

[Timor-Leste Ministry of Finance](#)

National Priorities and Fiscal Envelope for 2016 Determined



The Ministry of Finance organized a one-day “jornada orçamental” workshop, previously known as “yellow road” workshop, on Thursday, the 14 of May 2015 at the Meeting Room of the Ministry of Foreign Affairs. The workshop was the beginning of the Government’s budgeting journey. It was led by the Prime Minister, Dr. Rui de Araujo, and attended by members of the Government and National Parliament and Directors of the line ministries, autonomous agencies and public companies.

The purpose of the workshop were twofold – to define our national priorities and to agree on the fiscal envelope for 2016. The Government identified education, health, agriculture, and basic infrastructure as the key priorities for 2016. In doing so, a total budget of US\$ 1.3 billion was proposed. That represents a 17% reduction from the current budgeted amount for 2015. The reduction constitutes an estimated total saving of US\$ 270 million, which originates from lower fuel subsidies given the fall in oil price; reduced local and overseas travel, trainings, workshops and professional services; and better management of government’s vehicles, public transfers to civil society and overseas medical treatment. Budget reduction is one of the Government’s strategies to ensure fiscal sustainability, the alignment between expenditures and revenues. This is defined as total expenditure equaling Estimated Sustainable Income (ESI) plus domestic revenues.

The Government will from now on impose a tight fiscal discipline in the budget preparation. To remove potential misalignment between planning and budgeting, the Prime Minister stated that a Decree Law will be enacted to regulate the annual action plan, budget plan and procurement plan as “the three instruments are important for the public entities to manage their budgets”.

The Prime Minister repeatedly emphasized during the discussion that “the Government will focus on the quality of every aspect of the budgeting process starting from the earlier stage of planning, budgeting, execution, evaluation and oversight”.