

**The Secretary of State for the Council of Ministers and
Official Spokesperson for the Government of Timor-Leste
Ágio Pereira**



January 14, 2011
Díli, Timor-Leste

National Parliament passed Budget in Generality with positive and constructive debate

The National Parliament concluded the first round of debates on the 2011 State Budget with the budget being passed in generality with a vote of 43 in favor, 21 against with 1 absentee. The debate was considered highly productive with thoughtful and constructive input coming from all members of the National Parliament.

Prime Minister Kay Rala Xanana Gusmão opened the budget debate earlier this week by describing the nation as being “at the dawn of a decade that can be historical for Timor-Leste in economic terms.” After pointing to the many indicators that show recent improvement in the country he stressed “these indicators are only of value if the Timorese are able to feel a difference in their daily lives, but they nevertheless provide unquestionable evidence that our efforts so far have been successful.”

The proposed Budget of US\$985 million is the largest to date and commits to major investments into Infrastructure and Human Capital required to develop the nation and further reduce poverty which has thus far declined by 9% since 2007 with a targeted spend by the Government of \$1.4 billion.

Two Special Funds were proposed that will ensure better coordination of investment and development projects, as well as their gradual and multiyear planning and monitoring. \$317.3 million, covering multiyear projects and other large projects over one million dollars, has been allocated to the Infrastructure Fund and \$25 million is allocated to the Human Capital Development Fund for 2011.

In 2011 the Infrastructure Fund will enable the continuation of the national project for generating and distributing electrical power at the plants of Hera and Betano with \$166 million allocated. The MDG Suco program, which seeks to provide housing, solar power, water and sanitation, in addition to other small social development works throughout the country is allocated \$65 million. This program foresees the construction of 5 houses in each hamlet, which means that in 2011, housing will be provided to over 11,000 families. The ultimate purpose of this is to improve the living conditions of over 55,000 families in rural areas by the end of 2015. Important developments on the South Coast will begin in 2011 with more than \$30 million allocated to the development of the Petroleum Industry.

The Decentralized Development Program (PDD) will continue, with \$15.5 million at the aldeia (hamlet), suco (village) and sub-district level and \$28.8 million at district level. This program continues to energize local business and support rural communities.

The Human Capital Development Fund, with around \$25 million allocated for 2011, is to invest in the people of Timor-Leste to ensure professional and technical training with the issuing of scholarships and support of other training methods to ensure the nation has the skilled human capital it needs for the next decades.

Along with the presentation of the proposed 2011 Budget the National Parliament was also briefed on the execution of the 2010 Budget. Timor-Leste uses modified cash basis accounting system, which allows the Government to make payments for all goods and services and physical projects completed by 31st December within the first two months of the following year. To date the Government has executed \$729.9 million or 87.1% of the 2010 Budget. The Capital Development component of \$209.1 had an execution rate of 82.4%; a major achievement given the difficulties encountered in 2010 including institutional challenges which caused delays in procurement channels and an extended

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The Secretary of State Ágio Pereira said today “The spirit in which the Budget debates have been conducted in National Parliament this week show the dedication of our collective sense of responsibility for the Nation and how strong our desire to develop Timor-Leste for the benefit of our people. We have made significant progress in recent years but in 2011 we are on the cusp of an extended period of economic growth that will see a great fall in the level of poverty and a welcome rise in the quality of life of our citizens. We have truly embraced the idea of Goodbye Conflict, Welcome Development and regained a sense of confidence and self trust which will serve us well in the years to come.” ENDS

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