	49
Administração Municipal de Covalima	920	1,044	480	-	-	2,444
Secretariado de Administração Municipal	225	152	480	-	-	858
Serviço Municipal de Saúde	128	57	-	-	-	185
Serviço Municipal de Educação	221	387	-	-	-	608
Serviço Municipal de Agricultura	234	116	-	-	-	350
Serviço Municipal de Obras Públicas e Transportes	26	16	-	-	-	42
Serviço Municipal de Água, Saneamento Básico e Ambiente	52	25	-	-	-	77
Serviço Municipal de Gestão de Mercados e Turismo	21	243	-	-	-	265
Serviço Municipal de Registos, Notariado e Serviços Cadastrais	7	9	-	-	-	15
Serviço Municipal de Ação Social e Gestão de Desastres Naturais	5	39	-	-	-	44
Administração Municipal de Lautém	963	1,058	456	-	-	2,478
Secretariado de Administração Municipal	205	108	445	-	-	758
Serviço Municipal de Saúde	127	84	-	-	-	211
Serviço Municipal de Educação	171	699	12	-	-	882
Serviço Municipal de Agricultura	367	72	-	-	-	439



Serviço Municipal de Obras Públicas e Transportes	30	18	-	-	-	48
Serviço Municipal de Água, Saneamento Básico e Ambiente	50	26	-	-	-	76
Serviço Municipal de Gestão de Mercados e Turismo	-	5	-	-	-	5
Serviço Municipal de Registos, Notariado e Serviços Cadastrais	10	5	-	-	-	15
Serviço Municipal de Ação Social e Gestão de Desastres Naturais	3	41	-	-	-	45
Administração Municipal de Liquidação	790	845	425	-	-	2,060
Secretariado de Administração Municipal	127	127	425	-	-	680
Serviço Municipal de Saúde	101	240	-	-	-	341
Serviço Municipal de Educação	81	185	-	-	-	266
Serviço Municipal de Agricultura	62	93	-	-	-	155
Serviço Municipal de Obras Públicas e Transportes	52	36	-	-	-	88
Serviço Municipal de Água, Saneamento Básico e Ambiente	52	60	-	-	-	112
Serviço Municipal de Gestão de Mercados e Turismo	196	11	-	-	-	207
Serviço Municipal de Registos, Notariado e Serviços Cadastrais	65	10	-	-	-	75
Serviço Municipal de Ação Social e Gestão de Desastres Naturais	51	83	-	-	-	134
Administração Municipal de Manufahi	1,012	998	456	-	-	2,466
Secretariado de Administração Municipal	381	200	456	-	-	1,037
Serviço Municipal de Saúde	118	109	-	-	-	227
Serviço Municipal de Educação	163	450	-	-	-	613
Serviço Municipal de Agricultura	259	100	-	-	-	359
Serviço Municipal de Obras Públicas e Transportes	45	28	-	-	-	73
Serviço Municipal de Água, Saneamento Básico e Ambiente	36	63	-	-	-	99
Serviço Municipal de Gestão de Mercados e Turismo	-	5	-	-	-	5
Serviço Municipal de Registos, Notariado e Serviços Cadastrais	4	5	-	-	-	9
Serviço Municipal de Ação Social e Gestão de Desastres Naturais	6	38	-	-	-	44
Administração Municipal de Manatuto	860	1,041	409	-	-	2,311
Secretariado de Administração Municipal	399	172	395	-	-	966
Serviço Municipal de Saúde	74	133	-	-	-	207
Serviço Municipal de Educação	124	469	14	-	-	607
Serviço Municipal de Agricultura	194	112	-	-	-	306
Serviço Municipal de Obras Públicas e Transportes	27	23	-	-	-	50
Serviço Municipal de Água, Saneamento Básico e Ambiente	33	69	-	-	-	102

Serviço Municipal de Gestão de Mercados e Turismo	-	10	-	-	-	10
Serviço Municipal de Registos, Notariado e Serviços Cadastrais	5	5	-	-	-	10
Serviço Municipal de Ação Social e Gestão de Desastres Naturais	5	48	-	-	-	53
Administração Municipal de Viqueque	997	922	663	-	-	2,583
Secretariado de Administração Municipal	327	174	660	-	-	1,162
Serviço Municipal de Saúde	130	222	-	-	-	352
Serviço Municipal de Educação	175	269	3	-	-	447
Serviço Municipal de Agricultura	286	92	-	-	-	378
Serviço Municipal de Obras Públicas e Transportes	24	70	-	-	-	94
Serviço Municipal de Água, Saneamento Básico e Ambiente	42	53	-	-	-	95
Serviço Municipal de Gestão de Mercados e Turismo	-	8	-	-	-	8
Serviço Municipal de Registos, Notariado e Serviços Cadastrais	8	8	-	-	-	16
Serviço Municipal de Ação Social e Gestão de Desastres Naturais	5	26	-	-	-	31
Serviço Nacional de Inteligência (Órgão Autónomo sem Receitas Próprias)	295	1,041	-	-	-	1,336
Serviço Nacional de Inteligência	295	1,041	-	-	-	1,336
Inspeção-Geral do Estado (Órgão Autónomo sem Receitas Próprias)	216	160	-	-	-	377
Gabinete da Inspeção-geral	216	160	-	-	-	377
Instituto Nacional da Administração Pública (Órgão Autónomo sem Receitas Próprias)	345	127	-	-	-	472
Instituto Nacional da Administração Pública	345	127	-	-	-	472
Comissão Nacional de Eleições	795	1,382	6,000	-	-	8,178
Comissão Nacional de Eleições	795	1,382	6,000	-	-	8,178
Conselho para a Delimitação Definitiva das Fronteiras Marítimas (Órgão Autónomo sem Receitas Próprias)	-	856	-	-	-	856
Gabinete das Fronteiras Marítimas	-	856	-	-	-	856
Fundo das Infraestruturas, incluindo as despesas financiadas por empréstimo (Fundo Autónomo com Receitas Próprias)	30	777	-	-	385,200	386,007
Comissão de Administração do Fundo das Infraestruturas - FI	30	777	-	-	323,600	324,407
Empréstimo	-	-	-	-	61,600	61,600

Instituições Extintas	195	324	261	-	-	780
Secretaria de Estado do Conselho de Ministros	12	53	-	-	-	65
Gabinete do Secretário de Estado	12	53	-	-	-	65
Secretaria de Estado para os Assuntos Parlamentares	29	10	-	-	-	39
Gabinete do Vice-Ministro de Estado da Presidência e Assuntos Parlamentares	29	10	-	-	-	39
Ministro do Estado, Coordenador dos Assuntos Sociais	80	7	261	-	-	348
Gabinete do Ministro de Estado, Coordenador dos Assuntos Sociais	80	7	261	-	-	348
Ministério Coordenador dos Assuntos da Administração do Estado e da Justiça	-	-	-	-	-	-
Gabinete do Ministro de Estado, Coordenador dos Assuntos da Administração do Estado e da Justiça	-	-	-	-	-	-
Secretário de Estado do Fortalecimento Institucional	28	126	-	-	-	153
Gabinete do Secretário de Estado do Fortalecimento Institucional	28	126	-	-	-	153
Ministério do Turismo, Arte e Cultura	46	128	-	-	-	174
Gabinete do Ministro	46	128	-	-	-	174
Ministério da Administração Estatal	-	-	-	-	-	-
Gabinete do Secretário de Estado da Administração Estatal	-	-	-	-	-	-

**\*Valores arredondados**

**TABELA III**

**Serviços e Fundos Autônomos, incluindo Autoridade da Região Administrativa Especial de Oe-Cusse Ambeno e Zona Especial de Economia Social de Mercado de Oe-Cusse Ambeno e Ataúro (milhares de dólares norte-americanos)**

	Despesas	Receitas Próprias	Dotação OE
<b>Arquivo e Museu da Resistência Timorense</b>			
Salários e Vencimentos	-		
Bens e Serviços	662		
Transferências Públicas	-		
Capital Menor	-		
Capital de Desenvolvimento	-		
<b>Total</b>	<b>662</b>	<b>-</b>	<b>662</b>
<b>Conselho de Imprensa</b>			
Salários e Vencimentos	220		
Bens e Serviços	212		
Transferências Públicas	-		
Capital Menor	-		
Capital de Desenvolvimento	-		
<b>Total</b>	<b>432</b>	<b>-</b>	<b>432</b>
<b>Instituto de Apoio ao Desenvolvimento Empresarial</b>			
Salários e Vencimentos	517		
Bens e Serviços	290		
Transferências Públicas	-		
Capital Menor	-		
Capital de Desenvolvimento	-		
<b>Total</b>	<b>808</b>	<b>-</b>	<b>808</b>
<b>Agência de Promoção e Exportação de Timor-Leste</b>			
- TradeInvest Timor-Leste			
Salários e Vencimentos	-		
Bens e Serviços	696		
Transferências Públicas	-		
Capital Menor	-		
Capital de Desenvolvimento	-		
<b>Total</b>	<b>696</b>	<b>44.9805015</b>	<b>651</b>
<b>Serviço de Registo e Verificação Empresarial</b>			
Salários e Vencimentos	-		
Bens e Serviços	586		
Transferências Públicas	-		
Capital Menor	-		
Capital de Desenvolvimento	-		
<b>Total</b>	<b>586</b>	<b>-</b>	<b>586</b>
<b>Instituto de Pesquisa, Desenvolvimento, Formação e Promoção do Bambu</b>			

	Despesas	Receitas Próprias	Dotação OE
Salários e Vencimentos	-		
Bens e Serviços	285		
Transferências Públicas	-		
Capital Menor	-		
Capital de Desenvolvimento	-		
Total	285	150	135
Centro de Formação SENAI			
Salários e Vencimentos	99		
Bens e Serviços	105		
Transferências Públicas	-		
Capital Menor	-		
Capital de Desenvolvimento	-		
Total	204	-	204
Polícia Científica de Investigação Criminal			
Salários e Vencimentos	921		
Bens e Serviços	342		
Transferências Públicas	-		
Capital Menor	-		
Capital de Desenvolvimento	-		
Total	1,263	-	1,263
Agência Nacional para a Avaliação e Acreditação Académica			
Salários e Vencimentos	10		
Bens e Serviços	129		
Transferências Públicas	-		
Capital Menor	-		
Capital de Desenvolvimento	-		
Total	139	-	139
Hospital Nacional Guido Valadares			
Salários e Vencimentos	4,378		
Bens e Serviços	1,917		
Transferências Públicas	-		
Capital Menor	600		
Capital de Desenvolvimento	-		
Total	6,896	235	6,661
Serviço Autónomo de Medicamentos e Equipamentos Médicos			
Salários e Vencimentos	265		
Bens e Serviços	10,798		
Transferências Públicas	-		
Capital Menor	-		
Capital de Desenvolvimento	-		
Total	11,063	328	10,735
Laboratório Nacional			
Salários e Vencimentos	492		
Bens e Serviços	177		

	Despesas	Receitas Próprias	Dotação OE
Transferências Públicas	-		
Capital Menor	-		
Capital de Desenvolvimento	-		
Total	669	-	669
Instituto Nacional da Saúde			
Salários e Vencimentos	241		
Bens e Serviços	124		
Transferências Públicas	-		
Capital Menor	-		
Capital de Desenvolvimento	-		
Total	365	-	365
Centro Nacional de Reabilitação			
Salários e Vencimentos	22		
Bens e Serviços	525		
Transferências Públicas	-		
Capital Menor	-		
Capital de Desenvolvimento	-		
Total	547	-	547
Instituto de Gestão de Equipamentos			
Salários e Vencimentos	1,107		
Bens e Serviços	833		
Transferências Públicas	-		
Capital Menor	-		
Capital de Desenvolvimento	-		
Total	1,940	50	1,890
Administração dos Portos de Timor-Leste			
Salários e Vencimentos	353		
Bens e Serviços	1,899		
Transferências Públicas	-		
Capital Menor	-		
Capital de Desenvolvimento	-		
Total	2,252	3,015	(763)
Autoridade Reguladora das Comunicações			
Salários e Vencimentos	-		
Bens e Serviços	684		
Transferências Públicas	-		
Capital Menor	-		
Capital de Desenvolvimento	-		
Total	684	-	684
Instituto de Defesa Nacional			
Salários e Vencimentos	37		
Bens e Serviços	642		
Transferências Públicas	-		
Capital Menor	-		
Capital de Desenvolvimento	-		
Total	679	-	679

	Despesas	Receitas Próprias	Dotação OE
<b>Universidade Nacional Timor Lorosa'e</b>			
Salários e Vencimentos	8,776		
Bens e Serviços	3,959		
Transferências Públicas	-		
Capital Menor	299		
Capital de Desenvolvimento	-		
<b>Total</b>	<b>13,033</b>	<b>882</b>	<b>12,152</b>
<b>Fundo das Infraestruturas</b>			
Salários e Vencimentos	30		
Bens e Serviços	777		
Transferências Públicas	-		
Capital Menor	-		
Capital de Desenvolvimento	385,200		
<b>Total</b>	<b>386,007</b>	<b>-</b>	<b>386,007</b>
<b>Centro Logístico Nacional</b>			
Salários e Vencimentos	90		
Bens e Serviços	1,090		
Transferências Públicas	-		
Capital Menor	-		
Capital de Desenvolvimento	-		
<b>Total</b>	<b>1,180</b>	<b>-</b>	<b>1,180</b>
<b>Autoridade de Inspeção e Fiscalização da Atividade Económica, Sanitária e Alimentar</b>			
Salários e Vencimentos	41		
Bens e Serviços	305		
Transferências Públicas	-		
Capital Menor	-		
Capital de Desenvolvimento	-		
<b>Total</b>	<b>346</b>	<b>-</b>	<b>346</b>
<b>Centro Nacional de Emprego e Formação Profissional - Tibar</b>			
Salários e Vencimentos	-		
Bens e Serviços	298		
Transferências Públicas	-		
Capital Menor	-		
Capital de Desenvolvimento	-		
<b>Total</b>	<b>298</b>	<b>-</b>	<b>298</b>
<b>Total Serviços e Fundos Autónomos</b>	<b>431,035</b>	<b>4,705</b>	<b>426,330</b>
<b>Autoridade da Região Administrativa Especial de Oe-Cusse Ambeno (ARAEOA) e Zona Especial de Economia Social de Mercado de Oe-Cusse Ambeno e Ataúro (ZEESM)</b>	<b>Despesas</b>	<b>Receitas próprias</b>	<b>Dotação OE</b>
<b>Total</b>	<b>28,000</b>	<b>924</b>	<b>27,076</b>





**TABELA IV****Dotações Orçamentais para 2018 do Fundo de Desenvolvimento do Capital Humano (milhares de dólares norte-americanos)**

Nome do Programas/Subprogramas	Despesas financiadas por saldo transitado de 2016	Salários e Vencimentos	Bens e Serviços	Transferências Públicas	Capital Menor	Capital de Desenvolvimento	Total das Despesas
Total	-	-	15,794	-	-	-	15,794
Formação Profissional	-	-	1,525	-			1,525
Formação Técnica	-	-	434	-			434
Bolsas de Estudo	-	-	12,540	-			12,540
Outros Tipos de Formação	-	-	1,296	-			1,296

## ANEXO II

### Receitas e Despesas do Orçamento da Segurança Social para 2018

**Tabela I – Total de Receitas Globais da Segurança Social (dólares norte-americanos)**

Designação	OSS 2018
<b>Receitas Correntes</b>	<b>24,833,390</b>
<b>Contribuições para a Segurança Social</b>	<b>24,831,890</b>
Regime Contributivo	24,831,890
<b>Sanções e outras penalidades</b>	<b>0</b>
<b>Rendimentos</b>	<b>1,500</b>
<b>Transferências Correntes</b>	<b>0</b>
Do Estado (OE)	0
Ministério das Finanças	0
Outros Ministérios	0
Outras transferências correntes	0
<b>Outras receitas correntes</b>	<b>0</b>
<b>Receitas de Capital</b>	<b>0</b>
<b>Transferências de capital</b>	<b>0</b>
Do Estado (OE)	0
Transferências de capital do Estado - MF	0
Outras transferências de capital	0
<b>Ativos Financeiros</b>	<b>0</b>
<b>Outras receitas de capital</b>	<b>0</b>
<b>Saldo de gerência do ano anterior</b>	<b>16,316,555</b>
<b>TOTAL</b>	<b>41,149,945</b>

**Tabela II – Total de Receitas do Regime Contributivo de Segurança Social - Componente de Repartição (dólares norte-americanos)**

Designação	OSS 2018
<b>Receitas Correntes</b>	<b>24,832,890</b>
<b>Contribuições para a Segurança Social</b>	<b>24,831,890</b>
Regime Contributivo	24,831,890
<b>Sanções e outras penalidades</b>	<b>0</b>
<b>Rendimentos</b>	<b>1,000</b>
<b>Transferências Correntes</b>	<b>0</b>
Do Estado (OE)	0
Ministério das Finanças	0
Outros Ministérios	0
Outras transferências correntes	0
<b>Outras receitas correntes</b>	<b>0</b>
<b>Saldo de gerência do ano anterior</b>	<b>16,316,555</b>
<b>TOTAL</b>	<b>41,149,445</b>

**Tabela III - Total de Receitas do Regime Contributivo de Segurança Social – Componente de Capitalização (Fundo de Reserva da Segurança Social) (dólares norte-americanos)**

Designação	OSS 2018
<b>Receitas Correntes</b>	<b>500</b>
Rendimentos de aplicações	500
Transferências Correntes	0
Outras receitas correntes	0
<b>Receitas de Capital</b>	<b>40,433,404</b>
Transferências de capital	40,433,404
Do Estado (OE)	0
Transferências de capital do Estado - MF	0
Segurança Social	40,433,404
Transferências de capital do Regime Contributivo - saldos anuais do Regime Contributivo	40,433,404
Outras transferências de capital	0
Ativos Financeiros	0
Outras receitas de capital	0
Saldo de gerência do ano anterior	0
<b>TOTAL</b>	<b>40,433,904</b>

**Tabela IV - Total de Despesas Globais da Segurança Social (dólares norte-americanos)**

Designação	OSS 2018
<b>Despesas Correntes</b>	<b>716,541</b>
Juros e outros encargos	3,500
Transferências Correntes	713,041
Para o Estado (OE)	0
Ministério das Finanças	0
Para Famílias/Pessoais	713,041
Regime Contributivo	713,041
Outras prestações (despesas de outros Ministérios, cujo pagamento a SS assume)	0
Outras Despesas Correntes	0
<b>Despesas Capital</b>	<b>40,433,404</b>
Ativos Financeiros	40,433,404
Outras despesas de capital	0
<b>TOTAL</b>	<b>41,149,945</b>

**Tabela V - Total de Despesas do Regime Contributivo de Segurança Social – Componente de Repartição (dólares norte-americanos)**

Designação	OSS 2018
<b>Despesas Correntes</b>	<b>716,041</b>
Juros e outros encargos	3,000
<b>Transferências Correntes</b>	<b>713,041</b>
Para o Estado (OE)	0
Ministério das Finanças	0
Para Famílias/Pessoais	713,041
Regime Contributivo	713,041
Outras prestações	0
<b>Outras despesas correntes</b>	<b>0</b>
<b>Despesas Capital</b>	<b>40,433,404</b>
<b>Transferências de capital</b>	<b>40,433,404</b>
Para a Segurança Social	40,433,404
Transferências para o Fundo de Reserva da Segurança Social (FRSS)	40,433,404
<b>TOTAL</b>	<b>41,149,445</b>

**Tabela VI - Total de Despesas do Regime Contributivo de Segurança Social - Componente de Capitalização (Fundo de Reserva da Segurança Social) (dólares norte-americanos)**

Designação	OSS 2018
<b>Despesas Correntes</b>	<b>500</b>
Juros e outros encargos	500
<b>Outras despesas correntes</b>	<b>0</b>
<b>Despesas Capital</b>	<b>40,433,404</b>
<b>Ativos Financeiros</b>	<b>40,433,404</b>
<b>Outras despesas de capital</b>	<b>0</b>
<b>TOTAL</b>	<b>40,433,904</b>

## Part 4 Supporting Documents

### 4.1: Justification for Transfer from the Petroleum Fund



PRIMEIRO  
MINISTRO

Gabinete do  
Primeiro-Ministro

Sua Excelência o  
Senhor Presidente do Parlamento Nacional  
Ilustre Deputado Arão Noé da Costa Amaral  
Parlamento Nacional  
Rua Formosa  
Díli, Timor-Leste

N/Ref.º: 909/GPM/XI/2018  
Data: Díli, 14 de novembro de 2018  
Assunto: Justificação da realização de uma transferência do Fundo Petrolífero acima do  
Rendimento Sustentável Estimado

Excelência,

Em cumprimento de estipulado pela Lei n.º 9/2005, de 3 de Agosto, pelo exposto na Lei n.º 12/2011, Lei do Fundo Petrolífero, na alínea d) do seu artigo 9.º, sou a apresentar a Vossa Excelência a justificação pela qual se prevê efetuar uma transferência superior ao Rendimento Sustentável Estimado do Fundo Petrolífero.

Deste modo, e em conformidade com os requisitos legais, submetemos igualmente, para consideração e aprovação do Parlamento Nacional, a Proposta de Lei do Orçamento Geral do Estado para 2019.

O VIII Governo Constitucional continua empenhado em conduzir a sua ação governativa de forma responsável e transparente. Por isso, continuará a trabalhar para implementar as políticas definidas pelo Governo, que emanam da visão que queremos para Timor-Leste até 2030 e que estão contempladas no Plano Estratégico de Desenvolvimento 2011-2030.

O meu executivo continua determinado em continuar a trabalhar no sentido de libertar o nosso Povo da pobreza e transformar Timor-Leste num país de rendimento médio-alto. Estamos absolutamente empenhados em garantir que os índices de desenvolvimento humano são atingidos de forma justa e inclusiva e aptos a contribuir para a paz, para a estabilidade e para a prosperidade da nossa Nação, refletida nomeadamente num maior acesso de toda a nossa população a melhores condições de saúde e de educação, mas também a maiores e melhores oportunidades de emprego.

15/11/18

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## PRIMEIRO MINISTRO

Gabinete do  
Primeiro-Ministro

A criação do Fundo Petrolífero – cujas receitas do petróleo devem ser empregues em prol de todo o povo e em benefício das gerações vindouras - e as regras cautelosas e transparentes, inerentes à forma como pode ser utilizado, demonstra precisamente o compromisso de todos os Governos para com o processo de construção Nação.

O Rendimento Sustentável Estimado é, por isso, utilizado para promover o crescimento económico sustentável do país e reduzir a pobreza em todas as suas dimensões.

No entanto, considerando o plano de desenvolvimento que almejamos e definimos como o adequado para o nosso país, torna-se necessário recorrer a um levantamento acima do Rendimento Sustentável Estimado, para garantir a concretização do desenvolvimento nacional nos seus quatro pilares, tal como se encontra preconizado no Plano Estratégico de Desenvolvimento 2011-2030: o desenvolvimento social, o desenvolvimento das infraestruturas, o desenvolvimento económico e a boa governação.

Nesse sentido, gostaria de realçar que a transferência do montante superior ao Rendimento Sustentável Estimado não pretende suportar as despesas correntes relacionadas com o funcionamento da administração do Estado. Antes pelo contrário, pretende sim fazer face às despesas relacionadas com o investimento do país, preenchendo o critério exigido pela Lei do Fundo Petrolífero, no sentido de o aplicar para satisfazer as necessidades da geração atual e das gerações vindouras.

Não podemos pôr de lado todo o investimento que temos vindo a realizar de forma estratégica e que é a base para garantir a diversificação da economia, crucial para qualquer país, sobretudo para Timor-Leste que quer, cada vez mais, ser menos dependente dos recursos naturais, de forma a garantir a sua sustentabilidade.

Por isso, é crucial prosseguir com a nossa estratégia de desenvolvimento e de investimento em infraestruturas que conduzam o nosso país ao crescimento económico e o nosso povo para uma progressiva melhoria das suas condições de vida.

Na senda da política de desconcentração administrativa territorial, vital para promover o desenvolvimento harmonioso de todo o território nacional, estamos a implementar os contratos interorgânicos de delegação de competências celebrados entre os órgãos governamentais e as Administrações e Autoridades Municipais para prestar melhores serviços e melhorar a eficiência dessa prestação, contribuindo para desencadear o processo de desenvolvimento rural.

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## PRIMEIRO MINISTRO

Gabinete do  
Primeiro-Ministro

A aquisição de uma participação e interesses no consórcio para o desenvolvimento do projeto de *Greater Sunrise*, e de acordo com as normas mais atuais da contabilidade pública, não configura verdadeiramente uma despesa pública, mas antes a aquisição de um ativo não financeiro, ficando inalterado o balanço do Estado, já que a diminuição de recursos financeiros no Fundo Petrolífero é compensada nesse mesmo balanço por um ativo adquirido por razões de ordem política.

Ademais, esta operação insere-se numa estratégia que visa maximizar os ganhos, para o Povo Timorense, com a exploração das riquezas naturais do nosso território nacional, viabilizar o desenvolvimento da Costa Sul e abrir novas possibilidades de crescimento da economia.

Excelência,

O levantamento acima dos 3% do Rendimento Sustentável Estimado do Fundo de Petróleo, que se submete à consideração do Parlamento Nacional, visa sobretudo dar continuidade à implementação de infraestruturas, através do Fundo de Infraestruturas, mas também à implementação das políticas sociais e de desenvolvimento económico para que o nosso país possa almejar o desenvolvimento sustentável e inclusivo, que abranja toda a população, desde as cidades até às áreas mais remotas.

Não é novidade que o projeto de desenvolvimento nacional tem necessariamente de passar pela criação de acessos rodoviários em todos os municípios, o que representa um desafio. Não podemos abrandar o ritmo de execução dos projetos em curso porque são determinantes para melhorar a prestação de serviços públicos à população, dinamizar as iniciativas do sector privado e promover as transações económicas.

É pois fundamental prosseguir com os projetos de alargamento e recuperação da rede nacional de estradas, de distribuição água potável e de eletricidade em todo o território nacional, e ao mesmo tempo dar continuidade ao projeto *Tasi Mane*, à construção e reabilitação de aeroportos e porto, entre outros projetos.

A Região Administrativa Especial do Oe-Cusse Ambeno e a Zona Especial de Economia Social de Mercado de Oe-Cusse Ambeno e Ataúro são potenciadoras do desenvolvimento económico e social da região e, por conseguinte, instrumentos importantes da promoção da melhoria das condições de vida das populações que ali residem.

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Por isso, pretendemos continuar a executar os projetos de investimento estratégico em curso, nomeadamente a modernização do aeroporto e dos nossos principais eixos rodoviários.

Temos também o dever e a obrigação de assegurar o desenvolvimento sustentável e inclusivo da nossa Nação, através de uma melhor e mais eficaz prestação de serviços e bens essenciais, o que exige um investimento no sector social.

A saúde e a educação merecem, para tanto, a continuidade do investimento que vem sendo realizado, de forma a proporcionar às nossas crianças, jovens e adultos a evolução do seu bem-estar físico e social. Também a continuação do investimento no capital humano é fundamental para podermos qualificar os nossos recursos humanos para serem e fazerem parte do nosso desenvolvimento nacional como força de trabalho qualificada e produtiva, apta a contribuir para a diversificação económica do nosso país e estimular sectores como a agricultura e o turismo.

Ainda no sector social, continuaremos a desenvolver e a implementar o regime contributivo de segurança social, com o objetivo de proteger os trabalhadores e as suas famílias em situações de perdas de rendimentos de trabalho, para que este seja um modelo sustentável.

Excelência,

O Governo reconhece que o levantamento acima do Rendimento Sustentável Estimado para financiar o Orçamento Geral do Estado é um último recurso. Nesse sentido, estamos a pôr em prática uma série de reformas estratégicas que, por um lado, contribuem para reduzir as despesas correntes e, por outro, aumentam as receitas internas e com isso as fontes de financiamento do orçamento.

A Reforma Gestão Finanças Públicas, por exemplo, que compreende as políticas de arrecadação de receita e de execução da despesa, visa melhorar a relação entre o planeamento e a orçamentação, assegurando a melhoria da gestão pública, tornando-a mais eficiente e eficaz, e reduzindo o peso da administração pública na economia, criando oportunidades de crescimento do sector privado e, dessa forma, aumentando as receitas domésticas, tornando as finanças do Estado mais sustentáveis e equilibradas.

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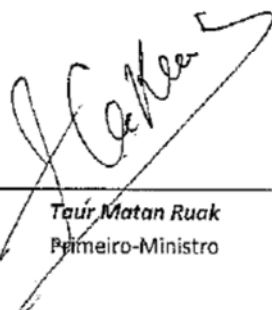
PRIMEIRO  
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Primeiro-Ministro

A política de *frontloading* e as razões supra mencionadas dão continuidade e vão ao encontro do nível de desenvolvimento sustentável a médio-longo prazo – seja ele ao nível das infraestruturas ou económico e social – que ansiamos para o nosso país e para o nosso povo, e por isso submetemos à consideração do Parlamento Nacional a aprovação do levantamento que excede os 3% do Rendimento Sustentável Estimado.

Para terminar, junto o “Relatório com a estimativa do montante em que ficará o Rendimento Sustentável Estimado dos exercícios orçamentais subsequentes, por força de transferência a partir do Fundo Petrolífero de montante superior ao Rendimento Sustentável Estimado”, cumprindo assim o requisito legal, da alínea b) artigo 9.º da Lei do Fundo Petrolífero, bem como o “Relatório do Auditor Independente que certifica as estimativas de redução do rendimento sustentável estimado”, conforme o prescrito na alínea c) do mesmo artigo.

Ciente da atenção, merecimento e aceitação de Sua Excelência, Senhor Presidente, aproveito o ensejo para apresentar os protestos da minha mais elevada consideração.



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Taur Matan Ruak  
Primeiro-Ministro

## 4.2: Requirement for Transfers from the Petroleum Fund for 2018 ESI



**República Democrática de Timor-Leste**  
**Ministério das Finanças**



Gabinete  
Vice-Ministro

N.º 49 / VIII/GVM-MF/ 2018-DB  
Dili, 6 de Agosto de 2018

Sua Excelência,  
Primeiro-Ministro da RDTL  
Senhor Taur Matan Ruak

**ASSUNTO: REQUISITO PARA TRANSFERÊNCIAS A PARTIR DO FUNDO PETROLÍFERO**

Vossa Excelência,

Este Relatório é fornecido de acordo com as alíneas a) e b) da Lei Fundo Petrolífero. O rendimento Sustentável Estimado é calculado segundo as provisões delineadas no anexo 1 da Lei do Fundo Petrolífero.

Estimativa do Rendimento Sustentável para o ano fiscal 2018	Montante (USD) \$550,4 milhões
Estimativa do Rendimento Sustentável para o ano anterior 2017	Montante (USD) \$481,6 milhões

O Orçamento para 2018 inclui uma análise da metodologia na que se baseiam os cálculos do Rendimento Sustentável Estimado.

De acordo com a alínea c) do artigo 8.º da Lei Fundo Petrolífero, o Auditor Independente deverá certificar o montante do Rendimento Sustentável Estimado. O Relatório de certificação segue em anexo.

Com as melhores cumprimentos,

Sara Lebo Brites  
Vice-Ministra e Ministra em Exercício



## **INDEPENDENT ASSURANCE PRACTITIONER'S REASONABLE ASSURANCE REPORT ON THE ESTIMATED SUSTAINABLE INCOME CALCULATION TO THE MINISTRY OF PLANNING AND FINANCE, DEMOCRATIC REPUBLIC OF TIMOR-LESTE**

We have been engaged by the Ministry of Planning and Finance in accordance with Article 8(c) of the Petroleum Fund Law (Law No. 9 /2005) of the Democratic Republic of Timor-Leste, ("the Law") to undertake a reasonable assurance engagement in relation to the Ministry of Planning and Finance's compliance with the calculation of the Estimated Sustainable Income ("ESI") for the fiscal year ending 31 December 2018 in accordance with paragraphs II and III of the amended Schedule 1 of the Petroleum Fund Law (Law No. 9 /2005, Amendment 1, No. 12/2011) of the Democratic Republic of Timor-Leste ("Schedule 1").

### ***The Ministry of Planning and Finance's Responsibility for the Estimated Sustainable Income Calculation***

The Ministry of Planning and Finance is responsible for:

- The calculation of the ESI for the fiscal year ending 31 December 2018 in compliance with Schedule 1 of the Law.
- Confirming the measurement or evaluation of the underlying assumptions supporting the calculation complies with the provisions of Schedule 1 (IV) and (V) of the Law and that all relevant matters are reflected in the calculation.
- Designing, establishing and maintaining internal controls to ensure that the calculation of the ESI is properly prepared in accordance with Schedule 1 of the Law.

### ***Assurance Practitioner's Independence and Quality Control***

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Auditing Standard ISQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### ***Assurance Practitioner's Responsibility***

Our responsibility is to express an opinion on whether the Ministry of Planning and Finance has complied, in all material respects, with paragraphs II and III of Schedule 1 of the Law in calculating the ESI for the fiscal year ending 31 December 2018, based on the procedures we have performed and the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and



perform this engagement to obtain reasonable assurance that the Ministry of Planning and Finance has complied with paragraphs II and III of Schedule 1 of the Law in calculating the ESI. Our engagement provides reasonable assurance as defined in ISAE 3000 (Revised).

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence that the Ministry of Planning and Finance has complied, in all material respects, with paragraphs II and III of Schedule 1 of the Law. The nature, timing and extent of procedures selected depend on the assurance practitioner's professional judgement, including the assessment of the risks of material misstatement in the ESI Calculation. In making those risk assessments, we considered the internal controls relevant to the preparation of the ESI Calculation. A reasonable assurance engagement consisted primarily of inquiries of relevant personnel, inspection of evidence and obtaining and reviewing the Estimated Sustainable Income Calculation.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

#### ***Inherent Limitations***

The Ministry of Planning and Finance prepares the ESI calculation based on underlying assumptions in accordance with the provisions of Schedule 1 (IV) and (V) of the Law. Certain of these assumptions are based on forecast information provided or obtained from third parties and our engagement does not extend to verifying the accuracy, completeness or validity of this third party information. Reasonable assurance means a high but not absolute level of assurance. Absolute assurance is very rarely attainable as a result of factors such as the following: the use of selective testing, the inherent limitations of internal control, the fact that much of the evidence available to Deloitte is persuasive rather than conclusive and the use of judgement in gathering and evaluating evidence and forming conclusions based on that evidence.

#### ***Limitations of use***

This report is made solely to Ministry of Planning and Finance in accordance with our contract dated 20 July 2016, for the purpose of expressing an opinion whether the Ministry of Planning and Finance's calculation of the Estimated Sustainable Income for the fiscal year ending 2018 has complied, in all material respects, with paragraphs II and III of Schedule 1 of the Law. We disclaim any assumption of responsibility for any reliance on this report to any person other than the Ministry of Planning and Finance or for any purpose other than that for which it was prepared.

#### ***Conclusion***

In our opinion, the Ministry of Planning and Finance has complied, in all material respects, with paragraphs II and III of Schedule 1 of the Law in calculating the Estimated Sustainable Income for the fiscal year ending 31 December 2018. The calculation shows an Estimated Sustainable Income of 550.4 million United States Dollars.

DELOITTE TOUCHE TOHMATSU  
Chartered Accountants  
Dili  
18 January 2018

Liability limited by a scheme approved under Professional Standards Legislation and contract dated 20 July 2016.  
Member of Deloitte Touche Tohmatsu Limited

## 4.3: Requirement for Transfers from the Petroleum Fund for medium term ESI



**República Democrática de Timor-Leste**  
**Ministério das Finanças**



Gabinete  
Vice-Ministra

N.º: 118 / VIII/GVM-MF/UAFP/ 2018-09  
Díli, 12 de Setembro de 2018

Sua Excelência,  
Primeiro-Ministro da RDTL  
**Senhor Taur Matan Ruak**

**ASSUNTO: REQUISITO PARA TRANSFERÊNCIAS A PARTIR DO FUNDO PETROLÍFERO**

Vossa Excelência,

O presente relatório é apresentado nos termos da alínea b), do artigo 9.º da Lei do Fundo Petrolífero. Como requerido na alínea b) do artigo 9.º, a tabela abaixo mostra a redução do Rendimento Sustentável Estimado para os anos fiscais a partir de 2019, em resultado da proposta de transferência do Fundo Petrolífero de um montante que excede o Rendimento Sustentável Estimado em 2018:

Ano Fiscal	Transferências a partir do Rendimento Sustentável Estimado em 2018	
	\$550,4 milhões	\$982,5 milhões
2019	555,0	541,8
2020	559,7	546,4
2021	564,4	551,0
2022	569,1	555,6
2023	573,9	560,3
2024	578,8	565,0
2025	583,6	569,7
2026	588,5	574,5
2027	593,5	579,4
2028	598,5	584,2

Nos termos do disposto na alínea c) do artigo 9.º da supracitada Lei, o Auditor Independente deve confirmar as estimativas da redução Rendimento Sustentável Estimado. O relatório de certificação em anexo.

Todos os cálculos foram efectuados por técnicos especialistas do Ministério das Finanças.

Com os melhores cumprimentos,

**Sara Lobo Brites**  
Vice Ministra e Ministra em Exercício

H.E. Sara Lobo Brites  
Vice Minister and Interim Minister of Finance  
10th Floor, Ministry of Finance Tower  
Aitarak-Laran  
Dili, Timor-Leste

12 September 2018

Dear Minister

**Report on Factual Findings relating to the estimated reduction in the Estimated Sustainable Income (Article 9)**

In accordance with Contract For Audit Services (Lump-Sum) “*Independent Audit Services as Required by the Government of Timor-Leste*” we have performed certain agreed upon-procedures solely for the purpose of providing a report to the Government of the Democratic Republic of Timor-Leste in accordance with Article 9 (c) of Law 9/2005 *Petroleum Fund Law* as amended by Law 12/2011 *First Amendment to Petroleum Fund Law*. Our engagement was performed in accordance with the International Standard on Related Services (ISRS) 4400 *Engagements to Perform Agreed-upon Procedures Regarding Financial Information*. This report should be read in conjunction with our contract which sets out the basis on which our work was performed.

**Scope of work and statement of responsibility**

At your request and agreement, we performed the procedures set out in the table below. The scope of our work was limited solely to those procedures. You are responsible for determining whether the scope of our work is sufficient for your purposes and we make no representations regarding the sufficiency of these procedures for your purposes. If we were to perform additional procedures, other matters might have come to our attention that would be reported to you.

This report should not be taken to supplant any other enquiries and procedures that may be necessary to satisfy the requirements of the recipients of the report.

The procedures we performed did not constitute a review or an audit of any kind and we have not expressed any opinion or drawn any conclusions on the procedures we have performed. We did not subject the information contained in this report or given to us by the Ministry of Finance to checking or verification procedures except to the extent expressly stated below. This is normal practice when carrying out such limited scope procedures, but contrasts significantly with, for example, an audit. The procedures we performed were not designed to and are not likely to have revealed fraud or misrepresentation by the Ministry of Finance. Accordingly, we cannot accept responsibility for detecting fraud (whether by management or by external parties) or misrepresentation by the management of the Ministry of Finance.

This report is provided solely for your exclusive use and solely for the purpose of satisfying the requirements Article 9 (c) of Law 9/2005 *Petroleum Fund Law* as amended by Law 12/2011 *First Amendment to Petroleum Fund Law*. Our report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without our prior written express consent. We accept no duty, responsibility or liability to any other party in connection with the report or this engagement.



## Procedures and Findings

Procedures Performed	Factual Findings
1. Obtain the underlying calculations which support the report of Government that is to be provided to Parliament pursuant to Article 9(b).	1. The underlying calculations which support the report of Government to be provided to Parliament pursuant to Article 9(b) were obtained from the Ministry of Finance on 10 September 2018.
2. Agree the calculation methodology to the Estimated Sustainable Income calculation for the Fiscal Year Budget 2018 as previously obtained by Deloitte.	2. The calculation methodology was agreed to that of the Estimated Sustainable Income calculation used for the Fiscal Year Budget 2018 as previously obtained by Deloitte.
3. Obtain the value of the proposed Government transfer being an amount in excess of the Estimated Sustainable Income calculated by the Government for purposes of the Fiscal Year Budget Rectification 2018 and agree the value to the updated underlying calculation, which incorporates the proposed Government transfer.	3. A Government transfer of US\$982.5 million was advised by the Ministry of Finance to Deloitte and is noted to exceed the Estimated Sustainable Income of US\$550.4 million as previously calculated by the Government for purposes of the Fiscal Year Budget 2018, by US\$432.1 million. The US\$982.5 million was incorporated into the updated underlying calculation.
4. Re-perform the calculation of the estimated reduction in the Estimated Sustainable Income for the Fiscal years commencing 1 January 2019 that results from the proposed Government transfer from the Petroleum Fund in Fiscal Year 2018.	4. The calculation of the estimated reduction in the Estimated Sustainable Income for future Fiscal Years commencing 1 January 2019 was re-performed without exception. The estimated reduction in the Estimated Sustainable Income in each future year from 2019 to 2028 ranged from US\$13.2 million to US\$14.3 million over the period as set out in Appendix A.
5. Provide a report to Government in accordance with of Law 9/2005 Petroleum Fund Law as amended by Law 12/2011 First Amendment to Petroleum Fund Law.	5. Report herewith.

Yours faithfully,

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU  
12 September 2018

Prepared for the Government of the Democratic Republic  
of Timor-Leste by the Ministry of Finance



MINISTRY OF FINANCE

Torre Ministerio das Finanças, Aitarak-Laran , Díli, Timor-Leste

Website - [www.mof.gov.tl](http://www.mof.gov.tl)