

TIMOR-LESTE PUBLIC EXPENDITURE REVIEW

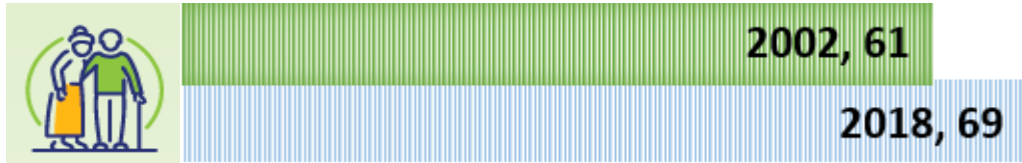
Changing Course:
Towards Better and More Sustainable
Spending

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Despite Remarkable Human Development Outcomes...

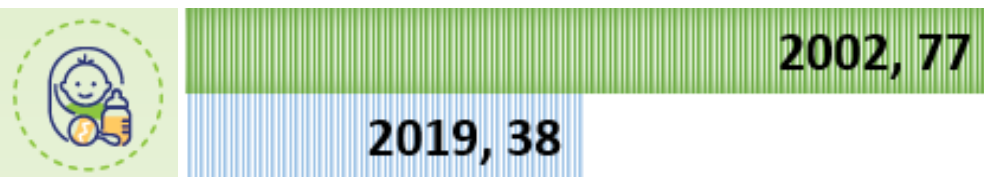
Life expectancy



Maternal mortality (per 100,000 live births)

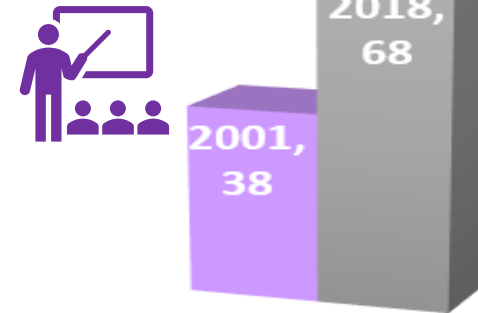


Infant mortality (per 1000 live births)



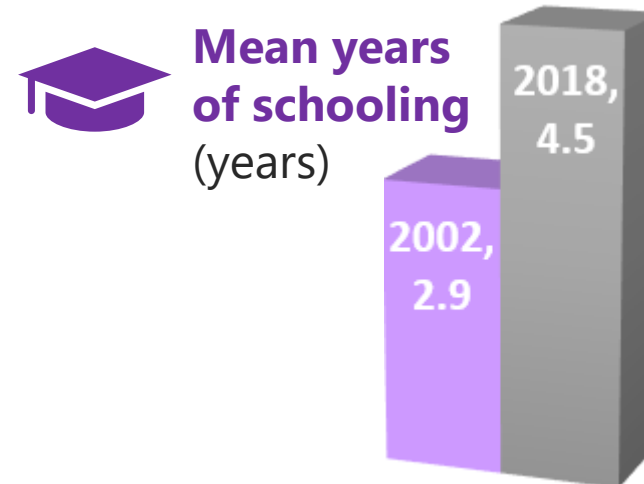
Adult literacy rate

(percent)



Mean years of schooling

(years)



... there remain significant human capital challenges.



Almost half of children under five are **stunted**



Enrollment rates in pre-school is **among the lowest** observed globally



There are **large disparities in health outcomes** observed across geographies and socioeconomic strata



About 31 percent of the students* **were not able to identify a single word** at the end of grade 2

**2017 Early Grade Reading Assessment carried in four municipalities*

Fiscal sustainability is a key medium-term concern.

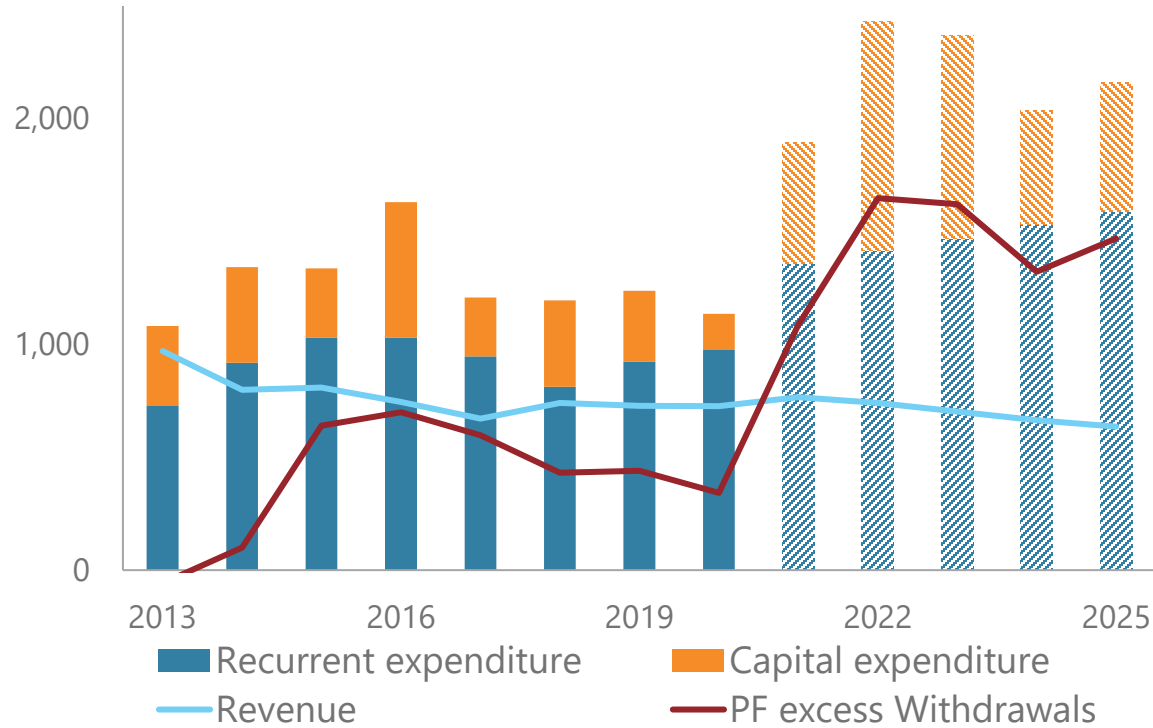


Figure 1: Budget Forecast – Business as Usual (BAU) Scenario
(in USD million)

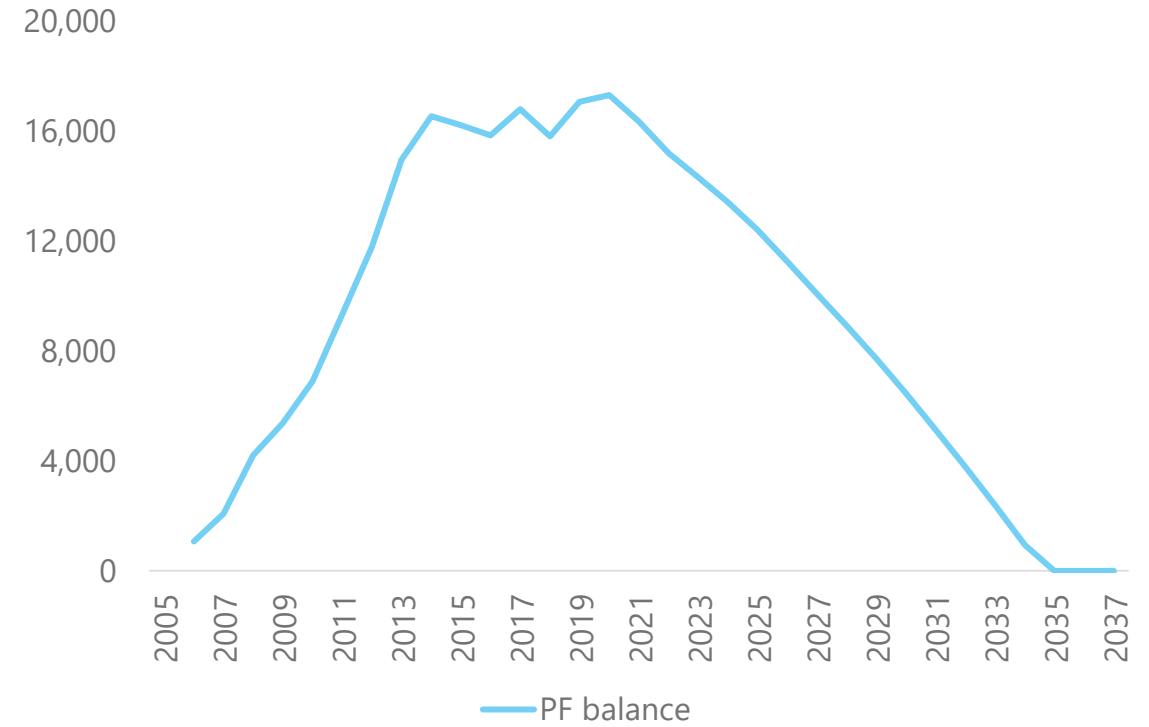


Figure 2: Petroleum Fund Balance (BAU Scenario)
(in USD million)

Timor-Leste is at an historic juncture



Reforms are urgently needed to increase domestic revenue.

It is important **to improve the quality and efficiency of public spending**: a healthy, skilled and educated population is crucial.

Spending growth must shift from recurrent spending to investments for the future: **a diversified and inclusive economy.**

The time to take action is now.