

Map No. 4117 Rev. 2 UNITED NATIONS  
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Cartographic Section

# ***The 2010 National Priorities, Poverty Reduction and MDGs and the Proposed Budget 2010***

***Presentation to the Commission C***

***22 October 2009***

# Linkages between MDGs and 2010 Timor-Leste's National Priorities

## 2010 National Priorities

**NP1: Infrastructure (water & roads)**

**NP2: Food Security (agric productivity)**

**NP3: Human Resources Training**

**NP4: Access to Justice**

**NP5: Social Services & Decentralization**

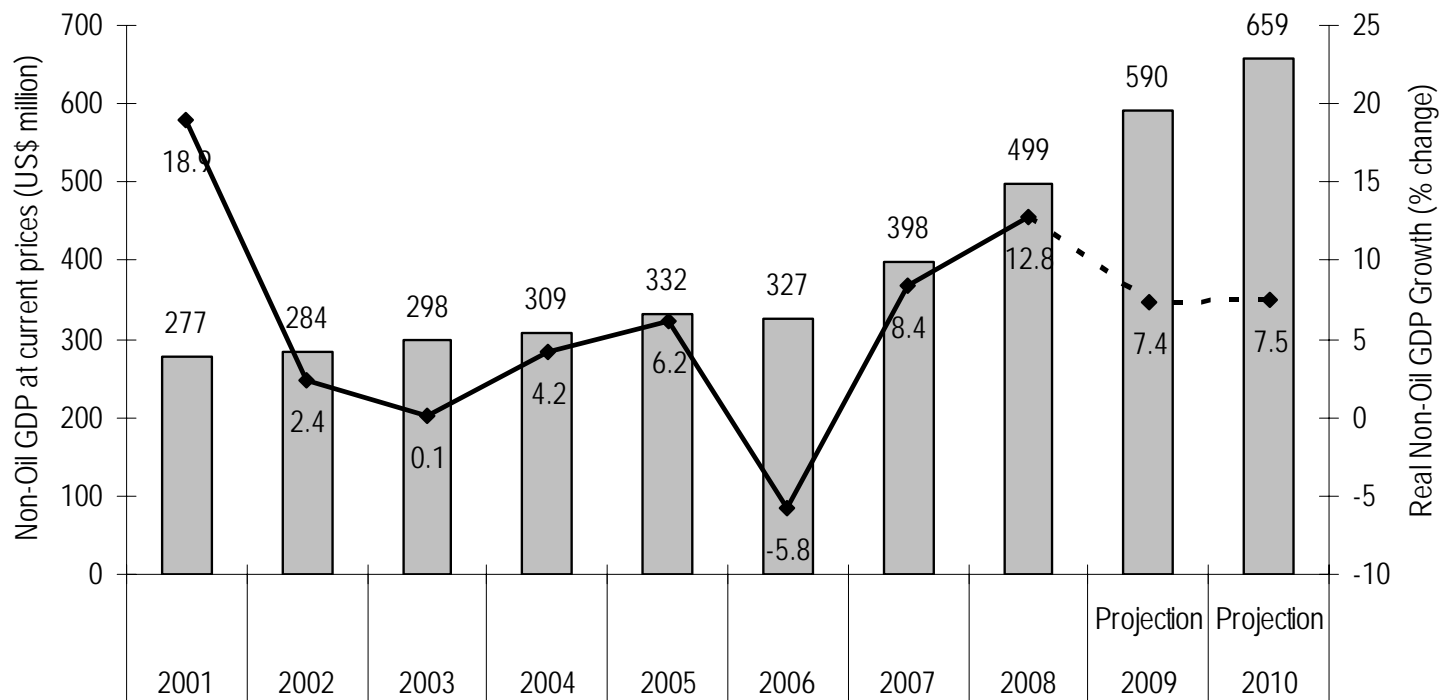
**NP6: Good Governance**

**NP7: Public Security**

## Millennium Development Goals



## Non-Oil GDP, 2001-2010



Sources: IMF Art. IV, 2007, 2008, 2009

### Recent economic developments:

- Economy has been growing rapidly over the last two years
- Direct impact of the global crisis has been minimal
- Inflation has declined along with international food prices
- Petroleum revenues have increased → surplus to about four times non-oil GDP in 2008

## Non-oil economy dangerously small & heavy reliance on oil/gas revenues

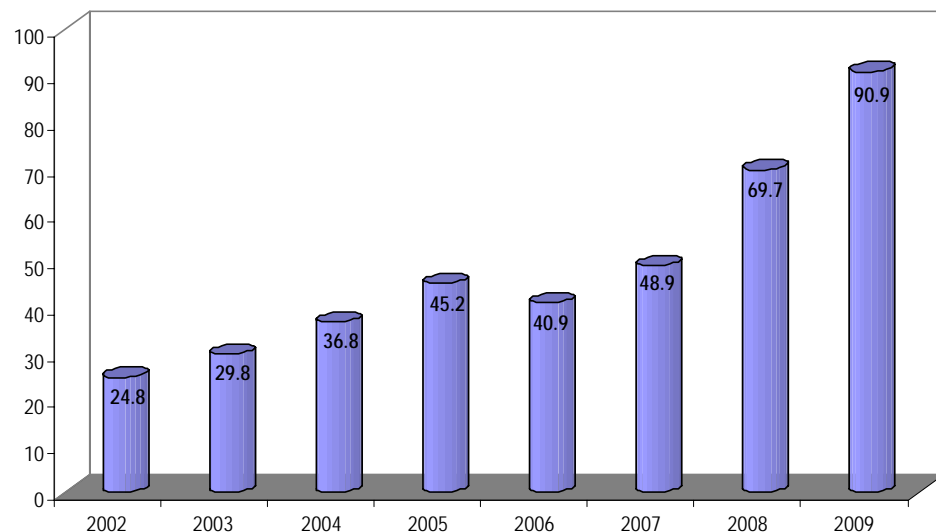
### Central Government Budget as Percentage of Non-Oil GDP

	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009 Proj</i>
Oil and gas revenues	10	14	46	107	195	330	481	271
Domestic revenues	7	10	10	11	10	11	9	15
Expenditure	23	21	20	26	32	59	106	103
Non-oil fiscal balance	-5	0	1	-5	-21	-46	-97	-91
Overall balance	5	14	46	102	174	284	384	178

Source: IMF (2008, 2009) *Country Report 08/203* and *Country Report No. 9/219*, International Monetary Fund.

# Domestic revenues have remained on average 8% of non-oil economy

Total Domestic Revenues (US\$ millions), 2002-2009



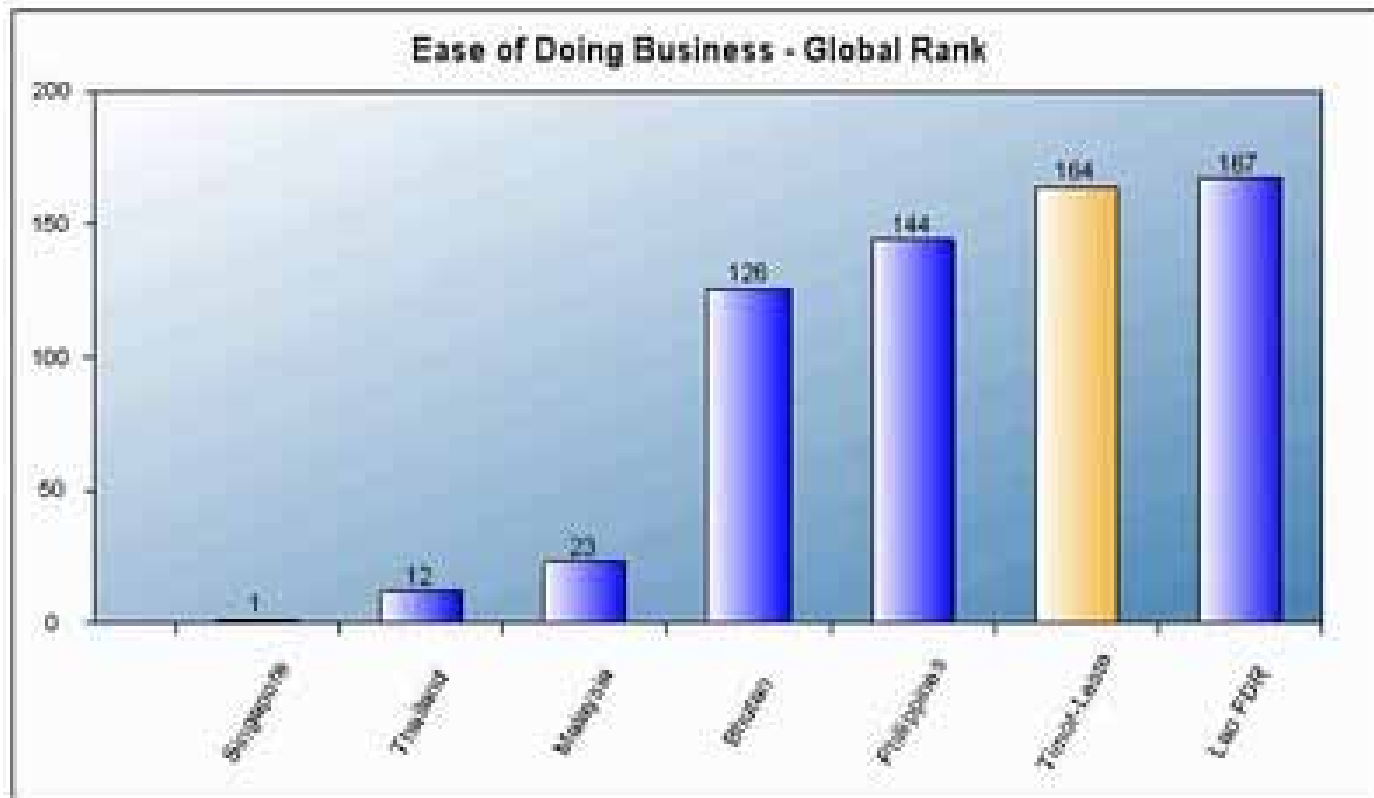
Domestic Revenues (US\$ millions), 2002-2009

	2002	2003	2004	2005	2006	2007	2008	2009
<b>Total Domestic Revenues</b>	24.8	29.8	36.8	45.2	40.9	48.9	69.7	90.9
<i>Direct Taxes</i>	5.8	5.9	6.6	10.6	10.1	12.6	18	11.1
<i>Indirect Taxes</i>	12.9	14.8	18.6	17.5	16.6	18.8	19.3	41.9
<i>User Charges &amp; Fees</i>	1.4	3.3	4.5	4.3	3.1	4.3	6.2	7.8
<i>Autonomous Agencies</i>	4.6	5.8	7	7.9	6.8	6.9	7.9	8.6
Sub-Total	24.7	29.8	36.7	40.3	36.6	42.6	51.4	69.4
<i>Interest</i>	0.1	0.1	0.1	4.9	4.3	6.3	1.5	3.5
<i>Rice Sales</i>	0	0	0	0	0	0	16.8	18

Source: Timor-Leste Ministry of Finance, Directorate of Treasury and 2009 Budget. Estimates for 2005-07 are based on averages for the overlapping fiscal years. Carryovers for 2002-07 were not disaggregated by expenditure type

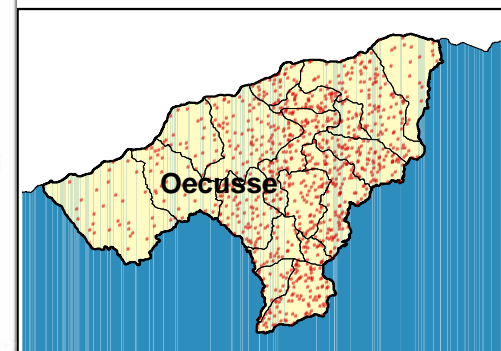
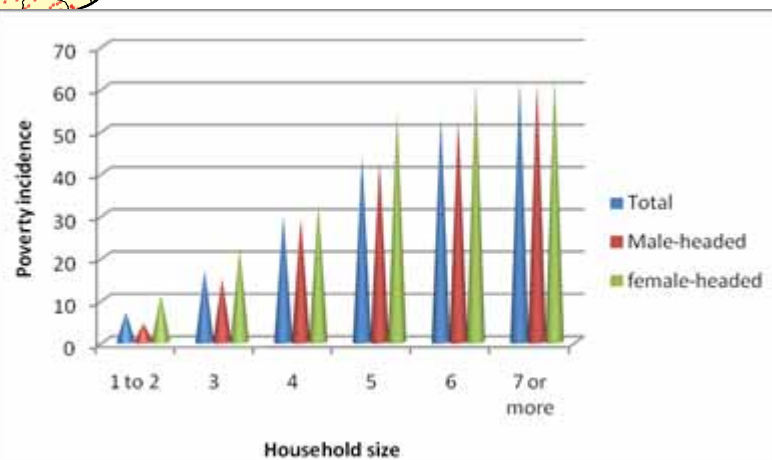
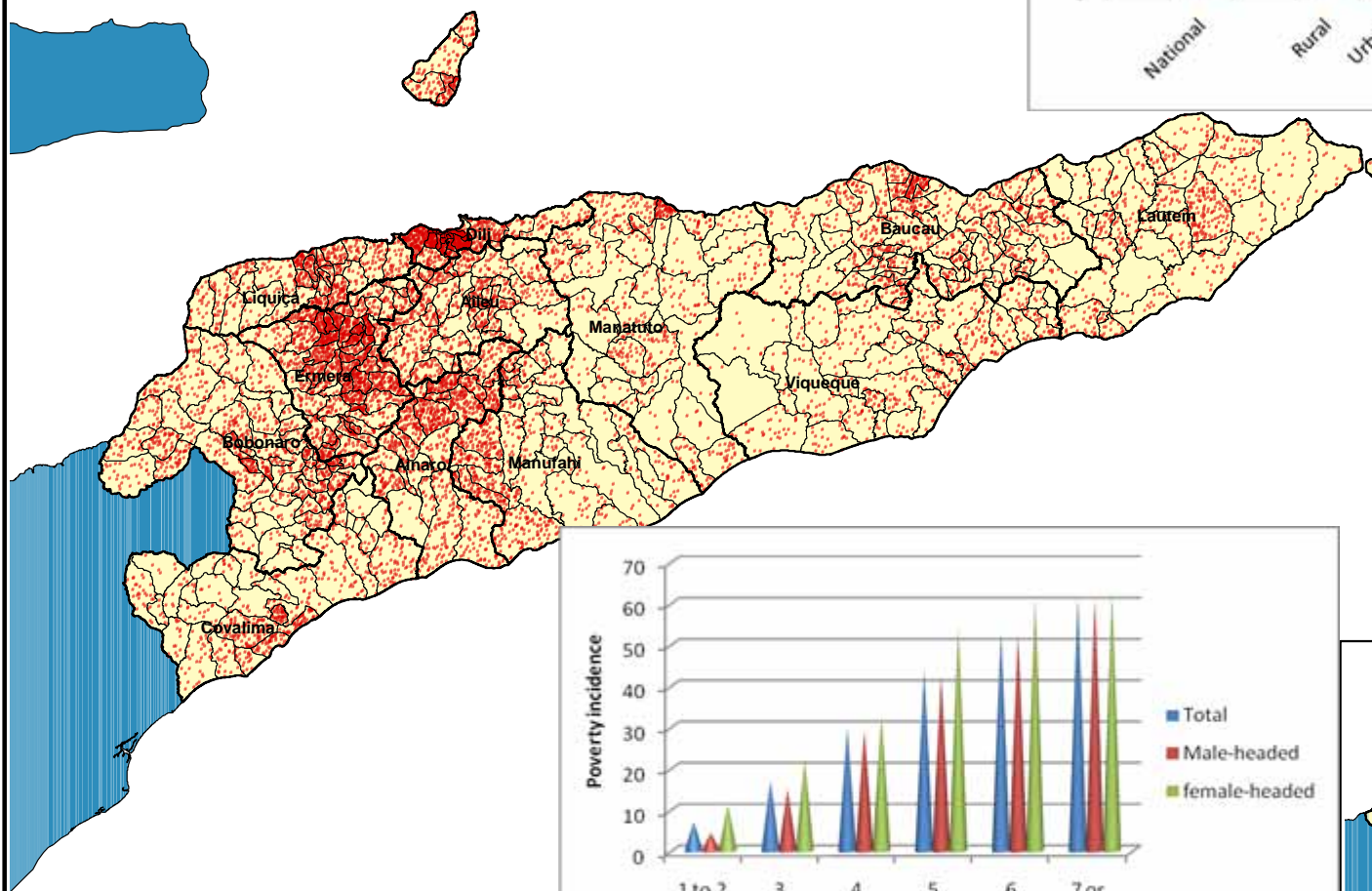
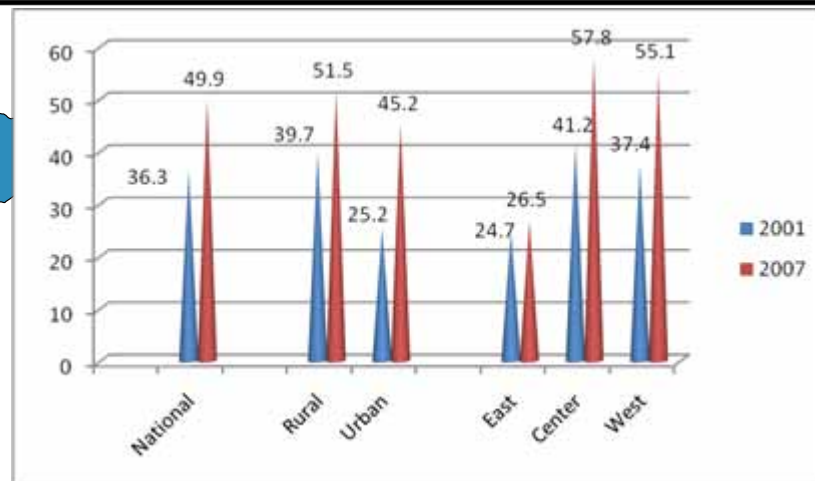
# Timor-Leste's rank in Ease of Doing Business

Timor-Leste - Compared to global good practice economy as well as selected economies:



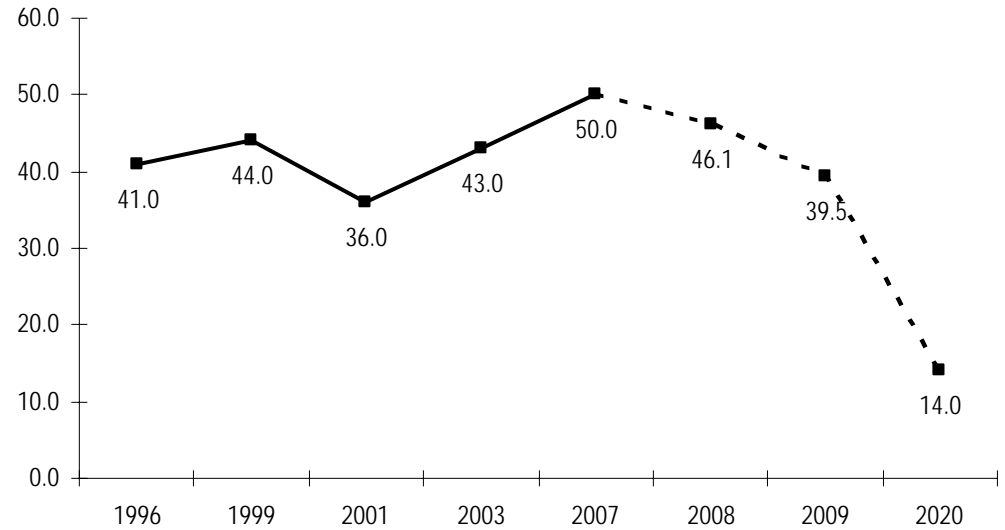
# Mapa konoba densidade ema kiak

MAP OF DENSITY OF POVERTY





## Percentage of Population Below the National Poverty Lines (\$0.55 and \$0.88), 1996-2020



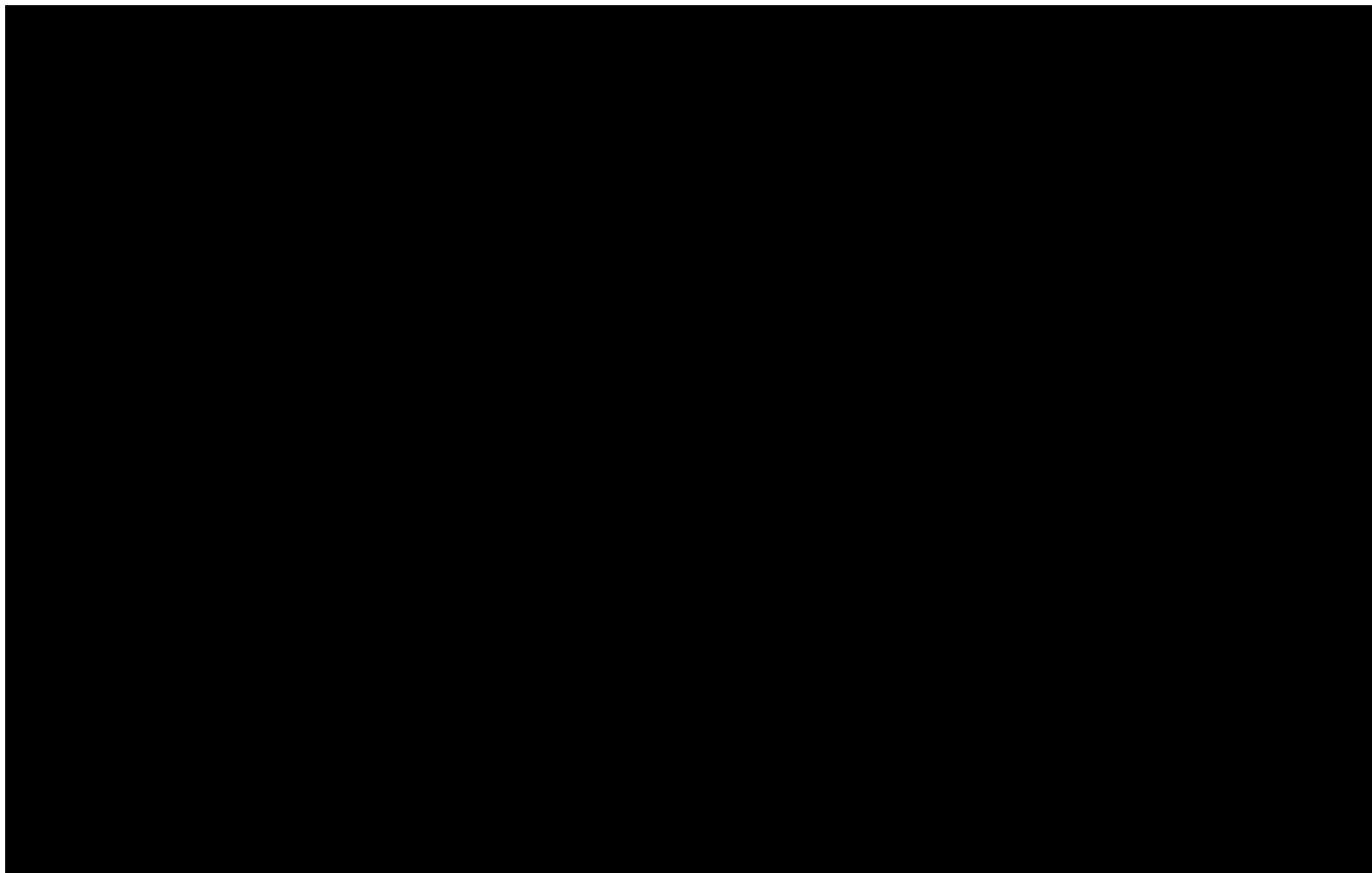
The target can be attained with a moderate-to-high elasticity of 1.5

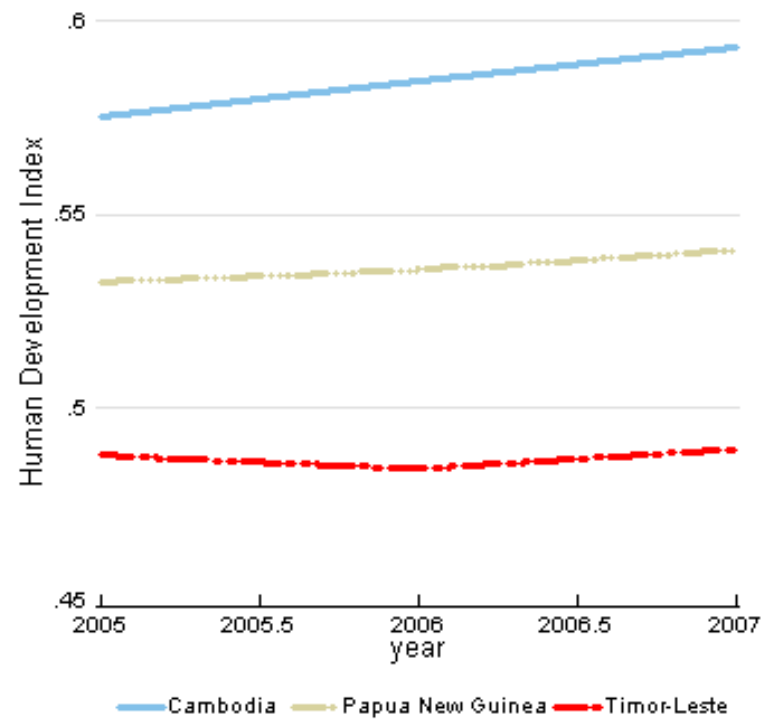
Growth Elasticity of Poverty in selected countries:

- China 1980s
- Malaysia 1970s
- Indonesia 1970s
- Thailand 1970s
- LDCs (e.g. Bhutan) recently









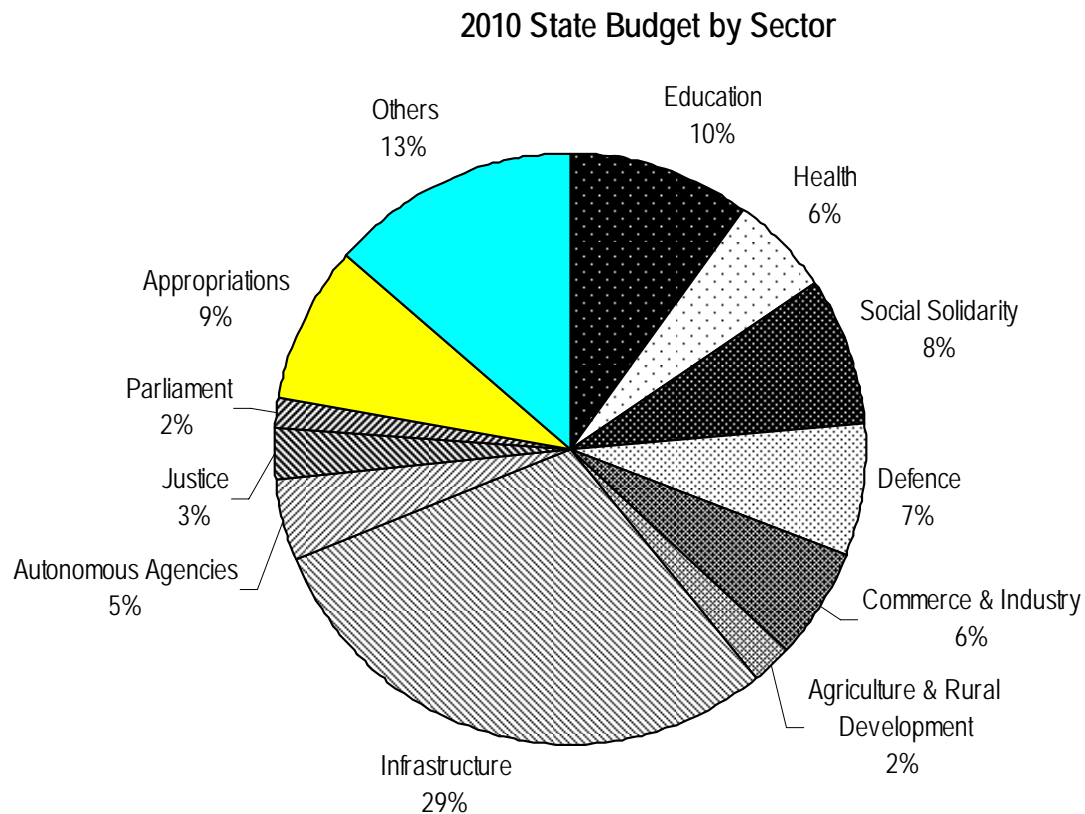
# General State Budget 2010

## General Budget of the State (US\$ 000) Total Expenditure by Appropriation Category

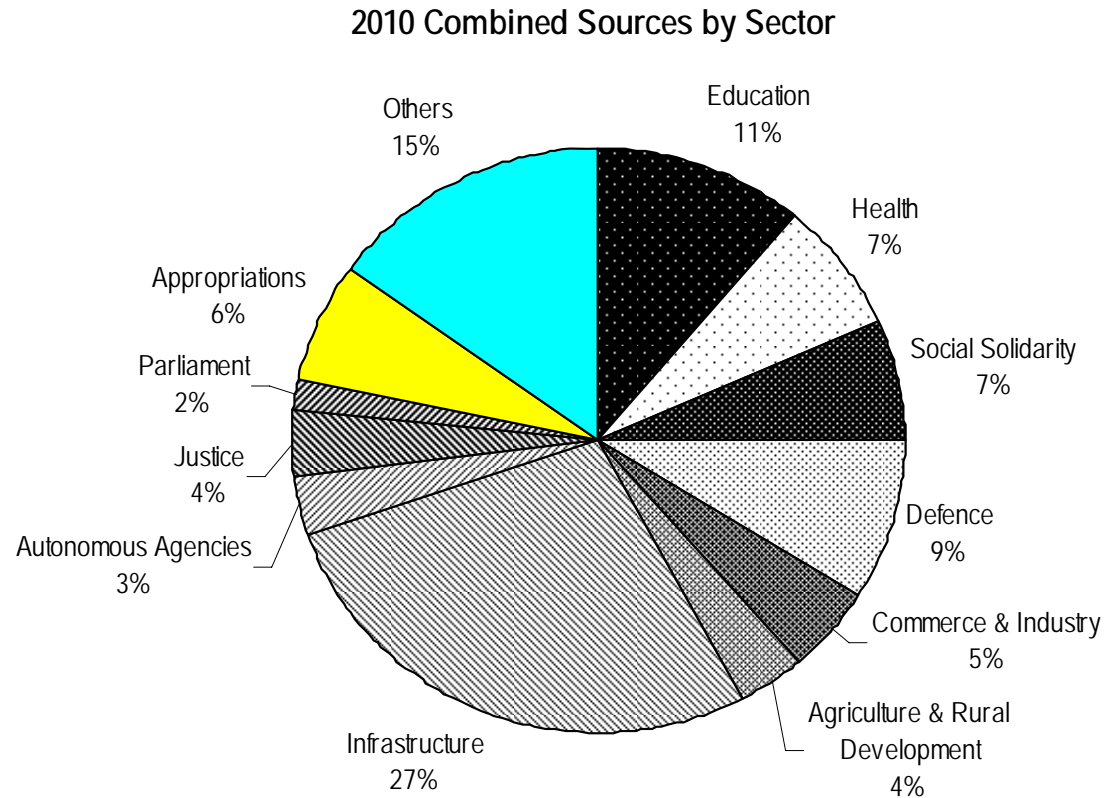
	2009 Budget	2010 Budget	2011 Projection	2012 Projection	2013 Projection
<b>Total Expenditure</b>	<b>687,060</b>	<b>636,809</b>	<b>560,234</b>	<b>440,910</b>	<b>629,303</b>
Salary & Wages	93,648	97,658	89,973	92,578	98,210
Goods & Services	253,629	207,630	172,938	178,403	184,122
Minor Capital	38,047	28,809	18,115	16,168	23,690
Capital & Development	205,371	216,808	146,820	12,538	2,514
Transfers	96,365	85,904	132,388	141,223	320,767

Source: GSB 2010, p. 42.

# Sectoral allocations without donor funds

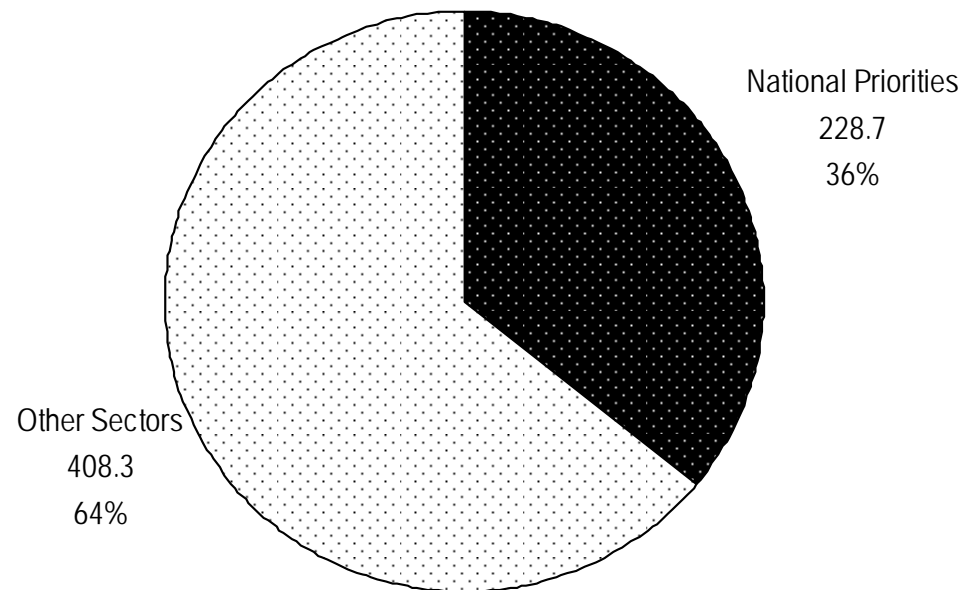


# Sectoral allocations with donor funds



# Allocations for the National Priorities

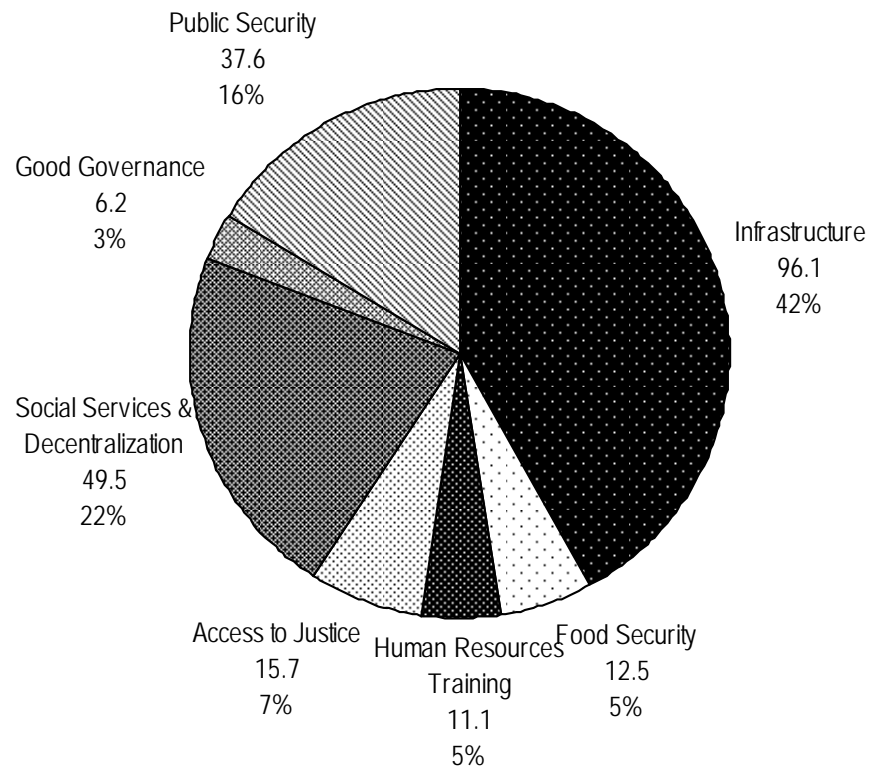
Allocation to National Priorities and Other Sectors, 2010





# Allocations for the National Priorities

Allocation to National Priorities 2010 (Total US\$228.7 millions)



# Few Remarks

- Congratulate the government for restraining expenditure
- Withdrawal of US\$502 millions from the Petroleum Fund is still within the limits of the ESI
- Agriculture contribution to GDP growth has been experiencing a declining trend on average -2.3% per annum between 2002 and 2008
- The widening gap between the rich and the poor as measured by the Gini index currently stands at 39.5
- Registration of property, contract enforcement and closing of business hamper Private Sector development

# Few Remarks (cont'd)

- The domestic economy can only absorb 13% of the total labor force (355,000)
- Domestic revenues have remained 8% of non-oil GDP since 2002
- Prevalent social economic crisis in the country characterized by high poverty and illiteracy levels, high infant and maternal mortality rates, dilapidated infrastructure and food insecurity
- 66% of households live in temporary houses, and 81% of these houses are classified as mediocre or severely damaged (TLSLS2007)



Thank you for listening

Rui A. Gomes

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Email: [rui.gomes@undp.org](mailto:rui.gomes@undp.org)

Mobile: (+670) 723 1571

Email: [rui.gomes@undp.org](mailto:rui.gomes@undp.org)

Mobile: (+670) 723 1571