



República Democrática de Timor-Leste

State Budget 2016

Approved

Budget Overview

Book 1

“Be a Good Citizen. Be a New Hero to our Nation”



República Democrática de Timor-Leste
Ministério das Finanças
Gabinete Ministerial



“Seja um bom cidadão, seja um novo herói para a nossa Nação”

Book 1 – Budget Overview

Preface

The Organic Law of the Ministry of Finance specifies the responsibility of the National Directorate of Budget to collect and manage financial information relating to the public sector and publish the statistical results.

In accordance with this provision and to promote the transparency of the public finances, the Ministry of Finance is publishing the final version of the documents relating to the 2016 State Budget, following to the National Parliament approval.

The documentation for the 2016 State Budget consists of the Budget Law, plus various supporting budget books:

Book 1	: Budget Overview
Book 2	: Annual Action Plans
Book 3A	: Infrastructure Fund
Book 3B	: Municipalities
Book 3C	: RAEOA & ZEESM
Book 4a and 4b	: Budget Line Items
Book 5	: Development Partners
Bok 6	: Special Funds - FDCH

Book 1 *Budget Overview* describes the overall budget strategy of the Government. It provides information on the international and domestic economic outlook, expected domestic and oil based revenue including expected sustainable income, and overall expenditure in the medium term and the main new initiatives in the coming year.

Budget documentation is available on the website of the Ministry of the Finance, www.mof.gov.tl. Inquiries relating to this publication should be directed to the National Director of Budget, Mr. Salomão Yaquim on email syaquim@mof.gov.tl or telephone +670 333 9518.

I consider that this document will increase awareness and understanding of the Government's finances and help people to become good citizens and heroes to our nation by providing them with relevant information on the 2016 State Budget.

Santina J. R. F. Viegas Cardoso
Minister of Finance

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Acronyms

ADB	Asian Development Bank
ADF	Asian Development Fund
ANP	National Petroleum Authority
BU	Bayu-Undan
CFTL	Consolidated Fund of Timor-Leste
ASEAN	Association of Southeast Asian Nations
COP	ConocoPhillips
CPI	Consumer Price Index
CPLP	Community of Portuguese Language Countries
DHS	Demographic Health Survey
ESI	Estimated Sustainable Income
EU	European Union
FAO	Food and Agriculture Organization
GDP	Gross Domestic Product
GoTL	Government of Timor-Leste
HCDF	Human Capital Development Fund
IAB	Investment Advisory Board
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IF	Infrastructure Fund
IFC	International Finance Corporation
IMF	International Monetary Fund
JICA	Japan International Cooperation Agency
KPI	Key Performance Indicators
LFS	Labour Force Survey
LPG	Liquefied Petroleum Gas
MDG	Millennium Development Goal
MECAE	Minister of State, Coordinator of Economic Affairs
MoF	Ministry of Finance
OCR	Ordinary Capital Resources
PDID	Integrated District Development Planning
PF	Petroleum Fund
PFM	Public Financial Management
PMR	Performance Management Reform
PMU	Planning and Monitoring Unit
PPP	Public-Private Partnership
SAMES	Autonomous Drug and Medical Equipment Service
SDG	Sustainable Development Goal
SDR	Special Drawing Rights
SDP	Strategic Development Plan
TLCLS	Timor-Leste Survey of Living Standards
WB	World Bank
ZEESM	Special Zone for Social Market Economy

Part 1: Speeches of the Prime Minister



PRIME
MINISTER

**SPEECH BY HIS EXCELLENCY THE PRIME MINISTER OF THE DEMOCRATIC
REPUBLIC OF TIMOR-LESTE,
DR RUI MARIA DE ARAÚJO,
AT THE PRESENTATION OF THE
2016 DRAFT GENERAL STATE BUDGET**

**National Parliament
1 December 2015**

Your Excellency
President of the National Parliament

Your Excellencies
Vice-Presidents of the National Parliament

Your Excellencies
Honourable Members of Parliament

Fellow Members of Government
Ladies and Gentlemen
People of Timor-Leste,

It is a great honour and privilege to address Your Excellency the Speaker of Parliament and the illustrious Members of Parliament in this Great House to present the 2016 General State Budget.

This Proposal that I will be presenting and advocating today represents the financial, economic and social programmes and policies that are essential for the Sixth Constitutional Government to lead the country to improve the living situation of our people. In order to do so, it will be vital to manage public monies efficiently, to carry out the Government's Programme and to comply with the Strategic Development Programme 2011-2030.

Last April I stood for the second time before this illustrious audience with the responsibility of presenting the 2015 Rectification Budget, which was a continuity budget. It is with the same feeling that I now submit for discussion at the highest level the first General State Budget of the Sixth Constitutional Government.

Budgeting is never easy or quick. On the contrary, deciding on policies and priorities and their budgeting, to set a better course for the country and for the people, requires tremendous responsibility, detail and accuracy, particularly since it is also necessary to monitor and to assess previous budgeting acts to see if they achieved the expected outcomes or failed to do so.

The members of the Sixth Constitutional Government strived at every stage, assessing and reassessing the means to reach the goals to which they have committed themselves, while also taking into account the ability by each member to achieve their goals in previous budgets. We were demanding and focused on providing better services to the people and on eliminating superfluous expenditure, while not neglecting the economic and social growth and development of the country and the people.

The new Government structure enabled everyone to be aware of the commitments, programmes, activities and goals to be achieved in every ministry, making the necessary readjustments to prevent waste. This reorganization allowed us to focus our efforts to

better understand what could and should be corrected, and to identify needs requiring new dynamics and priorities.

Consequently the 2016 draft State General Budget totals \$1,562.233 million, including loans. This covers the various budget categories, namely:

- **Salaries and Wages:** \$181.529 million;
- **Goods and Services (including HCDF):** \$468.988 million;
- **Public Transfers:** \$475.775 million;
- **Minor Capital:** \$17.565 million;
- **Capital Development (including IF):** \$418.376 million;

The amount we are proposing represents a slight reduction against the previous Budget and results from a realistic and thorough review of needs and priorities, taking into consideration the global situation and the low price of oil, which naturally effect the world's economy, without losing sight of the need to keep investing in areas that enable us to continue to diversify and grow our economy in a sustainable manner.

In order for Timor-Leste to become a medium-high income country by 2030 we need strong and quality growth in the non-petroleum economy. Between 2007 and 2012 the Government implemented economic policies that led to high growth rates, with the non-petroleum GDP growing an average of 10.6% a year.

These growth rates are due to quality investments in major infrastructure projects foreseen in the SDP and in the development of human capital, to create the necessary foundations for sustainable long-term development.

In the medium term it is estimated that the non-petroleum GDP will grow between 4.1% and 7.5%. This strong growth is based on the implementation of infrastructure projects and on a balanced mix between investments by the State, the private sector and households.

The outlook for Timorese consumers in the medium term is also positive. It is estimated that the level of consumption will grow steadily, while annual inflation will remain around 2%. This is lower than the Government's budget target of 4% to 6% between 2015 and 2018.

As for domestic revenues, we are estimating a very slight increase in 2016, with more significant results in 2017 as ongoing tax and economic reforms result in better performance of government services through higher collection and the increase of the number of people and companies paying taxes and fees.

Your Excellencies,

We acknowledge that the total Budget we are proposing today exceeds that which we initially set as the "fiscal ceiling".

When the Government promoted the “Budget Journeys”, we did it with the goal of instilling greater fiscal discipline, reducing superfluous expenditure and setting the National Priorities for 2016. At that time we set a “fiscal envelope” of \$1.3 billion and determined that education, health, agriculture and basic infrastructure would be the key areas for investment.

However, those are not the figures that we are presenting here today. Additionally, the bulk of investment is in major infrastructure foreseen in the Infrastructure Fund, namely the Tasi Mane project, roads, ports and airports and sanitation, in economic and social development projects and programmes such as the Special Administrative Region of Oe-Cusse Ambeno, the Special Zone of Social Market Economy of Oe-Cusse Ambeno and Ataúro, in the pensions for veterans, the elderly and the disabled, in support to victims of natural disasters and through the Bolsa da Mãe programme.

Consequently we must now explain to the people of Timor-Leste, represented by the National Parliament, the reasons that led the Political Review Committee to make this decision.

The high investment in infrastructure was acknowledged as an essential stage of the national development strategy. As such, we drafted projects in accordance with the needs identified and started investing and building. Evidently, the multiyear nature of these projects require difficult planning and budgeting exercises, since the commitments made and the associated funding needs require us to take on responsibilities that must be shared as they result from national interest initiatives.

And that is exactly why we are committed to continuing the countless infrastructure projects started by successive Governments. These are major projects that have vital and crosscutting importance for the development of several sectors and of the country. We cannot slow down investment in these projects, lest we would compromise the sustainability, investment and commitments achieved so far. As such, while we did not achieve our goal in terms of meeting the budget ceiling, that exercise nevertheless contributed to even stronger discipline and reviews.

It is also important that we are humble enough to recognise that a realistic ceiling cannot be determined without precise knowledge of the cost of the implementation of programmes, policies and projects – in other words, the financial and budgeting needs of the sectors in each programme. This applies both when budgeting the implementation costs of an education policy setting criteria to ensure quality education, as well as when budgeting the costs of the infrastructure in which we are investing, since these are long term investments requiring complete rigour and assessment, lest we compromise the fiscal sustainability we have been advocating as being essential.

The planning exercise of which I speak is therefore vital, not only for this Government but also for the future Governments, so that they can determine fiscal envelopes that are more

in tune with the actual needs and obligations of the State, without ignoring the budget sustainability of our young country.

Our commitment has always sought to achieve better service delivery for our people, particularly in the priority areas we have identified, and to make surgical cuts in unnecessary expenditure that does not deliver benefits improve the living situation of the people.

While drafting the State General Budget we also verified that better service delivery does not necessarily entail a nominal or proportional budget increase. The link between services and performance relates much more strongly to their implementation and to management ability. This has led us to conclude that it is crucial to assess the actual needs and priorities of every ministry, not just at the level of their activities but also and more importantly at the level of their budgeting and implementation.

In view of this, we have considered it essential to create implementation mechanisms enabling better management through good planning and good budgeting, to show us actual costs. It was here we realised that while we may be lowering the budget, partly due to excessive budgeting of programmes and to an overestimation of the capacity for implementation, we are not neglecting our political priority to ensure the quality of service delivery.

One of the steps we considered to be crucial in this process is giving greater autonomy to agencies, institutions and ministries. The goal here is clear: as we give greater autonomy, we also demand greater responsibility! Good management and implementation ability, together with rigorous monitoring, will inform us of the outcomes so that a budget can be allocated. Indeed, we require evidence confirming the achievement of the desired outcomes.

Giving greater autonomy is part of the path we need to travel in order to have the State provide quality services, always under the ultimate responsibility of its leaders, who define sector policies and implementation strategies. We believe that in order to demand results we must give greater autonomy and provide proper working conditions, while ensuring that the respective leaders are held accountable.

As such, we want the finance system to change from the current ex-ante control to an ex-post control. In other words, the Ministry of Finance will no longer be required to approve each and every expense, since this responsibility will be progressively transferred to the Bodies and Ministries. This will be accompanied by human resource training and mobilization, in accordance with the requirements and the different capacities in the various State agencies.

However, this does not mean that leaders will no longer be subject to control and rigour and that they will not be held accountable. On the contrary, control will be carried out prior to the approval of a State internal control regulatory framework, to enable the transition from

ex-ante control to ex-post control. In this way there will be different responsibilities between sector inspections and audits and the Inspectorate-General of the State when conducting systematic audits and holding leaders accountable.

Another measure to be consistently introduced in national development planning, particularly concerning infrastructure, is the creation of an Operation and Maintenance policy. We believe that this policy will contribute to make current investments sustainable, which is a justified concern of many illustrious Members of Parliament, and to boost long term job creation throughout the nation.

Your Excellencies,

The Sixth Government began an internal reorganization in order to ensure a link between the plan and the budget. Here we adopted a principle: one plan, one budget, one system!

We want to establish a Planning, Monitoring and Evaluation Unit in every government body, so as to create the structure and capacity to implement this process. The annual plans, performance reports and procurement plans and reports are planning, monitoring and implementation tools that, if used in a coordinated manner, will result in greater transparency and accountability regarding a ministry's performance in responding to the commitments made.

The illustrious Members of Parliament have already had the opportunity to receive and review the outcome of this effort when they received Budget Book 2. This Book shows that, for the first time ever, the annual plan is budgeted.

This exercise is the result of demanding work connecting the plan and the budget, done through a rigorous and discerning assessment of the activity plan. We have sought to use the same rigour in allocating it a budget. The goal here, in addition to adjusting the programmes and activities, is to allocate them a budget so there is a better link between them, and to have better connection between public expenditure and services provided.

This is the first attempt, carried out in a very short time, and should continue to be developed in 2017 and in the years after that, through a rigorous definition of programmes for each sector, integrating the plan, budget, implementation and verification of outcomes in an integrated manner in one system. The definition of programmes and their implementation costs, within a multiyear perspective, will prevent us from having to start from scratch when drafting the annual plan and the budget. Additionally it will prevent us from planning activities for which no budget is available.

Thus we will have new management tools in 2016, such as the expenditure activity implementation plan and the procurement plan. These will require government bodies to further detail and schedule the acquisition of goods, services and works, in order to have greater accountability in the physical and financial implementation of programmes.

Along with planning and budgeting we will also be regulating monitoring and evaluation. Monitoring the plan and budget and evaluating the impact and the resulting benefits for the people mean guaranteeing efficient, effective and fair service delivery, with tangible benefits in the lives of all.

With the start of this procedure, Your Excellencies can scrutinise and verify more easily the specific annual goals that we identified in the plans. This will make the operation of the Executive increasingly transparent and accountable.

Additionally, this mechanism created by the Government will also require closer collaboration between the persons responsible for the various areas. This will improve outcomes and more importantly enable the timely identification of constraints to implementation, allowing us to take due measures and precautions to ensure programme efficiency and effectiveness.

And because better service delivery requires trained human resources, we will continue providing professional training, technical training and scholarships through the Human Capital Development Fund. In 2016, as a result of the reallocation of funds from programmes of Technical Assistance to the Judiciary and Tertiary Sectors, the Fund will focus mostly on general training programmes that will benefit every sector.

In order for its use to be even more precise, starting in the first quarter of 2016 we will have the outcomes of the “National Mapping of Human Resources in the Public and Private Sectors by municipality” and the “Assessment of the Outcomes of HCDF Programmes in 2011-2014”. These studies will enable a better evaluation of the outcomes achieved so far and a better understanding of needs, helping us to identify the areas requiring more investment to train and build the capacity of our human resources to enable them to be competitive in the job market.

Your Excellencies,

Timor-Leste should continue stimulating investment and building an attractive investment environment. Consequently we are committed to reforming the public sector. This entails the implementation of strategic reforms, which will take place over a few years and should enable Timor-Leste to be successful in the path towards sustainable national development.

Legislative and Justice Sector Reform will improve the capacity of the legislative and judicial sectors, which in turn will ensure and protect the rights of the people, particularly in access to justice.

Tax Reform, which covers revenue and expenditure policies, public finance management systems, tax and customs administration, State management and outcome monitoring, with a special focus on service delivery and human resources, will enable us to, among other things, increase State revenue, improve service delivery and improve budget quality.

Public Administration Reform, which includes the diagnostic evaluation of human resources, the establishment of competency standards, the revision of the payroll table and the identification of the organisational structure, will create conditions for making the State more efficient, effective and accountable. This also entails giving public administration the conditions to be able to implement its competences for serving the public interest, while providing staff with the conditions to perform their tasks adequately. Indeed, we can only demand rigour, ethics and professionalism if people are duly trained and placed in the right positions for performing their tasks.

These are the measures that we believe will create the conditions for generating the investment and economic diversification that are so essential for the country, and which must be accompanied by a strategy that focuses on people and infrastructure and that seeks to create conditions to nurture private investment.

This is why the Government has approved the implementation of an Economic Reform and Promotion programme that, in a strong relationship with the Tax Reform Programme, will create measures to develop, strengthen and support the private sector, which in turn will generate sustainable employment and diversify our economy. We want to improve the atmosphere in the private sector, and in order to do so we are aware that we must regulate land and properties, develop economic infrastructure, focus on the training of human resources and the development of the workforce, create a business-friendly environment and nurture private investment and development.

We also want to strengthen our banking institutions. This will include capitalising the Central Bank of Timor-Leste (BCTL) and the National Commerce Bank of Timor-Leste (BNCTL), so that the latter creates conditions facilitating access to credit and investment in sustainable and employment-generating projects, particularly in rural areas. We are hoping that this will result in the emancipation of the private sector in commercial and investment areas, so that the State can cease to play the leading role in those areas and can concentrate further on safeguarding social issues.

Your Excellencies,

2016 will be the year in which we will be implementing all these mechanisms and instruments, which will help us to have responsible, efficient and sustainable management, so that public monies can be spent properly, creating conditions for generating investment and diversifying the economy.

We also believe that the present draft General State Budget will have a clear impact on the next Government. The 2016 draft Budget by the Sixth Constitutional Government includes an amount for paying debts. We believe that the Government to be elected in 2017 should have the best possible conditions, which is why it is essential to settle debts responsibly, while at the same time safeguarding the integrity of the State and the confidence placed in it.

This is an attitude that will enable the next Government to have its own development programme and to continue assuming the implementation of the Sustainable Development Goals already approved by the Council of Ministers and Parliament. We believe that this will lead to the sustainable growth and development of Timor-Leste, making it a prosperous country and improving the quality of life of our people.

And it is precisely within this perspective of “aligning planning and budgeting instruments and systems with the Sustainable Development Goals”, suggested by Your Excellencies to the Government, that we acknowledge the importance of getting everyone involved.

With the preliminary results of the Census 2015, in which we see that our population has increased to 1,167,242, we are committed to continuing to promote and ensure an atmosphere of safety, peace and stability – a goal in which Timor-Leste is recognised to have had an active participation. At the same time, we will continue focusing on such fundamental policies as gender equality, which has already been strengthened through the recent signing of the Maubisse Declaration, and the protection of disabled and vulnerable persons.

Since most of our population is made up of young people, we want to continue stimulating the quality of academic and professional training and promoting employment opportunities, so as to enable those young people to lead dignified, active and inclusive lives, and to take part in the development of the nation. Because they are the future leaders of the country we must also make them aware of issues concerning climate change and natural disasters, which must be taken very seriously since they can greatly affect the sustainable development of the country and the society.

In relation to this, allow me to state that we have already created a working group to implement the Sustainable Development Goals. This working group will carry out crosscutting actions to ensure that Timor-Leste meets its commitments under the 2030 Agenda for Sustainable Development.

The fight for full sovereignty is a vital and priority action that can only be achieved with the definitive demarcation of our maritime boundaries. We are conducting this process with full perseverance, since the rights of the Timorese cannot be relegated to the background of the priorities of the State.

Our external action plays an important role here. As such, we continue striving to strengthen our position in the international forums. The membership in ASEAN and the leadership of the CPLP, in which we hold the pro tempore presidency up until the middle of next year, also position us in a hub leveraging economic growth. We will also continue honouring our commitments to supporting fragile countries through the g7+ group and the Timor-Leste Cooperation Agency, to help the development of countries that are so close to our hearts.

Your Excellencies,

We have just finished celebrating the fortieth anniversary of the Proclamation of our Independence and 500 years of contact between the Timorese people and the Portuguese people, which has contributed significantly to the forging and affirming of our identity.

This year we are also celebrating thirteen years as an independent Nation. We benefit from a stable environment with peace and security. This has enabled us to draft a consensus policy on the best strategy for the country, with national interests coming before individual interests. We can all take great pride in this.

I would like to conclude by urging everyone to have an honest and constructive debate, as the illustrious Members of Parliament are known to do, so that we can strengthen our democratic system. Let the discussions concern the policies and their respective budgets, in order to serve the most important interest of ensuring the quality and relevance of the State budget for 2016. For the good of the Nation!

Thank you very much.

Dr Rui Maria de Araújo

1 December 2015



**P R I M E
M I N I S T E R**

**SPEECH AT THE EXTRAORDINARY PLENARY SESSION OF THE NATIONAL
PARLIAMENT ON THE RE-ASSESSMENT OF THE NATIONAL PARLIAMENT
DECREE No.20/III - GSB FOR 2016**

**National Parliament
January 8th, 2016**

Your Excellency President of the National Parliament,
Your Excellencies Vice-Presidents of the National Parliament,
Honourable Members of Parliament,
Fellow Members of Government,
Ladies and Gentlemen,
People of Timor-Leste.

Still in the spirit of the New Year's festivities, I wish you a good start to this year.

It is with great humility that we come here today, once again, to present the point of view of the Sixth Constitutional Government on the policy that was the foundation to the annual action plan and to the General State Budget (GSB) for 2016, especially on the points of view related with the message delivered by His Excellency the President of the Republic, - addressed to the National Parliament, on December 28th, 2015, requesting the re-assessment of Decree No. 20/III - General State Budget for 2016.

Before presenting the perspective of the Sixth Constitutional Government, with regards to the most prominent points in the veto message of His Excellency the President of the Republic, I wish to remind you that within the context of separation of powers, enshrined in the Constitution of the Republic, the Government is the sovereign body responsible for leading and executing the general policy of the country (Article 103), after obtaining approval from the National Parliament (point a, no. 1, of Article 115). Based on this constitutional mandate, all governments, since the First Constitutional Government, have defined their own guidelines to conduct policy in the country, through their own Programmes, which, after being submitted to this Great House, are implemented through the respective action plans and annual budgets. The Government's responsibility in preparing the plan and the GSB and its implementation after the approval by the National Parliament is defined explicitly in point d, no. 1, of article 115 of the Constitution of the Republic.

Specifically, regarding the Sixth Government, on the one hand, we still remember that the Government Programme was appraised and approved by the National Parliament in March 2015, and that the programme itself represents a continuation of the Fifth Government (though giving emphasis to different aspects of the Fifth Government), and that this programme also attempts to implement a Strategic Development Plan approved in 2011 by the National Parliament itself, to serve as a guide for Timor-Leste's socio-economic development from the year 2011 to 2030. According to the Strategic Development Plan, from 2016 to 2020 Timor-Leste shall

enter into the second phase of implementation, which involves three very important lines of action: (1) continuing infrastructure development, (2) consolidating Human Resources; and (3) developing Timor-Leste's economic competitiveness.

On the other hand, these three lines of action, already highlighted in the Strategic Development Plan for the period 2016-2020, have already been incorporated in the Sixth Government's programme and we strive to implement them through the action plan and the annual budget, also reflected in the GSB for 2016. It is precisely the reflection of these three lines of action that determines the priority and the budgetary allocation for 2016.

Mr. President, distinguished Members of Parliament, people of Timor-Leste.

Considering the message of His Excellency the President of the Republic regarding the veto to the GSB for 2016,

First of all, the Sixth Constitutional Government is aware that *the investments that we have currently decided to carry out, must not impair development in the future*. However, the Government believes that there will be no development in the future, if there is no investment today.

The Government understands this concern about the unsustainability of its expenditures, namely due to (1) the oil price continuing to fall and that the projection for the year 2016, according to observers, is based on USD 50/barrel, while the reference price set by the Government in the GSB, for 2016, is higher, amounting to USD 64.70; (2) the GSB having always surpassed the sustainable income, exceeding 100%, and (3) the non-oil revenue having remained low for some time now, or "almost stagnant".

It is true that the price of oil varies regularly, however, we must not forget that 90% of the oil wealth of which we know of has already been transformed into financial resources/assets, and that such financial resources, based on the current Government investment policy, attracts annual profits in favour of the Petroleum Fund.

To consider the sustainability of our use of the Petroleum Fund, we also need to take into account the income from oil and gas and the additional income resulting from the investment by the Petroleum Fund, and then comparing them to the amount withdrawn by us, annually, to sustain the GSB. From 2005 to 2014, the funds that entered the Petroleum Fund (coming from the income extracted from oil and gas and adding the profit extracted from investment) were higher than the amount withdrawn to finance the GSB. The existing data shows that we managed to save more than 70%, following the increase in the price of oil. In 2015, on the occasion of the presentation of the Central Bank's report on the income from the investment of

the Petroleum Fund and up to the month of December, the amount withdrawn from the Petroleum Fund to finance the GSB was USD 200 million higher than the amount that entered the Petroleum Fund, even though this amount may vary. For 2016, if we use USD 50/barrel as a basis for the estimation (as His Excellency the President of the Republic suggests), such estimate shows that the Petroleum Fund for 2016 will have a total income of USD 1.321 billion (USD 453.5 million from the yield of oil and gas, and USD 867.7 million from the profit of the investment of the Petroleum Fund).

It is true that we have passed the Estimated Sustainable Income to the extent that we needed additional financial resources to invest in the areas defined by the Strategic Development Plan, as mentioned above. On the one hand, since 2011 the Government has adopted a policy of '*frontloading*', i.e. anticipate now the expenditure on capital investment, so that, at the beginning of 2020, these will create adequate tax revenues to reduce Timor-Leste's dependency on the Petroleum Fund. To finance such a '*frontloading*' policy, we have to withdraw some of the money from the Petroleum Fund and resort to loans made available by partners with lower interest rates than the interests gained by the financial investments we have made from the Petroleum Fund.

On the other hand, when we analyze the data of non-petroleum revenue, we see that such revenues are not stagnant as, since 2011, for example, and until 2015, the non-petroleum revenue increased from USD 111.7 million to USD 170 million, i.e. in five years there was an increase of 52.1%. This progress is still not the best we can achieve, but demonstrates that the non-petroleum revenue assumes a high potential to become an additional source and significant contribution to finance the socio-economic development of Timor-Leste, provided that there is a serious investment in our economy. The economic and fiscal reforms currently under execution by the Government attempt to (1) further diversify the type of non-petroleum taxes; (2) extend the tax base, i.e. the range of contributing taxpayers; and (3) render a more efficient administration.

Mr. President, distinguished Members of Parliament, people of Timor-Leste.

Another important concern expressed by His Excellency the President of the Republic, in the message to veto the GSB for 2016, focuses on the sustainability of Timor-Leste's development in the future. Such concern was transmitted through a syllogism, or a reasoning model based on deduction, with two premises geared towards a conclusion. The syllogism regarding the sustainability of Timor-Leste's future development is written on page 3 of the message of His Excellency the President of the Republic. I quote:

"In a GSB where:

- a) the current State expenditure corresponds to more than two thirds of the total expenditure, and in which*
- b) nearly half (47%) of the overall financing of the budget is done above the ESI, means that the withdrawals above the ESI are not intended to safeguard the interests of Timor-Leste's future and of the Timorese, but to finance the current functioning of the state machinery."*

When we look at this deductive thought superficially, we may get the impression that the conclusion is correct, that the GSB proposal for 2016 only safeguards the State machinery and not the future interest of Timor-Leste and of the Timorese, since the Government has proposed the use of 75% of 2016's GSB to sustain the State machinery.

However, if we carefully analyse the Budget Books 1 to 6, we note that:

- (1) The Recurrent State Expenditure (i.e. the total amount allocated in the GSB for 2016 intended to sustain the state machinery, namely wages and salaries, part of goods and services, and part of minor capital) does not exceed 29% of the total GSB for 2016. This means that the budget intended to support the State machinery for 2016 is only USD 453.862 million.
- (2) The Capital Expenditures and Public Transfers allocated in the GSB represent 71%, i.e. USD 1,108.371 million.
- (3) The Estimated Sustainable Income for 2016 is USD 544.8 million, and the estimated non-petroleum revenue for 2016 is USD 171.4 million. These together amount to USD 716.2 million. This means that the Recurrent State Expenditure does not exceed the total Estimated Sustainable Income in conjunction with non-petroleum revenues.

Based on the facts presented beforehand we can conclude that the syllogism, i.e. the deductive reasoning above-mentioned, is not correct, or becomes what is called a "fallacy" in philosophical logic. This means that, when we do not analyze in detail the information contained in Books 1 to 6, the concern with the sustainability of Timor-Leste's development in the future, expressed by the syllogism above, may seem correct, but after a detailed analysis becomes unfounded.

Mr. President, distinguished Members of Parliament, people of Timor-Leste,

His Excellency the President of the Republic also expresses concerns on the way in which we define national priorities and how we invest our resources, which are limited, especially when, according to the perception of His Excellency the President of the Republic, the GSB for 2016 (1) added 24% to infrastructures, particularly in the

ZEESM and in the Tasi Mane project, which “allegedly” do not offer guaranteed returns; (2) markedly reduced the budget for health, education and agriculture, and (3) that there is the need to maintain a balance in the development of rural areas.

The Government is aware of such concerns, but would like to clarify the following points:

- (1) The increase in the budget for infrastructure is based in the context of a commitment that the State has taken in order to diversify the economy in Timor-Leste. If Timor-Leste does not continue to invest in infrastructure, as a means to invest in the socio-economic investment process, how can we diversify our economy and thus reduce the dependence on the Petroleum Fund?
- (2) As was already explained during the debate of the GSB for 2016, in general terms and of each individual section, the return of public investment is not similar to that of private investment. All investments, both public and private, face the dilemma between risk and return, and the decision to invest is usually made on the basis of a good balance between risk and return. A smaller risk is usually associated with a smaller return, and a larger risk is associated with a larger return. A Portuguese popular saying states that: "Nothing ventured, nothing gained", i.e. those who do not want to take the risk will not get the “treat”, i.e. will not enjoy the good results. Which risks may affect public investment? Let me mention just three important risks: *inefficiency, wastefulness and corruption*. Are we ready, or not, to face such risks? Good planning will reduce the risk of inefficiency, and good control mechanisms will reduce the risk of wastefulness and corruption. Regarding return, the greatest return on public investment is social return, immediately followed by the economic and fiscal returns, and finally the financial returns. However, in all investments, public and private, it is difficult to predict the scale of the return, in particular financial return. Even with a variety of feasibility studies and methodologies, it is still very difficult to predict an exact financial return.
- (3) In what regards the ZEESM, the initial feasibility study carried out before the adoption of Law No. 3/2014 says that the Special Economic Zone in Oecusse-Ambeno (at the time, the social component was not yet included) will need an investment of USD 4 billion during fifteen years, intended for a special economic zone with an area of 170 hectares (within the area of Pante Macassar, including Padiai and Tono). Of this amount, the estimate for private investment is 75%, public investment 25%, and the objective of this public investment is to create adequate conditions regarding roads,

electricity, drinking water, port, airport and other infrastructure to attract Foreign Direct Investment. Economic activities within the 170 hectares can also generate, in addition to the social, economic and tax return, from 2030 onwards, a **20% financial perpetuity/year**, or in other words, the assets generated from the investment of USD 4 billion will generate a fixed income of about USD 800 million/year. However, we must update this feasibility study in that it needs to also account for the concept of "social market economy". This means that it should also include the Oecusse-Ambeno territory (with an area of 850 km²). The spatial planning for the SAROA will be concluded this month and on the basis of this plan, the Strategic Development Plan for ZEESM will be prepared, including Ataúro as a complementary pole of development. This Strategic Plan will identify specific economic investment projects and will carry out feasibility studies for each project. Regarding Ataúro, the spatial plan is ready, and at the beginning of this year, the public investment allocated to Ataúro will concentrate on infrastructure, especially drinking water, electricity and the port. When the spatial plan is approved by the Council of Ministers, it will also serve as the basis for developing a part of the Strategic Development Plan for ZEESM regarding Ataúro, and then feasibility studies will be carried out for each economic activity project already identified in the Strategic Plan.

- (4) Regarding the Tasi Mane project, the estimates made by previous governments reveal that public investment, in the next 7 years, will need to reach USD 2 billion, in particular for the construction of the Suai supply base, the highway and the airport, all aimed at attracting foreign direct investment totalling USD 15 billion, for the construction of the LNG plant, refinery, and industrial zone for other complementary industries. Such investments, in addition to the social, economic and tax returns, as per the estimates, create the potential to accumulate income for the State, beginning in the next twenty years, of up to USD 40 billion, through the extraction and processing of oil and gas industries.
- (5) If we consider only Timor-Leste's Consolidated Fund, it is correct to say that the budget for 2016 suffered a reduction in health, education and agriculture, compared to 2015. However, if we include the expenditure for the capital allocated to PIMD (previously known as IDDP), the Infrastructure Fund and the Human Capital Development Fund, we can see that for health there is an amount of USD 65.6 million for the year 2016 (while in 2015, USD 67 million were allocated in the Consolidated Fund, where only USD 63 million have been executed); for agriculture, for 2016, the amount is USD

28.1 million (while in 2015 USD 27 million were allocated in the Consolidated Fund, having only executed USD 26 million) and for education, for 2016, USD 112 million were allocated (while in 2015 USD 103 million were allocated in the Consolidated Fund, only USD 102 million have been executed). Under the Government's perspective, the amount or percentage of the amount allocated to such sectors alone should not serve as a single standard in relation to our act of giving, or not, priority to such sectors. The amount allocated should also meet the capacity to execute the allocated funds and to implement the programmes or projects with quality.

- (6) The GSB for 2016 allocates 49.8%, or USD 453.8 million in the category of capital expenditure and public transfers to the 13 municipalities. Although this does not ensure, by itself, the balance in the development between the rural and the urban areas, it reveals at least that the allocation of the GSB for 2016 is not concentrated just on the national projects.

Mr. President, distinguished Members of Parliament, people of Timor-Leste,

Another concern transmitted by His Excellency the President of the Republic in its veto message is the elimination of the then Infrastructure Fund, as a special fund, and the creation of the Infrastructure Fund as an autonomous fund. According to the veto message, the creation of this fund does not abide by the legal framework that defines the rules for the transparent functioning of special funds.

The Government understands the concern about the legality and transparency regarding the establishment of the autonomous infrastructure fund, but would like to express its point of view in the following:

- (1) The Infrastructure Fund that Decree no. 20/III, The General State Budget, proposes to create **is not a special fund as defined in Article 32 of Law No. 13/2009, of October 21st**, but an autonomous fund, with legal personality, and administrative and financial autonomy.
- (2) The importance in creating the autonomous fund, in substitution of the special fund, is that through this autonomous fund we do not need to, annually, re-appropriate the amounts whose execution were not completed until the end of the year. Such a mechanism offers two important benefits: (a) the payment process intended for infrastructure projects can be performed even if we have reached the end of the year and even if the budget has still not been approved and promulgated, a situation that we currently face. It also solves liquidity problems for companies, a common cause for the delay in the implementation of works across the country; (b)

this mechanism will open fiscal space, allowing for budget allocation for areas that require investment. Because every year we have to re-appropriate the amounts whose implementation were not completed before the end of the year, such re-appropriation occupies a “fiscal” space, removing flexibility in budgetary allocation process each year. A concrete example: in 2016, we allocated USD 1 million for the construction and supervision of an irrigation scheme in Larisula. If, by the end of December 2016, the work is only completed up to the amount of USD 600 thousand, we will not need to re-appropriate the remaining USD 400 thousand in the GSB for 2017 to complete this work because the autonomous infrastructure fund will already retain the amount of USD 400 thousand to complete the work. Thus, one may continue to pay the invoices from the company executing the work, even if we were in December 31st, and the start of GSB implementation for 2017 cannot occur in January, a situation that we face today.

- (3) Regarding the legality of the establishment of the autonomous infrastructure fund, the Government is of the opinion that: (a) the most appropriate legal instrument to create an autonomous fund is the General State Budget Law, in so far as this autonomous fund represents a financial figure with budgetary impact, and the GSB Law constitutes a more appropriate legislative instrument to define rules and financial and budgetary impacts, also respecting the principle of universality or unity, as in the provisions of article 4 of Law no. 13/2009; (b) the proposal for the creation of this autonomous fund does not contradict Law no. 13/2009 because the proposal complies with the principle of transparency, and the specification of the revenue and expenditure is clearly described in the purpose of the autonomous fund and its global revenues and expenditures are described in Annex II and Annex III, in the part relating to the "Autonomous Services and Funds", according to what is stipulated in the Law no. 13/2009 in article 27; (c) the proposal for the creation of this autonomous fund also ensures its subjection to international accounting standards, and also to the inspection and monitoring budgetary implementation by other sovereign bodies, as per the provisions of Law no. 13/2009, in articles 52 and 53.

Mr. President, distinguished Members of Parliament, people of Timor-Leste,

After having presented the Government’s position, and with all due respect to the concerns of His Excellency the President of the Republic, expressed through his veto message, I would like to, in the name of the Government, point out that **the budget proposed by the Government for 2016 seeks to use our limited resources toward**

the sustainable development of our country and improve the living conditions of our population.

The Government does not dispute the need to invest more in favor of the Timorese, through education and health, as tools for well-being, but the Government is also of the opinion that "more investment" does not just mean an "increase in funds" where, in practice, the institutions responsible for planning, management and implementation of the budget will not be able to absorb and use in a context of implementation with quality.

Lastly, it is true that after thirteen years of the restoration of our independence, together, we can improve and we can do even more, provided that each one of us, abide by the rules as defined in the Constitution.

Let's move forward with confidence, because together we can build the nation from the bottom to bring change to the lives of our people!!!

Thank you for your attention!

Dr. Rui Maria de Araujo

January 8th, 2016

Part 2: Description of the State Budget

2.1: Executive Summary

Government Policy

The Annual State Budget lays out the Government of Timor-Leste's plans and policies for the coming year in order to meet its long-term objective of achieving middle income country status by 2030, as laid out in the country's Strategic Development Plan (SDP). In order to achieve this goal, the Government is prioritizing spending on infrastructure and key economic sectors (including tourism, agriculture and petroleum) and promoting investments in social, health and education sectors. Budget Book 1 summarizes how the Government plans on pursuing these policies in the coming fiscal year.

Economic Growth

For Timor-Leste to become an upper-middle income country by 2030, strong, high-quality non-oil economic growth is required. From 2007 to 2012 the Government implemented economic policies that led to high rates of economic growth, with non-oil GDP growth averaging 10.6% per annum. These growth rates were driven by increases in Government spending associated with the Government's frontloading strategy, financing quality investment in infrastructure and human capital development to provide the necessary foundations for long-term sustainable private sector led development. In 2013, non-oil GDP growth slowed largely as a result of a decrease in Government capital expenditure associated with the phasing down of the electricity project. However, on balance, the economy performed well with strong growth in private sector investment and household consumption and a fall in inflation and the non-oil trade deficit.

In 2014, the transition to higher quality economic growth continued. Non-oil GDP is forecast to grow in the 4.1% to 7.5% range in the medium term. This strong growth forecast is driven by high execution of development capital expenditure and a balanced combination of increases in Government expenditure, private investment and household consumption. The medium-term outlook for Timorese consumers is also positive with consumption set to grow steadily, and annual inflation remaining below the Government's 4%-6% target range at around 2% over the 2015-2018 period.

Expenditure

The 2016 State Budget is \$1,562.2 million (including loans). This is slightly lower than the amount in the 2015 Rectification Budget (see Table 2.1.1). The VI Constitutional

Government is committed to ensuring a prudent level of spending by maintaining the overall size of the budget and reviewing existing programs to ensure maximum returns on every dollar spent. Government expenditures have therefore been reviewed to prioritize programs and sectors with high returns and which are directly in line with the SDP objectives.

The Government is continuing to implement its frontloading policy to attract private investors. With the successful implementation of the electricity project, focus is now shifting towards investment in roads, ports, airports and bridges. As a result, expenditures, particularly on key sectors and priority infrastructure projects, will remain high until 2025. However by 2025, some SDP priority projects will begin to near completion and expenditure and excess withdrawals are expected to fall. Over the long-term (after 2026) expenditure will fall further and domestic revenue will increase, allowing excess withdrawals to fall.

Domestic Revenue

Domestic revenue is forecasted to slightly increase in 2016 mainly due to a higher collection of fees and charges. This is triggered by an improvement in Government services to the public as well as by improvements in collection. Positive trends in domestic revenues are expected to continue in the medium term due to a combination of improvements in administration and strong economic performance (see Table 2.1.1).

Financing

The non-oil deficit is equal to domestic revenue minus expenditure (see Table 2.1.1). The Government is using the Estimated Sustainable Income (ESI), excess withdrawals from the Petroleum Fund (PF), use of the cash balance and loans to finance the non-oil deficit in 2016. The non-oil deficit provides an approximate estimate of the amount of additional demand and money Government spending is contributing to the economy.

The ESI for 2016 is calculated at \$544.8 million and represents the amount that can be withdrawn from the PF, each year, forever, without the fund running out of money. The total amount budgeted to be withdrawn from the PF in 2016 is \$1,283.8 million, with excess withdrawals of \$739.0 million. The Government considers that excess withdrawals are necessary in the medium term to finance priority capital expenditures.

Loans are becoming an increasingly important tool for financing in the GoTL. The current loans contracted by the Government of Timor-Leste are used to finance key infrastructure projects and have relatively low rates of interest and significant grace periods. Total loan financing for 2016 is \$107.0 million.

Table 2.1.1: Fiscal Table with Memorandum Items (\$m)

	2012 Act.	2013 Act.	2014 Act.	2015 BB1 Rec	2016 Budget	2017	2018	2019	2020
Total Expenditure by Appropriation Category (incl. loans)	1,247.0	1,081.4	1,359.1	1,570.0	1,562.2	1,973.0	2,494.0	2,113.5	1,746.8
Total Expenditure by Appropriation Category (excl. loans)	1,247.0	1,075.1	1,343.3	1,500.0	1,455.2	1,624.6	2,127.8	1,953.0	1,707.6
<i>Recurrent</i>	708.8	730.9	912.7	1,147.7	1,106.9	1,149.8	1,203.0	1,255.8	1,306.5
Salary and Wages	130.7	141.8	162.5	177.5	181.9	189.1	196.7	204.6	212.8
Goods and Services (inc. HCDF)	358.2	392.0	458.7	515.7	449.0	465.6	491.4	515.7	536.8
Public Transfers	220.0	197.0	291.5	454.5	476.0	495.1	514.9	535.5	556.9
<i>Capital</i>	538.2	350.5	446.3	422.3	455.3	823.1	1,291.0	857.7	440.3
Minor Capital	46.8	40.0	53.3	31.0	18.8	19.6	20.4	21.2	22.0
Capital and Development (inc. Infrastructure & loans)	491.4	310.6	393.1	391.3	436.5	803.5	1,270.6	836.5	418.3
Domestic Revenue***	142.2	151.1	168.0	170.4	171.4	180.9	190.5	200.6	210.3
Non-Oil Fiscal Balance	(1,104.8)	(930.3)	(1,191.1)	(1,399.6)	(1,390.8)	(1,792.1)	(2,303.5)	(1,912.9)	(1,536.5)
Financing	1,104.8	930.3	1,191.1	1,399.6	1,390.8	1,792.1	2,303.5	1,912.9	1,536.5
Estimated Sustainable Income (ESI)	665.3	730.0	632.3	638.5	544.8	534.5	520.0	490.3	464.6
Excess Withdrawals from the PF	829.6	-	99.7	689.0	739.0	909.2	1,417.3	1,262.1	1,032.7
Use of Cash Balance	(390.1)	194.0	443.3	2.1	-	-	-	-	-
Borrowing/Loans	-	6.3	15.8	70.0	107.0	348.4	366.2	160.5	39.2

Source: National Directorate of Economic Policy, Ministry of Finance, 2015

2.2: Recent Reforms in Economic and Financial Management

2.2.1: Overview

The objective of the new VI Government is to enhance the efficiency, effectiveness and accountability in the use of public resources, particularly in implementing the Strategic Development Plan (SDP). For this purpose, it has reviewed and

implemented new, necessary programs in key areas such as infrastructure, education or health.

The VI Constitutional Government has committed to reforming the public sector in order to increase its efficiency. Four major reform programs in the public sector have been approved and are currently being undertaken for this purpose: the Legislative Harmonisation and Judicial Reform, the Public Administration Reform, the Economic Reform and the Fiscal Reform, Performance Management Reform and Budget Performance Reform. The Government has also introduced new planning and monitoring structures to ensure greater integration between planning and budgeting, by setting up a Planning and Monitoring Unit (PMU) and is looking at gradually implementing a form of Program Budgeting. The following subsections expand the reforms in more detail.

2.2.2: The Four Reforms to the Public Sector

The VI Constitutional Government has committed to four major reforms in the public sector throughout its mandate. These reforms are the Legislative Harmonization and Judicial Reform, the Public Administration Reform, the Economic Reform and the Fiscal Reform, Performance Management Reform, and Budget Performance Reform.

2.2.2.1 The Legislative Harmonization and Judiciary Reform

The Legislative Harmonization and Judiciary Reform aims to reinforce the path for a strong and efficient judicial system and will be led by the Legislative Reform and Justice Sector Committee.

The reform will follow a threefold strategy. Firstly, it will set up a new legal framework in line with regional and international standards. Secondly, it will enhance relations between the specific bodies and institutions in the judicial system. Finally, it will carry out a procedural reform, ensuring timely access to justice and easy exercise of the rights of citizens and legal entities. Overall, the reform will therefore aim to improve the legislative and judiciary sector's ability to guarantee and protect people's rights and contribute to sustainable development through national stability.

2.2.2.2. The Public Administration Reform

The objective of the Public Administration Reform is to put in place a system for an efficient, effective and responsible Government. The reforms will be led by the recently appointed Commissioners of the Civil Service Commission under the Prime Minister's tutelage, in close collaboration with relevant Government institutions,

including the Ministry of State Administration, Ministry of Finance (MoF), the Commission of Anti-Corruption and the Ombudsman Office.

The reform will follow the following strategy. Firstly, it will carry out a human resource diagnostic analysis in order to review the existing legislative and policy procedures. Secondly, it will establish tools and procedures to enable better enforcement of the rule of law and to create an avenue for better planning and an improved human resource management system. Finally, it will introduce an improved practice of human resource management through the establishment of competency standards that will allow clarity in expectations and development goals to facilitate better performance management.

In particular, the MoF has made significant progress in piloting a Public Administration Reform through the Performance Management Reform (PMR). For this purpose a joint PMR Task Force was created, highlighting connections between planning, integrity, accountability and institutional performance. The PMR is now undergoing eight key processes, which will hopefully expand to other Government institutions:

1. Identify an appropriate organizational structure to deliver the required results, culminating in the revision of the MoF Organic Law.
2. Approve the necessary legislation to conduct the reform.
3. Identify positions and competency standards.
4. Develop new job descriptions for all leadership and management positions complete with required competencies and Key Performance Indicators (KPIs).
5. Complete baseline diagnostic tests for 939 nominated Public Financial Management (PFM) professionals in all Ministries¹.
6. Select professionals at the MoF on the grounds of merit.
7. Draw accurate job descriptions, work plans and individual capacity building plans.
8. Carry out an Institutional Capacity Development Plan.

2.2.2.3. The Economic Reform

In 2016, the Government will be implementing the Economic Reform and Growth Program, coordinated by the Minister of State, Coordinator of Economic Affairs (MECAE). The reform operationalizes, plans and drives the implementation of

¹ PFM competencies include covering planning, budgeting, payments, procurement & contract management and asset & fleet management. Accounting and financial regulations and internal audit diagnostic tests will be the next to be administered.

actionable activities focused on developing, strengthening and supporting the overall private sector environment. The objective is to increase private investment, create sustainable jobs and diversify the economy. The reform consists of six major reforms designed to strengthen and improve the private sector environment. These major reforms are: (1) Land and Property Regulation Reform, (2) Economic Infrastructure Development, (3) Labour Market Reform and Workforce Development, (4) Reform of the Business Enabling Environment, (5) Reform of the Private Investment Regime, and (6) Private Sector Reform and Development.

Whilst overall reform coordination is the responsibility of MECAE, the implementation of specific activities will be coordinated across Ministries and relevant public entities. The reform closely complements the Fiscal Reform Program carried out by the MoF.

2.2.2.4. The Fiscal Reform, Performance Management Reform, and Budget Performance Reform

The Fiscal Reform, Performance Management Reform, and Budget Performance Reform aim to ensure the fiscal sustainability of Timor-Leste in the medium and long term by achieving a balance between State expenditures and revenues. As such, there are three interrelated reforms carried out by the Ministry of Finance each with its own set of goals.

The Fiscal Reform will increase non-petroleum resources, while guaranteeing the State's commitment to its citizens. In order to achieve this, the Fiscal Reform comprises measures in two broad areas. Firstly, it seeks to provide the Timorese Tax and Customs systems with an efficient body of legislation that enables the State to collect the necessary revenues for pursuing its mission. Secondly, it seeks to modernize and consolidate the Timorese Tax and Customs administrations through the modernization of IT systems and streamlining processes and procedures.

The Budget Performance Reform is to ensure that public resources are used as efficiently and effectively as possible in order to provide quality public services. The Budget Performance Reform agenda includes measures in four areas. The first is improving the quality of public expenditure through introducing a form of Program Budgeting, improving multi-year budgeting, and putting in place an effective system for monitoring and evaluating both the quantity and quality of public expenditure. The second area concerns improving the IT systems and processes and procedures of the public institutions that channel and execute public expenditure. The third area is the reform of the governance and cost structure of State-Owned Enterprises with a view towards achieving self-sustainability. The fourth area is the decentralization of public expenditure as part of the political decentralization agenda, which will require the development of Standard Operating Procedures, the deployment of IT Systems,

and the training and capacity building of human resources in the area of PFM at the municipal level.

2.2.3: Service Delivery and Performance Budgeting

The VI Constitutional Government is committed to ensuring the Annual State Budget ensures that public service delivery is more efficient, effective and accountable. To further this purpose, the PMU has been created under the Prime Minister's Office (PMO), with the mandate to link planning and budgeting as well as monitor the results to feed into planning objectives, together with the MoF. The creation of the program classification will further help to better link planning and budgeting, and allow for structured prioritisation and the efficient allocation of Government resources.

All of the Ministries are crucial stakeholders in the reform, and the Planning and Monitoring Unit (PMU) is working together with the MoF to support line ministries throughout the budget preparation process, including by helping every Government institution define their priority programs, and by carrying out quarterly monitoring of program expenditures.

In the context of the service delivery and performance budgeting initiative, the 2016 budget presents a classification of certain expenditures by program as well as the usual classification by appropriation category and institution. Each Ministry has identified its major programs and submitted a joint budget submission classified by program and activity. All budget books therefore include a Program Budgeting component, which breaks down expenditures within each line ministry by program and activity for 2016.

2.3 Economic Overview

2.3.1 The International Economy

2.3.1.1 International Growth Trends

Legacies from the financial and euro crises are still visible in many countries in the form of weak financial institutions and high levels of public and private debt, this will continue to shape the global economy's medium-term outlook. The varied impact of these legacies, the recent decline in global oil prices and increased exchange rate volatility make it difficult to categorize overall global economic growth trends in 2015.

In general, growth in the advanced economies will pick up due to improvements in global financial conditions, the Eurozone's gradual recovery and lower fuel prices, while in emerging and developing economies growth will slow down driven by lower

international commodity prices and the slowdown in the Chinese economy. On balance (as seen in Table 2.3.1.1.1) global growth in 2015, projected at 3.3%, is likely to be marginally lower than in 2014. Despite a marginal slow down, the high demand for goods and services associated with high growth rates in emerging and developing Asia represents an important export opportunity for Timor-Leste.

Table 2.3.1.1.1: Real Global and Regional Growth Rates (%)

Country	Actual		Forecast	
	2013	2014	2015	2016
World	3.4%	3.4%	3.3%	3.8%
Advanced Economies	1.4%	1.8%	2.1%	2.4%
Emerging and Developing Economies	5.0%	4.6%	4.2%	4.7%
Emerging and Developing Asia	7.0%	6.8%	6.6%	6.4%
China	7.7%	7.4%	6.8%	6.3%
Timor-Leste *	2.8%	6.0% *	4.1%	5.1%

Sources: WEO Update 2015 (IMF), Ministry of Finance, 2015

*Growth forecast

2.3.1.2 International Price Trends

Global inflation driven by falls in the price of oil and other commodities is expected to decrease from 3.5% in 2014 to 3.2% in 2015. The lower forecast inflation in the advanced economies of 0.4% reflects the declines in international commodity prices and continued weak demand in Japan and the Eurozone. In contrast, inflation is expected to increase marginally in the emerging and developing economies from 5.1% to 5.4% in 2015, although recent oil price and exchange rate volatility have added considerable uncertainty to this estimate.

Table 2.3.1.2.1: Global and Regional Inflation Rates (%)

	Actual		Forecast	
	2013	2014	2015	2016
World	3.9%	3.5%	3.2%	3.3%
Advanced Economies	1.4%	1.4%	0.4%	1.4%
Emerging and Developing Economies	5.9%	5.1%	5.4%	4.8%
Emerging and Developing Asia	4.8%	3.5%	3.0%	3.1%
Timor-Leste	9.8%	0.7%	1.4%	1.8%

Sources: WEO Database April 2015 (IMF)

International Oil Prices

Oil prices fell significantly in the second half of 2014; by January 2015 the price of a barrel of oil had fallen by 60.8%² from its peak in June 2014 (see Chart 2.3.1.2.2). This brought an end to a four-year period of price stability at around \$105 per barrel.

² Brent Spot Price, Energy Information Agency

After a partial recovery in the first half of 2015 the price of oil began falling again. These recent falls in the price of oil have been driven by a combination of increased global supply and reduced global demand.

The global supply of oil has increased significantly in recent years due, in part, to new technologies such as hydraulic fracturing (fracking) and horizontal drilling. Arguably the biggest driver behind this price fall was the decision made by the oil market's swing producer³ Saudi Arabia to maintain their current production levels despite the recent increase in global supply. On the demand side the continuation of Europe's slow recovery, the slowdown of the Chinese economy and the appreciation of the US dollar against other major currencies have all contributed to lower oil prices. Though oil prices are expected to recover slightly in 2016, the medium term outlook suggests that the price of oil will not return to 2014 levels in the near future.

As explained in Section 2.5.3, the current and projected price of oil affects the calculation of future petroleum revenues and the Estimated Sustainable Income (ESI), which in turn affects the Government's expenditure plans. The Government closely monitors changes in international oil prices and their impact on the ESI. However, by the end of 2015 it is estimated that approximately 89% of Timor-Leste's petroleum wealth will be held in international financial markets. This makes the Petroleum Fund's investment performance crucial and reduces the impact of oil price fluctuations on the ESI.

In addition, the decrease in oil prices will benefit both consumers and non-oil producers in Timor-Leste. The fall will benefit consumers through lower prices on fuel and products which use oil intensely in production. In addition, non-oil producers will benefit from lower transport and production costs, as well as from increases in consumers' disposable incomes.

International Food Prices

A significant proportion of the food consumed in Timor-Leste is still imported and thus changes in international food prices can have a significant impact on both the rate of inflation and standard of living. According to the International Monetary Fund's (IMF) Food Price Index international food prices have fallen by 19.0% since January 2014, while the price of rice, the staple food for the majority of the Timorese people has fallen by 12.1% over this period. The IMF is forecasting that food prices will continue to fall throughout the rest of 2015 and then stabilise in 2016.

The international price of coffee, Timor-Leste's largest non-oil export, has been highly volatile in recent years and has fallen significantly over the past 12 months. This price fall will negatively impact the welfare of Timorese coffee farmers. This

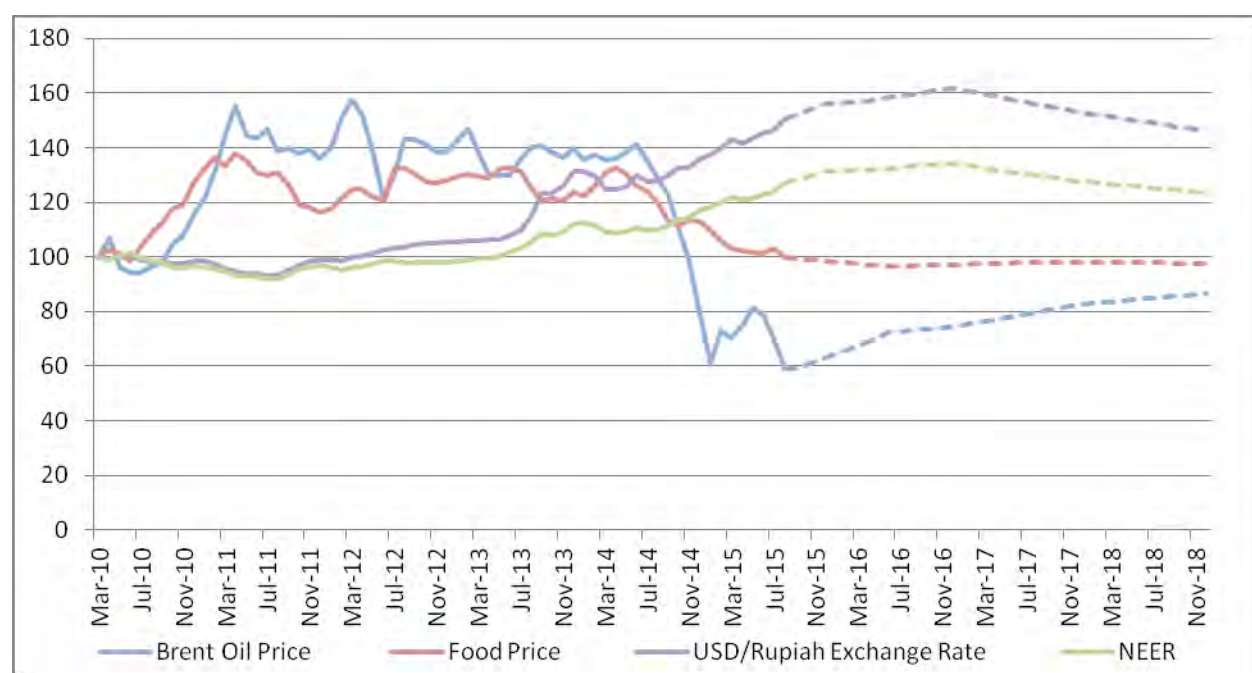
³ Producer who uses their spare capacity to increase or decrease supply to stabilize market prices.

increases the importance of projects aimed at increasing productivity in this key sector and the Government's efforts to diversify into other sectors.

Foreign Exchange Rates

The general appreciation of the US dollar against the currencies of Timor-Leste's trading partners, which began in early 2014, has continued into 2015. The US dollar appreciated by 11.5% against a weighted basket of Timor-Leste's major trading partners' currencies in the 12 months leading to July 2015. This was mostly driven by a 14.4% appreciation of the US dollar against the Indonesian rupiah, the currency of Timor-Leste's largest trading partner. The appreciation has reduced the price of imports; this puts downward pressure on domestic inflation, benefiting Timorese consumers. However, this appreciation makes Timorese non-oil exports more expensive in international markets constraining the development of the country's exports sector. The appreciation of the US dollar against Timor-Leste's major trading partners is expected to continue into 2016, this will put further downward pressure on prices in Timor-Leste (see Chart 2.3.1.2.1).

Chart 2.3.1.2.2: Actual and Forecast Commodity Price and Exchange Rate Indices



Sources: Primary Commodity Prices (IMF), Bloomberg and Oanda

2.3.2 The Domestic Economy

2.3.2.1 Timor-Leste's Recent Economic Performance

In Timor-Leste total GDP fluctuates significantly from year to year based on changes in oil sector output. This sector has accounted for over 70% of Timorese output in recent years. This coupled with the relatively small level of employment in the oil

sector means that total GDP, which declined by 13.9% in 2013, driven by an 18.7% contraction in the oil sector, is not an optimal measure of economic performance. Instead of focusing on total GDP, it is more useful to monitor economic performance using a comprehensive approach which utilizes a wide variety of indicators relating to the non-oil economy. This approach provides a more accurate indication of the real impact of changes in the economy on the people of Timor-Leste.

Chart 2.3.2.1.1: GDP by Sector and GDP Growth (2010 Prices)

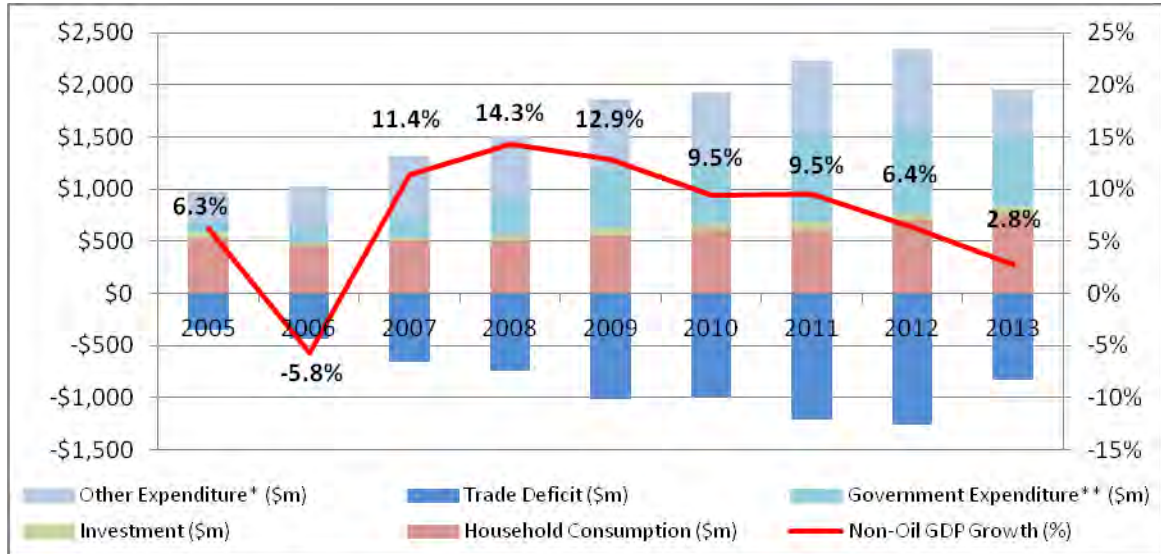


Sources: Timor-Leste National Accounts 2000-2013, General Directorate of Statistics, Ministry of Finance

The Non-Oil Economy

In recent years Timor-Leste has experienced exceptionally high non-oil GDP growth, averaging 10.6% over 2007-2012. These growth rates were driven by increases in Government expenditure associated with the Government’s frontloading strategy, see Chart 2.3.2.1.2.

Chart 2.3.2.1.2: Non-Oil GDP Growth and Component Breakdown (2010 Prices)



Sources: Timor-Leste National Accounts 2000-2013, General Directorate of Statistics, Ministry of Finance

*Includes development partner expenditure and consumption of fixed capital

**Excludes Government transfers, in line with the 2008 System of National Accounts methodology

When the Government increases capital expenditure there will be a positive GDP impact. An initial boost in capital spending can create jobs and demand in the domestic economy for the duration of the project. To have a longer-term impact on growth beyond the initial project, the Government invests in high quality projects such as infrastructure and human capital development which have lasting effects on the domestic economy. These Government expenditures can build the productive capacity of the economy through positively influencing the productivity of the private sector and raising the return on private capital, resulting in beneficial long-term effects.

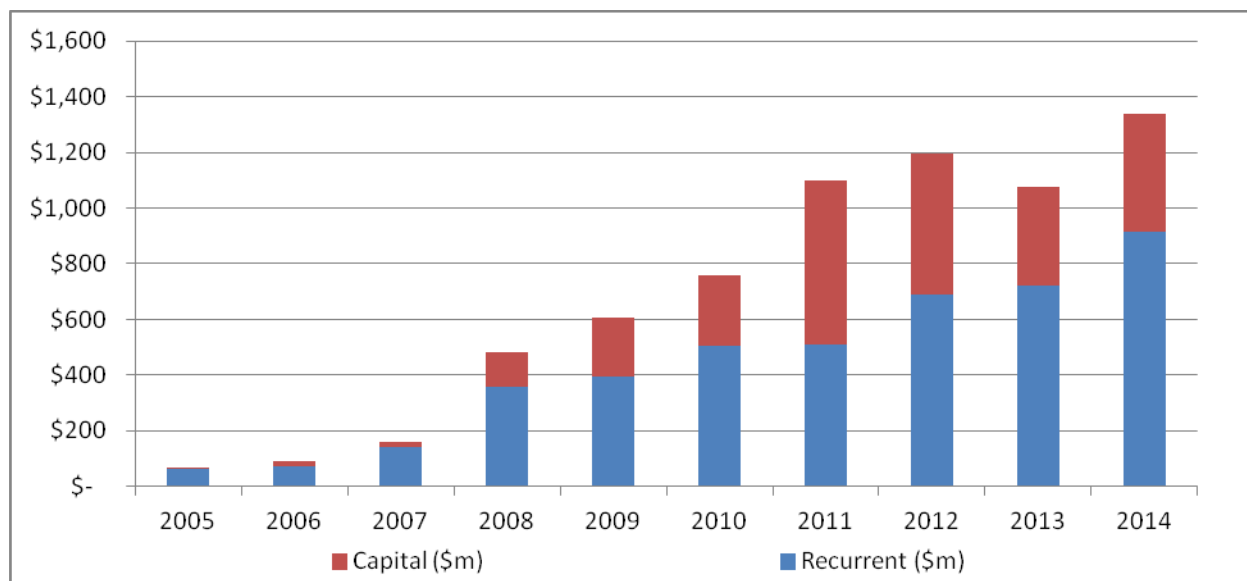
The Government's frontloading strategy uses loan financing⁴ and excess withdrawals⁵ from the Petroleum Fund to finance high quality investment in infrastructure and human capital development. As outlined in Timor-Leste's Strategic Development Plan, the Government's high return investments will provide the necessary foundations for long-term sustainable private sector led development. These investments will stimulate economic growth, leading to higher domestic revenues and reduced Government spending in the long-term, which will allow excess withdrawals to return to levels consistent with the ESI. The frontloading policy has already allowed the Government to significantly upgrade road and electricity coverage throughout Timor-Leste, which has helped to improve both living standards and the business environment.

⁴ Loan financing is cheaper than financing through withdrawals from the Petroleum Fund when interest rates on loans are lower than the Petroleum Fund's average return.

⁵ Withdrawals from the Petroleum Fund in excess of the ESI.

The below trend non-oil GDP provisional growth of 2.8%⁶ seen in 2013 was largely the result of a decrease in Government capital expenditure (see Chart 2.3.2.1.3) associated with the phasing down of the electricity project. This type of economic slowdown is common in countries that have undertaken large-scale infrastructure projects and was to be expected. Excluding the impact of the phasing down of the electricity project the non-oil economy would have grown by 7.0% in 2013, demonstrating that the underlying growth trend continues to be strong.

Chart 2.3.2.1.3: Nominal Recurrent and Capital Government Expenditure



Source: National Directorate of Economic Policy, Ministry of Finance, 2015

On balance the economy performed well in 2013 with strong growth in private sector investment and household consumption and falls in inflation and the non-oil trade deficit. Household consumption growth of 7.0% suggests that living standards continued to increase rapidly in 2013. The 15.6% growth in private sector investment shows that, in line with the Strategic Development Plan (SDP) and the frontloading policy, strong progress is being made in developing the private sector.

Sectoral Performance

The performance across the major sectors of the Timorese economy has been mixed in 2013. Growth in the construction sector remains closely related to Government capital expenditure and lower capital spending in 2013 led to an 8.5% fall in construction sector output. Meanwhile, the strong 10.7% growth seen in the public administration sector was the result of the increase in recurrent Government expenditure in 2013.

⁶ This figure is provisional and likely to be revised following a rebasing of the GDP series.

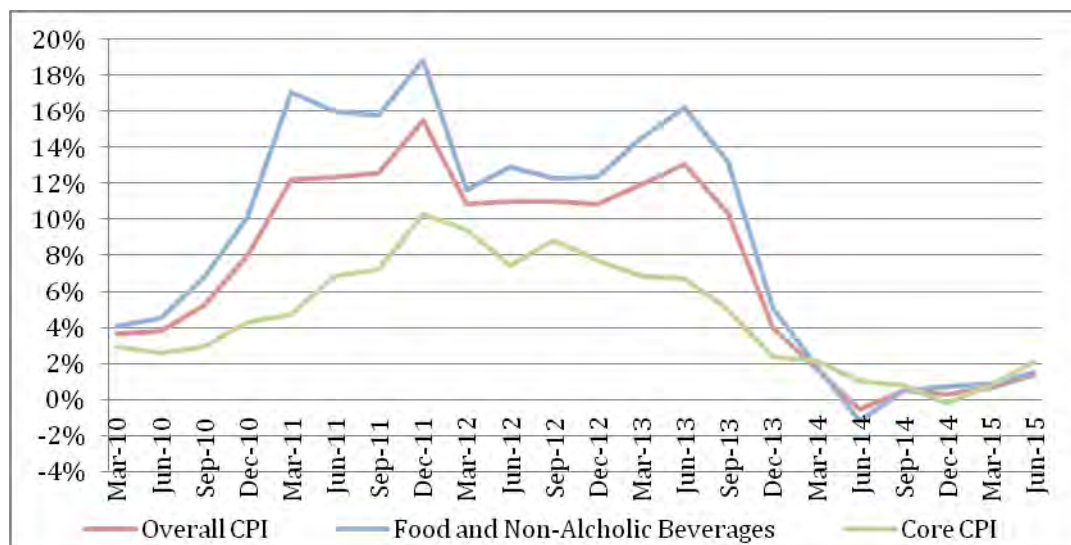
Output in the agricultural sector grew by 0.3% in 2013, despite improvement in yields, agricultural output has remained constant ⁷ since 2009. Finally, the wholesale and retail trade sector contracted by 3.4% in 2013.

Inflation

In 2013 inflation fell from double-digits to within the SDP’s 4%-6% target range. Inflation in Timor-Leste had been in double-digits since March 2010, this was largely due to high food and non-alcoholic beverage inflation caused by unfavourable international conditions and increases in Government expenditure associated with the frontloading project.

In the second half of 2013 inflation began to fall rapidly, from 13.0% in June to 4.0% by December. This lower inflation can be attributed to both domestic and international factors. International factors such as the appreciation of the US dollar against the majority of Timor-Leste’s trading partners and falls in the prices of key international commodities (see Chart 2.3.1.2.2) put downward pressure on inflation. It is likely that increases in domestic production and a slowdown in Government expenditure growth also helped to drive down inflation.

Chart 2.3.2.1.4: Consumer Price Index (CPI) - 2010-2015



Source: Timor-Leste Consumer Price Index, General Directorate of Statistics, Ministry of Finance, 2015

2.3.2.2 Outlook for the Non-Oil Economy in the Medium Term

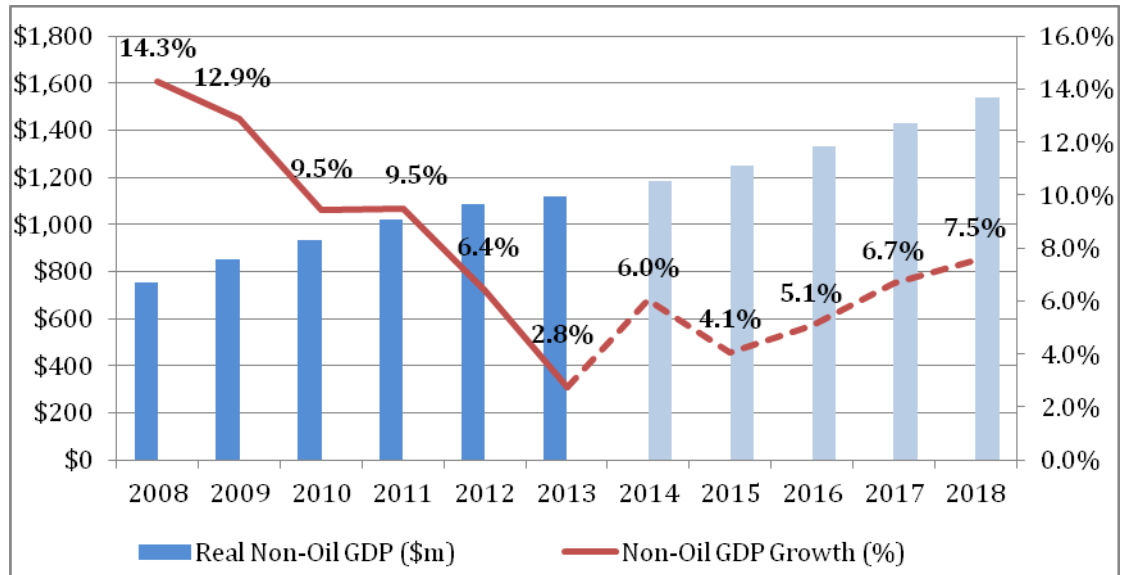
The Ministry of Finance is forecasting quality non-oil GDP growth in the 4.1% to 7.5% range in the medium term (see Chart 2.3.2.2.1). The strong growth forecast of 6.0% in 2014⁸ is driven by high execution of development capital expenditure, while in the

⁷ Excluding the poor harvest in 2011

⁸ 2014 is forecast as the latest National Accounts publication covers up to 2013.

outer years growth is driven by a balanced combination of increases in private investment, household consumption and the Government’s continued implementation of the frontloading policy in key sectors and infrastructure projects.

Chart 2.3.2.2.1 Real Non-Oil GDP – Actual and Projection (%)



Sources: Timor-Leste National Accounts 2000-2013, General Directorate of Statistics (MoF, 2015) and Economic Forecasts (National Directorate of Economic Policy, MoF, 2015)

Private sector investment is forecast to increase significantly in the medium-term with several large-scale multi-national projects projected to start in 2016. This picture is consistent with the frontloading strategy as the Government’s high return investments in the road network, provision of electricity and education have played a key role in attracting these investors.

The medium-term outlook for consumption is positive with steady growth and annual inflation to remain below the Government’s 4%-6% target range. Inflation is forecast to remain at around 2% over the 2015-2018 period largely due to favourable international commodity and exchange rate projections (see Chart 2.3.1.2.2).

Economic diversification will play a strong role in Timor-Leste’s medium term outlook in terms of increasing growth and reducing export volatility. Diversification has the potential to create jobs through shifting employment from lower to higher productivity sectors. In Timor-Leste the opportunities for diversification through both import substitution and the region’s sizeable export markets are high, especially in the agricultural and food processing sectors. Given the small domestic market, diversification should also be export driven and the Government will continue to improve the business environment and capacity of Timorese workers to ensure that the country’s exports can compete in international markets. Furthermore, Timor-Leste’s accession to the Association of Southeast Asian Nations

(ASEAN) will create new trade opportunities, allowing Timorese businesses better access to the +600 million people in the ASEAN market.

2.3.2.3 The Domestic Labour Market

The Labour Force Survey (LFS) 2013 is the second LFS to be carried out in Timor-Leste and the first in the world to adopt the new standards set out by the 19th International Conference of Labour Statisticians. It provides the latest information on the labour market in Timor-Leste. However, due to these methodological differences this survey cannot be compared with the Labour Force Survey 2010 and this survey should be thought of as the foundation upon which future analysis will be based.

According to the 2013 LFS there were 213,200 people in the Timorese labour force (residents between 15 and 64 either employed or actively seeking employment). Within the labour force 189,800 people were employed, while 23,400 were unemployed.

The employment to working age population rate in 2013 was 27.3%. This is a measure of the number of people employed in jobs as a ratio of the number of people between the age of 15 and 64. In Timor-Leste the employment to working age population rate is a better measure of the labour market, rather than the rate of unemployment, which fails to account for the subsistence labourers and those outside of the labour force. Of the working age population, 483,000 were estimated to be outside the labour force, and a significant proportion of these are part of the 178,900 people involved in subsistence food production.

The Government recognises that there are significant medium to long-term labour market challenges and its policies reflect this. The State Budget has allocated a substantial amount of funding to infrastructure development throughout the country and these projects are estimated to create over 38,000 direct jobs in 2016. A large number of indirect jobs will be created through the frontloading policy. Finally, the Government, through the Ministry of Education and Human Capital Development Fund is investing in the labour force to ensure that businesses can find the skilled Timorese labour that they need to be competitive within the ASEAN region.

2.4: Socioeconomic Indicators

2.4.1 Millennium Development Goals (MDGs)

The MDGs are a global initiative under which the Government of Timor-Leste committed to striving towards the achievement of eight ambitious economic and social goals by 2015. As this period comes to an end, it is now time for Timor-Leste to review its progress and reflect on the main challenges faced, as we prepare for the

implementation of the Sustainable Development Goals (SDG), which will soon replace the MDGs.

Goal 1: Eradicate Poverty and Hunger

The 2007 Timor-Leste Survey of Living Standards (TLSLS) indicated that 49.9% of Timorese people lived under the national poverty line of \$0.88 per day. Child malnutrition has fallen significantly over the past 7 years, from 49.9% in 2007 to 37.7% in 2013. However, and despite significant improvements, the prevalence of underweight children remains above the MDG target of 31% and very high on a global level. The Government is strongly committed to reducing this rate further through increasing agricultural production and endorsing programs such as “Merenda Escolar”, the National Plan for Hunger Free Timor-Leste, Zero Hunger Challenge and the “Juntos contra a Fome” initiative.

Goal 2: Achieve Universal Primary Education

Since independence, the net ratio for primary school enrolment in Timor-Leste has increased from 65.1% to 89.6% in 2014 – a 38% increase. However, and despite these efforts, Timor-Leste has not met the target of 100% net primary enrolment.

Education assumes a central role in the Government’s efforts towards national development. A wide range of policies have been devised to increase school enrolment and improve the quality of education, either by improving the curriculum or by making school enrolment a condition for social programs like Bolsa da Mãe.

Goal 3: Promote Gender Equality and Empower Women

Timor-Leste has achieved all targets under Goal 3 “Promote Gender Equality and Empower Women”. It has surpassed the targets set for ratios of girls to boys in primary, pre-secondary and secondary school, setting an example for gender equity in education, an achievement few other developing countries can claim. The Government is putting in place important measures to encourage the role of women in the private sector, and subject to meeting certain standards, businesses operated by women are given preferential treatment in Government procurement. Between 2010 and 2014, 1,600 businesses run by women have been registered with the Institute for Business Support (IADE) and received training and assistance on planning, preparing credit proposals and improved market linkages.

The Government is committed to further reforms in institutions, politics, policy making and education to improve gender equality. Key activities include: running an advocacy campaign to increase awareness of gender responsive laws and policies and establishing a district female congress.

Goal 4: Reduce Child Mortality

According to the Demographic Health Survey (DHS) 2009-2010, Timor-Leste has already achieved its target of reducing under-five infant mortality by two thirds. The infant mortality rate decreased from 88 to 45 per 1,000 live births in 2001 and 2010 respectively. The number of children immunized against measles has also increased significantly, from 39% in 2001 to 74% in 2014.

Going forward the Government is determined to further improve child health. Key policies will include strengthening health services and further improving rates of immunization.

Goal 5: Improve Maternal Health

Maternal mortality has fallen since independence but is still high compared to other countries in the region. There were 557 maternal deaths per 100,000 live births in 2009/2010 compared to 660 deaths per 100,000 live births in 2000.

Timor-Leste has made very significant progress in the area of maternal health. Strengthening of human resources in the health sector is a strong focus of the Government as well as ensuring that health units are adequately equipped. Additionally, the Government has also led policies aimed at raising awareness on maternal health issues, improving the nutritional status of mothers and improving family planning services.

Goal 6: Combat HIV/AIDS, Malaria and other Diseases

Timor-Leste has made remarkable progress in decreasing incidence and death rates associated with Malaria. The number of children under 5 sleeping under an insecticide treated mosquito net has now risen to 89% and the death rate associated with malaria has gone down to 0.2 per 100,000 inhabitants in 2014 – a total of three malaria related deaths in a year. For this reason, most of the malaria related MDG indicators have been met.

The first case of HIV/AIDS was detected in Timor-Leste in 2003 and, since then, the number of cases has increased to 426, causing the deaths of 41 people. This implies that although the prevalence of HIV/AIDS is low in Timor-Leste it has been increasing. Key policies in this area have been public health campaigns to increase awareness of HIV/AIDS and strengthening the ability of the health system to diagnose and treat this disease.

Goal 7: Ensure Environmental Sustainability

The 2010 Census suggests that over 90% of the population uses wood as a source of energy for cooking which might be contributing to the slight loss of forest cover

witnessed between 2001 and 2009, from 51% to 50%. The recent expansion of the national electricity grid may reduce demand for firewood and consequently lead to less deforestation. There are also plans to plant sandalwood, mahogany and teak, which will directly contribute to reforestation.

The proportion of the population using an improved water-drinking source has increased to 70.5% in 2012 – just 8 percentage points below our national target - and the proportion of the population using an improved sanitation facility has also increased in Timor-Leste to 38.9%. The Government has improved water and sanitation by strengthening planning, constructing new facilities and building the capacity of communities to maintain these facilities. Going forward there are plans to build a total of 65,000 latrines for vulnerable households by 2017 and develop water master plans for all districts.

Goal 8: Develop a Global Partnership for Development

The Government is encouraging development partners to use national systems for Overseas Development Assistance. The Australian government and EU recently showed their confidence in national systems by providing direct budgetary support

Timor-Leste has strengthened its relationship with the international community through its leading role in the g7+ and presidency of the Community of Portuguese Language Countries (CPLP).

The Government also recognizes that in the context of a globalized economy, it is important to promote new technologies as this will be key for Timor-Leste to reach its development goals. In this area Timor-Leste has witnessed dramatic improvements with approximately half of the population now enjoying mobile phone access. There have also been similar improvements in internet access where currently approximately 25% of the population are able to get online.

Final remarks

By and large, the Government of Timor-Leste acknowledges the positive role that the MDG initiative played in shaping the country's development throughout the first decade of its existence. However, as the MDGs come to an end, we have also learnt some valuable lessons about the shortcomings of this initiative. Perhaps the most important one is that while the MDGs are worthy goals, they cannot be achieved in the context of conflict and insecurity and must have indicators which can adapt to each country's reality. This realization is well reflected in the SDG initiative which will come to replace the MDGs, partly due to Timor-Leste's efforts and engagement at the Global level, and through our coordination with other g7+ countries who came to similar conclusions about the MDG initiative.

2.4.1 Sustainable Development Goals

Introducing the SDGs

In 2012, the UN Secretary General established the High Level Panel of Eminent Persons, consisting of 27 members, with Timor-Leste represented by the former Minister of Finance and Chair of g7+. This panel established the first draft of the SDGs.

Goal 1	End poverty in all its forms everywhere
Goal 2	End hunger, achieve food security and improved nutrition and promote sustainable agriculture
Goal 3	Ensure healthy lives and promote well-being for all at all ages
Goal 4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
Goal 5	Achieve gender equality and empower all women and girls
Goal 6	Ensure availability and sustainable management of water and sanitation for all
Goal 7	Ensure access to affordable, reliable, sustainable and modern energy for all
Goal 8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
Goal 9	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
Goal 10	Reduce inequality within and among communities
Goal 11	Make cities and human settlements inclusive, safe, resilient and sustainable
Goal 12	Ensure sustainable consumption and production patterns
Goal 13	Take urgent action to combat climate change and its impacts
Goal 14	Conserve and sustainably use the oceans, seas, and marine resources for sustainable development
Goal 15	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
Goal 16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

The Council of Ministers has approved a resolution to adopt the SDGs approved at the United Nations General Assembly and the setting up of a Working Group to monitor their implementation.

2.5: Expenditure and Development Partners' Commitments

The 2016 combined sources of the State Budget total \$1,705.6 million. This is composed of \$1,562.2 million in Government expenditures - including \$107.0 million in loan-financed projects - and \$143.4 million from development partners.

Total Government expenditure (including loans) is slightly lower for 2016 compared to the 2015 Rectification Budget. The VI Constitutional Government has made a great effort to stabilize the level of expenditures in order to maintain a prudent level of expenditure, which prioritizes key investments that are aligned with the Strategic Development Plan (SDP).

2.5.1: Expenditures by Fund

Government expenditure is spread across the Consolidated Fund of Timor-Leste (CFTL) (which as of 2016 includes the Infrastructure Fund (IF)), the Human Capital Development Fund (HCDF) and loans. CFTL and loan expenditures in 2016 have increased by 17.3% and 52.9% respectively compared to the 2015 Rectification Budget, whilst HCDF expenditures have decreased by 17.2% compared to the 2015 Rectification Budget figures.

The Government is committed to providing strong and necessary infrastructure for Timor-Leste and has therefore increased IF spending in 2016, following a review of all infrastructure projects. The Government is focused on ensuring that projects are executed in a timely manner and with high quality.

HCDF activities have been reduced in order to ensure channelling of funds to maximise returns. CFTL expenditures, excluding the Infrastructure Fund, have been reduced to channel public funds towards productive expenditures, which will boost economic growth and increase the efficiency of Government administration. Out of all Government expenditure in the 2016 Budget, 71% goes towards recurrent and capital investments and 29% goes towards public administration costs.

Loan-financed expenditures for 2016 have increased by 52.9% in comparison to the 2015 Rectification Budget, reaching \$107.0 million in 2016. Several existing infrastructure projects are entering an intensive construction phase, which has contributed to this increase in loan disbursements for 2016. In addition, the Government expects several new loan projects to be signed in 2016, the implementation of which would also contribute to increased disbursements.

Table 2.5.1.1: Expenditure by Fund (\$m)

	2014 Actual	2015 BB1 Rec	2016 Budget	2017	2018	2019	2020
Combined Sources Budget	1,629.4	1,824.3	1,705.6	2,052.3	2,532.1	2,115.5	1,746.8
Government Expenditures by Fund	1,359.1	1,570.0	1,562.2	1,973.0	2,494.0	2,113.5	1,746.8
CFTL (excl. loans)	991.5	1,211.6	1,421.2	1,590.6	2,085.3	1,904.1	1,656.3
HCDF	35.2	41.1	34.0	34.0	42.5	48.9	51.3
Infrastructure Fund (Special Fund, excl. loans)	316.6	247.3	-	-	-	-	-
Loans	15.8	70.0	107.0	348.4	366.2	160.5	39.2
Development Partner Commitments	270.3	254.3	143.4	79.3	38.1	2.0	-

Sources: National Directorate of the Budget and Development Partners Management Unit, Ministry of Finance, 2015

2.5.2: CFTL Expenditures

The CFTL is the Government's central account and includes all expenditures for line ministries and autonomous agencies with the exception of the HCDF. Within it, recurrent and capital expenditures are spread across five appropriation categories as laid out in table 2.5.2.1.

Expenditures in the CFTL will increase by 17.3% in 2016 compared to the 2015 Rectification Budget. This is largely due to the decision to include the Infrastructure Fund as an autonomous agency under the CFTL. The VI Constitutional Government has also reviewed and will stabilize the level of expenditures in order to control the growth of the public sector, minimize wasteful expenditures and therefore boost returns on investment. A smaller and more efficient public sector will provide an opportunity for greater private sector investment-led growth. Recurrent expenditures have decreased by 3.0% in 2016 compared to the 2015 Rectification Budget, particularly on goods and services. However, transfers to the Oecusse Special Zone for Social Market Economy (ZEESM) will continue to increase in 2016.

Table 2.5.2.1: CFTL Expenditure by Fund (\$m)

	2014 Actual	2015 BB1 Rec	2016 Budget	2017	2018	2019	2020
Total CFTL Expenditure	991.5	1,211.6	1,421.2	1,590.6	2,085.3	1,904.1	1,656.3
Recurrent	877.6	1,106.6	1,072.9	1,115.8	1,160.5	1,206.9	1,255.2
Salary and Wages	162.5	177.5	181.9	189.1	196.7	204.6	212.8
Goods and Services	423.5	474.6	415.0	431.6	448.9	466.8	485.5
Public Transfers	291.5	454.5	476.0	495.1	514.9	535.5	556.9
Capital	113.9	105.0	348.3	474.8	924.8	697.2	401.2
Minor Capital	53.3	31.0	18.8	19.6	20.4	21.2	22.0
Capital and Development	60.7	74.0	329.5	455.2	904.4	676.0	379.1
- <i>Infrastructure Fund (Autonomous, excl. loans)</i>	-	-	286.0	410.0	857.5	627.2	328.3

Source: National Directorate of the Budget, Ministry of Finance, 2015

2.5.2.1: Salaries and Wages

Salaries and wages expenditures are expected to grow modestly by 2.5% in 2016 compared to the 2015 Rectification Budget. This is due to changes in the structures of some ministries and state institutions following new Organic Laws.

2.5.2.2: Goods and Services

Investments in new capital assets have been significant in recent years. These assets require additional resources for their operation and maintenance, so to ensure that they operate efficiently. The Goods and Services budget will reach \$415.0 million for 2016. There has been some reprioritization in Goods and Services expenditures to ensure they focus on areas in the SDP and hence contribute to the wider economy and society. Therefore there are reductions from cuts in items such as catering and travelling in an effort to boost expenditures with high and positive returns. This section first describes measures under this appropriation category and it then classifies investments.

Measures

The main measures for goods and services are:

- \$76.8 million to the Ministry of Public Works, Transport and Communication towards fuel and maintenance of electricity generators in Hera and Betano. This also includes \$1.9 million for maintenance of generators across the territory of Timor-Leste. Providing electricity throughout the whole country continues to be a cornerstone of the Government's economic development efforts. Ensuring effective maintenance of generators and the regular, adequate supply of fuel is essential for ensuring a reliable supply of electricity.

- \$16.5 million to the Whole of Government for the Counterpart Fund. This fund pays for the Government's contribution to projects undertaken with development partners that boost economic growth and reduce poverty.
- \$13.6 million to the Whole of Government for legal services. These are funds to enable the state to defend itself in various legal cases.
- \$13.4 million to the Ministry of Education towards the School Feeding program in public schools. Providing children with sufficient and adequate nutrition will improve both their educational attainment and their health.
- \$10.5 million to the Ministry of Health to buy medicines and food for patients. These expenditures will help improve the quality of health services provided in the country.
- \$9.2 million to the Ministry of Justice towards the program Ita nia Rai and the cadastral survey. These programs are important for improving land rights in Timor-Leste, which will contribute, to security and economic growth.
- \$7.2 million to the Ministry of Education for printing and supply of school materials and for supporting public schools.
- \$4.6 million to the Ministry of Agriculture and Fisheries towards the purchase of agricultural material and for the Suco Ida Produitu Ida (SIPI)/Centru Dezenvolvimentu Comunidade Agricola (CDCA) program. This agricultural material includes seeds, fertilizers, feed and animal medicine. This will contribute to the development of agriculture and food security.
- \$4.6 million to the Whole of Government for the Fiscal Reform, Performance Management Reform and Budget Performance Reform.
- \$3.3 million to the Whole of Government for the Community of Portuguese Language Countries (CPLP). This money will assist Timor-Leste during its two-year presidency of the CPLP (2014-2016) and promote dialogue and trade between Portuguese speaking countries. Timor-Leste's leading role in the CPLP will allow it to further influence the global community.
- \$3.1 million to the Ministry of Commerce, Industry and Environment towards rice imports and the support of local products. This will support the local rice market, contribute to the School Feeding and Disaster Relief programs and ensure the basic access to food for the population.
- \$2.5 million to the Whole of Government for the paying of quotas to international institutions.
- \$1.6 million to the Whole of Government for external audit services.

- \$1.5 million to the Whole of Government to support the program for statistics. This includes measures such as: census fo fila falli, Business Activity Survey (BAS), Civil Registration and Vital Statistics (CRVS), Demographic and Health Survey (DHS) and the Timor-Leste Standard of Living Survey (TLSLS). This enables the Government to collect detailed information regarding the standard of living of Timorese citizens.
- \$1.5 million to support the “Tour de Timor”, the Dili Marathon and the international tourism event, \$0.7 million to the Ministry of Tourism, Art, and Culture and \$0.8 million to the Secretary of State of Youth and Sport.
- \$1.5 million to the Ministry of Justice towards biometric passports. This expenditure will make traveling abroad easier for Timorese citizens.
- \$1.3 million to the Ministry of State Administration in order to prepare for the general elections in 2017. The national elections reinforce the Government’s commitment towards promoting democracy and inclusive growth.
- \$1.3 million to the Ministry of State Administration in order to undertake administrative decentralization. Strengthening local communities will contribute to rural and inclusive development.
- \$1.2 million to the Ministry of State Administration for the celebration of days of national importance (20 May, 30 August, 28 November) and honour the struggle for Timorese independence.

Investments

The Government considers that many expenses under CFTL goods and services complement other investments that contribute towards development. Boosting these investments has been the priority of the VI Constitutional Government. More specifically 41.4% of total goods and services expenditures in CFTL are classified as supporting physical and social investments.

Physical Investments

Funding to support physical investments total \$97.3 million, 23.4% of CFTL goods and services expenditure. This includes the counterpart contribution, purchase of seeds, fuel and maintenance for the generators and fuel for the Berlin Nakroma.

Social Investments

Social investments have direct positive outcomes for the welfare of the population. Funding to support these total \$74.5 million, which is 17.9% of total expenditure on goods and services.

2.5.2.3: Public Transfers

Public transfers comprise all of the money the Government spends on public grants and consigned payments. They are the largest category in recurrent expenditures and are set to reach \$476.0 million in 2016, 4.7% higher than the 2015 Rectification Budget figure.

This section describes the main measures for this category and their investment classification.

Measures

The main measures for public transfers include:

- \$217.9 million to the Special Administrative Region of Oecusse Ambeno (ARAEOA) and the Oecusse Ambeno and Atauro Special Zones for Social Market Economy (ZEESM).
- \$144.1 million to the Ministry of Social Solidarity towards social programs, including the veterans', old age and disability pension schemes, Bolsa de Mãe, victims of natural disasters and for the medical treatment of veterans. These programs support vulnerable and deserving groups and contribute to reducing poverty.
- \$10.8 million to the Ministry of Petroleum and Mineral Resources to support the National Petroleum Authority (ANP), TIMOR GAP and the Institute of Petroleum and Geology (IPG). This money is required to ensure Timor-Leste maximises the benefits from its natural resources.
- \$10.0 million to the Ministry of State Administration for supporting the National Program for Village Development (PNDS). This program significantly contributes to rural development.
- \$10.0 million to the Whole of Government in order to capitalize the Central Bank of Timor-Leste (BCTL) and the National Commercial Bank of Timor-Leste (BNCTL). This capitalization will contribute to the development of the financial sector in the country.
- \$9.4 million to the Office of the Prime Minister towards supporting NGOs. The NGO sector in Timor-Leste provides a valuable service to the country and its people.
- \$9.2 million to the Secretariat of State for Vocational Training Policy and Employment (SEPFOPE) for the rural employment program, the self-employment program, construction of shelters, amongst other measures. This will contribute towards promoting job creation and economic growth.

- \$7.6 million to the Ministry of Health for treatments abroad, a new cardiovascular centre, strengthening of laboratory services, subsidies to private clinics, support to public health activities and the Integrated Community Health Services (SISKA). These investments are important to further improving the quality of health services for the population.
- \$7.3 million to the Whole of Government for the provision of pensions for permanent civil servants under the contributory regime.
- \$7.3 million to the Ministry of State Administration to support suco councils and the administration of villages, contributing to rural development and inclusive growth.
- \$6.0 million to the Whole of Government in order to acquire a building for the embassy in Singapore.
- \$6.0 million to the National Electoral Commission. This expenditure will provide subsidies to political parties, which will contribute to the democratic process in Timor-Leste.
- \$5.0 million to the Secretary of State of Youth and Sports to support sport and artistic activities. Promoting culture and sports is important both for morale as well as to promote Timorese traditions.
- \$4.0 million to the Whole of Government as contributions for international financial support, including \$2.0 million for the International Cooperation Agency of Timor-Leste (ACITL). This will support the international community and allow Timor-Leste to further influence the global community.
- \$2.7 million to the Ministry of Education towards supporting universities, educational institutions and the School Feeding Programme in private schools.
- \$2.3 million to the Whole of Government for the g7+ secretariat. The work of this secretariat ensures that the voice of fragile states is heard and acted upon by the international community.
- \$2.0 million for the Ministry of Social Solidarity to support orphans, the handicapped and refuge shelters. The Government is committed to supporting these and other vulnerable groups in society.
- \$1.8 million to the Secretary of State for Social Communication to provide subsidy for Radio Television Timor-Leste (RTTL, E.P).
- \$1.5 million to the Whole of Government to support elections in São Tomé and Príncipe.

- \$1.0 million to the Ministry of Public Works, Transport and Communication to support the installation of solar panels in communities which do not have electricity. This will both contribute towards the Government's commitment to provide electricity across the whole territory as well as promote the use of renewable energy.

Investments

Public transfers are payments made to other parts of government, non-governmental organizations, and individuals, for example war veterans. These transfers are categorized as physical and social investments. Public transfers that are considered to support investments add up to \$457.7 million, 96.2% of total budgeted public transfer expenditures in 2016.

Physical Investments

The Government has classified \$253.5 million of transfer spending as supporting the creation of physical investments, which are 53.2% of public transfers expenditure.

Social Investments

The Government has classified \$204.3 million, or 42.9% of transfer spending as supporting social investment.

2.5.2.4: Minor Capital

Minor capital includes expenditures on vehicles, furniture and other movable assets. The 2016 budget for this category is significantly decreasing by 39.1% from the 2015 Rectification Budget. This is a result of the expenditures reprioritization process. Expenditure under the minor capital category is used towards the purchase of capital equipment such as vehicles and machines that last for several years and do not need to be repurchased in the near future.

This section first describes the main measures for this category and then their classification into different types of investment.

Measures

The main measures for minor capital are:

- \$2.5 million to the Ministry of Public Works, Transport and Communication for the purchase of equipment, including \$0.70 million for the purchase of water and sanitation equipment and \$0.43 million for the purchase of a tanker and other special vehicles. This will contribute to improving the health and living environment of the Timorese people.

- \$2.2 million to the Council of Ministers for the purchase of equipment in order to produce high security documents and materials.
- \$0.5 million to the Ministry of Defense to buy equipment for the Special Forces.

Investments

The Government considers that \$5.2 million of the minor capital budget is a social investment. This is 27.8% of total projected expenditures for minor capital in 2016.

2.5.2.5: Capital and Development

From Table 2.5.2.5.1, CFTL capital and development expenditures have increased due to the inclusion of the IF as an autonomous agency under the CFTL. The Government has conducted a review of all capital and development projects during 2015 and prioritized those with a high return on investment. CFTL capital and development expenditures are broken down into \$286.0 million for the IF, \$23.0 million for the Integrated District Development Planning (PDID) and \$20.4 million for other capital and development projects across line ministries.

Table 2.5.2.5.1: PDID and Other Capital and Development Expenditures (\$m)

	2014 Actual	2015 BB1 Rec	2016 Budget	2017	2018	2019	2020
Total Capital and Development	60.7	74.0	329.5	455.2	904.4	676.0	379.1
Infrastructure Fund (Autonomous, excl. loans)	-	-	286.0	410.0	857.5	627.2	328.3
District Development Programs	29.2	32.8	23.0	23.9	24.9	25.9	26.9
Ministries / Agencies	31.4	41.2	20.4	21.2	22.1	23.0	23.9

Sources: National Directorate of Budget, MoF and ADN, Ministry of Planning and Strategic Investment, 2015

2.5.3: Infrastructure Fund

As set out in the SDP, developing core economic infrastructure such as electricity grids, roads, bridges, water supply, ports, and irrigation systems is one of the key elements to support sustainable economic growth and social transformation in Timor-Leste. For this purpose, the Government established the IF in 2011, which financed key large infrastructure projects (above \$1 million). Since 2011, a total of \$2.675 billion has been approved and allocated to the IF to finance 22 programs, including Public Private Partnerships (PPPs) and external loans.

In 2016, the VI Constitutional Government decided to include the IF as an autonomous agency under the CFTL. This will improve multi-year budgeting as project's budgets do not have to be recalculated every year and unspent balances will continue to stay within the fund at the end of the fiscal year. The Government has also introduced a new Maintenance and Rehabilitation program to emphasize the need for undertaking proper maintenance of infrastructure.

The Government's successful electrification project was the first step in laying out crucial basic infrastructure for the benefit of households and private investors. This program has resulted in guaranteeing electricity to almost 75% of the territory. With the electricity program nearly at the stage of completion, the Government is now prioritising investment in national roads, ports, airports and dams, which would be mainly financed through loans. Major civil works on the roads and Tasi Mane programs have just commenced, and more than 60% of the IF budget in 2016 is allocated to these two programs.

The total budget for the IF (excluding loans) in 2016 is set to reach \$286.0 million and is distributed into various programs. In line with the Government's policy mentioned above, the largest portions of the 2016 IF budget are allocated to the roads program (36.4%), the Tasi Mane Development Program (19.8%), the financial sector program (6.7%), and maintenance and rehabilitation (5.6%).

Table 2.5.3.1: IF Expenditure by Program (\$m)

Infrastructure Data, \$ millions	2015 Budget Rectification	2015 Forecasted Actual	Rollover 2015 to 2016	New Appropriations	2016 Budget
Total Infrastructure (including loans)	317.3	275.9	41.4	351.5	393.0
Total Infrastructure (excluding loans)	247.3	247.3	0.0	286.0	286.0
Agriculture and Fisheries	7.2	13.5	0.0	2.0	2.0
Water and Sanitation	4.6	3.3	0.0	12.5	12.5
Urban and Rural Development	9.6	7.2	0.0	12.2	12.2
Public Buildings	8.7	8.7	0.0	3.6	3.6
Financial Sector	19.1	19.1	0.0	19.1	19.1
Youth and Sport	2.8	2.8	0.0	3.4	3.4
Education	8.0	4.9	0.0	0.6	0.6
Electricity	47.1	47.1	0.0	6.3	6.3
Information Technology	1.4	1.4	0.0	1.6	1.6
Millennium Development Goals	6.5	5.0	0.0	4.8	4.8
Health	4.0	4.4	0.0	1.7	1.7
Security and Defense	11.0	8.1	0.0	2.8	2.8
Social Solidarity	0.0	0.0	0.0	0.0	0.0
Tasi Mane Project	35.1	35.1	0.0	56.6	56.6
Roads	44.8	50.0	0.0	104.2	104.2
Maintenance and Rehabilitation	-	-	0.0	16.0	16.0

Infrastructure Data, \$ millions	2015 Budget Rectification	2015 Forecasted Actual	Rollover 2015 to 2016	New Appropriations	2016 Budget
Total Infrastructure (including loans)	317.3	275.9	41.4	351.5	393.0
Total Infrastructure (excluding loans)	247.3	247.3	0.0	286.0	286.0
Bridges	11.3	6.1	0.0	6.5	6.5
Airports	14.0	14.0	0.0	15.2	15.2
Ports	3.9	3.9	0.0	10.6	10.6
Transport	0.0	0.0	0.0	0.0	0.0
Tourism Sector	1.0	5.5	0.0	0.2	0.2
Preparation, Design and Supervision of New Projects	7.2	7.2	0.0	6.0	6.0
Loans Program	70.0	28.6	41.4	65.6	107.0

*Maintenance and Rehabilitation is not included in 2015 column totals as it was previously in a different fund. Source: Major Projects Secretariat, Ministry of Planning and Strategic Investment, 2015

Projections for outer years for the IF are summarized in Table 2.5.3.2. The pattern of expenditures in the IF is consistent with the Government's frontloading policy and current contractual obligations. The expenditure will increase in 2018 as core infrastructure constructions from several strategic investment projects such as Tibar Bay Port, Southern Coast Highway, Suai Supply Base, and the Tasi Mane Development Program jointly rise. In 2019 and 2020, infrastructure spending should then begin to fall due to a combination of some of the major programs being completed and alternative infrastructure financing mechanism being arranged to reduce the fiscal burden of large-scale infrastructure in a given year. To date these arrangements are Public-Private Partnerships (PPPs) or external loans.

Table 2.5.3.2: Infrastructure Fund Projections (\$m)

Infrastructure Data, \$ millions	2016 Budget	2017	2018	2019	2020
Total Infrastructure (including loans)	393.0	758.4	1,223.7	787.7	367.5
Total Infrastructure (excluding loans)	286.0	410.0	857.5	627.2	328.3
Agriculture and Fisheries	2.0	6.1	49.7	33.0	9.5
Water and Sanitation	12.5	18.3	32.6	64.4	30.7
Urban and Rural Development	12.2	0.8	1.5	1.2	1.0
Public Buildings	3.6	22.2	103.5	58.3	27.8
Financial Sector	19.1	8.1	12.7	7.1	4.0
Youth and Sport	3.4	2.0	8.6	4.7	1.4
Education	0.6	11.7	47.2	36.0	4.5
Electricity	6.3	7.5	15.2	1.5	2.5
Information Technology	1.6	1.2	2.0	3.5	1.5
Millennium Development Goals	4.8	4.0	16.0	32.5	7.5
Health	1.7	3.4	3.4	1.2	1.7
Security and Defense	2.8	8.9	23.3	17.5	7.0

Infrastructure Data, \$ millions	2016 Budget	2017	2018	2019	2020
Total Infrastructure (including loans)	393.0	758.4	1,223.7	787.7	367.5
Total Infrastructure (excluding loans)	286.0	410.0	857.5	627.2	328.3
Social Solidarity	0.0	0.0	0.0	0.0	0.0
Tasi Mane Project	56.6	156.6	285.0	227.1	153.1
Roads	104.2	99.6	110.3	53.5	22.4
Maintenance and Rehabilitation	16.0	8.0	7.0	6.0	6.0
Bridges	6.5	5.5	4.3	1.0	1.2
Airports	15.2	24.7	79.8	48.2	36.5
Ports	10.6	17.7	50.9	27.0	6.8
Transport	0.0	0.0	0.0	0.0	0.0
Tourism Sector	0.2	2.2	1.1	0.0	0.0
Preparation, Design and Supervision of New Projects	6.0	1.5	3.5	3.5	3.5
Loans Program	107.0	348.4	366.2	160.5	39.2

Source: Major Projects Secretariat, Ministry of Planning and Strategic Investment, 2015

2.5.4: Human Capital Development Fund

The purpose of the HCDF is to finance expenditures on scholarships and capacity development. For the 2016 budget, the HCDF is broken down into four major programs: Vocational Training, Technical Trainings, Scholarships and Other Types of Training.

Table 2.5.4.1 summarizes the budget appropriations for HCDF by program. The total 2016 budget is \$34.0 million, 17.2% lower than the 2015 Rectification Budget. This reduction is mostly due to the reallocation of funds from the Technical Assistance for the Judiciary Sector and Technical Assistance for Tertiary Education. Through these changes, the HCDF is therefore focusing on overall training programs that will benefit all sectors equally. Without these two programs, the 2016 budget for HCDF is 5.9% higher in 2016 compared to the 2015 Rectification Budget. The Government has reallocated expenditures across programs in order to prioritize technical training and scholarships.

Table 2.5.4.1: Human Capital Development Fund by Program (\$m)

	2015 Budget Rectification	Final 2016 Budget	2017	2018	2019	2020
Total HCDF (by Program)	41.1	34.0	34.0	42.5	48.9	51.3
Vocational Training	10.1	7.8	7.8	9.8	11.3	11.8
Technical Training	3.8	5.1	5.1	6.4	7.4	7.7
Scholarships	15.9	17.2	17.2	21.5	24.8	26.0
Other Training	2.2	3.8	3.8	4.8	5.5	5.8
Technical Assistance for Judicial Sector	5.0	0.0	0.0	0.0	0.0	0.0

Technical Assistance for Tertiary Education	4.0	0.0	0.0	0.0	0.0	0.0
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Source: Secretariat for the HCDF, 2015

2.5.5: Expenditure on Loan Financed Projects

Expenditure on loan-financed projects is presented in Table 2.5.5.1, which amounts to \$107.0 million in 2016. This is 52.9% higher than the 2015 Rectification Budget figure. A detailed description of these projects is presented in section 2.7.

Table 2.5.5.1: Expenditure on Loan Financed Projects (\$m)

	2015 Budget Rectification	2015 Forecasted Actual	Final 2016 Budget	2017	2018	2019	2020
Loan Expenditure	70.0	28.6	107.0	348.4	366.2	160.5	39.2

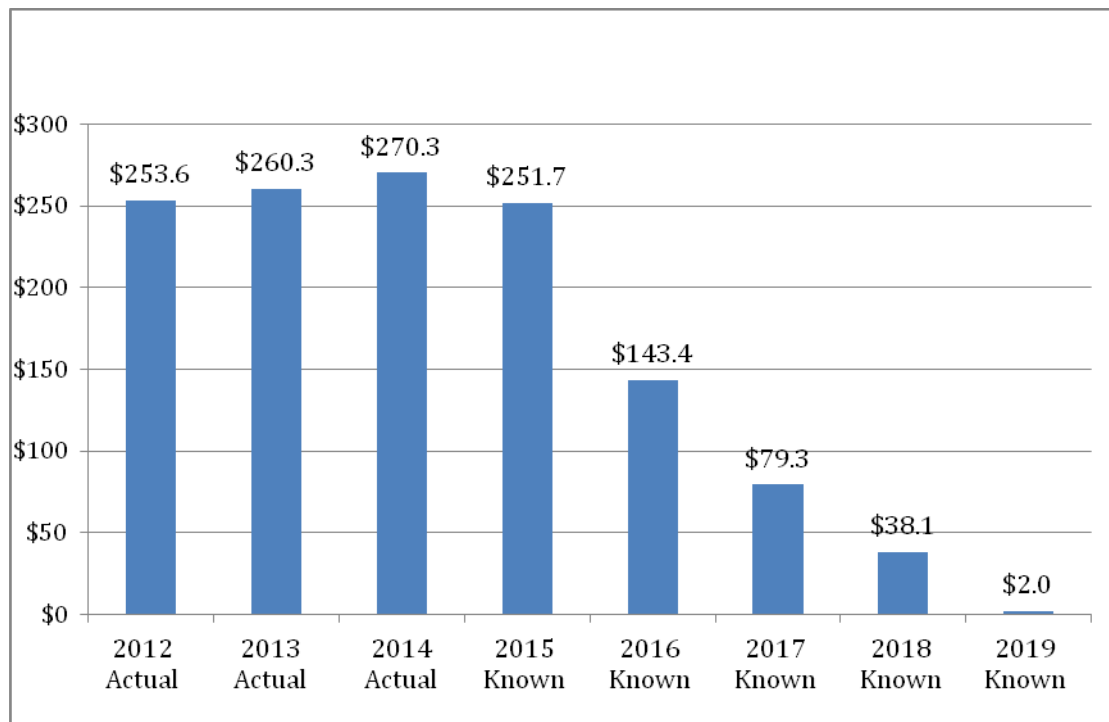
Source: Loans Unit, Ministry of Finance, 2015

2.5.6: Development Partners' Commitments

Development Partners are set to contribute \$143.4 million in 2016. The details of these commitments are set out in Budget Book 5. It should be noted that these figures do not include loans. In addition, these figures are produced based on data from the Aid Transparency Portal, a system that tracks donor's contributions at the activity level.

The dramatic drop in funding for outer years, as seen below, is due to two reasons: firstly, accurate planned disbursement information on the medium to long term is often difficult to predict, particularly at the project level; secondly, many donor projects only have single year budget cycles. It is also important to note that Timor-Leste's largest donor, the Government of Australia, has reduced its allocated budget by 5% for their 2015-16 fiscal year.

Figure 2.5.6.1: Development Partners' Indicative Commitment 2012-2019 (\$m)



Source: Development Partnership Management Unit, Ministry of Finance, 2015

2.6: Revenues

2.6.1: Overview of Revenue Projections

Table 2.6.1.1 shows forecasts for total revenues up to 2020, which are the sum of petroleum revenues and domestic revenues. Total revenues are projected to fall in 2016, due to the fall in petroleum revenues. Petroleum revenues⁹ are decreasing due to a combination of lower international oil prices and declining oil production from Bayu-Undan and Kitan, which has now passed its peak production levels. In contrast, domestic revenues will slightly increase in 2016, due to a rise in fees and charges. Growing domestic revenues are projected to continue in outer years, following increasing economic activity and improvements in revenue administration and collection. Domestic revenue projections will be further updated in 2016, taking into account possible new tax policies that are currently under consideration, including the introduction of a VAT. Thus, medium term revenue projections are subject to change if the Parliament approves new legislation and tax policy.

⁹ Petroleum Revenues include interest.

Table 2.6.1.1: Total Revenue 2014 – 2020 (\$m)

	2014 Actual	2015 BB1 Rec	2016 Projection	2017	2018	2019	2020
Total Revenues	2,486.5	2,445.4	1,764.9	1,449.5	1,447.5	1,190.5	1,107.2
Domestic Revenues	168.0	170.4	171.4	180.9	190.5	200.6	210.3
Petroleum Revenues	2,318.5	2,275.0	1,593.5	1,268.6	1,257.0	989.9	896.9

Sources: National Directorate of Economic Policy and the PF Administration Unit, Ministry of Finance, 2015

2.6.2: Domestic Revenue

Domestic revenues in Timor-Leste are composed of tax revenues, fees and charges, interest and revenues from autonomous agencies. Table 2.6.2.1 breaks down domestic revenues into these categories showing actual and projected amounts between 2014 and 2020. Total domestic revenues are expected to slightly increase by 0.6% in 2016 compared to the 2015 Rectification Budget figures. This is due to an increase in revenues from fees and charges, following a wider range of services provided by the Government and a more efficient collection of these fees and charges.

Table 2.6.2.1: Domestic Revenue 2014 – 2020 (\$m)

	2014 Actual	2015 BB1 Rec	2016 Projection	2017	2018	2019	2020
Total Domestic Revenue	168.0	170.4	171.4	180.9	190.5	200.6	210.3
Taxes	123.8	125.5	116.4	121.5	126.6	131.8	137.0
Fees and Charges	37.7	37.2	46.4	50.2	54.0	58.3	62.1
Interest	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Autonomous Agencies	6.4	7.6	8.6	9.3	9.9	10.6	11.2

Source: National Directorate of Economic Policy, Ministry of Finance, 2015

2.6.2.1: Tax Revenues

Tax revenues comprise the largest source of domestic revenues in Timor-Leste, totalling 73.7% of total domestic revenues in 2014. Tax projections are summarized in Table 2.6.2.1.1 and are divided into direct taxes, indirect taxes and other tax revenues.

Tax collections are expected to decrease in 2016, reaching \$116.4 million, (a 7.3% fall compared to the 2015 Rectification Budget figure). This is due to a fall in indirect taxes, largely due to the reduction in the international price of oil.

Direct taxes are expected to slightly increase compared to the 2015 Rectification Budget, reaching \$52.2 million in 2016. This is due to expected higher withholding tax and individual income tax. Withholding tax is expected to increase in 2016,

compared to the 2015 Rectification Budget figure, due to a number of new infrastructure projects, which will start during the second half of 2015. Similarly, revenues from individual income are expected to increase compared to the 2015 Rectification Budget figure, following changes to the budget classifications of income tax.

Indirect taxes are expected to decrease in 2016 by 19.8% compared to the 2015 Rectification Budget figure, mainly due to a fall in the international price of oil. International oil prices fell across 2015, but are expected to stabilize in 2016, remaining below price levels in previous years. Currently, mineral fuels compose over a quarter of imports, a ratio that is expected to increase with the expansion of electricity supply and the number of motorized vehicles in the country. Lower prices of food products and the appreciation of the dollar are also reducing the value of imports, which are expected to continue in 2016. The combination of these factors, together with a lower volume of imports, explains the strong decline in indirect taxes for 2016.

The collection of indirect taxes, however, should improve in the medium term, following expected rises in international oil prices and the strengthening of the administration and collection systems.

Table 2.6.2.1.1: Total Tax Revenue 2014 – 2020 (\$m)

	2014 Actual	2015 BB1 Rec	2016 Projection	2017	2018	2019	2020
Total Tax	123.8	125.5	116.4	121.5	126.6	131.8	137.0
Direct Taxes	52.9	45.7	52.2	56.3	60.3	64.4	68.5
Income Tax	16.8	18.3	15.5	17.5	19.6	21.7	23.8
<i>Individual Income</i>	1.3	1.2	2.1	2.4	2.8	3.1	3.5
<i>Individual Inc. Other</i>	15.5	17.1	13.4	15.1	16.8	18.6	20.3
Corporate Tax	8.0	7.8	7.8	8.1	8.4	8.8	9.1
Withholding Tax	28.2	19.5	29.0	30.6	32.3	34.0	35.6
Indirect Taxes	70.7	79.7	63.9	64.9	66.0	67.1	68.2
Service Tax	3.2	3.6	2.8	2.9	3.0	3.1	3.3
Sales Tax	14.5	15.8	13.7	14.3	14.8	15.4	16.0
Excise Tax	39.6	44.4	35.6	35.5	35.3	35.2	35.1
Import Duties	13.4	15.9	11.8	12.3	12.8	13.3	13.9
Other Tax Revenue	0.1	0.2	0.2	0.2	0.2	0.3	0.3

Source: National Directorate of Economic Policy, Ministry of Finance, 2015

2.6.2.2: Fees & Charges

Fees & charges include a wide selection of categories from non-tax sources that contribute to domestic revenue. These comprise administrative fees, utility payments and endowments to the Government from natural resources other than petroleum. As shown in Table 2.6.2.2.1, most of the categories represent small

amounts, which are rounded to zero in some cases.¹⁰ The list is also often updated with new categories, reflecting regular changes to the revenue collection system in Timor-Leste, which are the result of the expansion of services provided by the Government, greater administrative efficiency and new delineation of responsibilities across line ministries. Table 2.6.2.2.1 shows the projections and has been updated to reflect the accommodation of the new autonomous agencies.

Table 2.6.2.2.1: Fees & Charges Projections 2014 – 2020 (\$m)

	2014 Actual	2015 BB1 Rec	2016 Projection	2017	2018	2019	2020
Total Fees and Charges	37.7	37.2	46.4	50.2	54.0	58.3	62.1
Postage Fees	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Property Rentals	2.7	3.4	4.3	4.5	4.7	4.8	5.0
Water Fees	0.1	0.2	0.2	0.2	0.2	0.2	0.3
Vehicle Registration Fees	1.2	1.1	1.9	2.3	2.6	2.9	3.3
Vehicle Inspection Fees	0.4	0.5	0.6	0.7	0.8	0.8	0.9
Vehicle Inspection Imported	0.0	0.1	0.2	0.2	0.2	0.2	0.2
Drivers License Fees	0.3	0.4	0.5	0.5	0.6	0.6	0.7
Franchising Public Transport Fees	0.4	0.7	0.2	0.2	0.2	0.2	0.2
Transport Penalties	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other Transport Fees	0.0	0.0	0.0	0.0	0.0	0.1	0.1
ID and Passport	0.9	0.9	1.0	1.1	1.1	1.2	1.2
Visa Fees	2.8	2.7	4.4	4.6	4.8	5.0	5.2
Court Fees	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends, Profits, and Gains	0.6	1.0	4.0	4.2	4.4	4.5	4.7
Fines and Forfeits	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Mining and Quarrying	0.0	0.1	0.5	0.7	0.8	1.0	1.2
Bid Document Receipts	0.1	0.2	0.1	0.1	0.1	0.1	0.1
Auctions	0.6	1.0	0.4	0.4	0.4	0.4	0.5
Embassy Fees	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Productos Florestais	0.1	0.1	0.1	0.1	0.2	0.2	0.2
Rental Government Property	0.1	0.2	0.1	0.1	0.1	0.1	0.1
EAIP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sanitation Service Fees	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Social Game Receipts	0.9	1.0	1.6	1.7	1.9	2.5	2.6
Rice Sales	1.2	1.7	2.0	2.1	2.1	2.2	2.3
Sales of Local Produce	0.1	0.1	0.2	0.3	0.3	0.3	0.3
Electricity Revenues	18.6	18.8	23.0	25.2	27.4	29.6	31.8
Other Fees	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Non-Tax Revenues	4.7	1.0	0.6	0.7	0.7	0.7	0.7

¹⁰ Categories presenting no revenues in Table 2.6.2.2.1 correspond to income collection of less than \$0.5 million and are thus rounded to \$0.0.

	2014 Actual	2015 BB1 Rec	2016 Projection	2017	2018	2019	2020
Revenues from institutions that are now autonomous agencies	1.5	1.5	0.0	0.0	0.0	0.0	0.0

Source: National Directorate of Economic Policy, Ministry of Finance, 2015

Total fees & charges are expected to increase by 24.7% in 2016 in comparison to the 2015 Rectification Budget figure. This is mostly due to improvements in the collection, administration and monitoring procedures in the line ministries, as well as the growing services that the Government provides. In particular, dividends profits and gains, visa fees, property rentals and vehicle registration fees are expected to increase. This is due to higher dividends from the Central Bank, greater controls in immigration, more follow ups on payment of Government property rentals and an increasing number of vehicles in Timor-Leste respectively. Projections for outer years are also expected to continue a positive trend, following the improvement and reinforcement of collection mechanisms in line ministries.

2.6.2.3: Interest

Interest reflects interest payments received from cash held in Government funds. Interest is expected to decrease to \$0.01 million in 2016 compared to \$0.04 million in the 2015 Rectification Budget.¹¹ This is due the fact that the Government now holds smaller cash reserves in the Government accounts compared to previous years, a trend which is expected to continue in the near future. Controlled, smaller cash reserves are a positive sign in that the Government has been running down cash balances before withdrawing money from the PF. This policy contributes to PF investment returns, as the yield on PF assets is higher than the interest rate on cash held in the Government's accounts.

2.6.2.4: Autonomous Agencies

Over the past years many agencies have had their financial status changed to autonomous by law. Broadly speaking there are three types of autonomous entities:

- Public institutions that collect revenue
- Public institutions that do not collect revenue
- Public companies

All of the entities that are legally autonomous will now be set up in a manner such that none of their expenditure is subject to control or verification by the Ministry of

¹¹ Table 2.6.1.1. shows \$0.0 million for interest, as interest figures are expected to remain below \$0.5 million.

Finance - instead all payments will be sent electronically to the Central Bank to be processed.

However, in order to provide the State the capability to monitor and evaluate the spending, all of these transactions will be undertaken using the Government Financial Management Information System (FMIS), which will also allow reporting through the Government Transparency Portal. Of the revenue collecting agencies, Table 2.6.2.4.1 has a list of their revenues for which they will be fully accountable to the Parliament.

Table 2.6.2.4.1: Autonomous Agencies' Revenues 2014 – 2020 (\$m)

	2014 Actual	2015 BB1 Rec	2016 Projection	2017	2018	2019	2020
Total Autonomous Agencies	6.4	7.6	8.6	9.3	9.9	10.6	11.2
Timorese Resistance Archive and Museum	-	-	0.0	0.0	0.0	0.0	0.0
Conselho Imprensa	-	-	0.0	0.0	0.0	0.0	0.0
Institute for Business Support (IADE)	-	-	0.0	0.0	0.0	0.0	0.0
Specialized Investment Agency	-	-	0.0	0.0	0.0	0.0	0.0
Service for Registration and Verification of Entrepreneurs	-	-	0.4	0.5	0.5	0.5	0.6
Bamboo Center	-	-	0.0	0.0	0.0	0.0	0.0
Centro de Formação SENAI	-	-	0.0	0.0	0.0	0.0	0.0
Polícia Científica de Investigação Criminal	-	-	0.0	0.0	0.0	0.0	0.0
National Agency for Academic Assessment and Accreditation - ANAAA	-	-	0.0	0.0	0.0	0.0	0.0
Guido Valadares National Hospital	-	-	0.2	0.2	0.2	0.2	0.2
SAMES	0.0	0.0	0.0	0.0	0.0	0.0	0.0
National Laboratory	-	-	0.0	0.0	0.0	0.0	0.0
Institute of Health Sciences	-	-	0.0	0.0	0.0	0.0	0.0
National Rehabilitation Centre	-	-	0.0	0.0	0.0	0.0	0.0
Equipment Management Institute	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Administration of Airports and Air Navigation of Timor-Leste	1.6	2.1	2.5	2.6	2.7	2.8	2.9

	2014 Actual	2015 BB1 Rec	2016 Projection	2017	2018	2019	2020
Total Autonomous Agencies	6.4	7.6	8.6	9.3	9.9	10.6	11.2
Administrations of Ports of Timor-Leste	4.7	5.4	4.7	5.2	5.6	6.0	6.4
National Communication Authority	-	-	0.0	0.0	0.0	0.0	0.0
National Defense Institute	-	-	0.0	0.0	0.0	0.0	0.0
National University of Timor Lorosae	-	-	0.7	0.7	0.8	0.9	0.9
Infrastructure Fund	-	-	0.0	0.0	0.0	0.0	0.0

Source: National Directorate of Economic Policy, Ministry of Finance, 2015

2.6.3: Petroleum Revenues and the Petroleum Fund

The petroleum revenues currently finance most of the state budget. The Petroleum Fund shall contribute to a wise management of the petroleum resources for the benefit of both current and future generations.

2.6.3.1 Inflows of Petroleum Revenues

The factors driving the inflow of petroleum revenues are prices, production and costs. Compared with the Budget 2014 and 2015, the oil price in this budget is significantly lower over the forecasting period. The total costs are slightly higher and there is also a slight change in production. As noted in previous budget documents, petroleum revenues from Bayu-Undan and Kitan peaked at \$3,559.1 million in 2012 and are now forecasted to decline. The revenues declined by almost half in 2014 to \$1,817 million compared to \$3,042 million received in 2013. The expected revenue in 2015 was revised down from \$1,374.3 million to \$861.9 million (see Tables 2.6.3.1.1 and 2.6.3.1.2).

Table 2.6.3.1.1: Petroleum Revenues from Bayu-Undan and Kitan 2014-2020 (\$m)

	2014 Actual*	2015 Estimate**	2016 Budget	2017	2018	2019	2020
Total Petroleum Fund Revenue	2,318.5	1,394.1	1,593.5	1,268.8	1,257.4	989.8	896.2
Petroleum Fund Investmetn Return	501.6	532.2	874.8	919.6	922.0	883.0	844.6
Total Petroleum Revenue	1,817.0	861.9	718.7	349.2	335.4	106.8	51.6
BU*** FTP/Royalties	137.7	74.0	64.5	44.7	38.7	23.6	11.2
BU Profit oil	901.4	417.4	327.1	150.3	127.1	35.0	0.0
BU Income Tax	370.1	131.2	104.0	32.2	46.3	0.0	0.0
BU Additional Profit Tax	296.9	156.9	173.9	68.4	81.0	0.0	0.0
BU Value Added Tax	13.4	7.7	7.6	11.7	8.0	11.8	8.5
BU Wages Tax	9.0	10.7	10.4	15.7	10.5	15.3	10.8
BU Pipeline Payments	7.3	6.2	6.2	6.2	6.2	6.2	6.2
BU Other Payments	24.6	30.0	25.0	20.0	17.5	15.0	15.0
BU Withholding Tax	6.2	0.0	0.0	0.0	0.0	0.0	0.0
Kitan	50.2	27.8	0.0	0.0	0.0	0.0	0.0

* Actual Cash flow for 2014

** Estimated 2015 as of September 2015. From 2015 onwards BU Withholding Tax is included in BU Value Added Tax.

*** BU: Bayu Undan

Source: Petroleum Fund Administration Unit, Ministry of Finance, 2015

Petroleum prices

As for last year, the Brent crude oil benchmark is used in the petroleum wealth calculation. Brent is a better indicator of the price of Bayu-Undan and Kitan liquid products (condensate and LPG).¹² Section 2.6.3.2 on the Petroleum Wealth and ESI Calculation discusses this further.

The oil price has substantially dropped since mid 2014 by almost 50 per cent due to over-supply and weak demand. The daily average oil price of Brent in 2015 for the period from 1 January to 31 July was \$57.7 per barrel. The estimated average oil price for 2015 as a whole is \$56.7 per barrel. This is much lower than the average daily oil price in previous years; in 2013 and 2014 the oil price in 2015 dollars was \$97.9 and \$93.3 per barrel respectively. The oil price has been more volatile since mid-2014 and future oil price projections also are associated with higher uncertainty.

The Petroleum revenue forecasts in the Budget 2016 are based on a benchmark oil price of \$64.7 per barrel in 2016, compared with \$87.0 per barrel as estimated in the Budget 2015. From 2015 the oil price is now assumed to be significantly lower than

¹² The future prices on Bayu-Undan and Kitan liquids products (condensate and LPG) are estimated based on historical relationships with a benchmark price and the benchmark's forecast. Liquefied Natural Gas (LNG) prices are forecasted using the provisional price formula negotiated between sellers and buyers. The price formula is renegotiated every three years.

previously forecasted (see figure 2.6.3.1.1).

Figure 2.6.3.1.1: Historical Changes and Future Projections in the Brent Oil Price (\$ per barrel)



Source: Petroleum Fund Administration Unit, Ministry of Finance, 2015

Petroleum Production

The production forecast of liquids (condensate and LPG) for Bayu-Undan is projected to slightly change compared with the Budget 2015. The production is expected to extend another year until 2021; however, this will be offset by lower production in 2015-2016. The total petroleum production from Bayu-Undan (also including LNG) is estimated to have peaked in 2011 at 59 million barrels of oil equivalents and is now set to decline before ceasing in 2021 (see Table 2.6.3.1.2).

The Field Development Plan for the Kitan field was approved in 2010 and the production commenced in the 4th quarter of 2011. Based on the new data provided by the operator, ENI, Kitan is now forecasted to cease its production by end of 2015, four years earlier than previously forecasted. The total production from Kitan is modest compared to the Bayu-Undan field. Kitan's Low Case to be 26.5 million barrels of oil over the lifetime of the project. The total revenue stream based on the low production case is estimated at \$623 million, or less than 3% of Bayu Undan.

Costs

The estimated total costs for the Bayu-Undan project are forecasted as slightly higher in this Budget 2016 than in the Budget 2015. The change in the cost projections is primarily from the capital expenditures related to phase 3 and other operational issues.

Table 2.6.3.1.2: Estimated Sustainable Income Calculations – Oil Price Assumptions, Production and Revenue. Actual 2002-2014, forecast 2015-2022

Timor-Leste Petroleum sector				
	Average oil price, \$/Barrel	Production, million barrels oil equivalent	Total Discounted Petroleum Revenues (Factor of 5.7%), \$ millions	Total Undiscounted Petroleum Revenues, \$ millions
Total	0.0	757.6	1,554.4	22,697.7
Total from 1 January 2016	0.0	132.0	1,554.4	1,719.7
to 2002	0.0	0.0	0.0	14.8
2003	0.0	0.0	0.0	10.2
2004	41.5	16.9	0.0	170.8
2005	56.6	29.0	0.0	330.3
2006	66.1	57.1	0.0	611.9
2007	72.3	57.7	0.0	1,258.5
2008	99.7	64.2	0.0	2,284.2
2009	62.0	61.8	0.0	1,660.2
2010	79.5	57.3	0.0	2,117.2
2011	94.9	61.7	0.0	3,240.1
2012	111.6	68.0	0.0	3,559.1
2013	108.6	59.4	0.0	3,041.8
2014	99.0	44.8	0.0	1,817.0
2015	56.7	47.8	0.0	861.9
2016	64.7	40.0	700.2	718.7
2017	68.8	29.8	322.1	349.2
2018	70.7	25.8	292.4	335.4
2019	74.2	18.5	88.1	106.8
2020	77.5	12.0	40.2	51.6
2021	81.0	6.0	26.8	36.4
2022	84.7	0.0	84.6	121.5
2023	88.1	0.0	0.0	0.0
2024	91.5	0.0	0.0	0.0
2025	95.3	0.0	0.0	0.0

Note: * Average WTI price from 2004-2010, then average Brent from 2011 onwards

Source: Petroleum Fund Administration Unit, Ministry of Finance, 2015

2.6.3.2 Petroleum Wealth and ESI calculation

According to the Petroleum Fund Law, the Estimated Sustainable Income (ESI) is the maximum amount that can be appropriated from the Petroleum Fund in a fiscal year and leave sufficient resources in the Petroleum Fund for an amount of the equal real value to be appropriated in all later years. The ESI is set to be 3 percent of the Petroleum Wealth. However, the Government could withdraw an amount from the

Petroleum Fund in excess of the ESI given an explanation that it is in the long term interest of Timor-Leste is provided to and that is approved by the National Parliament.

The Petroleum Wealth, which comprises the balance of the Fund and the Net Present Value of future petroleum revenue, is estimated to be \$18,159.6 million as of 1 January 2016. Accordingly, the ESI is estimated at \$544.8 million for 2016. This is about \$88.0 million less than what was the 2016 ESI as estimated in last year's budget. The key assumptions behind the calculations are listed in Table 2.6.3.2.1.

Table 2.6.3.2.1: Key assumption behind ESI

Asset recognition	Forecast petroleum revenues are included only for projects with approved development plans. This includes Bayu-Undan and Kitan.
Petroleum Reserves and Production Forecasts	Project operators provide production estimates. Low case production is used, consistent with a 90 percent probability that actual will exceed the forecast.
Oil price forecast	ESI for Budget 2016 is prepared using the average of Energy Information Agency (EIA) low case and reference case for Brent in its Annual Energy Outlook (AEO) for 2015.
Prices for specific petroleum products	Bayu Undan produces condensate, Liquefied Petroleum Gas (LPG) and Liquefied Natural Gas (LNG) while Kitan is producing only condensate. Forecast assumptions for each product are derived from historic differentials observed with Brent. Liquefied Natural Gas (LNG) prices are forecast using the provisional price formula negotiated between the Darwin LNG (DLNG) facility and Japanese LNG buyers. The price formula is renegotiated every three years.
Production costs	Central estimate of future capital and operating costs as provided by project operators.
Discount rate	Under Schedule 1 of the Petroleum Fund Law, the interest rate used to discount future petroleum revenue is the expected rate of return on the portfolio of financial assets held in the Fund. The Fund's investment guidelines have recently been changed to 60 percent bonds and 40 percent equities.

Table 2.6.3.2.2 shows that the estimated Petroleum Wealth and the ESI from 2015 and onwards, assuming that withdrawals from the Fund is equal to the projected withdrawals in Table 2.1.1.

Table 2.6.3.2.2: Petroleum Wealth and the Estimated Sustainable Income (ESI)

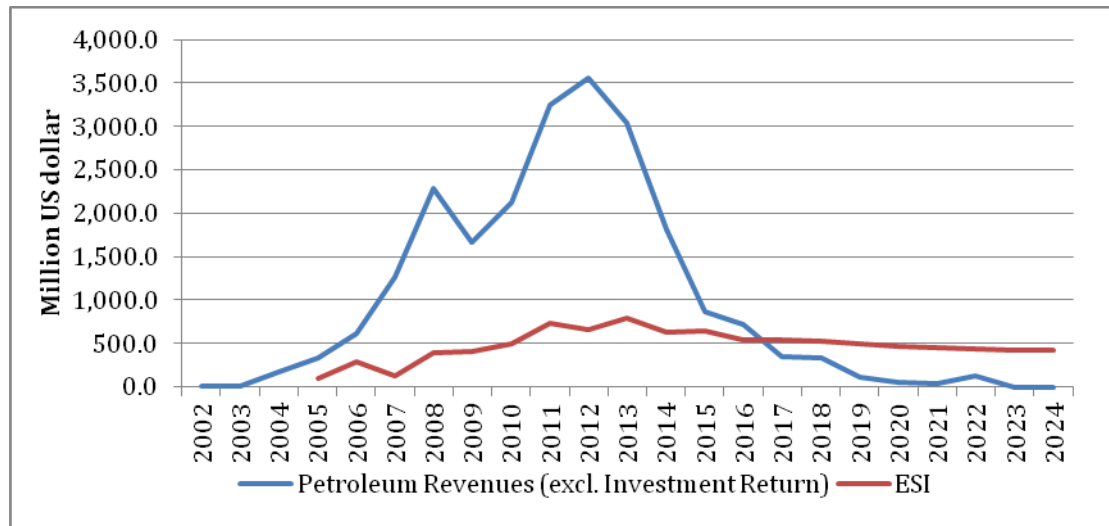
	2014*	2015*	2016 Budget	2017	2018	2019	2020
Estimated Sustainable Income (PWx3%)	632.3	638.5	544.8	534.5	520.0	490.3	464.6
Total Petroleum Wealth (PW)	21,076.3	21,254.7	18,159.6	17,815.9	17,333.3	16,342.7	15,486.6
Opening PF Balance	14,058.5	16,538.6	16,605.2	16,914.9	16,740.0	16,060.1	15,297.5
Net Present Value of Future Revenues	7,017.8	4,716.1	1,554.4	901.1	593.3	282.7	189.2

Source: Petroleum Fund Administration Unit, Ministry of Finance, 2015

Figure 2.6.3.2.1 depicts the main rationale behind using the ESI as a tool in the fiscal policy, i.e. smoothing the spending of temporarily high petroleum income. The extraction path of a non-renewable resource is typically bell-shaped with significant

shorter-term swings. The ESI is meant to shield against this volatility and safeguard a sustainable development in public finances.

Figure 2.6.3.2.1: Timor-Leste Petroleum Revenues and Estimated Sustainable Income 2002-2025



Source: Petroleum Fund Administration Unit, Ministry of Finance, 2015

Changes in the ESI from 2015 to 2016

Figure 2.6.3.2.3 shows the key incremental changes in 2016 ESI since the Budget 2015. The main factors driving the difference are the oil price, petroleum production, and the discount rate.

Actual data 2014

The current ESI for 2016 incorporates the actual outcomes in 2014. Actual petroleum revenue was 7 per cent (or equivalent to \$112 million) higher than the estimated; however, the actual investment return was lower than the expected return which resulted in lower than estimated petroleum fund balance. Therefore, this decreased the 2016 ESI by \$1 million.

Actual 2015 withdrawals from the Petroleum Fund

The 2016 ESI as estimated in Budget 2015 is based on the assumption that the Government would withdraw the ESI plus the approved excess from the Petroleum Fund in 2015. The Parliament has approved a budget for 2015 that involves withdrawals of \$689 million in excess of the ESI. There is no change in the assumption, hence no impact on the 2016 ESI.

Oil prices

As for last year's budget, the current ESI for 2016 assumes a benchmark (Brent) oil price of \$56.7 per barrel in 2015. This is based on the actual outcomes for the first half of the year (January to July) and future prices from September to December 2015. The oil benchmark forecast of \$64.7 per barrel used for ESI 2016 is lower than

the forecast used for ESI 2015 of \$87.0. The change in Brent benchmark forecast results in a \$58 million decrease in the 2016 ESI.

With regards to the estimating sustainable income, the Ministry of Finance has used prudent assumptions. Nevertheless, it should not be ruled out that oil prices might differ from the prices used in the calculations of Petroleum Wealth and Estimated Sustainable Income. The Sensitivity Analysis section (below) will discuss this further.

Liquids production

Production in 2016 is forecasted to be more or less the same as in Budget 2015. The first few years are now expected to be lower, however that is partly offset by production continuing for one year longer until 2021. Figure 2.6.3.2.2 shows Bayu-Undan’s productions forecasts for Budget 2016 compared with the Budget 2015. The lower estimates resulted in ESI for 2016 decreasing by \$16 million.

Figure 2.6.3.2.2: BU Productions Forecasts for 2016

Figure 1. BU Liquids Forecasts for Budget 2016

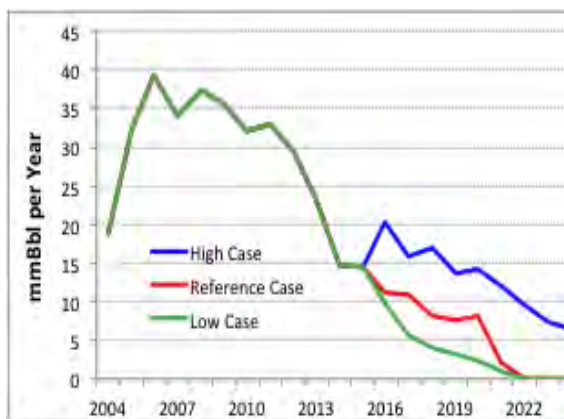


Figure 2. BU Liquids, Budget 2016 vs. Budget 2015

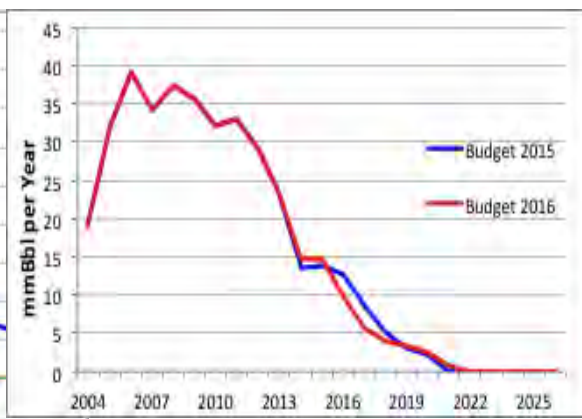


Figure 3. BU Gas Forecasts for Budget 2016

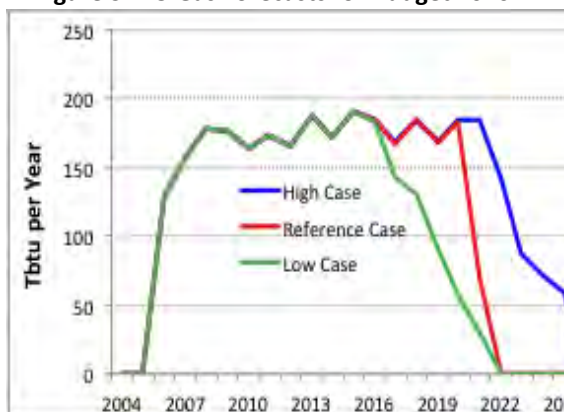
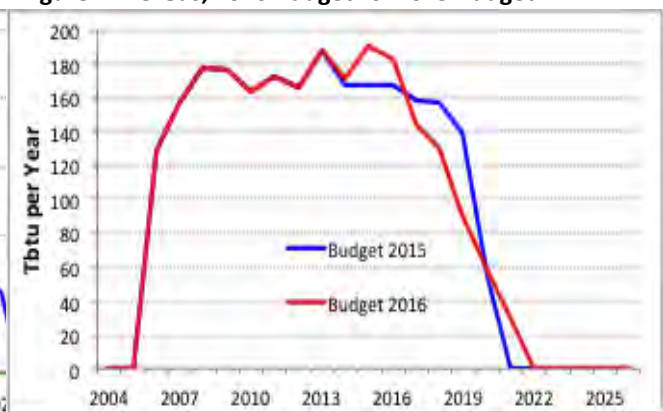


Figure 4. BU Gas, 2016 Budget vs. 2015 Budget



Source: Petroleum Fund Administration Unit, Ministry of Finance, 2015

Liquids price differentials (condensate and LPG)

The price for Bayu-Undan condensate products is forecasted based on the historical relationship with a benchmark price. This historical price differential is then projected forward on the back of the benchmark’s forecast (as determined by EIA) to

give an estimate of the future price on the products sold in the Timor Sea. As discussed above, the price of each Timor-Leste petroleum product is forecast in relation to the price of the Brent benchmark. The result of these new price differentials is a decrease in the ESI of \$4 million.

Cost

Production costs from the two operators (COP and ENI) are forecasted to be slightly higher in this Budget than in Budget 2015. However, these changes do not have impact on the 2016 ESI.

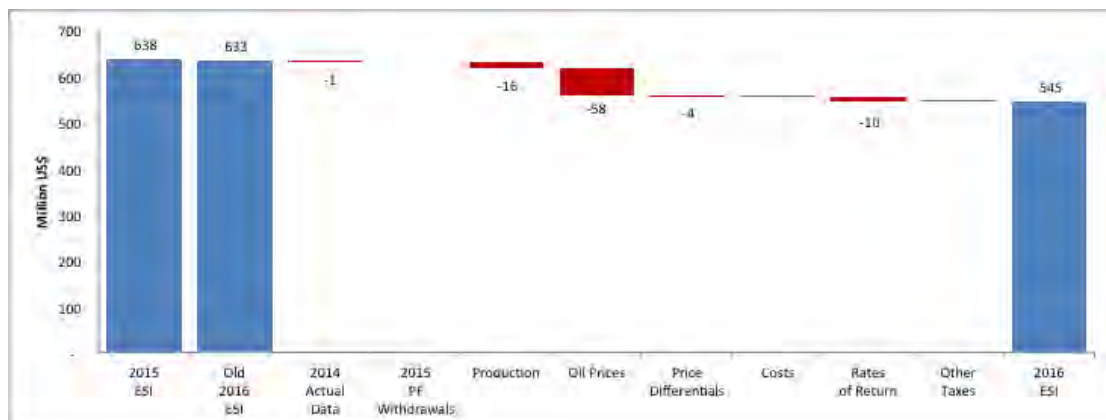
Rates of return and discount rate

Under the requirement of Schedule 1 of the Petroleum Fund Law, the discount rate used in the Net Present Value (NPV) calculation of future petroleum revenues must equal the expected rate of return of the Petroleum Fund portfolio. The expected long-term nominal portfolio return remains unchanged from last year’s forecast of 5.7 percent nominal per annum. Although the same discount rate is used in the calculation, due to lower expected investment return in 2015 (which is an average of actual returns to date and expected returns), the 2016 ESI decreased by \$10 millions.

Other Taxes

Other taxes include wage taxes, tax collections from subcontractors and exploration drilling. These taxes are forecast for Budget 2016 based on an analysis of recent collections and taking into account exploration work commitments as advised by ANP. There has not changed much in the forecast of other taxes as compared to previous year estimate, therefore it has no impact to 2016 ESI.

Figure 2.6.3.2.3: Changes in the 2016 ESI (from Budget 2015 to Budget 2016)



Source: Petroleum Fund Administration Unit, Ministry of Finance, 2015

Sensitivity Analysis

The Government’s objective is to prepare an ESI that is prudent overall, as required by the Petroleum Fund Law. The calculations are based on the best information available and advice from experts, each input is inherently subject to significant

uncertainty. Figure 2.6.3.2.4 shows how the 2016 ESI changes when the key assumptions are changed individually.

The sensitivity analysis starts with the 2016 ESI of \$544.8 million and shows by how much ESI would change if a different assumption for each key variable were used. The analysis shows that the current ESI is much less affected by the change in petroleum assumptions such as changes in the oil price and production, compared to earlier years. This is because roughly estimated 90 percent of Petroleum Wealth will be in financial assets of the Petroleum Fund at the end of 2015.

As shown in Figure 2.6.3.2.4, if the average of low and base case production (which is labeled P70 Production¹³) were used in ESI 2015, rather than the low case, the ESI would increase by \$26 million to \$570.6 million.

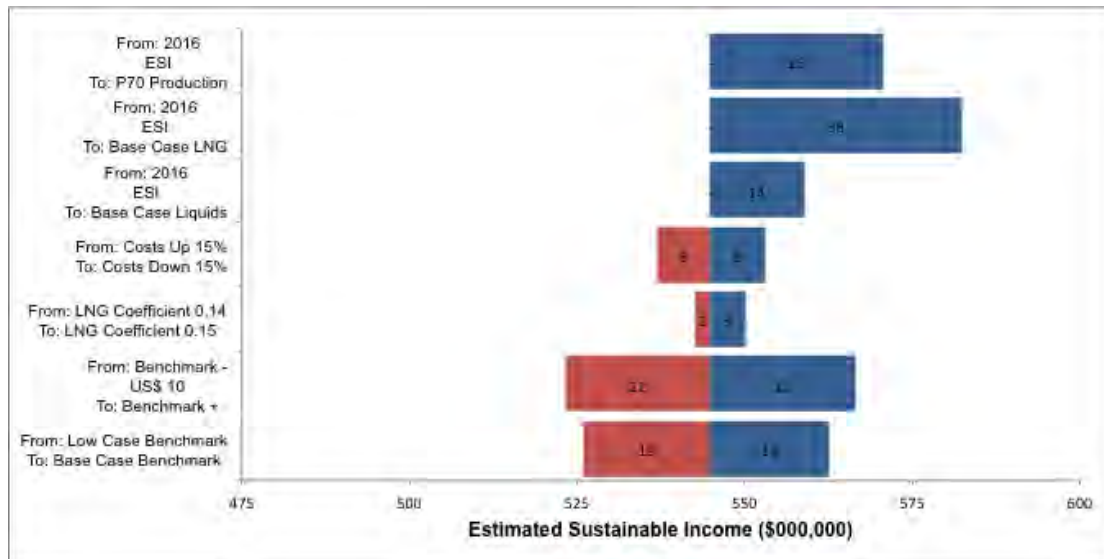
If the Base Case LNG was used to calculate the ESI, the ESI would increase by \$38 million. If the Base Case Liquids was used, it would change the ESI by approximately \$14 million.

For each change in production costs by 15 percent would impact on the ESI (up or down) by \$8 million.

The change of the LNG slope coefficient between 0.14 and 0.15 would have a modest impact to the ESI by between negative \$2 million to \$5 million, respectively.

¹³ The average of the low (P90) case and the base (P50) case is not exactly the same as the P70 case, but they are roughly equivalent, so the label P70 is used for convenience. As discussed in last year's budget, as a technical matter, it would be preferable to use the average of the low (P90) and the base (P50) forecasts for petroleum production, consistent with the methodology for petroleum prices. Therefore, it was recommended that further analysis on the reliability on the production data to be observed before this change in methodology is adopted for ESI calculation in the future years.

Figure 2.6.3.2.4: Sensitivity Analysis – Estimated Sustainable Income (\$m)



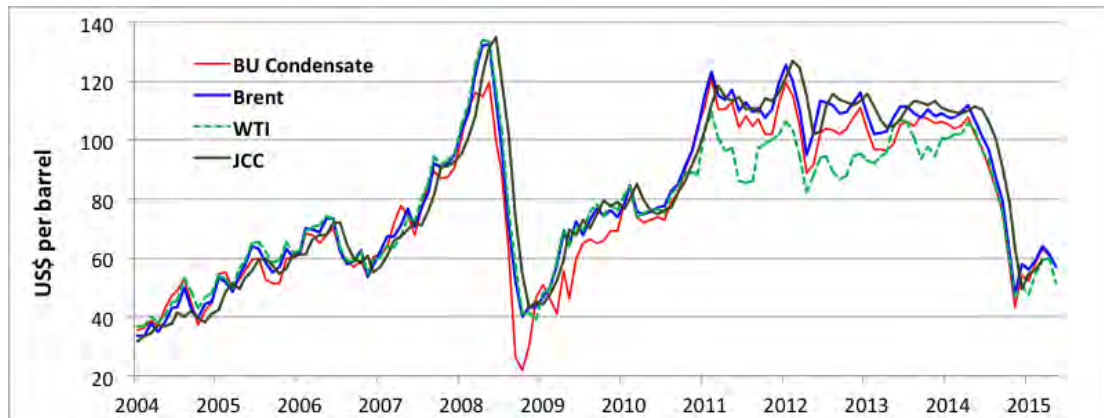
Source: Petroleum Fund Administration Unit, Ministry of Finance, 2015

As noted above, the forecast of future Brent prices, which is used to forecast prices for Timor petroleum prices, is based on the average of the AEO Low and Reference Cases. Instead of using the average, using the Low Case would decrease the ESI by \$19 million and using the Reference Case would increase the ESI by approximately \$18 million. In addition, it also shows that for a \$10 change in Brent prices compared to the forecast used in the ESI, which is the average of the Low and Reference Cases, ESI would change by approximately \$22 million.

Review of methodology

Schedule 1 of the Petroleum Fund law requires the ESI to be estimated using prudent assumptions reflecting international best practice and based upon recognised international standards. The Ministry of Finance undertook a comprehensive review of the methodology for the ESI prepared for Budget 2016 with technical assistance from the IMF. This year there is no change in the forecast methodology. The oil price benchmark for Brent better tracks the Bayu-Undan products in recent years (see figure 2.6.3.2.5).

Figure 2.6.3.2.5: BU Condensate Price vs. World Oil Prices



Source: Petroleum Fund Administration Unit, Ministry of Finance, 2015

2.6.3.3 Managing the Petroleum Fund

The Petroleum Fund Model

The Petroleum Fund Law is designed to contribute to a wise management of Timor-Leste’s petroleum resources for the benefit of both current and future generations. The Petroleum Fund is a tool that facilitates sound fiscal policy, where appropriate consideration and weight are given to the long-term interest of Timor-Leste’s citizens. The Petroleum Fund helps policy makers to make well-informed budget decisions in an environment of fluctuating petroleum incomes that are temporarily at a high level. The decision on *how much to spend and how much to save* (i.e. spend later) is done in the state budget where all the Government’s priorities are weighed against each other.

The petroleum fund mechanism implies that petroleum revenues are transferred in their entirety to the Fund and invested abroad in financial assets. The investment policy of the Fund aims at maximizing the risk-adjusted return. The Fund’s only outflow is transfers to the central government budget, pursuant to parliamentary approval. The amount that may be transferred to the budget is guided by the Estimated Sustainable Income (ESI), which is defined as 3 percent of the petroleum wealth. The implied investment objective of the Fund is accordingly set at 3% real return, as a necessary condition to enable sustainability on the spending side in terms of maintaining the purchasing power of the petroleum wealth when spending is constrained by the ESI.

Governing the Petroleum Fund

Based on the “Santiago principles¹⁴”, the Petroleum Fund governance model is one of a high degree of transparency and disclosure of information. This helps build

¹⁴ International Working Group’s “Sovereign Wealth Funds: Generally Accepted Principles and Practices”, otherwise known as the Santiago Principles. The Principles identify a framework of generally accepted principles and practices that properly reflect appropriate governance and

public support for the wise management of petroleum revenues and reduces the risk of bad governance. *Transparency* ensures that information can be used to measure the authorities' performance and also guards against any possible misuse of powers. One of the fundamental elements of the Fund's governance structure is that no one person or institution is responsible for making and implementing investment decisions because each party is formally accountable to another for their role in the decision-making process. This degree of transparency serves to encourage *consensus* and enable *accountability*, which means authorities and whoever handles public money can be held responsible for their actions.

As the Executive, the Government through the Ministry of Finance is responsible for the overall management of the Petroleum Fund, on behalf of the people of Timor-Leste. The Petroleum Fund Law makes the Government accountable to Parliament through various reporting requirements. The operational management is carried out by the Central Bank, which invests the Fund's capital according to guidelines established by the Ministry of Finance and mandates developed by the Investment Advisory Board (IAB). The Ministry of Finance is required to seek advice from the IAB before making decisions on any matter relating to the investment strategy or management of the Petroleum Fund.

Petroleum Fund Investment Policy

The evolution of the Petroleum Fund's investments is described in the Petroleum Fund Annual Report for 2014. The Fund's equity allocation has increased to 40% in order to meet the 3% real return objective with a reasonable probability over the long run. The higher allocation to the more volatile asset class of listed equities will involve more short-term fluctuations in the Fund's investment returns. Modelling of the 40% equity allocation helps put this risk in context:

- The Fund is expected to experience a loss in one out of every five years.
- In the worst 5 years out of every 100, the loss will be 5.2 percent or higher. Based on a fund balance of \$16.9 billion, this represents a loss of US\$877 million.

While there will invariably be years where the Petroleum Fund posts losses, this short-term volatility in returns is integral to the asset allocation that allows us to meet our long-term return objective.

Table 2.6.3.3.1 shows the Petroleum Fund portfolio and manager structure as of June 2015. Diversification is a key principle underlying the Fund's investment

accountability arrangements as well as the conduct of investment practices by Sovereign Wealth Funds (SWFs) on a prudent and sound basis.

strategy and helps to reduce volatility and remove unrewarded risks. The Fund diversifies across asset classes, securities, regions and currencies.

The Government is currently exploring ways to further diversify and enhance the equity and bond portfolios to improve its risk-return profile. The evolving investment allocation involves a sound and responsible process. Significant work is undertaken to fully understand the characteristics and risk of potential new investments, their implementation and their complexity relative to the available governance resources.

Table 2.6.3.3.1: Petroleum Fund Portfolio and Managers Structure

Number	Managers and Mandates, as of August 2015	Weight	Market Values, \$ millions	Return since inception
Total Petroleum Fund Portfolio		100.0%	16,650	3.9%
International Fixed Interest Portfolio (Bonds)		61.8%	10,281	2.9%
1	3-5 years US Treasury bonds Banco Central de Timor-Leste -BCTL	41.3%	6,878	1.29%
2	5-10 years US Treasury bonds Bank for International Settlement - BIS	10.5%	1,752	1.9%
3	Non US Sovereign Developed Bonds			
	AllianceBerstein	5.1%	841	-10.5%
	Wellington Management	4.9%	811	-7.0%
International Equity Portfolio		38.3%	6,370	9.4%
4	MSCI World Index, enhanced Schroders Investment Management - Schroders	4.8%	794	9.6%
5	MSCI world State Street Global Advisors - SSgA	16.7%	2,779	11.1%
6	BlackRock Investment Management	16.8%	2,797	9.1%

BCTL - Petroleum Fund Monthly Aug 2015 Report

* Inception dates for different managers are not equivalent thus since inception returns are not directly comparable

Source: Petroleum Fund Administration Unit, Ministry of Finance, 2015

Projected Petroleum Fund development

The Fund's balance is \$16,650 million as of August 2015. This is an increase of \$111 million from the start of the year. The Fund balance is expected to be \$16,605 million by the end of 2015 after deducting the estimated withdrawal of \$1,327.5 million in 2015 adopted by Parliament.

The current forecast, as shown in Table 2.6.3.3.2, shows the total value of the Fund to be \$16,932.3 million by the end of 2016. The Fund balance is then forecast to decline to \$14,658.9 million by the end of 2020. . This is in nominal terms and therefore does not reflect the additional reduction in purchasing power. As noted,

Petroleum Revenues are declining along with production meaning that the level of withdrawals from the Fund and the return from investment are the main drivers of the size of the Petroleum Fund.

Table 2.6.3.3.2: Estimated Petroleum Fund Savings 2014-2020 (\$m)

	2014 Actual*	2015 Estimate**	2016 Budget	2017	2018	2019	2020
Opening PF Balance	14,952.1	16,538.6	16,605.2	16,914.9	16,740.0	16,060.1	15,297.5
Petroleum Revenue (excluding PF Interest)	1,817.0	861.9	718.7	349.2	335.4	106.8	51.6
Petroleum Fund Interest, Net*	501.6	532.2	874.8	919.6	922.0	883.0	844.6
Total Withdrawals	732.0	1,327.5	1,283.8	1,443.7	1,937.3	1,752.4	1,497.3
Closing PF Balance	16,538.6	16,605.2	16,914.9	16,740.0	16,060.1	15,297.5	14,696.3

* net of management and market revaluation

Source: Petroleum Fund Administration Unit, Ministry of Finance, 2015

2.7: Financing

2.7.1. Definition of Financing

The total budgeted expenditure for 2016 is higher than the domestic revenue that will be collected over the same period. This results in a non-oil deficit (domestic revenue minus expenditure) which is financed by withdrawals from the Petroleum Fund (PF), loans and use of the cash balance. The total amount of financing is equal to the non-oil deficit and covers the gap between the budgeted expenditure and domestic revenue. Table 2.7.1.1 below shows the amount drawn from each of the financing items.

Table 2.7.1.1: Financing (\$m)

	2016	2017	2018	2019	2020
Total Financing	1,390.8	1,799.1	2,303.2	1,894.7	1,533.1
Estimated Sustainable Income (ESI)	544.8	534.5	519.8	490.1	464.9
Excess Withdrawals from PF	739.0	916.2	1,417.2	1,244.2	1,029.0
Use of Cash Balance	0.0	0.0	0.0	0.0	0.0
Borrowing /Loans	107.0	348.4	366.2	160.5	39.2

Source: National Directorate of Economic Policy, Ministry of Finance, 2015

The economic impact of the financing items is different from that of domestic revenue. Domestic revenue, which is collected from taxes and charges paid by individuals and companies in Timor-Leste, represents a transfer of income from one sector of the economy to another. Consequently, there is no significant change in the overall demand in the economy, as the increase in demand from Government spending is approximately matched by a reduction in demand from private spending (companies and individuals).

On the other hand, withdrawals from the PF (both the Estimated Sustainable Income (ESI) and excess withdrawals) and financing through loans will increase demand in the year that such expenditure occurs, which will cause inflation. In the case of loans, this will be followed by a negative impact on overall demand in the future when the Government begins to repay the loans.

2.7.2: ESI and Excess Withdrawals

The ESI can be thought of as the amount that can be withdrawn from the PF each year, forever, without the fund ever running out of money. The ESI is equal to 3% of the net petroleum wealth and is \$544.8 million in 2016. Further details on the ESI and petroleum wealth can be found in Section 2.6.3 of the Budget Book.

In addition, the Government plans to withdraw \$739.0 million in excess of the ESI. This excess withdrawal is in line with the Government's policy on frontloading, and a detailed justification can be found in Annex 4.1. These excess withdrawals are being used to finance core infrastructure, which is necessary for long-term growth.

2.7.3: Loans

In order to finance major infrastructure projects, the Government has a choice between taking loans and withdrawing excess amounts from the Petroleum Fund. Withdrawing money from the Petroleum Fund, instead of taking loans, reduces the Fund balance, and potential interest earnings. Over the past few years, the Government has adopted a prudent policy of using concessional loans with grace periods from development partners, because such loans have a number of advantages for Timor-Leste. Loans allow greater budgetary flexibility, and in particular, reduce pressure upon any one year's budget envelope.

The Government will take loans to finance infrastructure projects when the financial cost of borrowing is lower than the return on the Petroleum Fund. The Government is well aware of the potential disadvantages of excessive indebtedness, and has ensured that all loans agreed to date have a cost of borrowing below the return on the Petroleum Fund as stated in the Public Debt Law, thus ensuring that the future debt repayments remain well within the country's capacity to pay.

To date five there have been (5) Loan Agreements for financing road projects. They are all for upgrading and strengthening arterial roads, these are:

- Road Network Upgrading Project (RNUP) of Dili-Liquica and Tibar-Gleno (signed by GoTL and Asian Development Bank (ADB) in 2012)
- Road Upgrading Project of Dili-Baucau (signed by GOTL and JICA in 2012)

- Road Network Upgrading Project (RNUSP) of Manatuto-Natarbora (signed by GOTL and ADB in 2013)
- Road Climate Resilience Project of Dili-Ainaro (signed by GoTL and World Bank in 2013)
- Tasitolu-Tibar Dual Carriageway Road Project (signed by GoTL and ADB in June 2015).

a. Road Network Upgrading Projects of Dili-Liquica and Tibar-Gleno

The focus of this loan project is for upgrading the Dili-Liquica and Tibar-Gleno roads. The Dili-Liquica road is the road in the inter-urban network with the highest level of traffic. The Tibar-Gleno road is important in that it is a main coffee production route.

Two loans have been utilized from the ADB: the first from the Ordinary Capital Resources (OCR) of \$30.9 million and the second from the Asian Development Fund (ADF) of \$9.2 million¹⁵. OCR is a LIBOR-based lending instrument with respective maturity and grace period of 25 years and 5 years. The ADF loan has a grace period of eight years and maturity of 32 years. The rate of interest for the OCR is equal to LIBOR rate plus 0.4% per annum and for ADF is fixed at 1% per annum during the grace period and 1.5% thereafter. The agreements were signed on 2 May 2012 and became effective on 13 June 2012.

b. Road Upgrading Project of Dili-Manatuto-Baucau

This section is an important road connecting three main cities in the northeast of the country. The road works will upgrade a total of 116 Km. The Loan Agreement with Japan International Cooperation Agency (JICA) was signed in March 2012 and is for JpY 5,278 million¹⁶. The loan has a grace period of 10 years, maturity of 30 years and annual interest rate of 0.7% for construction works and 0.01% for other consultancy services.

c. Road Climate Resilience Project of Solerema-Ainaro

This section is an important road connecting the main cities in the central region to the southern regions of Ainaro, Covalima and Manufahi. A sum of \$40.0 million has been borrowed from the World Bank for this project. The loan was signed in November 2013 and procurement has been completed.

¹⁵ As the loans are denominated in Special Drawing Rights (SDR) the dollar values are subject to small variation.

¹⁶ USD 63.3 million, based on the exchange rate of 83.38 JpY per dollar as of the date of signing the loan.

The loan comprises two parts: an International Development Agency (IDA) Credit of \$25.0 million and an International Bank for Reconstruction and Development (IBRD) Loan of \$15.0 million. The IDA Credit has a grace period of five years, maturity period of 25 years and interest rate fixed at 2%, while the IBRD Loan has grace period of eight years, maturity period of 28 years and a variable interest rate of LIBOR+1%.

d. Road Upgrading Project Manatuto-Natarbora

A second road project using loan assistance from the ADB concerns upgrading the North-South link between Manatuto and Natarbora. ADB financing comprises an ADF loan of \$10.0 million and an OCR loan of \$40.0 million, while the Government counterpart contribution amounts to an estimated \$73.0 million.

The OCR loan has a maturity of 25 years, grace period of 5 years and a variable interest rate of LIBOR+0.5%. The ADF loan has a grace period of 5 years, maturity of 25 years and a 2% fixed interest rate.

e. Tacitolu-Tibar Dual Carriageway Road Project.

This project was initiated after studies concluded that a realignment of the road section between Tacitolu and Tibar Bay would reduce the road length by 2 km and widening of this section to four lanes all the way to the entrance of the future Tibar Bay Port would bring about significant economic benefits and justify the additional cost of the works.

To finance this project, the government and ADB signed a new loan agreement in June 2015 in the amount of \$11.78m. This is an OCR loan with an interest rate of LIBOR+0.6%, 5 years grace period and 25 years maturity.

In addition to the aforementioned projects, there are some potential loan-funded projects for 2016, which are currently in various stages of preparation or negotiation. These projects include: Dili Drainage Infrastructure Upgrading Project, Dili International Airport, Suai-Beaco Highway, Baucau-Viqueque road upgrade project, Baucau-Lautem road upgrade project, and Aituto-Gleno road upgrade project.

Thus, the total program budget is \$107.0 million in 2016. These amounts do not include the Government’s contribution. The total projected loan disbursements, over the 2016-2020 period, can be seen below in Table 2.7.3.1.

Table 2.7.3.1: Total Loan Disbursement 2016-2020

	Total	2016	2017	2018	2019	2020
Loans	1,021.2	107.0	348.4	366.2	160.5	39.2

Source: Loans Unit, Ministry of Finance 2015

Details about each of the loan agreements are summarized in Table 2.7.3.2 below.

Table 2.7.3.2: LOAN AGREEMENT SUMMARY:

	JICA Loan	ADB - 2857	ADB - 2858	ADB - 3021	ADB - 3020	WB - 5303	WB-8290	ADB - 3181
Lender:	Japan International Cooperation Agency	Asian Development Bank	Asian Development Bank	Asian Development Bank	Asian Development Bank	International Development Association	International Bank for Reconstruction and Development	Asian Development Bank
Agreement Date:	19-Mar-12	2-May-12	2-May-12	18-Nov-13	18-Nov-13	18-Nov-13	18-Nov-13	24-Jun-15
Amount:	Yen 5,278,000,000 (US\$63,300,551)	USD 30,850,000	SDR 5,905,000	SDR 6,672,000	USD 40,000,000	USD 25,000,000	USD 15,000,000	USD 11,780,000
Grace Period	10 years	5 years	8 years	5 years	5 years	5 years	8 years	5 years
Repayment period:	20 Years (20 September 2022 – 20 March 2042)	20 Years (15 September 2017 – 15 March 2037)	23.5 Years (15 September 2020 – 15 March 2044)	20 Years (15 April 2019 - 15 October 2038)	20 Years (15 April 2019 - 15 October 2038)	20 Years (15 March 2019 - 15 September 2038) - Commencing 15 March 2019 to and including 15 Sept 2028 - 1.65% of principal amount - Commencing 15 March 2029 to and including 15 Sep 2038 - 3.35% of principal amount	20 Years (15 March 2022 - 15 September 2041) - Commencing 15 March 2022 through 15 Sept 2040 - 2.56% of principal amount -including 15 March 2041 to 2.72% of principal amount	20 Years (15 September 2019 - 15 March 2039)
Interest rates:	0.7% per annum payable Semi-annually on the principal withdrawn for Civil Works and 0.01% p.a. interest on consulting services (Capitalized)	The sum of LIBOR + 0.60% less credit of 0.20% on the loan withdrawn payable on 15 March and 15 September each year (Capitalized).	1% per annum during the grace period and 1.5% per annum thereafter on the withdrawn amount. (Grace period prior to the first Principal Payment Date.) Payable on 15 March and 15 September each year (Capitalized)	2% p.a (During and after grace period) - Capitalized	LIBOR + (0.60% - 0.20%) + 0.10% p.a maturity premium (during and After Grace Period) - Capitalized	(1.25 p.a + Basis adjustment) - to be paid directly under State Budget	Ref Rate + Fixed Spread (1%) - Capitalized	LIBOR + (0.60% - 0.10%) + 0.10% p.a maturity premium. - Capitalized
Commitment Charge	0.1% per annum payable semi-annually on total unused amount budgeted for all works and services excluding commitment charges. (Commitment charges is also lent to the borrower) - Capitalized	0.15% per annum on full amount of the loan (less amounts withdrawn) from 60 days after the date of the loan agreement payable on 15 March and 15 September	-	-	0.15% per annum on full amount of the loan (less amounts withdrawn) from 60 days after the date of the loan agreement - Capitalized	1/2 of 1 % p.a (Unwithdrawn Financing Balance) - to be paid directly under State Budget	-	0.15% per annum on full amount of the loan (less amounts withdrawn) from 60 days after the date of the loan agreement payable on 15 March and 15

		each year- Capitalized						September each year - Capitalized
Service Charge	-	-	-	-	-	The greater of (3/4 of 1% p.a + basis adjustment) or 3/4 % p.a - to be paid directly under State Budget	-	-
Front End Fee	-	-	-	-	-	-	USD 37,500 (0.25% of loan amount)	-
Dates of repayment:	Semi-annually on 20 March and 20 September.	15 March and 15 September each year.	15 March and 15 September each year.	Interest and other charges: payable on 15 April and 15 October each year.	Interest and other charges: payable on 15 April and 15 October each year.	Interest and other charges: payable on 15 March and 15 September each year.	Interest and other charges: payable on 15 March and 15 September each year.	Interest and other charges: payable on 15 March and 15 September each year.
Loan closing date	13-Jul-19	30-Jun-17	30-Jun-17	30-Jun-20	30-Jun-20	31-Dec-18	31-Dec-18	30-Jun-18
Project completion date:	Jun-17	30-Dec-16	30-Dec-16	31-Dec-19	31-Dec-19	-	-	31-Dec-17

Source: Loans Unit, Ministry of Finance, 2015

2.7.4. Use of the Cash Balance

The use of the cash balance for the Consolidated Fund of Timor-Leste (CFTL) at the end of 2015 is forecast to be insignificantly small, and hence no cash balance will be included to finance expenditures in the 2016 State Budget. Similarly, there is also no forecasted rollover of cash balances for the IF and HCDF in 2016.

Table 2.7.4.1: Use of the Cash Balance in 2016

Total	0.0
Infrastructure Fund Rollover excluding loans, net of deductions	0.0
HCDF Rollover	0.0
Drawdown of Cash Balances from the Treasury Account	0.0

Source: General Directorate of Treasury, Secretariat for the Human Capital Development Fund, Secretariat for the Infrastructure Fund, 2015

2.7.5: Public Private Partnerships

Public-Private Partnerships (PPP) are an economic relationship between a public sector authority and a private sector company whereby the private sector company provides a public interest good or service and shares the respective financial, technical and operational risks. The underlying rationale for PPPs in Timor-Leste stems from the fact that this type of business arrangement potentially allows the Government to benefit from the private sector expertise and financing, which then results in higher quality and efficiency, as well as lower risk borne by the Government. However, in the case of Timor-Leste, such projects are only undertaken if they are aligned with the Government's development objectives and have high rates of both economic and social return.

Having completed a PPP policy and legal framework, Timor-Leste has now approved one PPP, namely the Tibar Port, and is developing feasibility studies for several other projects. The projects in the project cycle for 2016 are in the transports, energy, health and water sector. During 2015, four potential projects in those areas are in the PPP project cycle.

The Tibar Bay Port is a crucial infrastructure for the development of the country and a national priority. The Council of Ministers decided to proceed with the PPP modality as a 30-year concession, thus advancing to the stage of procurement and selection of a private partner. That selection is being made through a competitive international tender, which is currently on going, that will allow the Government to control the design and the terms and conditions of the concession, as well as use competition to select the best partner and minimize the government subsidy. Four bidders are qualified, the contract is expected to be signed between the end of 2015 and the beginning of 2016 and the construction to start one year after that date.

Consequently, it is widely believed that it will alleviate congestion as well as address some of the limitations of the existing Dili Port, which has very limited expansion possibilities and is capable of berthing only small vessels. This is viewed as necessary due to the expected increase in the demand for imports given the forecasted increase in economic growth in Timor-Leste. In terms of construction, the project has three main components: the preparation of the site, the installation of the port facilities and their respective maintenance, both during and after its implementation.

The Tibar Bay Port is expected to be funded partially through the Infrastructure Fund and partially through concessional loans from the World Bank, the European Investment Bank, the Asian Development Bank (ADB) and/or other multilateral partners.

The Dili Water Supply System is another project in the PPP project cycle. The final pre-feasibility report was presented to the Council of Ministers and approved to proceed for the feasibility study. Further to this, the Government has decided to pursue a more detailed investigation for possible private sector participation in the construction and/or operation and/or management of the Dili Water Supply sector through a PPP modality. The purpose of this on going study is to provide information and analysis that will allow the Government to decide whether to pursue reform for the water services in the capital city of Dili. The study is expected to be concluded in the beginning of 2016. Further to this and if a PPP modality is selected for the reform, the Government will launch an international tender to select the private partner.

In the power sector, the Government has made a very significant investment in the last few years. Two power plants have been built in Hera and Betano and are currently producing energy, and a network of transmission lines supplying electricity to all parts of the country has been nearly completed. However, the Government is currently facing another challenge: how to manage, operate and maintain these power plants, and how to adequately transmit and distribute electricity to the Timorese people.

The Government, with support from the ADB, undertook an initial assessment with a view to see the potential for PPP activities. In 2016 the Government will develop a full feasibility study to identify what activities can be selected to implement through the PPP modality.

The Government is also looking for possible partnerships with the private sector in the health sector. Improving health outcomes is critical to stability, economic growth and poverty reduction in Timor-Leste. Timor-Leste's Constitution establishes that medical care is a fundamental right for all citizens and imposes a duty on the government to promote and establish a national health system that is universal, general, free of charge and, as far as possible, decentralized and participatory. The health system has been rebuilt since 1999, but the Government is aware of the challenges it faces and has identified a number of areas in which it believes that PPPs may play a role in improving health services.

An initial assessment was undertaken with the support of the International Finance Corporation (IFC) and some possible projects were identified. An initial pilot project was chosen and the full feasibility studies will be developed until the end of 2016.

Part 3: General State Budget Law Text



PARLAMENTO
NACIONAL
República Democrática de Timor-Leste

TEXTO APROVADO EM REDAÇÃO FINAL

Proposta de Lei nº 33/III (4.ª)

Orçamento Geral do Estado para 2016

O Orçamento Geral do Estado para 2016, doravante designado por OGE, engloba todas as receitas e despesas do Estado para o ano financeiro de 2016.

O Anexo I à presente lei estabelece o total estimado das receitas do Estado, de janeiro a dezembro de 2016, provenientes de todas as fontes, petrolíferas e não petrolíferas (fiscais, não fiscais e provenientes de empréstimos).

O total estimado de receitas é de 1.871,9 milhões de dólares.

O Anexo II à presente lei estabelece todas as dotações orçamentais, sistematizadas da seguinte forma:

1. 181,874 milhões de dólares para Salários e Vencimentos;
2. 449,015 milhões de dólares para Bens e Serviços;
3. 476,030 milhões de dólares para Transferências Públicas;
4. 18,844 milhões de dólares para Capital Menor;
5. 436,470 milhões de dólares para Capital de Desenvolvimento.

O total das despesas dos serviços sem autonomia administrativa e financeira e dos órgãos autónomos sem receitas próprias é de 1.093,606 milhões de dólares.

O total das despesas para os serviços e fundos autónomos em 2016 incluindo as despesas financiadas por empréstimos é de 434,626 milhões de dólares. O total da estimativa das despesas para a Autoridade da Região Administrativa Especial de Oe-Cusse Ambeno e Zona Especial de Economia Social de Mercado de Oe-Cusse Ambeno e Ataúro é de 217,939 milhões de dólares, a serem financiados através de dotação do OGE.

O total da dotação orçamental para o Fundo de Desenvolvimento do Capital Humano é de 34 milhões de dólares.

O total estimado das despesas do OGE é de 1.562,233 milhões de dólares.

O total máximo aprovado para financiamento com recurso ao endividamento público, em 2016, é de 107,003 milhões de dólares.

As receitas não petrolíferas estimadas, incluindo as dos serviços e fundos autónomos, são de 171,4 milhões de dólares.

O total das receitas cobradas pelos serviços e fundos autónomos é de 8,6 milhões de dólares.

Assim, o défice fiscal é de 1.390,833 milhões de dólares, o qual é financiado em 1.283,8 milhões de dólares, a partir do Fundo Petrolífero, dos quais 544,8 milhões de dólares corresponde ao Rendimento Sustentável Estimado e 739 milhões de dólares acima do Rendimento Sustentável Estimado, e em 107,003 milhões de dólares através do recurso ao crédito público.

O Parlamento Nacional decreta, nos termos da alínea d) do n.º 3 do artigo 95.º e do n.º 1 do artigo 145.º da Constituição da República, para valer como lei, o seguinte:

CAPÍTULO I

Definições e aprovação

Artigo 1.º

Definições

Para os efeitos da presente lei, entende-se por:

- a) "Categoria de Despesa" – O agrupamento das despesas sob as cinco categorias seguintes:
 - i) "Salários e Vencimentos", o montante global que um órgão pode gastar com Salários e Vencimentos para os titulares e membros dos órgãos de soberania, funcionários e agentes da Administração Pública e trabalhadores contratados pelos órgãos e instituições do Estado;
 - ii) "Bens e Serviços", o montante global que um órgão pode gastar na aquisição de Bens e Serviços;
 - iii) "Transferências Públicas", o montante global que um Órgão pode gastar em subvenções públicas e pagamentos consignados;
 - iv) "Capital Menor", o montante global que um órgão pode gastar na aquisição de bens de Capital Menor;
 - v) "Capital de Desenvolvimento", o montante global que um órgão pode gastar em projetos de Capital de Desenvolvimento;
- b) "Despesas Compensadas pelas Receitas", as despesas suportadas pelas receitas próprias cobradas pelos serviços e fundos autónomos, desde que o montante não exceda o valor total das receitas que deram entrada nas contas relevantes do Tesouro;
- c) "Dotação Orçamental", o montante máximo inscrito no OGE a favor de um órgão com vista à realização de determinada despesa;
- d) "Órgão/Órgãos", o termo genérico adotado no OGE para indicar o setor público administrativo sujeito à disciplina orçamental, que inclui os serviços que não dispõem de autonomia administrativa e financeira e os órgãos autónomos sem receitas próprias e que, segundo a classificação orgânica, se pode dividir em títulos, tais como Gabinete do Presidente da República, Parlamento Nacional, Governo (Gabinete do Primeiro-Ministro, Ministros de Estado, Presidência do Conselho de Ministros, Ministérios e Secretarias de Estado), Tribunais, Procuradoria Geral da República, bem como outras instituições que constam do Anexo II;

- e) "Órgãos Autónomos sem receitas próprias" os que tenham autonomia administrativa e financeira e não cobrem receitas próprias para cobertura das suas despesas;
- f) "Rubricas de Despesa", as rubricas de despesa desagregada dentro de cada Categoria de Despesa, com base na estrutura de código de contas de despesa mantida pelo Tesouro;
- g) "Serviços e Fundos Autónomos" os que satisfaçam, cumulativamente, os seguintes requisitos:
 - i) Não tenham natureza e forma de empresa, fundação ou associação pública, mesmo se submetidos ao regime de qualquer destas por outro diploma;
 - ii) Tenham autonomia administrativa e financeira;
 - iii) Disponham de receitas próprias para cobertura das suas despesas, nos termos da lei.

Artigo 2.º

Aprovação

É aprovado o Orçamento Geral do Estado para o período compreendido entre 1 de janeiro e 31 de dezembro de 2016, nomeadamente:

- a) O total das receitas por agrupamentos, incluindo as receitas próprias dos serviços e fundos autónomos e provenientes dos empréstimos, constantes do Anexo I à presente lei, dela fazendo parte integrante;
- b) O total das despesas por agrupamentos, incluindo as verbas a serem transferidas do Orçamento Geral do Estado para os órgãos e os serviços e fundos autónomos em 2016, para financiamento da diferença entre as receitas próprias e o total das despesas, constantes do Anexo II à presente lei, dela fazendo parte integrante;
- c) O total das receitas dos serviços e fundos autónomos, incluindo as da Autoridade da Região Administrativa Especial de Oe-Cusse Ambeno e da Zona Especial de Economia Social de Mercado de Oe-Cusse Ambeno e Ataúro, e das despesas a serem financiadas a partir das suas receitas próprias e do Orçamento Geral do Estado, constantes do Anexo III à presente lei, dela fazendo parte integrante;
- d) O total das despesas correspondentes à dotação do Fundo de Desenvolvimento do Capital Humano para 2016, constantes do Anexo IV à presente lei, dela fazendo parte integrante.

CAPÍTULO II

Receitas

Artigo 3.º

Impostos e taxas

1. Durante o ano de 2016, o Governo está autorizado a cobrar os impostos e taxas constantes da legislação em vigor.
2. Não obstante o disposto no número anterior, em 2016 é suspensa a sujeição de armas e munições, para a PNTL e F-FDTL, a pagamento de imposto seletivo de consumo, nos termos do artigo 11.º e anexo II da Lei n.º 8/2008, de 30 de junho, Lei Tributária.

CAPÍTULO III

Autorização para transferência do Fundo Petrolífero

Artigo 4.º

Limite autorizado para financiamento do OGE

Nos termos e para os efeitos do disposto no artigo 7.º da Lei n.º 9/2005, de 3 de agosto, Lei do Fundo Petrolífero, na redação que lhe foi dada pela Lei n.º 12/2011, de 28 de setembro, o montante das transferências do Fundo Petrolífero para 2016 não excede 1.283,8 milhões de dólares, sendo a transferência de 544,8 milhões de dólares efetuada após o cumprimento do disposto no artigo 8.º e a transferência de 739 milhões de dólares efetuada após o cumprimento das alíneas a), b), c) e d) do artigo 9.º da Lei n.º 9/2005, de 3 de agosto.

CAPÍTULO IV

Constituição de dívida pública e parcerias público-privadas

Artigo 5.º

Montante máximo de endividamento autorizado

1. Com o objetivo de fazer face às necessidades de financiamento relacionadas com a construção de infraestruturas estratégicas para o desenvolvimento do País, fica o Governo autorizado, nos termos do artigo 20.º da Lei n.º 13/2009, de 21 de outubro, sobre Orçamento e Gestão Financeira, alterada pelas Leis n.º 9/2011, de 17 de agosto, e n.º 3/2013, de 11 de setembro, e do artigo 3.º da Lei n.º 13/2011, de 28 de setembro, sobre o Regime da Dívida Pública, a recorrer ao endividamento externo concessional, adicional, até ao montante máximo de 850 milhões de dólares, com um prazo máximo de 40 anos.
2. Sem prejuízo do disposto no número anterior, em 2016 o financiamento proveniente de empréstimos não excede 107,003 milhões de dólares.

Artigo 6.º

Montante máximo autorizado para acordos de parcerias público-privadas

1. Em 2016, o Governo fica autorizado a assinar acordos de parcerias público-privadas até ao montante máximo de 500 milhões de dólares.
2. Para efeitos do número anterior e, da administração e gestão das participações do Estado, é competente a entidade responsável para tal, nos termos da lei.

CAPÍTULO V

Execução orçamental

Artigo 7.º

Regras complementares de execução orçamental

1. A execução orçamental pelos órgãos e pelos serviços e fundos autónomos deve obrigatoriamente ser feita com recurso ao Sistema Informático de Gestão Financeira, com exceção dos procedimentos relativos à segurança nacional, à Região Administrativa Especial de Oe-Cusse Ambeno e à Zona Especial de Economia Social de Mercado de Oe-Cusse Ambeno e Ataúro.
2. Em 2016, a fiscalização da execução orçamental pelo Parlamento Nacional incide particularmente sobre todas as despesas recorrentes.
3. A contratação pública por ajuste direto apenas é permitida a cada órgão até 10% do total das respetivas dotações orçamentais para 2016, sem prejuízo da observância das normas legais sobre a sua admissibilidade.
4. O disposto no número anterior não se aplica aos aprovisionamentos no âmbito das Dotações para Todo o Governo, aos relativos a questões de segurança nacional, aos do Planeamento de Desenvolvimento Integrado Municipal e aos da Região Administrativa Especial de Oe-Cusse Ambeno e Zona Especial de Economia Social de Mercado de Oe-Cusse Ambeno e Ataúro.
5. O Parlamento Nacional realiza um debate trimestral, sobre a execução orçamental de cada ministério, secretaria de Estado, órgão autónomo sem receitas próprias e serviço e fundo autónomo, com a presença dos respetivos membros do Governo e dirigentes máximos.
6. Quando o saldo da conta do Tesouro for inferior a 200 milhões de dólares, o Governo pode recorrer à transferência do Fundo Petrolífero acima do Rendimento Sustentável Estimado, informando previamente o Parlamento Nacional.
7. Os pedidos de uso da reserva de contingência devem ser devidamente justificados nos termos do n.º 3 do artigo 7.º e do artigo 37.º da Lei n.º 13/2009, de 21 de outubro, sobre Orçamento e Gestão Financeira, alterada pelas Leis n.º 9/2011, de 17 de agosto e n.º 3/2013, de 11 de setembro, e devem conter a descrição detalhada das atividades a realizar.
8. As regras de execução orçamental aplicáveis aos órgãos e serviços e fundos autónomos são definidas no diploma do Governo sobre a execução orçamental.

Artigo 8.º

Pagamento de impostos sobre importações

O Tesouro fica autorizado a estabelecer e implementar um mecanismo de contabilidade para o registo e controlo das receitas e despesas, correspondente ao pagamento de impostos sobre importações efetuadas pelos órgãos ou em seu nome.

Artigo 9.º

Dotações para todo o Governo

De acordo com os critérios claros e precisos estabelecidos relativamente às despesas públicas, o Governo inscreve no orçamento das Dotações para Todo o Governo as seguintes dotações, cuja gestão fica a cargo do Ministério das Finanças:

- a) Fundo de Contrapartidas;

- b) Auditoria Externa;
- c) Reserva de Contingência;
- d) Quotas de Membro de Instituições Internacionais;
- e) Pensões aos Ex-Titulares e Ex-Membros dos Órgãos de Soberania;
- f) Serviços de Postos Integrados na Fronteira;
- g) Provisão para g7+;
- h) Provisão para Serviços Legais;
- i) Provisão para Fundo de Pensões do Regime Contributivo;
- j) Apoio às Reuniões da Comunidade dos Países de Língua Portuguesa – CPLP;
- k) Apoio Financeiro Internacional;
- l) Provisão para Programa de Estatísticas, incluindo realização do Censos Fo Fila Fali, Levantamento das Atividades Empresariais, Registo Civil, Levantamento Demográfico e de Saúde e Levantamento das Condições de Vida;
- m) Provisão para a Reforma Fiscal, Reforma da Gestão do Desempenho e Reforma do Desempenho Orçamental;
- n) Provisão para Capitalização do Banco Central de Timor-Leste;
- o) Provisão para Parcerias Público-Privadas e Empréstimos;
- p) Provisão para Oficina de Manutenção de Veículos do Governo;
- q) Provisão para Desalfandegamento Rápido;
- r) Provisão para Capitalização do Banco Nacional de Comércio de Timor-Leste;
- s) Provisão para Governo Eletrónico - ITC;
- t) Provisão para a Autoridade da Região Administrativa Especial de Oe-Cusse Ambeno e Zona Especial de Economia Social e de Mercado de Oe-Cusse Ambeno e Ataúro;
- u) Provisão para adesão à Associação de Nações do Sudeste-Asiático;
- v) Provisão para Eleições em São Tomé e Príncipe;
- w) Provisão para pagamento de Empréstimos;
- x) Provisão para Campanha de Sensibilização Internacional;
- y) Provisão para Aquisição do Edifício da Embaixada em Singapura.

CAPÍTULO VI

Serviços e fundos autónomos e fundo especial

Artigo 10.º

Receitas

1. As previsões das receitas domésticas, incluindo as receitas a serem cobradas pelos serviços e fundos autónomos constam do Anexo I.
2. As receitas próprias dos serviços e fundos autónomos devem ser usadas unicamente para os fins dos mesmos.

3. As receitas resultantes das transferências a partir do OGE para os serviços e fundos autónomos e para o Fundo de Desenvolvimento do Capital Humano, bem como a previsão das respetivas despesas, constam do Anexo II.
4. Os orçamentos por categoria de despesa relativos aos serviços e fundos autónomos, incluindo a Autoridade da Região Administrativa Especial de Oe-Cusse Ambeno e a Zona Especial de Economia Social de Mercado de Oe-Cusse Ambeno e Ataúro, bem como as receitas a serem cobradas pelos mesmos constam do Anexo III.
5. A dotação do Fundo de Desenvolvimento do Capital Humano consta do Anexo IV.

CAPÍTULO VII

Fundo das Infraestruturas

Artigo 11.º

Fundo das Infraestruturas

1. O Fundo das Infraestruturas criado nos termos do artigo 32.º da Lei n.º 13/2009, de 21 de outubro, através da Lei n.º 1/2011, de 14 de fevereiro, é dissolvido.
2. É criado o Fundo das Infraestruturas, como fundo autónomo, com personalidade jurídica, autonomia administrativa e financeira, património próprio e receitas próprias, assumindo todos os direitos e obrigações do Fundo dissolvido, referido no número anterior.
3. O Fundo das Infraestruturas destina-se a financiar programas e projetos estratégicos destinados a aquisições, construções, desenvolvimento, manutenção e reabilitação de:
 - a) Infraestruturas rodoviárias, incluindo estradas, pontes, portos e aeroportos;
 - b) Infraestruturas de cariz social, incluindo hospitais, escolas e universidades;
 - c) Infraestruturas de proteção contra cheias e deslizamento de terras;
 - d) Instalações de tratamento de água e saneamento;
 - e) Geradores de energia e linhas de distribuição;
 - f) Telecomunicações;
 - g) Instalações logísticas, incluindo infraestruturas de armazenamento;
 - h) Edifícios governamentais e instalações públicas;
 - i) Outras infraestruturas que promovam o desenvolvimento estratégico.
4. A entidade responsável pelas operações do Fundo das Infraestruturas é o Conselho de Administração, o qual é composto pelo membro do Governo responsável pelo planeamento e investimento estratégico, que preside, pelo membro do Governo responsável pelas obras públicas, transportes e comunicações e pelo membro do Governo responsável pelas finanças.
5. O Fundo das Infraestruturas é regulamentado pelo Governo.

CAPÍTULO VIII

Disposições finais

Artigo 12.º

Financiamento através de doadores independentes

1. Cada Órgão só pode estabelecer acordos com doadores independentes para o fornecimento de recursos adicionais ou complementares ao financiamento contido nas afetações orçamentais na presente lei mediante parecer prévio obrigatório do ministro responsável pela área das Finanças.
2. A gestão do financiamento previsto no número anterior deve ser feita de acordo com as diretivas emitidas pelo Ministério das Finanças e com os requisitos dos doadores.

Artigo 13.º

Responsabilidade

1. A assinatura de contratos sem cabimento orçamental gera responsabilidade política, financeira, civil e criminal, nos termos do artigo 46.º da Lei n.º 13/2009, de 21 de outubro, sobre Orçamento e Gestão Financeira, alterada pelas Leis n.º 9/2011, de 17 de agosto, e n.º 3/2013, de 11 de setembro.
2. Para efeitos de efetivação da responsabilidade financeira prevista no número anterior, considera-se que o titular do cargo político procede, com tal conduta, a um pagamento indevido, sujeito a condenação em reposição da quantia correspondente, nos termos dos artigos 44.º e seguintes da Lei n.º 9/2011, de 17 de agosto, que aprova a Orgânica da Câmara de Contas do Tribunal Superior Administrativo, Fiscal e de Contas, na redação que lhe foi dada pela Lei n.º 3/2013, de 11 de setembro.
3. Os responsáveis dos órgãos autónomos sem receitas próprias e serviços e fundos autónomos respondem política, financeira, civil, e criminalmente pelos atos e omissões que pratiquem no âmbito do exercício das suas funções de execução orçamental, incluindo reporte e reconciliação, nos termos da Constituição e demais legislação aplicável, a qual tipifica as infrações criminais e financeiras, bem como as respetivas sanções, conforme sejam ou não cometidas com dolo.

Artigo 14.º

Entrada em vigor

A presente lei entra em vigor no dia 1 de janeiro de 2016.

Aprovada em 18 de dezembro de 2015.

O Presidente do Parlamento Nacional,

Vicente da Silva Guterres

Promulgada em

Publique-se.

O Presidente da República,

Taur Matan Ruak

ANEXO I

Estimativa de receitas a serem cobradas e financiamento das despesas do Orçamento Geral do Estado para 2016 (milhões de dólares norte-americanos)*

Tabela I - Estimativa de receitas

1	Receitas Totais	1,871.9
1.1	Receitas Petrolíferas	1,593.5
1.1.1	Imposto sobre Lucros Petrolíferos	327.1
1.1.2	Impostos do Mar de Timor (incluindo Kitan)	64.5
1.1.3	Imposto sobre o Rendimento	104.0
1.1.4	Imposto sobre Lucros Adicionais	173.9
1.1.5	Outros Impostos e Taxas Petrolíferas	49.3
1.1.6	Juros do Fundo Petrolífero	874.8
1.2	Receitas Não Petrolíferas	162.8
1.2.1	Impostos Diretos	52.2
1.2.2	Impostos Indiretos	63.9
1.2.3	Outras Receitas e Taxas	0.2
1.2.4	Taxas e Encargos	46.4
1.2.5	Juros da Conta do Tesouro	0.0
1.3	Doações	-
1.4	Receitas Próprias dos Serviços e Fundos Autônomos	8.6
1.5	Empréstimos	107.0

*Valores arredondados

Tabela II – Financiamento das Despesas

Receitas não petrolíferas incluindo receitas próprias dos serviços e fundos autônomos	171.4
Transferências do Fundo Petrolífero	1,283.8
Empréstimos	107.0
Total	1,562.2

*Valores arredondados

ANEXO II

Dotações Orçamentais para 2016 (milhares de dólares norte-americanos)

	Salários e Vencimentos	Bens e Serviços	Transferências Públicas	Capital Menor	Capital Desenvolvimento	Total das Despesas
Total de Despesas do OGE Incluindo Empréstimos	181,874	449,015	476,030	18,844	436,470	1,562,233
Total de Despesas do OGE Excluindo Empréstimos	181,874	449,015	476,030	18,844	329,467	1,455,230
Total das Despesas dos Serviços sem Autonomia Administrativa e Financeira, dos Serviços e Fundos Autónomos e dos Órgãos Autónomos sem Receitas Próprias (incluindo as despesas financiadas por empréstimos)	181,874	415,015	476,030	18,844	436,470	1,528,233
Total das Despesas dos Serviços sem Autonomia Administrativa e Financeira e dos Órgãos Autónomos sem Receitas Próprias	165,598	390,162	476,030	18,391	43,425	1,093,606
Total das Despesas dos Serviços sem Autonomia Administrativa e Financeira	154,179	365,587	469,100	16,090	43,246	1,048,201
Total das Despesas dos Serviços e Fundos Autónomos (incluindo as despesas financiadas por empréstimos)	16,277	24,852	-	453	393,045	434,626
Total das Despesas dos Órgãos Autónomos sem Receitas Próprias	11,419	24,575	6,930	2,302	179	45,405
Total Fundo de Desenvolvimento do Capital Humano	-	34,000	-	-	-	34,000
Fundo de Desenvolvimento do Capital Humano - Nova Dotação	-	34,000	-	-	-	34,000
Fundo de Desenvolvimento do Capital Humano - Saldo Transitado	-	-	-	-	-	-
Presidência da República	799	5,851	-	150	-	6,800
Gabinete do Presidente da República	-	750	-	-	-	750

Casa Civil	799	4,193	-	50	-	5,042
Casa Militar	-	909	-	100	-	1,009
Parlamento Nacional	4,713	8,913	930	611	-	15,167
Parlamento Nacional	3,347	2,752	-	-	-	6,099
Gabinete do Presidente do Parlamento	73	602	-	-	-	675
Bancadas Parlamentares	-	-	930	-	-	930
Gabinete do Secretário-Geral do Parlamento	-	397	-	-	-	397
Comissão A	-	103	-	-	-	103
Comissão B	-	87	-	-	-	87
Comissão C	-	98	-	-	-	98
Comissão D	-	101	-	-	-	101
Comissão E	-	121	-	-	-	121
Comissão F	-	107	-	-	-	107
Comissão G	-	95	-	-	-	95
Conselho de Fiscalização do Sistema Nacional de Inteligência de Timor-Leste	-	100	-	-	-	100
Conselho Consultivo do Fundo Petrolífero	-	334	-	24	-	358
Grupo de Mulheres Parlamentares de Timor-Leste	-	117	-	-	-	117
Direção de Administração	1,293	3,005	-	157	-	4,454
Direção de Apoio Parlamentar	-	507	-	422	-	929
Direção de Pesquisa e Informação Técnica	-	263	-	-	-	263
Divisão de Tecnologia de Informação e Comunicação	-	84	-	4	-	87

Divisão de Relações Internacionais, Protocolo e Segurança	-	39	-	5	-	44
Primeiro-Ministro	84	3,066	9,884	40	-	13,073
Gabinete de Apoio ao Primeiro-Ministro	84	2,618	450	40	-	3,192
Unidade de Apoio à Sociedade Civil	-	306	9,434	-	-	9,740
Apoio à Residência Oficial do Primeiro-Ministro	-	30	-	-	-	30
Unidade do Governo Eletrónico (e-government)	-	112	-	-	-	112
Ministro de Estado e da Presidência do Conselho de Ministros Incluindo SECM, SEAP e SECS	1,907	4,915	2,079	3,284	-	12,185
Ministro de Estado e da Presidência do Conselho de Ministros Excluindo SECM, SEAP e SECS	658	3,281	-	25	-	3,964
Gabinete do Ministro de Estado e da Presidência do Conselho de Ministros	77	578	-	-	-	655
Direção Nacional de Administração e Finanças	467	981	-	25	-	1,474
Direção Nacional dos Serviços de Tradução	59	84	-	-	-	143
Direção Nacional de Recursos Humanos	-	15	-	-	-	15
Direção Nacional de Aprovisionamento	-	15	-	-	-	15
Direção Nacional de Logística e Património	-	15	-	-	-	15
Direção Nacional de Informação e Tecnologia	-	2	-	-	-	2
Unidade de Planeamento, Orçamentação, Monitorização e Avaliação	-	2	-	-	-	2
Unidade de Apoio Jurídico	36	360	-	-	-	396
Centro de Formação e Técnica de Comunicação	6	60	-	-	-	66
Gabinete do Diretor-Geral	13	14	-	-	-	27
Gabinete do Porta-Voz do Governo	-	705	-	-	-	705

Comissão para a Reforma Legislativa e do Setor Justiça	-	450	-	-	-	450
Secretaria de Estado do Conselho de Ministros	151	938	-	3,155	-	4,244
Gabinete do Secretário de Estado	63	561	-	-	-	624
Gráfica Nacional	88	377	-	3,155	-	3,620
Secretaria de Estado para os Assuntos Parlamentares	85	64	-	4	-	153
Gabinete da Secretária de Estado	85	64	-	4	-	153
Secretaria de Estado da Comunicação Social	1,012	633	2,079	100	-	3,824
Gabinete do Secretário de Estado	85	352	79	6	-	522
Apoio à RTTL, E.P.	793	-	1,760	-	-	2,553
<hr/> Direção de Disseminação de Informação <hr/>	77	182	-	49	-	308
Centro de Rádios Comunitárias	57	99	240	45	-	441
Ministro de Estado, Coordenador dos Assuntos Sociais	208	644	600	100	-	1,552
Gabinete do Ministro de Estado, Coordenador dos Assuntos Sociais	178	542	600	48	-	1,367
Comissão Nacional dos Direitos da Criança	30	103	-	52	-	185
<hr/> Secretaria de Estado para o Apoio e Promoção Sócio-Económica da Mulher <hr/>	274	1,110	263	26	-	1,673
Gabinete da Secretária de Estado	65	243	-	-	-	308
Direção-Geral	42	86	-	-	-	128
Direção Nacional da Administração, Logística e Finanças	55	592	263	26	-	936
Direção Nacional de Abordagem Integrada do Género e da capacitação da Mulher	98	164	-	-	-	262
Gabinete de Inspeção e Auditoria	14	25	-	-	-	39
<hr/> Secretaria de Estado da Juventude e Desporto <hr/>	467	1,753	5,700	30	-	7,950

Gabinete do Secretário de Estado	69	196	306	-	-	571
Direção-Geral	10	14	-	-	-	24
Direção Nacional de Administração e Finanças	155	522	-	26	-	703
Direção Nacional da Juventude	48	41	843	-	-	932
Direção Nacional do Desporto	46	42	3,750	-	-	3,838
Direção Nacional de Estudos e Planeamento	36	77	499	-	-	612
Direção Nacional de Comunicação e Novas Tecnologias	41	49	201	-	-	291
Direção Nacional de Arte Juvenil	34	6	101	-	-	141
Gabinete de Inspeção e Auditoria Interna	28	32	-	4	-	64
Programa Tour de Timor e Maratona de Díli	-	775	-	-	-	775
Ministro de Estado, Coordenador dos Assuntos Económicos	104	2,214	500	73	-	2,891
Gabinete do Ministro de Estado, Coordenador dos Assuntos Económicos	104	2,214	500	73	-	2,891
Secretaria de Estado para a Política de Formação Profissional e Emprego	1,327	3,029	9,152	10	300	13,818
Gabinete do Secretário de Estado	75	278	-	-	-	353
Inspeção-Geral do Trabalho	198	181	-	-	-	379
Direção-Geral de Gestão e Planeamento	-	100	-	10	-	110
Direção Nacional de Administração e Finanças	342	1,168	-	-	-	1,510
Direção Nacional de Aprovisionamento	27	38	-	-	300	365
Direção Nacional de Informação do Mercado de Trabalho	21	35	-	-	-	56
Gabinete de Inspeção e Auditoria	30	47	-	-	-	77
Direção Nacional da Colocação, Emprego e Proteção do Desemprego	31	35	-	-	-	66

Direção Nacional da Segurança e Proteção Social	30	40	-	-	-	70
Direção Nacional da Política de Formação Profissional	76	71	-	-	-	147
Direção Nacional da Política de Emprego	101	384	9,152	-	-	9,637
Direção Nacional das Relações de Trabalho	72	73	-	-	-	145
Secretaria de Apoio ao Conselho Nacional do Trabalho e ao Conselho de Arbitragem do Trabalho	22	25	-	-	-	47
Gabinete de Apoio Jurídico	12	53	-	-	-	65
Instituto Nacional de Desenvolvimento de Mão-de-Obra	27	67	-	-	-	94
Fundo de Emprego e Formação Profissional	11	31	-	-	-	42
Adido do Trabalho na Coreia do Sul	204	79	-	-	-	283
Direção Nacional dos Recursos Humanos	15	40	-	-	-	55
Direção Nacional de Planeamento, Monitorização e Avaliação	23	35	-	-	-	58
Direção Municipal de Baucau	-	14	-	-	-	14
Direção Municipal de Bobonaro	-	14	-	-	-	14
Direção Municipal de Manufahi	-	14	-	-	-	14
Direção Municipal de Covalima	-	10	-	-	-	10
Direção Municipal de Viqueque	-	10	-	-	-	10
Direção Municipal de Aileu	-	10	-	-	-	10
Direção Municipal de Ainaro	-	10	-	-	-	10
Direção Municipal de Ermera	-	14	-	-	-	14
Direção Municipal de Lautém	-	10	-	-	-	10

Direção Municipal de Liquidação	-	10	-	-	-	10
Direção Municipal de Manatuto	-	10	-	-	-	10
Direção-Geral da Política de Formação Profissional e Emprego	10	123	-	-	-	133
Ministro de Estado, Coordenador dos Assuntos da Administração do Estado e da Justiça	142	507	-	15	-	664
Gabinete do Ministro de Estado, Coordenador dos Assuntos da Administração do Estado e da Justiça	142	507	-	15	-	664
Secretaria de Estado do Fortalecimento Institucional	114	1,037	-	10	-	1,161
Gabinete do Secretário de Estado	114	1,037	-	10	-	1,161
Ministério da Educação	56,510	41,044	2,709	350	-	100,613
Gabinete do Ministro	42	74	-	-	-	116
Gabinete do Vice-Ministro I	65	33	-	-	-	98
Gabinete do Vice-Ministro II	65	33	-	-	-	98
Instituto Nacional de Ciência e Tecnologia	27	136	-	-	-	162
Gabinete do Inspetor-Geral	116	86	-	-	-	202
Gabinete Jurídico	30	36	-	-	-	66
Direção-Geral de Administração e Finanças	64	98	-	-	-	162
Direção-Geral do Ensino Superior, das Ciências e Tecnologia	31	125	-	-	-	156
Direção Nacional de Finanças, Administração e Logística	301	8,816	-	139	-	9,256
Direção Nacional dos Recursos Humanos	9,980	146	-	-	-	10,126
Direção Nacional de Aprovisionamento	42	93	-	-	-	135
Direção Nacional do Ensino Superior Universitário	612	572	631	-	-	1,815

Direção Nacional do Ensino Superior Técnico	62	205	-	-	-	267
Gabinete de Coordenação do Apoio ao Estudante	46	72	-	-	-	118
Direção Nacional de Ação Social Escolar	103	13,445	1,412	-	-	14,960
Serviço da Unidade do Currículo Nacional	78	4,553	-	-	-	4,631
Direção Nacional de Educação Pré-Escolar	1,285	194	74	-	-	1,553
Direção Nacional do Ensino Básico	33,682	3,275	487	-	-	37,444
Direção Nacional do Ensino Secundário Geral	4,407	492	77	63	-	5,039
Direção Nacional do Ensino Secundário Técnico-Vocacional	1,214	2,866	29	52	-	4,161
Direção Nacional do Ensino Recorrente	196	1,156	-	-	-	1,351
Instituto Nacional de Formação de Docentes e Profissionais da Educação (INFORDOPE)	1,369	2,724	-	-	-	4,093
Serviços Distritais de Educação de Díli	401	42	-	-	-	443
Serviços Distritais de Educação de Baucau	189	55	-	-	-	244
Serviços Distritais de Educação de Aileu	171	49	-	-	-	220
Serviços Distritais de Educação de Ainaro	208	46	-	-	-	254
Serviços Distritais de Educação de Bobonaro	259	58	-	-	-	317
Serviços Distritais de Educação de Ermera	177	61	-	-	-	239
Serviços Distritais de Educação de Lautém	169	64	-	-	-	233
Serviços Distritais de Educação de Liquiçá	174	50	-	-	-	225
Serviços Distritais de Educação de Manatuto	146	52	-	-	-	198
Serviços Distritais de Educação de Manufahi	193	56	-	-	-	249

Serviços Distritais de Educação de Covalima	224	59	-	-	-	283
Serviços Distritais de Educação de Viqueque	170	61	-	-	-	231
Direção-Geral Pré-Escolar e Ensino Básico	26	23	-	-	-	49
Direção-Geral do Ensino Secundário	21	43	-	-	-	64
Direção Nacional da Media Educativa e Biblioteca	33	171	-	-	-	204
Serviço do Centro de Impressão	65	385	-	96	-	546
Direção-Geral da Política, Planeamento e Parcerias	22	30	-	-	-	52
Direção Nacional de Infraestruturas Educativas	-	419	-	-	-	419
Direção Nacional de Política, Planeamento, Monitorização e Avaliação	22	50	-	-	-	72
Direção Nacional das Parcerias e Cooperação	22	40	-	-	-	62
Ministério da Agricultura e Pescas	6,019	13,744	-	500	2,080	22,343
Gabinete do Ministro	37	43	-	-	-	80
Gabinete do Vice-Ministro	65	40	-	-	-	105
Direção-Geral de Florestas, Café e Plantas Industriais	16	12	-	-	-	28
Direção Nacional da Conservação da Natureza	129	360	-	-	-	489
Direção Nacional de Inspeção das Pescas	88	129	-	-	-	217
Direção-Geral de Agricultura	16	12	-	-	-	28
Direção Nacional de Veterinária	111	479	-	-	-	590
Direção Nacional de Recursos Humanos	113	507	-	-	-	620
Direção Nacional de Aprovisionamento	43	18	-	-	-	61
Direção Nacional de Agro-Comércio	63	88	-	-	-	151

Direção Nacional de Administração e Finanças	245	1,705	-	371	-	2,321
Gabinete de Inspeção, Fiscalização e Auditoria	30	17	-	-	-	47
Direção Nacional de Pesquisa, Estatística e Informação Geográfica	230	634	-	-	-	864
Direção Nacional de Quarentena e Biossegurança	252	339	-	129	-	720
Direção Nacional de Formação Técnica Agrícola	497	580	-	-	-	1,077
Direção Nacional de Política, Planeamento, Monitorização e Assuntos Jurídicos	109	45	-	-	-	154
Direção Nacional de Agricultura, Horticultura e Extensão	323	3,541	-	-	-	3,864
Direção Nacional de Aquicultura	93	716	-	-	-	809
Direção Nacional de Segurança Alimentar e Cooperação	45	327	-	-	-	372
Direção Nacional de Florestas e Gestão de Bacias Hidrográficas	133	914	-	-	-	1,047
Direção Nacional de Irrigação e Gestão da Utilização de Água	150	209	-	-	2,080	2,439
Direção Nacional de Café e Plantas Industriais	120	741	-	-	-	861
Direção Nacional de Pecuária	149	743	-	-	-	892
Delegação Municipal de Aileu	136	67	-	-	-	203
Delegação Municipal de Ainaro	174	78	-	-	-	252
Delegação Municipal de Baucau	313	108	-	-	-	421
Delegação Municipal de Bobonaro	313	128	-	-	-	441
Delegação Municipal de Covalima	286	125	-	-	-	411
Delegação Municipal de Ermera	175	75	-	-	-	250
Delegação Municipal de Liquiçá	180	85	-	-	-	265
Delegação Municipal de Lautém	271	109	-	-	-	380

Delegação Municipal de Manatuto	238	111	-	-	-	349
Delegação Municipal de Manufahi	260	115	-	-	-	375
Delegação Municipal de Viqueque	277	121	-	-	-	398
Gabinete do Secretário-Geral	25	11	-	-	-	36
Diretor-Geral de Pecuária e Veterinária	10	12	-	-	-	22
Diretor-Geral de Pescas	10	12	-	-	-	22
Direção Nacional das Pescas e Gestão de Recursos Pesqueiros	171	291	-	-	-	462
Delegação Regional I (Baucau)	21	15	-	-	-	36
Delegação Regional II (Ainaro)	21	15	-	-	-	36
Delegação Regional III (Ermera)	21	15	-	-	-	36
Delegação Municipal de Díli	60	52	-	-	-	112
Ministério da Administração Estatal	6,119	10,743	18,082	150	-	35,094
Gabinete do Ministro	44	73	-	-	-	117
Unidade de Aprovisionamento Descentralizado	43	28	-	-	-	71
Unidade de Apoio Jurídico e Assessoria Técnica	10	18	-	-	-	28
Unidade de Tecnologia da Informação e da Comunicação	21	19	-	-	-	40
Gabinete do Coordenador das Relações com a Autoridade da RAEOA	11	23	-	-	-	34
Gabinete do Vice-Ministro	64	1,310	-	-	-	1,374
Gabinete do Secretário de Estado da Administração Estatal	64	70	-	-	-	134
Direção-Geral da Descentralização Administrativa	24	26	-	-	-	50
Direção Nacional de Finanças Municipais	47	20	-	-	-	67

Direção Nacional para a Modernização Administrativa	27	20	-	-	-	47
Inspeção-Geral da Administração Estatal	73	35	-	-	-	108
Direção-Geral de Serviços Corporativos	26	68	-	-	-	94
Secretariado Técnico do PNDS	1,529	500	10,000	-	-	12,029
Direção Nacional de Finanças e Património	125	3,794	-	150	-	4,069
Direção Nacional para o Desenvolvimento e Avaliação de Políticas Públicas	71	32	-	-	-	103
Direção Nacional de Recursos Humanos	497	22	-	-	-	519
Direção Nacional de Protocolo e Comunicação Social	60	28	-	-	-	88
Arquivo Nacional	128	131	-	-	-	259
Secretariado Técnico da Administração Eleitoral	372	1,651	-	-	-	2,023
Direção-Geral para a Organização Urbana	16	56	-	-	-	72
Direção Nacional para a Higiene e Ordem Pública	27	30	800	-	-	857
Direção Nacional de Toponímia	84	20	-	-	-	104
Direção Nacional para a Mobilidade Urbana	21	20	-	-	-	41
Direção Nacional de Apoio à Administração de Sucos	55	35	-	-	-	90
Direção Nacional da Administração Local	66	35	-	-	-	101
Administração Municipal de Díli	781	1,283	1,010	-	-	3,074
Administração Municipal de Baucau	192	134	937	-	-	1,263
Administração Municipal de Aileu	140	114	468	-	-	722
Administração Municipal de Ainaro	156	111	381	-	-	648
Administração Municipal de Bobonaro	188	135	715	-	-	1,038

Administração Municipal de Ermera	163	124	865	-	-	1,152
Administração Municipal de Lautém	171	124	518	-	-	813
Administração Municipal de Liquiçá	128	101	401	-	-	630
Administração Municipal de Manatuto	169	133	395	-	-	697
Administração Municipal de Manufahi	151	120	456	-	-	727
Administração Municipal de Covalima	197	146	480	-	-	823
Administração Municipal de Viqueque	157	124	656	-	-	937
Secretariado de Apoio à Instalação dos Municípios	21	30	-	-	-	51
Ministério dos Negócios Estrangeiros e Cooperação	13,109	13,216	-	50	-	26,375
Gabinete do Ministro	-	450	-	-	-	450
Gabinete de Inspeção e Auditoria	-	150	-	-	-	150
Instituto de Estudos Diplomáticos	-	200	-	-	-	200
Agência de Cooperação de Timor-Leste	-	182	-	-	-	182
Gabinete do Vice-Ministro	-	51	-	-	-	51
Direção-Geral para os Assuntos da ASEAN	-	180	-	-	-	180
Secretário-Geral	13,109	3,427	-	-	-	16,536
Desvalorização do Dólar	-	150	-	-	-	150
Celebração dos Dias Nacionais	-	50	-	-	-	50
Direção-Geral para os Assuntos Consulares e Protocolares	-	80	-	-	-	80
Direção-Geral para os Assuntos Bilaterais	-	460	-	-	-	460
Gabinete de Apoio á Presidência Rotativa da CPLP	-	526	-	-	-	526

Direção-Geral para os Assuntos Multilaterais e Regionais	-	230	-	-	-	230
Missão Permanente em Nova Iorque	-	432	-	-	-	432
Embaixada - Lisboa	-	333	-	-	-	333
Embaixada - Jacarta	-	240	-	-	-	240
Consulado-Geral de Denpasar	-	131	-	-	-	131
Consulado - Kupang	-	49	-	-	-	49
Embaixada - Washington	-	442	-	-	-	442
Embaixada - Camberra	-	259	-	-	-	259
Consulado-Geral de Sidney	-	127	-	-	-	127
Consulado - Darwin	-	190	-	-	-	190
Embaixada - Kuala Lumpur	-	225	-	-	-	225
Embaixada - Bruxelas	-	336	-	-	-	336
Embaixada - Bangueroque	-	122	-	-	-	122
Embaixada - Tóquio	-	268	-	-	-	268
Embaixada - Pequim	-	233	-	-	-	233
Embaixada - Maputo	-	195	-	-	-	195
Embaixada - Havana	-	158	-	50	-	208
Embaixada - Manila	-	127	-	-	-	127
Missão Permanente em Genebra	-	318	-	-	-	318
Embaixada - Santa Sé	-	159	-	-	-	159
Embaixada - Brasília	-	197	-	-	-	197

Embaixada - Seul	-	169	-	-	-	169
Missão Permanente - CPLP/UNESCO	-	229	-	-	-	229
Embaixada Pretória	-	149	-	-	-	149
Embaixada - Luanda	-	212	-	-	-	212
Embaixada - Singapura	-	444	-	-	-	444
Embaixada - Hanói	-	158	-	-	-	158
Agente de Consulado em Atambua	-	53	-	-	-	53
Embaixada - Londres	-	371	-	-	-	371
Embaixada - Wellington	-	224	-	-	-	224
Embaixada - Vienciana	-	132	-	-	-	132
Embaixada – Naypyidaw	-	151	-	-	-	151
Embaixada – Phnom Penh	-	108	-	-	-	108
Embaixada – Bandar Seri Begawan	-	139	-	-	-	139
Ministério das Finanças	4,029	14,206	-	680	-	18,915
Gabinete Executivo	169	-	-	-	-	169
Direção-Geral dos Serviços Corporativos	854	14,206	-	680	-	15,740
Direção-Geral das Finanças do Estado	805	-	-	-	-	805
Direção-Geral do Tesouro	377	-	-	-	-	377
Direção-Geral de Impostos	393	-	-	-	-	393
Direção-Geral das Alfândegas	792	-	-	-	-	792
Direção-Geral de Estatísticas	398	-	-	-	-	398

Unidades Orgânicas do Ministério	241	-	-	-	-	241
Dotações para todo o Governo	-	68,139	253,239	2,558	-	323,935
Fundo de Contrapartidas	-	16,500	-	-	-	16,500
Auditoria Externa	-	1,632	-	-	-	1,632
Reserva de Contingência	-	12,131	-	-	-	12,131
Quotas de Membro de Instituições Internacionais	-	2,500	-	-	-	2,500
Pensões aos Ex-Titulares e Ex-Membros dos Órgãos de Soberania	-	-	4,000	-	-	4,000
Serviços de Postos Integrados na Fronteira	-	1,603	-	80	-	1,683
Provisão para g7+	-	-	2,250	-	-	2,250
Provisão para Serviços Legais	-	13,577	-	-	-	13,577
Provisão para Fundo de Pensões do Regime Contributivo	-	-	7,300	-	-	7,300
Apoio às Reuniões da Comunidade dos Países de Língua Portuguesa	-	3,250	-	-	-	3,250
Apoio Financeiro Internacional	-	-	4,000	-	-	4,000
Provisão para Programa de Estatísticas (Censos fo fila fali, LAE,RC,LDS e LCV)	-	1,507	-	-	-	1,507
Provisão para a Reforma Fiscal, Reforma da Gestão do Desempenho e Reforma do Desempenho Orçamental	-	4,632	-	268	-	4,900
Provisão para Capitalização do Banco Central de Timor-Leste	-	-	5,000	-	-	5,000
Provisão para Parcerias Público-Privadas e Empréstimos	-	1,477	-	10	-	1,487
Provisão para Oficina de Manutenção de Veículos do Governo	-	1,100	-	700	-	1,800
Provisão para Desalfandegamento Rápido	-	4,000	-	-	-	4,000
Provisão para Capitalização do Banco Nacional de Comércio de Timor-Leste	-	-	5,000	-	-	5,000

Provisão para Governo Eletrónico ITC	-	730	-	1,500	-	2,230
Provisão para Autoridade da Região Administrativa Especial de Oe-Cusse Ambeno e Zona Especial de Economia Social e de Mercado de Oe-Cusse Ambeno e Ataúro	-	-	217,939	-	-	217,939
Provisão para Adesão à Associação de Nações do Sudeste Asiático - ASEAN	-	500	-	-	-	500
Provisão para eleições em São Tomé e Príncipe	-	-	1,500	-	-	1,500
Provisão para pagamento de Empréstimos	-	-	250	-	-	250
Provisão para Campanha de Sensibilização Internacional	-	3,000	-	-	-	3,000
Provisão para Aquisição do Edifício da Embaixada em Singapura	-	-	6,000	-	-	6,000
Ministério da Justiça	3,296	16,119	-	303	515	20,233
Gabinete do Ministro	78	53	-	-	-	131
Gabinete do Secretário de Estado das Terras e Propriedades	63	45	-	-	-	108
Direção-Geral	40	107	-	53	-	200
Gabinete de Inspeção e Auditoria	70	77	-	6	-	153
Direção Nacional de Administração e Finanças	224	11,545	-	10	-	11,779
Direção Nacional de Assessoria Jurídica e Legislação	97	78	-	4	-	179
Direção Nacional dos Direitos Humanos e Cidadania	92	102	-	8	-	202
Direção Nacional dos Registos e Notariado	524	2,083	-	65	-	2,672
Direção Nacional dos Serviços Prisionais e da Reinserção Social	734	1,033	-	13	215	1,995
Centro de Formação Jurídica	91	96	-	7	-	194
Defensoria Pública	779	215	-	69	300	1,363
Direção Nacional de Terras, Propriedades e Serviços Cadastrais	504	685	-	69	-	1,258

Ministério da Saúde	21,922	12,715	7,750	-	-	42,387
Gabinete da Ministra	126	685	-	-	-	811
Gabinete da Vice-Ministra	64	156	-	-	-	220
Inspeção Geral da Saúde	116	110	-	-	-	226
Direção-Geral das Prestações em Saúde	128	223	-	-	-	351
Direção Nacional dos Recursos Humanos	2,164	1,072	4,750	-	-	7,986
Direção Nacional do Planeamento e Gestão Financeira	191	564	-	-	-	755
Direção Nacional da Saúde Pública	377	1,179	100	-	-	1,656
Direção Nacional de Política e Cooperação	162	121	-	-	-	283
Direção Nacional dos Serviços Hospitalares e Emergência	211	159	2,900	-	-	3,270
Hospital de Referência de Baucau	1,073	1,020	-	-	-	2,093
Hospital de Referência de Maliana	652	630	-	-	-	1,282
Hospital de Referência de Maubisse	528	590	-	-	-	1,118
Hospital de Referência de Suai	627	597	-	-	-	1,224
Serviços Municipais de Saúde de Aileu	860	239	-	-	-	1,099
Serviços Municipais de Saúde de Ainaro	904	231	-	-	-	1,135
Serviços Municipais de Saúde de Baucau	1,750	256	-	-	-	2,006
Serviços Municipais de Saúde de Bobonaro	1,241	312	-	-	-	1,553
Serviços Municipais de Saúde de Covalima	1,121	208	-	-	-	1,329
Serviços Municipais de Saúde de Díli	2,011	494	-	-	-	2,505
Serviços Municipais de Saúde de Ermera	1,237	314	-	-	-	1,551

Serviços Municipais de Saúde de Lautém	1,168	309	-	-	-	1,477
Serviços Municipais de Saúde de Liquiçá	991	192	-	-	-	1,183
Serviços Municipais de Saúde de Manatuto	1,242	343	-	-	-	1,585
Serviços Municipais de Saúde de Manufahi	1,020	272	-	-	-	1,293
Serviços Municipais de Saúde de Viqueque	1,425	365	-	-	-	1,790
Gabinete de Garantia da Qualidade na Saúde	70	75	-	-	-	145
Direção Nacional da Administração, Logística e Património	116	446	-	-	-	562
Direção Nacional do Aprovisionamento	82	234	-	-	-	316
Direção Nacional de Farmácia e Medicamentos	216	1,179	-	-	-	1,395
Gabinete do Diretor-Geral dos Serviços Corporativos	49	140	-	-	-	189
Ministério da Solidariedade Social	1,619	8,000	146,437	150	1,753	157,959
Gabinete da Ministra	78	150	100	-	-	328
Gabinete do Vice-Ministro	66	119	-	-	-	185
Direção Nacional do Regime Contributivo de Segurança Social	50	401	1,300	-	-	1,751
Direção Nacional do Regime Não Contributivo de Segurança Social	94	343	30,600	-	-	31,037
Inspeção e Auditoria	37	77	-	-	-	114
Direção-Geral dos Serviços Corporativos	47	81	-	-	-	128
Centro Regional de Solidariedade Social de Díli	48	56	-	-	-	104
Centro Regional de Solidariedade Social de Baucau	112	65	-	-	-	177
Centro Regional de Solidariedade Social de Bobonaro	100	60	-	-	-	160
Centro Regional de Solidariedade Social de Ermera	72	43	-	-	-	115

Centro Regional de Solidariedade Social de Manatuto	49	45	-	-	-	94
Centro Regional de Solidariedade Social de Manufahi	66	58	-	-	-	124
Unidade de Apoio Técnico	6	52	-	-	-	58
Unidade de Tecnologias de Informação	6	164	-	-	-	170
Unidade de Comunicação Social e Protocolo	6	46	-	-	-	52
Centro de Solidariedade Social do Município de Aileu	7	37	-	-	-	44
Centro de Solidariedade Social do Município de Liquiçá	7	34	-	-	-	41
Centro de Solidariedade Social do Município de Ainaro	7	41	-	-	-	48
Centro de Solidariedade Social do Município de Viqueque	7	44	-	-	-	51
Centro de Solidariedade Social do Município de Lautem	7	42	-	-	-	49
Centro de Solidariedade Social do Município de Covalima	7	33	-	-	-	40
Direção Nacional do Plano, Finanças, Aprovisionamento e Logística	136	1,414	-	150	637	2,337
Direção Nacional de Administração e Recursos Humanos	82	1,096	-	-	-	1,178
Direção Nacional dos Assuntos dos Combatentes da Libertação Nacional	135	1,980	104,000	-	1,116	107,231
Direção Nacional de Assistência Social	138	618	8,383	-	-	9,139
Direção Nacional do Desenvolvimento Social	135	287	1,800	-	-	2,222
Direção Nacional de Gestão de Riscos de Desastre	104	561	254	-	-	919
Direção-Geral de Proteção Social e dos Assuntos dos Combatentes da Libertação Nacional	10	57	-	-	-	67
Ministério do Comércio, Indústria e Ambiente	2,112	9,810	500	274	-	12,696
Gabinete do Ministro	158	458	-	-	-	616

Gabinete do Vice-Ministro	66	152	-	-	-	218
Gabinete de Inspeção e Auditoria Interna	35	57	-	-	-	92
Gabinete Jurídico	10	60	-	-	-	70
Direção-Geral de Administração e Finanças	454	2,534	500	274	-	3,762
Direção-Geral do Comércio	634	1,112	-	-	-	1,746
Direção-Geral da Indústria e Cooperativas	230	714	-	-	-	944
Direção-Geral do Ambiente	339	735	-	-	-	1,074
Inspeção Alimentar e Económica	65	248	-	-	-	313
Fundo de Segurança Alimentar	121	3,740	-	-	-	3,861
Ministério do Turismo, Artes e Cultura	857	4,483	-	250	-	5,590
Gabinete do Ministro	75	369	-	-	-	444
Gabinete de Inspeção e Auditoria Interna	35	34	-	-	-	69
Gabinete da Secretária de Estado da Arte e Cultura	63	110	-	-	-	173
Direção-Geral do Turismo	23	188	-	-	-	211
Direção Regional de Turismo I (Município de Díli)	9	19	-	-	-	28
Direção Regional de Turismo II (Município de Baucau)	11	19	-	-	-	30
Direção Regional de Turismo III (Município de Ainaro)	13	20	-	-	-	33
Direção Regional de Turismo IV (Município de Ermera)	11	20	-	-	-	31
Direção-Geral das Artes e da Cultura	80	250	-	39	-	369
Inspeção-Geral de Jogos	52	86	-	-	-	138
Direção Nacional de Bibliotecas	51	79	-	-	-	130

Direção Nacional do Património Cultural	62	178	-	-	-	240
Direção Nacional de Artes, Cultura e Indústrias Criativas Culturais	39	99	-	-	-	138
Direção Nacional de Marketing do Turismo e Relações Internacionais	32	123	-	-	-	155
Direção Nacional do Plano e Desenvolvimento Turístico	30	135	-	-	-	165
Direção Nacional de Empreendimentos, Atividades e Produtos Turísticos	38	129	-	-	-	167
Direção Nacional de Museus	37	130	-	-	-	167
Academia de Artes, Cultura e Indústrias Criativas Culturais	-	153	-	-	-	153
Gabinete da Direção-Geral da Administração e Finanças	19	1,195	-	-	-	1,214
Direção Nacional de Administração dos Recursos Humanos	31	64	-	-	-	95
Direção Nacional de Gestão Financeira	31	85	-	-	-	116
Direção Nacional de Aprovisionamento e Logística	55	753	-	211	-	1,019
Direção Nacional de Pesquisa e Desenvolvimento	39	57	-	-	-	96
Centro de Convenções de Díli	22	188	-	-	-	210
Ministério das Obras Públicas, Transportes e Comunicações	6,090	90,048	1,000	3,200	10,502	110,840
Gabinete do Ministro das Obras Públicas	77	647	-	-	-	724
Gabinete do Vice-Ministro I	63	224	-	-	-	287
Gabinete do Vice-Ministro II	63	211	-	-	-	274
Direção-Geral dos Serviços Corporativos	562	1,392	1,000	3,200	10,502	16,656
Direção-Geral das Obras Públicas	1,095	1,598	-	-	-	2,693
Direção-Geral da Eletricidade	2,264	81,696	-	-	-	83,960
Direção-Geral de Água, Saneamento e Urbanização	1,186	2,793	-	-	-	3,979

Direção-Geral dos Transportes e Comunicações	780	1,487	-	-	-	2,267
Ministério do Petróleo e Recursos Minerais	251	1,425	10,800	30	-	12,506
Gabinete do Ministro	60	321	-	-	-	381
Direção Nacional de Administração e Finanças	156	703	10,800	30	-	11,689
Secretariado TL- EITI	4	301	-	-	-	305
Direção Nacional dos Minerais	31	101	-	-	-	132
Ministério da Defesa Incluindo F-FDTL	9,302	14,854	405	1,656	-	26,217
Ministério da Defesa Excluindo F-FDTL	1,044	4,940	405	1,156	-	7,545
Gabinete do Ministro	45	1,373	-	-	-	1,419
Direção-Geral	12	28	-	-	-	40
Gabinete de Inspeção e Auditoria	18	41	-	-	-	59
Direção Nacional de Administração e Finanças	33	90	405	-	-	529
Direção Nacional de Planeamento Estratégico e Política Internacional da Defesa	841	588	-	-	-	1,429
Direção Nacional de Aprovisionamento	36	2,730	-	1,156	-	3,922
Direção Nacional de Gestão do Património	34	56	-	-	-	90
Direção Nacional de Recursos Humanos	24	34	-	-	-	58
FALINTIL-Forças de Defesa de Timor-Leste	8,258	9,914	-	500	-	18,672
FALINTIL-Forças de Defesa de Timor-Leste	-	8,209	-	425	-	8,634
Quartel Geral das F-FDTL	8,258	1,705	-	75	-	10,038
Ministério do Interior Incluindo PNTL	17,599	20,072	-	2,154	8	39,833
Ministério do Interior Excluindo PNTL	4,206	5,198	-	1,498	-	10,902

Gabinete do Ministro	76	458	-	-	-	534
Gabinete do Diretor-Geral dos Serviços Corporativos	70	100	-	96	-	266
Gabinete de Inspeção e Auditoria	52	20	-	-	-	72
Direção Nacional de Administração e Finanças	104	501	-	205	-	810
Direção Nacional de Logística e Gestão do Património	39	15	-	-	-	54
Direção Nacional de Proteção Civil	1,250	501	-	864	-	2,615
Direção Nacional de Segurança do Património Público	1,724	2,295	-	101	-	4,120
Direção Nacional de Prevenção de Conflitos Comunitários	119	200	-	2	-	321
Direção Nacional de Aprovisionamento	71	29	-	26	-	126
Serviços de Migração	601	875	-	140	-	1,616
Gabinete do Diretor-Geral dos Serviços Operacionais	22	31	-	52	-	105
Gabinete de Assessoria	10	9	-	-	-	19
Autoridade Nacional Segurança Rodoviária	27	157	-	12	-	196
Direção Nacional de Recursos Humanos	40	9	-	-	-	49
Polícia Nacional de Timor-Leste	13,393	14,874	-	656	8	28,931
Direção Nacional de Administração e Finanças	13,393	6,765	-	656	8	20,822
Unidade Especial da Polícia	-	2,271	-	-	-	2,271
Unidade de Patrulhamento das Fronteiras	-	1,135	-	-	-	1,135
Unidade Marítima	-	1,208	-	-	-	1,208
Comando Nacional de Operações	-	1,378	-	-	-	1,378
Centro da Formação da Polícia	-	690	-	-	-	690

Região I	-	480	-	-	-	480
Região II	-	463	-	-	-	463
Região III	-	370	-	-	-	370
Região Oe-Cusse	-	115	-	-	-	115
Ministério do Planeamento e Investimento Estratégico	198	8,032	-	147	27,840	36,217
Gabinete do Ministro	136	1,568	-	20	-	1,724
Secretariado do FDCH	-	213	-	74	-	287
Agência de Desenvolvimento Nacional	-	3,064	-	10	27,840	30,914
Comissão Nacional de Aprovisionamento	-	2,340	-	43	-	2,383
Unidade de Missão para o Desenvolvimento Regional Integrado	-	710	-	-	-	710
Direção Nacional de Habitação e Planeamento Urbano	62	138	-	-	-	200
Tribunais	1,602	2,046	-	200	-	3,848
Conselho Superior da Magistratura Judicial	31	7	-	-	-	38
Tribunal de Recurso	1,230	1,656	-	200	-	3,086
Tribunais Distritais	341	383	-	-	-	724
Procuradoria-Geral da República	1,402	1,176	-	185	179	2,942
Procuradoria-Geral da República	982	1,097	-	185	179	2,443
Procuradoria Distrital de Baucau	191	36	-	-	-	227
Procuradoria Distrital de Suai	151	26	-	-	-	177
Procuradoria Distrital de Oe-Cusse	78	17	-	-	-	95
Provedoria dos Direitos Humanos e Justiça	520	661	-	50	248	1,479

Provedoria dos Direitos Humanos e Justiça	406	580	-	50	248	1,284
Direções Direitos Humanos e Boa Governação	114	82	-	-	-	196
Comissão Nacional de Eleições	542	1,748	6,000	100	-	8,390
Comissão Nacional de Eleições	542	1,748	6,000	100	-	8,390
Comissão Anti-Corrupção	827	663	-	76	-	1,566
Comissão Anti-Corrupção	827	663	-	76	-	1,566
Comissão da Função Pública	684	1,463	-	55	-	2,202
Comissão da Função Pública	684	1,463	-	55	-	2,202
Universidade Nacional Timor Lorosa'e (Serviço e Fundo Autónomo)	8,476	3,276	-	75	85	11,911
Universidade Nacional Timor Lorosa'e	8,476	3,276	-	75	85	11,911
Arquivo e Museu da Resistência Timorense (Serviço e Fundo Autónomo)	-	1,376	-	-	-	1,376
Arquivo e Museu da Resistência Timorense	-	1,376	-	-	-	1,376
Serviço Nacional de Inteligência (Órgão Autónomo sem Receitas Próprias)	225	1,567	-	910	-	2,702
Serviço Nacional de Inteligência	225	1,567	-	910	-	2,702
Conselho para a Delimitação Definitiva das Fronteiras Marítimas (Órgão Autónomo sem Receitas Próprias)	-	500	-	-	-	500
Gabinete das Fronteiras Marítimas	-	500	-	-	-	500
Conselho de Imprensa (Serviço e Fundo Autónomo)	136	404	-	160	-	700
Conselho de Imprensa	136	404	-	160	-	700
Instituto de Apoio ao Desenvolvimento Empresarial (Serviço e Fundo Autónomo)	458	673	-	146	-	1,277
Instituto de Apoio ao Desenvolvimento Empresarial	458	673	-	146	-	1,277

Agência Especializada de Investimento (Serviço e Fundo Autónomo)	-	968	-	8	-	976
Agência Especializada de Investimento	-	968	-	8	-	976
Serviço de Registo e Verificação Empresarial (Serviço e Fundo Autónomo)	-	779	-	23	-	802
Serviço de Registo e Verificação Empresarial	-	779	-	23	-	802
Instituto de Pesquisa, Desenvolvimento, Formação e Promoção do Bambu (Serviço e Fundo Autónomo)	-	346	-	8	-	354
Bambu	-	346	-	8	-	354
Centro de Formação SENAI (Serviço e Fundo Autónomo)	93	70	-	-	-	163
Centro de Formação SENAI	93	70	-	-	-	163
Inspeção-Geral do Estado (Órgão Autónomo sem Receitas Próprias)	319	506	-	15	-	840
Inspeção-Geral do Estado	319	506	-	15	-	840
Agência Nacional para a Avaliação e Acreditação Académica (Serviço e Fundo Autónomo)	21	176	-	-	-	197
Agência Nacional para Avaliação e Acreditação Académica	21	176	-	-	-	197
Instituto Nacional da Administração Pública (Órgão Autónomo sem Receitas Próprias)	306	142	-	-	-	448
Instituto Nacional de Administração Pública	306	142	-	-	-	448
Polícia Científica de Investigação Criminal (Serviço e Fundo Autónomo)	998	351	-	10	-	1,359
Polícia Científica de Investigação Criminal	998	351	-	10	-	1,359
Hospital Nacional Guido Valadares (Serviço e Fundo Autónomo)	3,715	2,545	-	-	-	6,260
Hospital Nacional Guido Valadares	3,715	2,545	-	-	-	6,260
Serviço Autónomo de Medicamentos e Equipamentos Médicos (Serviço e Fundo)	227	5,719	-	-	-	5,946

Autónomo)						
Serviço Autónomo de Medicamentos e Equipamentos Médicos	227	5,719	-	-	-	5,946
Instituto Nacional da Saúde (Serviço e Fundo Autónomo)	266	252	-	-	-	518
Instituto de Ciências da Saúde	266	252	-	-	-	518
Laboratório Nacional (Serviço e Fundo Autónomo)	276	228	-	-	-	504
Laboratório Nacional	276	228	-	-	-	504
Centro Nacional de Reabilitação (Serviço e Fundo Autónomo)	35	656	-	-	-	691
Centro Nacional de Reabilitação	35	656	-	-	-	691
Instituto de Gestão de Equipamentos (Serviço e Fundo Autónomo)	889	1,497	-	-	-	2,386
Instituto de Gestão de Equipamentos	889	1,497	-	-	-	2,386
Administração de Aeroportos e Navegação Aérea de Timor-Leste (Serviço e Fundo Autónomo)	375	693	-	-	-	1,068
Administração de Aeroportos e Navegação Aérea de Timor-Leste	375	693	-	-	-	1,068
Administração dos Portos de Timor-Leste (Serviço e Fundo Autónomo)	167	2,406	-	-	-	2,573
Administração dos Portos de Timor-Leste	167	2,406	-	-	-	2,573
Autoridade Reguladora das Comunicações (Serviço e Fundo Autónomo)	-	838	-	-	-	838
Autoridade Reguladora das Comunicações	-	838	-	-	-	838
Instituto de Defesa Nacional (Serviço e Fundo Autónomo)	145	795	-	19	-	959
Instituto de Defesa Nacional	145	795	-	19	-	959
Fundo das Infraestruturas, incluindo as despesas financiadas por empréstimo (Fundo Autónomo com Receita Própria)	-	804	-	4	392,960	393,768

Empréstimo	-	-	-	-	107,003	107,003
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ANEXO III

Serviços e Fundos Autônomos, incluindo Autoridade da Região Administrativa Especial de Oe-Cusse Ambeno e Zona Especial de Economia Social de Mercado de Oe-Cusse Ambeno e Ataúro (milhões de dólares norte-americanos)

	Despesas	Receitas Próprias	Dotação OGE
Arquivo e Museu da Resistência Timorense			
Salários e Vencimentos	-		
Bens e Serviços	1,376		
Transferências Públicas	-		
Capital Menor	-		
Capital Desenvolvimento	-		
Total	1,376	-	1,376
Conselho de Imprensa			
Salários e Vencimentos	136		
Bens e Serviços	404		
Transferências Públicas	-		
Capital Menor	160		
Capital Desenvolvimento	-		
Total	700	-	700
Instituto de Apoio ao Desenvolvimento Empresarial			
Salários e Vencimentos	458		
Bens e Serviços	673		
Transferências Públicas	-		
Capital Menor	146		
Capital Desenvolvimento	-		
Total	1,277	-	1,277
Agência Especializada de Investimento			
Salários e Vencimentos	-		
Bens e Serviços	968		
Transferências Públicas	-		
Capital Menor	8		

Capital Desenvolvimento	-		
Total	976	9	968
Serviço de Registo e Verificação Empresarial			
Salários e Vencimentos	-		
Bens e Serviços	779		
Transferências Públicas	-		
Capital Menor	23		
Capital Desenvolvimento	-		
Total	802	411	391
Instituto de Pesquisa, Desenvolvimento, Formação e Promoção do Bambu			
Salários e Vencimentos	-		
Bens e Serviços	346		
Transferências Públicas	-		
Capital Menor	8		
Capital Desenvolvimento	-		
Total	354	7	347
Centro de Formação SENAI			
Salários e Vencimentos	93		
Bens e Serviços	70		
Transferências Públicas	-		
Capital Menor	-		
Capital Desenvolvimento	-		
Total	163	-	163
Polícia Científica de Investigação Criminal			
Salários e Vencimentos	998		
Bens e Serviços	351		
Transferências Públicas	-		
Capital Menor	10		
Capital Desenvolvimento	-		
Total	1,359	-	1,359
Agência Nacional para a Avaliação e Acreditação Académica			
Salários e Vencimentos	21		

Bens e Serviços	176		
Transferências Públicas	-		
Capital Menor	-		
Capital Desenvolvimento	-		
Total	197	-	197
Hospital Nacional Guido Valadares			
Salários e Vencimentos	3,715		
Bens e Serviços	2,545		
Transferências Públicas	-		
Capital Menor	-		
Capital Desenvolvimento	-		
Total	6,260	157	6,103
Serviço Autônomo de Medicamentos e Equipamentos Médicos			
Salários e Vencimentos	227		
Bens e Serviços	5,719		
Transferências Públicas	-		
Capital Menor	-		
Capital Desenvolvimento	-		
Total	5,946	1	5,945
Laboratório Nacional			
Salários e Vencimentos	276		
Bens e Serviços	228		
Transferências Públicas	-		
Capital Menor	-		
Capital Desenvolvimento	-		
Total	504	-	504
Instituto Nacional da Saúde			
Salários e Vencimentos	266		
Bens e Serviços	252		
Transferências Públicas	-		
Capital Menor	-		
Capital Desenvolvimento	-		

Total	518	-	518
Centro Nacional de Reabilitação			
Salários e Vencimentos	35		
Bens e Serviços	656		
Transferências Públicas	-		
Capital Menor	-		
Capital Desenvolvimento	-		
Total	691	-	691
Instituto de Gestão de Equipamentos			
Salários e Vencimentos	889		
Bens e Serviços	1,497		
Transferências Públicas	-		
Capital Menor	-		
Capital Desenvolvimento	-		
Total	2,386	148	2,238
Administração de Aeroportos e Navegação Aérea de Timor-Leste			
Salários e Vencimentos	375		
Bens e Serviços	693		
Transferências Públicas	-		
Capital Menor	-		
Capital Desenvolvimento	-		
Total	1,068	2,460	(1,392)
Administração dos Portos de Timor-Leste			
Salários e Vencimentos	167		
Bens e Serviços	2,406		
Transferências Públicas	-		
Capital Menor	-		
Capital Desenvolvimento	-		
Total	2,573	4,730	(2,157)
Autoridade Reguladora das Comunicações			
Salários e Vencimentos	-		
Bens e Serviços	838		

Transferências Públicas	-		
Capital Menor	-		
Capital Desenvolvimento	-		
Total	838	-	838
Instituto de Defesa Nacional			
Salários e Vencimentos	145		
Bens e Serviços	795		
Transferências Públicas	-		
Capital Menor	19		
Capital Desenvolvimento	-		
Total	959	-	959
Universidade Nacional Timor Lorosa'e			
Salários e Vencimentos	8,476		
Bens e Serviços	3,276		
Transferências Públicas	-		
Capital Menor	75		
Capital Desenvolvimento	85		
Total	11,911	690	11,221
Fundo das Infraestruturas			
Salários e Vencimentos	-		
Bens e Serviços	804		
Transferências Públicas	-		
Capital Menor	4		
Capital Desenvolvimento	392,960		
Total	393,768		393,768
Total Serviços e Fundos Autónomos	434,626	8,613	426,014

Autoridade da Região Administrativa Especial de Oe-Cusse Ambeno (ARAEOA) e Zona Especial de Economia Social de Mercado de Oe-Cusse Ambeno e Ataúro (ZEESM)

	Despesas	Receitas próprias	Dotação OGE
Total	217,939	-	217,939

ANEXO IV

Dotações Orçamentais para 2016 do Fundo de Desenvolvimento do Capital Humano (milhares de dólares norte-americanos)

Nome do Programas/Subprogramas	Despesas financiadas por saldo transitado de 2015	Salários e Vencimentos	Bens e Serviços (reforço em 2015)	Transferência Públicas	Capital Menor	Capital Desenvolvimento	Total das Despesas
Total	-	-	34,000	-	-	-	34,000
Formação Profissional	-	-	7,835	-	-	-	7,835
Formação Técnica	-	-	5,115	-	-	-	5,115
Bolsas de Estudo	-	-	17,233	-	-	-	17,233
Outros Tipos de Formação	-	-	3,817	-	-	-	3,817

Part 4: Supporting Documentation

4.1: Justification for Transfer from the Petroleum Fund



PRIMEIRO MINISTRO

N.º Ref. ~~158~~ GPM/X/2015
29 de outubro de 2015

Sua Excelência
Presidente do Parlamento Nacional
Senhor Dr. Vicente Guterres
Díli

Assunto: Justificação da transferência superior ao Rendimento Sustentável Estimado do Fundo Petrolífero

Excelência,

Estabelece a Lei n.º 9/2005, de 3 de agosto, na redação que lhe foi dada pela Lei n.º 12/2011, Lei do Fundo Petrolífero, na alínea d) do seu artigo 9.º, que se apresente uma justificação referindo os motivos que levam a considerar como sendo no interesse de Timor-Leste, a longo prazo, que se efetue transferência, do Fundo Petrolífero, em montante superior ao Rendimento Sustentável Estimado.

Assim, ao mesmo tempo que submetemos, para consideração e aprovação do Parlamento Nacional, a Proposta de Lei do Orçamento Geral do Estado para 2016, vimos por este meio cumprir o requisito exigido pela Lei.

O VI Governo Constitucional tomou posse com o maior sentido de responsabilidade e transparência, de forma a honrar o compromisso que firmou perante o povo timorense e a nação. Comprometemo-nos a trabalhar de forma empenhada e responsável, dando continuidade às políticas definidas pelos Governos anteriores e que, seguindo o Plano Estratégico de Desenvolvimento que define a nossa visão até 2030, pretendem conduzir Timor-Leste a um país de médio-alto rendimento, elevando também as condições de vida da sua população, tornando-a mais próspera, instruída e saudável.

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Sabemos que a governação e o rumo do país são da nossa responsabilidade. Por isso estamos empenhados em continuar com os esforços que conduzirão Timor-Leste à sua plena soberania, a um franco desenvolvimento, mantendo o ambiente de paz e segurança numa situação de estabilidade social e política.

Temos consciência de que as decisões que forem tomadas terão um impacto a curto, médio e longo prazo. São decisões que se refletem diretamente no país e no povo agora mas terão também influência no nosso futuro. Reconhecemos, por isso, a importância de tomar decisões ponderadas e pensadas de forma cautelosa.

Também neste sentido o VI Governo Constitucional apresenta uma estrutura renovada, mais funcional e eficiente, sobretudo em setores-chave como os assuntos sociais, os assuntos económicos e os assuntos da administração do Estado e da justiça, de forma a prestar melhores serviços à população.

Sabemos que foi com este espírito de interesse nacional, pensando nas gerações atuais e futuras, que foi criado o Fundo Petrolífero e a possibilidade de recorrer às suas receitas, que são o resultado da exploração dos nossos recursos naturais. A gestão destas receitas tem de ser feita de forma prudente e transparente, considerando sempre os interesses e necessidades da nossa população. É, por isso, nossa obrigação utilizar estes mesmos recursos de forma responsável, equilibrada e clara, dando continuidade ao processo de construção da nação e impulsionando o crescimento sustentável e o desenvolvimento do país.

Temos bem presente as aspirações que o povo timorense tem para o nosso país, e que assentam em quatro setores fundamentais para o desenvolvimento nacional: social, infraestruturas, económico e o setor da boa governação. Estes são setores que enfrentam ainda grandes desafios mas para os quais estamos preparados para implementar políticas concretas que conduzam ao seu desenvolvimento sustentável.

A preparação do Orçamento Geral do Estado para 2016 foi um exercício feito com muito rigor. Avaliámos, com o máximo pormenor, os programas e as atividades e os respetivos orçamentos propostos por cada órgão e instituição, de forma a reduzir desperdícios e aumentar a eficácia e eficiência daquilo que é prioritário.

Tivemos, naturalmente, em consideração a conjuntura mundial, com o preço do barril de petróleo a baixar, o que afeta as economias do mundo inteiro, não sendo a nossa nem as nossas receitas exceção. Ao mesmo tempo, devemos continuar a apostar na diversificação da economia, através de um investimento inteligente e ponderado em áreas que consideramos uma mais-valia para Timor-Leste.

Por isso, a proposta de Orçamento Geral do Estado para 2016 tem necessidade de recorrer ao levantamento acima do Rendimento Sustentável Estimado, de forma a darmos continuidade à estratégia de desenvolvimento e ao investimento em infraestruturas que proporcionem o crescimento económico do país e a melhoria das condições de vida da população.

Excelência,

O Fundo das Infraestruturas foi criado para implementar projetos plurianuais e que têm vindo a ser desenvolvidos para dar resposta às necessidades do país criando, em todos os municípios, condições para potenciar a diversificação económica.

Sabemos também que não há desenvolvimento nacional sem que se criem acessos rodoviários, por isso continuamos com o programa de alargamento e recuperação da rede de estradas. Uma rede rodoviária abrangente e de qualidade que assegure a equidade no desenvolvimento nacional e facilite o transporte de mercadorias, permitindo uma melhor prestação de serviços públicos e promovendo a agricultura e o crescimento do setor privado.

Pensar no desenvolvimento do país é também pensar em projetos como o do Tasi Mane, que vai ser o embrião da indústria petrolífera de Timor-Leste e que assegura as infraestruturas necessárias para apoiar esta crescente indústria nacional.

Projetos como a construção e melhoria de aeroportos, em todo o território nacional, são pensados para satisfazer a futura procura de tráfego aéreo, apoiar operações aeroportuárias e responder ao desenvolvimento da indústria do turismo. O desenvolvimento do Programa de Portos, nomeadamente do porto de Tibar, a reabilitação do porto de Díli e dos portos regionais, é também essencial para permitir a importação e exportação de bens e equipamentos fundamentais à construção de grandes infraestruturas e ao fortalecimento da nossa economia.

A merecer, também, o nosso foco de investimento continua a ser o Programa de Água e Saneamento, onde se inclui o plano de drenagem para Díli, cujo benefício é transversal às áreas da saúde, educação, ambiente e redução da pobreza e imprescindível para reduzir o número de doenças, aumentando a qualidade de vida.

O Estado tem também a obrigatoriedade de prover o país com bens e serviços que não só sustentem o nosso desenvolvimento, como o façam de forma abrangente.

Importa referir que grandes investimentos, como o que foi feito na eletrificação nacional, foram impulsionadores de desenvolvimento, da melhoria das condições de vida e do crescimento económico. O nosso contínuo investimento neste setor, tem permitido a Timor-Leste fazer grandes progressos na geração e distribuição de energia elétrica. Em 2007, apenas 22% das famílias tinham acesso a eletricidade, em 2014 o número de agregados familiares com acesso a eletricidade aumentou para cerca de 71%. Além disto, a capacidade de gerar energia aumentou mais de 130% considerando os 110 megawatts, em 2010, para os atuais 256 megawatts.

Neste sentido, o combustível e a manutenção dos geradores de eletricidade é crucial para continuar o fornecimento de energia para todo o país e é a pedra angular dos esforços do Governo no que concerne ao desenvolvimento económico, beneficiando os cidadãos mas também potenciando o desenvolvimento de empresas e indústrias.

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O Estado assume também o compromisso de, em conjunto com os parceiros de desenvolvimento, levar a cabo projetos que impulsionem o crescimento económico e reduzam a pobreza, pelo que é essencial a contribuição destes pressupostos.

O nosso desenvolvimento inclusivo não pode descurar o investimento crucial no programa da merenda escolar das escolas públicas. Proporcionar às crianças e jovens estudantes uma alimentação adequada e equilibrada vai refletir-se na melhoria dos resultados obtidos e, sobretudo, na sua saúde. Assim, continuaremos a apoiar os produtos locais e a produção de arroz nacional mas também a importação de arroz, contribuindo para a segurança alimentar da população.

Outra das nossas preocupações é a necessidade de garantir medicamentos e alimentação adequados aos nossos pacientes. Estes são essenciais para a melhoria da qualidade dos serviços de saúde prestados no país.

O contínuo apoio ao setor social é condição *sine qua non* para fortalecer o povo e, conseqüentemente, fortalecer a nação. Por isso, é necessário dar continuidade aos programas que representem uma melhoria significativa nas condições de vida da população, pelo que as transferências públicas assumem aqui um papel central.

O desenvolvimento da Região Administrativa Especial do Oe-Cusse Ambeno e a criação da Zona Especial de Economia Social de Mercado de Oe-Cusse Ambeno e Ataúro são exemplos de projetos de desenvolvimento integrado onde é crucial apostar. A construção de infraestruturas básicas, portos, estradas e a continuação da construção do aeroporto são projetos que não só beneficiam a população como desenvolvem o potencial económico da região.

Por outro lado, é importante continuar a contribuir significativamente para o desenvolvimento rural, através do Programa Nacional de Desenvolvimento dos Sucos, que tem e continuará a ter um impacto inegável para a população.

Também os programas sociais que apoiamos, contribuem para a redução da pobreza e para a justiça social, onde se incluem os compromissos que assumimos com os nossos veteranos e com o tratamento das suas doenças, com os idosos, as pensões para os inválidos, o apoio através da Bolsa da Mãe e também às vítimas de desastres naturais.

Ainda na senda de uma melhor prestação de serviços à população, salienta-se o apoio nos necessários tratamentos no exterior mas também, e sobretudo, no desenvolvimento das condições das infraestruturas de saúde locais, como o novo centro cardiovascular, no fortalecimento dos serviços de laboratório, em subsídios para clínicas privadas, no apoio a atividades de saúde pública, nos serviços de saúde comunitários integrados com a SSKA e no recentemente introduzido programa Saúde na Família.

Estamos conscientes da necessidade de crescimento e desenvolvimento do país e dos timorenses e sabemos que, para atrair investidores e investimentos e diversificar a nossa economia, temos de diversificar as nossas apostas e o

investimento das receitas dos nossos recursos naturais, na certeza de que não há melhor aposta que no capital humano.

Desenvolver os recursos humanos não só é um investimento de retorno incalculável para o crescimento do país como nos torna mais competitivos. O Fundo de Desenvolvimento do Capital Humano tem-se constituído um enorme apoio à formação de muitos timorenses que são já hoje parte ativa nas mais variadas áreas, constituindo um importante pilar do nosso desenvolvimento.

Estamos, também, a iniciar a implementação de reformas estratégicas para continuar a avançar para o próximo estágio de desenvolvimento. Assim, a Reforma e o Fomento Económico para o período de 2016-2017, que abrange 5 pilares - os setores do petróleo e do gás, a agricultura, as pescas, o turismo e a indústria manufatureira -, vai contar com 6 reformas específicas, nomeadamente: a regulação de terras e propriedades, o desenvolvimento de infraestruturas económicas, a regulação laboral e o desenvolvimento da força de trabalho, o ambiente de negócios, a reforma fiscal, o regime de investimento privado, a reforma e o desenvolvimento do setor privado.

Estas reformas dinamizarão a implementação de medidas económicas estruturantes sob cada uma das áreas prioritárias identificadas no Programa do VI Governo e no Plano Estratégico de Desenvolvimento, e contribuirão para inverter o atual paradigma de financiamento público da economia para um modelo de financiamento privado, como alavanca essencial do desenvolvimento económico de Timor-Leste até 2030.

Mais especificamente, a Reforma Fiscal - que abrange as políticas da receita e da despesa, os sistemas de gestão financeira pública, a administração fiscal e aduaneira, a monitorização por resultados com especial enfoque na prestação de serviços e os recursos humanos -, vai-nos permitir aumentar as receitas do Estado. Estas reformas vão ter repercussões que beneficiam inquestionavelmente o futuro de Timor-Leste.

Excelência,

Por outro lado, temos também de acompanhar e saber aproveitar a globalização e o facto de sermos hoje, com muito orgulho, um país reconhecido como um caso de sucesso em vários *fora* internacionais. Para isso tem contribuído, entre outros, o nosso empenho na tentativa de atingir metas tão difíceis como os Objetivos de Desenvolvimento do Milénio e o nosso compromisso, mais recente, na adoção dos Objetivos de Desenvolvimento Sustentável.

Temos ajudado os países frágeis do g7+ na construção do Estado e da paz, apoiámos com êxito a Guiné-Bissau no seu processo eleitoral, e contamos apoiar São Tomé e Príncipe, contribuindo também para a estabilidade política deste outro país irmão. Queremos, também, continuar o legado da Presidência da CPLP com a mesma dinâmica e sucesso que temos conseguido até aqui.



Toda esta política de continuidade de investimento, refletida no Orçamento Geral do Estado para 2016 e que submetemos para aprovação do Parlamento Nacional, vai permitir que Timor-Leste alcance outro nível de desenvolvimento, não só ao nível de infraestruturas como de indicadores sociais, o que nos vai conduzir a um país de médio-alto rendimento.

Para terminar, junto o “Relatório com a estimativa do montante em que ficará o Rendimento Sustentável Estimado dos exercícios orçamentais subsequentes, por força de transferência a partir do Fundo Petrolífero de montante superior ao Rendimento Sustentável Estimado”, cumprindo assim o requisito legal, da alínea b) artigo 9.º da Lei do Fundo Petrolífero, bem como o “Relatório do Auditor Independente que certifique as estimativas de redução do rendimento sustentável estimado”, conforme o prescrito na alínea c) do mesmo artigo.

Aceite, Excelência, o testemunho da minha mais alta consideração.

A handwritten signature in blue ink, appearing to read 'Rui Maria de Araújo', with a stylized flourish at the end.

Dr. Rui Maria de Araújo
Primeiro-Ministro

4.2: ESI Report 1: Requirement for Transfers from the Petroleum Fund for 2016 ESI



Gabinete Ministerial

“Seja um bom cidadão, seja um novo herói para a nossa Nação”

No: 593 / VI/GMF / 2015-10

Dili, 26 October 2015

H.E. Dr. Rui Maria de Araújo
Prime Minister
Democratic Republic of Timor-Leste

SUBJECT: REQUIREMENT FOR TRANSFERS FROM PETROLEUM FUND

Excellency,

This report is provided in accordance with Article 8 a) and b) of the Petroleum Fund Law. The Estimated Sustainable Income is calculated in accordance with provisions outlined in Schedule 1 of the Petroleum Fund Law.

Estimated Sustainable Income for Financial Year 2016	Amount (USD) \$544.8 million
Estimated Sustainable Income for preceding Financial Year 2015	Amount (USD) \$638.5 million

A review of the methodology which the ESI-calculations are based on is included in the State General Budget for 2016.

According to Article 8 c) of the Petroleum Fund Law, the Independent Auditor shall certify the amount of the Estimated Sustainable Income. The certification report is attached.

Yours sincerely,

Santina JRF Viegas Cardoso
Minister of Finance

INDEPENDENT ASSURANCE REPORT TO THE MINISTRY OF FINANCE, DEMOCRATIC REPUBLIC OF TIMOR-LESTE

We have been engaged by the Ministry of Finance in accordance with Article 8(c) of the Petroleum Fund Law (Law No. 9 /2005) of the Democratic Republic of Timor-Leste, (“The Law”) relating to the Ministry of Finance’s compliance with the calculation of the Estimated Sustainable Income for the fiscal year 2016 in accordance with paragraphs II and III of Schedule 1 of The Law.

The Ministry of Finance’s Responsibility for the Estimated Sustainable Income Calculation

The Ministry of Finance is responsible for the calculation of the Estimated Sustainable Income for the fiscal year 31 December 2016 in compliance with the amended Schedule 1 of the Petroleum Fund Law (Law No. 9 /2005, Amendment 1, No. 12/2011) of the Democratic Republic of Timor-Leste, (“The Amended Law”). Additionally, the Ministry of Finance is responsible for ensuring that all assumptions comply with the provisions of Schedule 1 (IV) and (V).

Our Responsibility

Our responsibility is to express a conclusion whether the Estimated Sustainable Income Calculation for the fiscal year 31 December 2016 has been calculated, in all material respects, in accordance with the formula in paragraphs II and III of Schedule 1 of the Amended Law. Our audit has been conducted in accordance with the International Standard on Assurance Engagements (ISAE) 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* to provide reasonable assurance that the Ministry of Finance has complied with requirements of the Amended Law. Our procedures consisted primarily of inquiries of relevant personnel, inspection of evidence including the Budget Book and obtaining and reviewing the Estimated Sustainable Income Calculation.

These procedures have been undertaken to form a conclusion as to whether the Ministry of Finance has complied, in all material respects, with the requirements of the Amended Law.

Conclusion

In our opinion, the Ministry of Finance has complied, in all material respects, with paragraphs II and III of Schedule 1 of the Petroleum Fund Law (Law No. 9 /2005, Amendment 1, No. 12/2011) of the Democratic Republic of Timor-Leste in calculating the Estimated Sustainable Income for the fiscal year ending 31 December 2016. The calculation shows an Estimated Sustainable Income of 544.8 million United States Dollars.



DELOITTE TOUCHE TOHMATSU
Chartered Accountants
Darwin
9 October 2015

4.3: ESI Report 2: Requirement for Transfers from the Petroleum Fund for medium term ESI



Gabinete Ministerial

“Seja um bom cidadão, seja um novo herói para a nossa Nação”

No: 599 / VI/GMF / 2015-10

Dili, 26 October 2015

H.E. Dr. Rui Maria de Araújo
Prime Minister
Democratic Republic of Timor-Leste

SUBJECT: REQUIREMENT FOR TRANSFERS FROM PETROLEUM FUND

Excellency,

This report is provided in accordance with article 9 b) of the Petroleum Fund Law. As required in article 9 b), the table below shows the reduction of Estimated Sustainable Income for Fiscal Years commencing after 2016, as a result of the proposed transfer from the Petroleum Fund of an amount in excess of the Estimated Sustainable Income in 2016:

Fiscal Year	Estimated Sustainable Income Withdrawals in 2016	
	\$544.8 million	\$1,283.8 million
2017	557.2	534.5
2018	571.4	548.0
2019	586.8	562.8
2020	602.7	578.1
2021	619.0	593.7
2022	635.8	609.9
2023	653.2	626.5
2024	671.0	643.6
2025	689.4	661.2

According to article 9 c) the Independent Auditor shall certify the estimates of reduction in the Sustainable Income. Please find attached the certification report.

All calculations have been carried out by technical experts in the Ministry of Finance and with external professional assistance.

Yours sincerely,




Santina JRF Viegas Cardoso
Minister of Finance

4.4: Deloitte Report on the ESI

Her Excellency Santana JRF Viegas Cardoso
Ministry of Finance
Democratic Republic of Timor-Leste
Edifício No. 5, Res-do-Cao
Palacio do Governo, Dili, Timor-Leste

23 October 2015

Dear Minister

Report on Factual Findings relating to the estimated reduction in the Estimated Sustainable Income (Article 9)

In accordance with Contract RDTL 83683 and subsequent addenda we have performed certain agreed upon-procedures solely for the purpose of providing a report to the Government of the Democratic Republic of Timor-Leste in accordance with Article 9 (c) of Law 9/2005 *Petroleum Fund Law* as amended by Law 12/2011 *First Amendment to Petroleum Fund Law*. Our engagement was performed in accordance with the International Standard on Related Services (ISRS) 4400 *Engagements to Perform Agreed-upon Procedures Regarding Financial Information*. This report should be read in conjunction with our contract which sets out the basis on which our work was performed.

Scope of work and statement of responsibility

At your request and agreement, we performed the procedures set out in the table below. The scope of our work was limited solely to those procedures. You are responsible for determining whether the scope of our work is sufficient for your purposes and we make no representations regarding the sufficiency of these procedures for your purposes. If we were to perform additional procedures, other matters might have come to our attention that would be reported to you.

This report should not be taken to supplant any other enquiries and procedures that may be necessary to satisfy the requirements of the recipients of the report.

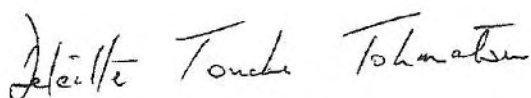
The procedures we performed did not constitute a review or an audit of any kind and we have not expressed any opinion or drawn any conclusions on the procedures we have performed. We did not subject the information contained in this report or given to us by the Ministry of Finance to checking or verification procedures except to the extent expressly stated below. This is normal practice when carrying out such limited scope procedures, but contrasts significantly with, for example, an audit. The procedures we performed were not designed to and are not likely to have revealed fraud or misrepresentation by the Ministry of Finance. Accordingly, we cannot accept responsibility for detecting fraud (whether by management or by external parties) or misrepresentation by the management of the Ministry of Finance.

This report is provided solely for your exclusive use and solely for the purpose of satisfying the requirements Article 9 (c) of Law 9/2005 *Petroleum Fund Law* as amended by Law 12/2011 *First Amendment to Petroleum Fund Law*. Our report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without our prior written express consent. We accept no duty, responsibility or liability to any other party in connection with the report or this engagement.

Procedures and Findings

Procedures	Findings
<ol style="list-style-type: none"> 1. Obtain the underlying calculations which support the report of Government that is to be provided to Parliament pursuant to Article 9(b). 2. Agree the calculation methodology to the Estimated Sustainable Income calculation for the Fiscal Year Budget 2016 as previously obtained by Deloitte. 3. Obtain the value of the proposed Government transfer being an amount in excess of the Estimated Sustainable Income calculated by the Government for purposes of the Fiscal Year Budget 2016 and agree the value to the updated underlying calculation, which incorporates the proposed Government transfer. 4. Re-perform the calculation of the estimated reduction in the Estimated Sustainable Income for the Fiscal Years commencing 1 January 2017 that results from the proposed Government transfer from the Petroleum Fund in Fiscal Year 2016. 5. Provide a report to Government in accordance with of Law 9/2005 <i>Petroleum Fund Law</i> as amended by Law 12/2011 <i>First Amendment to Petroleum Fund Law</i>. 	<ol style="list-style-type: none"> 1. The underlying calculations which support the report of Government to be provided to Parliament pursuant to Article 9(b) were obtained from the Ministry of Finance on 9 October 2015. 2. The calculation methodology was agreed to that of the Estimated Sustainable Income calculation used for the Fiscal Year Budget 2016 as previously obtained by Deloitte. 3. A Government transfer of US\$1,283.8 million was advised by the Ministry of Finance to Deloitte and is noted to exceed the Estimated Sustainable Income of US\$544.8 million as previously calculated by the Government for purposes of the Fiscal Year Budget 2015, by US\$739 million. The US\$1,283.8 million was incorporated into the updated underlying calculation. 4. The calculation of the estimated reduction in the Estimated Sustainable Income for future Fiscal Years commencing 1 January 2017 was re-performed without exception. The estimated reduction in the Estimated Sustainable Income in each future year from 2017 to 2025 ranged from US\$22.58 million to US\$28.2 million over the period as set out in Appendix A. 5. Report herewith.

Yours faithfully



Deloitte Touche Tohmatsu

APPENDIX A

Projected future payments

As required in Article 9 b), the table below shows the reduction of Estimated Sustainable Income for Fiscal Years commencing after 2016, as a result of the proposed transfer from the Petroleum Fund of an amount in excess of the Estimated Sustainable Income in 2016:

Fiscal Year	Estimated Sustainable Income Withdrawals in 2016	
	\$544.8 million	\$1,283.8 million
2017	557.2	534.5
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2021	619	593.7
2022	635.8	609.9
2023	653.2	626.5
2024	671	643.6
2025	689.4	661.2

Prepared for the
Government of the Democratic Republic of Timor-Leste
by the



MINISTRY OF FINANCE

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