

DECREE LAW N °. 12 / 2011
23 March

REGULATIONS ON THE HUMAN CAPITAL DEVELOPMENT FUND

The Government has drawn up an ambitious plan to develop human capital involving a large public investment in multi-annual training and development of national human resources, addressing the needs of Timor-Leste.

This plan was voted in by the National Parliament, through the adoption of the [General State Budget Law \(OGE\) for 2011](#), which established the Human Capital Development Fund, pursuant to Article 32 [of Law no. 13/2009 of 21 October \(LOGF\)](#).

This is a funding mechanism appropriate to the nature of multi-annual programs, whose budgets do not lapse at the end of the financial year, thus reducing the tendency for accumulation of expenses at the end of the year and allowing activities related to programs and projects happening throughout the year to continue uninterrupted, with consequent benefits in terms of budget execution rates, and providing greater security of the obligations assumed by the state through the signing of agreements, programs and projects aimed at multiannual training and development of national human capital. The Fund aims, therefore, to contribute to improving the planning, management and implementation of projects, while simultaneously ensuring greater transparency in government spending relative to the costs of training and human resource development, both through the creation of mechanisms for scrutiny of the programs, projects and activities to be financed by the Fund, whether to allow accountability in relation to the total cost of projects.

Therefore, The Government decrees, in accordance with Article 115.1(e) of the [Constitution](#) of the Republic and Article 9.7 of the of the [2011 State Budget Law](#), to become law, the following:

CHAPTER I
NATURE AND OBJECTIVES

Article 1
Nature and goals

1. This Decree-Law regulates the Human Capital Development Fund, abbreviated and designated as the Fund.
2. The Fund is intended to finance programs and multi-annual projects for training and human resource development, including programs to increase the training of Timorese professionals in key sectors of development such as justice, health, education, infrastructure, agriculture, tourism , petroleum management and financial management, among others, which include activities and actions undertaken in Timor-Leste and Timorese participation in training abroad, including scholarships for undergraduate and postgraduate university courses.

Article 2
Objectives

The objectives of the Fund:

- a) Ensure the financing of public investment in training and development of national human resources;
- b) Ensure security in the negotiation and signing of agreements, programs and multiannual projects;
- c) Allow the retention of funds at the end of the Fund's financial year, with the objective of ensuring the continuity of programs and projects;
- d) Promote transparency and accountability through an improved reporting system and accountability for program implementation and training projects for human capital development.

CHAPTER II
BOARD OF DIRECTORS (Conselho de Administração)

Article 3
Composition

1. The entity responsible for operations of the Fund is the Board of Directors.
2. The Board is composed of the Prime Minister, who presides, the Minister of Finance, the Minister of Justice, Education Minister, and Secretary of State for Natural Resources and the Secretary of State for Vocational Training and Employment.
3. The Board can promptly include other Members of the Government and other relevant entities that are related to the programs and projects to be financed by the Fund.

Article 4
Mandate

1. The Board of Directors, namely is mandated to:
 - a) Approve and prioritize projects to be financed by the Fund and their estimated costs;
 - b) Approve the financing options of each Human Capital development project;
 - c) Coordinate the preparation and approve the proposed budget of the Fund, to be submitted to the Budget Review Committee;
 - d) Allow payments to be processed through the Fund
 - e) Approving the Activity Reports and the Report of Auditors of the Fund.
2. The Board may delegate to any member of the powers referred to in the preceding paragraph.

Article 5
Functioning

1. The Board shall meet whenever convened by its chairman or a majority of its members.
2. The Board decides by simple majority of members present, with the President having the casting vote.
3. In the absences, absences or incapacity of the President, there will be a replacement from the remaining Council members.
4. The Board's decisions are noted and recorded in the minutes.

Article 6
Technical and administrative support

To fulfill its duties and responsibilities, the Board is supported by the Technical Secretariat for Human Capital Development, provided by the Ministry of Education.

CHAPTER III
PROJECTS AND BUDGET

Article 7
Programs and Projects for Human Capital Development

The programs and projects to be included in the Fund are proposed by the Ministries and approved by the Board of Directors of the Fund.

Article 8
Criteria

The choice of programs and projects to be financed by the Fund is based on criteria to be established by the Board.

Article 9
Fund budget

The proposed budget of the Fund is presented to the National Parliament together with the proposed state budget, according to [Law no. 13/2009 of 21 October, on Budget and Financial Management](#).

Article 10
Revenues and Expenses

1. Fund receipts consist of:
 - a) The budget allocated annually by the State Budget Law;
 - b) Other revenues allocated by law or contract.
2. Constitute expenses of the Fund, all expenses necessary to achieve the purposes to which the Fund is intended.

CHAPTER IV
FUND PERFORMANCE

Article 11
Official account

1. The Fund has an official account, along with a banking institution located in the national territory, in which all revenues are credited and charged all expenses of the Fund.
2. The opening of the account referred to in the preceding paragraph is authorized by the Minister of Finance.

Article 12
Authorization of expenditure

1. The implementation of expenditure and payment processing can occur only after authorization by the Board of Directors for the completion of the project through the Fund, in its fiscal year.
2. The payments to be made by the Fund are processed by the Ministry of Finance, through the official account.

Article 13
Budget Amendments

The Board is empowered to approve budget amendments in appropriations attributed to programs and projects within the limits of the Fund's total appropriation approved by Parliament in respect to their goals.

Article 14
Transition balances

The balances calculated at the end of each financial year are retained in the official account of the Fund, automatically moving to the next year.

Article 15
Accounting records

It is for the Treasury to register the accounting of all revenues and expenses of the Fund, according to the classification systems in place.

CHAPTER V
FINAL PROVISIONS

Article 16
Financial control and responsibility

Monitoring the implementation of the Fund and financial responsibility are subject to rules in Title VI of [Law no. 13/2009 of 21 October, on Budget and Financial Management](#), with necessary adaptations.

**Article 17
Regulation**

This law is regulated by Ministerial Decree of the Prime Minister.

**Article 18
Entry into force**

This Order shall enter into force the day following its publication.

Approved by the Council of Ministers on March 16, 2011.

The Prime Minister,

Kay Rala Xanana Gusmão

The Minister of Finance.

Emilia Pires

The Minister of Education.

Joao Cancio

Promulgated on 16.3.11

To be published.

The President of the Republic,

Jose Ramos-Horta