

# Expenditure and Revenue

Quarterly Bulletin – Q2, 2019

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Democratic Republic of Timor-Leste  
Ministry of Finance



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# Abbreviations

Anti-corruption Commission	CAC
Archive and Museum Resistência Timoreense	AMRT
Asian Development Bank	ADB
Autonomous agencies	AA
Autonomous Service for Medicines and Medical Equipment	SAMES
Capital Development	CD
Commitment Purchase Voucher	CPV
Directorate General of State Finance	DGFE
Direct Budget Support	DBS
East Timor National Police	ETNP
European Union	EU
Falintil- Defense Force of East Timor	F-DFTL
Goods and Services	GS
Human Capital Development Fund	FDCH
Infrastructure Fund	IF
Integrated Municipal Development Program	IMDP(PDIM)
International Development Agency	IDA
Line ministries	LM
Ministry of Agriculture and Fisheries	MAP
Ministry of Defence	MD
Ministry of Education including SEJD	MEJD
Ministry of Finance	MoF
Ministry of Interior	MI
Ministry of National Liberation Combatant Affairs	MACLAN
Ministry of Planning and Strategic Investment	MPIE
Ministry of Public Works	MoPW
Ministry of Social Solidarity and Inclusion	MSSI
Ministry of Tourism, Commerce and Industry	MTCI
Ministry of Transport and Communications	MTC
Minor Capital	MC
National Communication Agency	ANC
National Development Agency	ADN
National Directorate of Budget	DNO
National Intelligence Agency	SNI
National Police of Timor-Leste	PNTL
Public Transfers	TP
Quarter 1	Q2
Quarter 4	Q4
Salaries and Wages	SW
Secretariat of Youth and Sport	SEJD
Special Administrative Region of Oé-Cusse Ambeno - Special Zones of Social Market Economy	RAEOA-ZEESM
Strategic Development Plan	SDP

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# 1 Introduction

## 1.1 Purpose

The Directorate General of State Finance aims to produce four quarterly reports on budget allocation, expenditure, execution and non-oil revenue collection in Timor-Leste. The reports aims to act as information source for stakeholders in the public sector, donor and non-governmental space alike.

## 1.2 Scope

The report will detail quarterly expenditure and revenue trends for line ministries, municipalities and autonomous agencies in Timor-Leste. The report will also discuss one ministry in detail to shed more light on planning and budgeting in the country.

Readers are cautioned that this report will not present a complete understanding of service delivery levels in each quarter which requires more detailed non-financial information. Additionally data insights presented in the report are based on reported data. Any delays in reporting can affect the data and the insights presented from it in the report. The data presented in the report has been generated by the Ministry of Finance. The source of all government accounts data is the Ministry of Finance as of June 2019. Data analysis should be viewed cautiously in-year as there are often delays in reporting, especially for revenue. For more detailed information on service delivery, readers are requested to contact the individual spending agencies.

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## 2 Expenditure trends in Quarter 2

### 2.1 Aggregate expenditure vs budgeted expenditure

The State Budget for 2019 is \$1.482 billion including loans. The materiality directive<sup>1</sup> of Timor-Leste states that the government must spend 50% of the budget by the second quarter (Q2). The total government execution in Q2 (by current budget which includes transfers, virements and contingency transfer) is 33%. The Infrastructure Fund (IF) and Human Capital development Fund (HCDF) execution for Q2 stands at 22% and 23% respectively.

The following sections report on the basis of current budget (includes virements and transfers).<sup>2</sup> Budget execution is calculated as ratio of cash expenditure over current budget. Cash expenditure does not include commitments and expenditure, i.e. it is expenditure that has been processed by the Directorate General of Treasury.

#### 2.1.1 Sector (SDP sector)

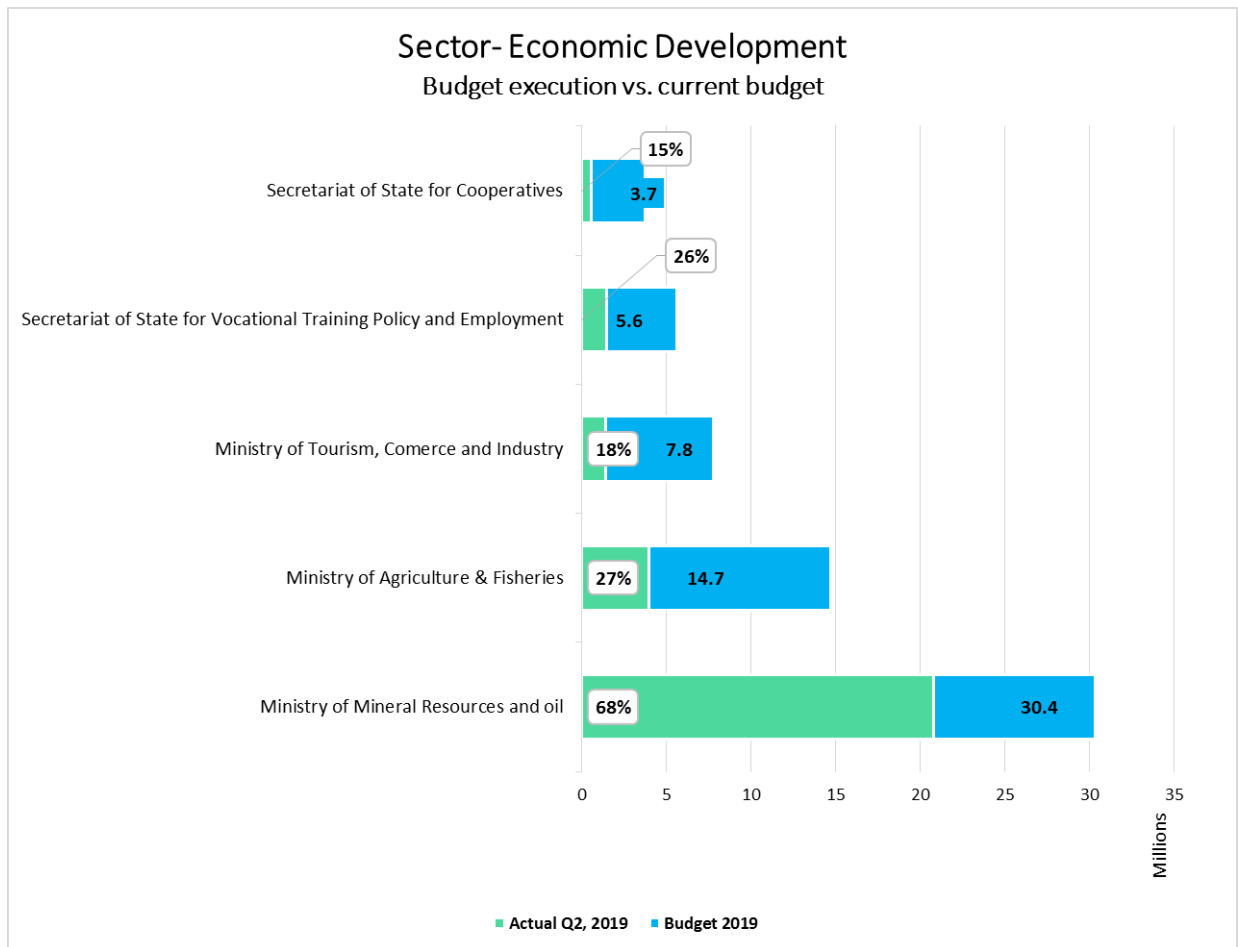
This section describes budget execution using the Strategic Development Plan (SDP) classification of Timor-Leste. Five ministries in each sector, with the highest budget allocation in State Budget 2019, are displayed in the following graphs.

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<sup>1</sup> Ref no: 44/DGT/III/2016 Ministerial Directive on Materiality in Budget execution analysis and conduct of financial reviews

<sup>2</sup> In Q2 2019, the overall original appropriation for a ministry is the same as the final appropriation (current budget) as there have been no contingency transfers as yet.

**Figure 1: Q2, 2019 execution for SDP Sector-Economic Development**



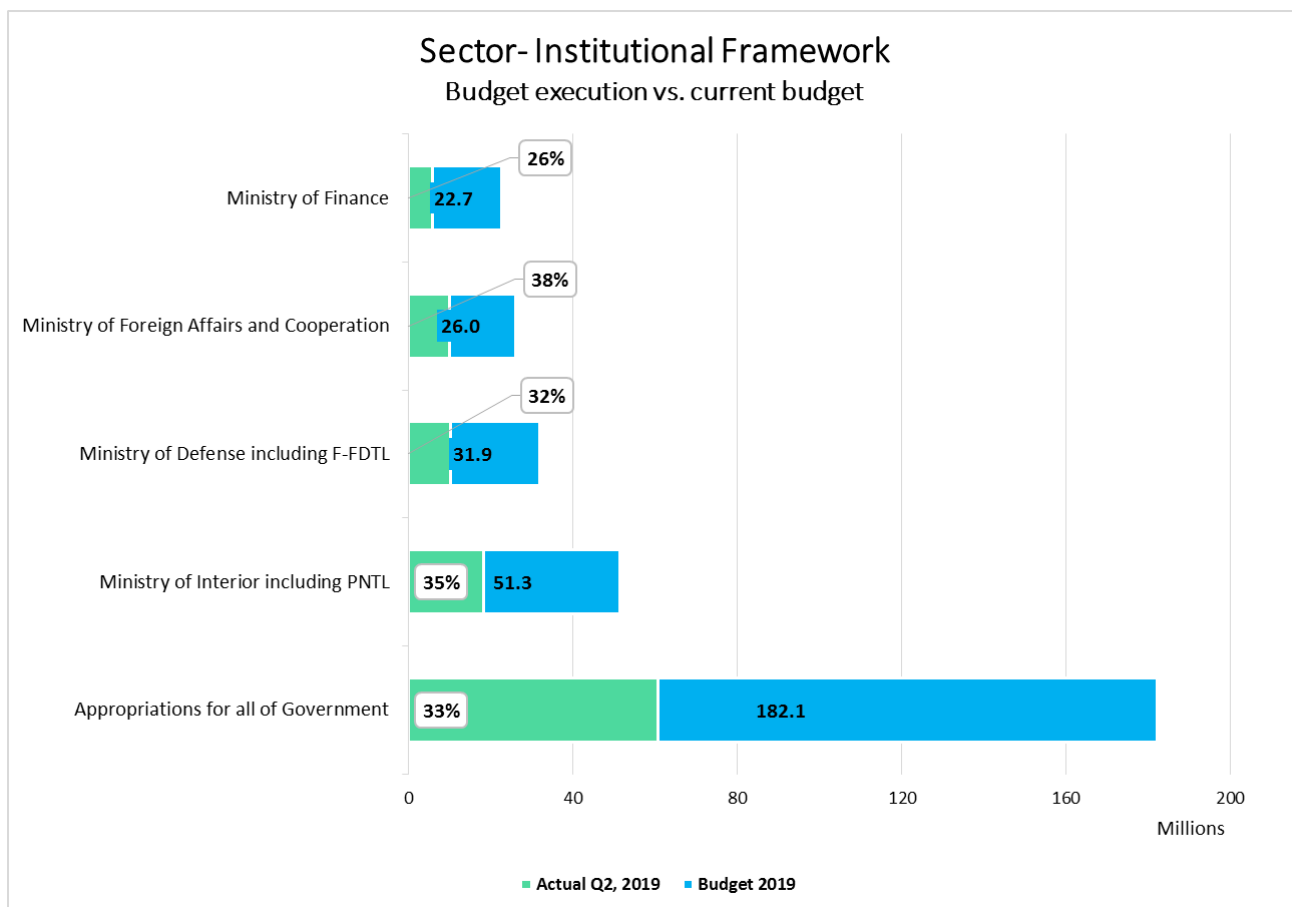
Sources: Ministry of Finance, IFMISU, June 2019

Ministry of Mineral Resources and Oil has the highest budget in the Economic Development SDP sector in General State Budget (GSB) 2019 and its execution was 68% in Q2. This was driven by a 71% execution of its Transfers budget (transferred to ANPM, Timor Gap, and IPG). The rest of its AppCat budget execution was under 25%.

Secretary of State for Cooperative’s (SECOOP) attributed its low SW execution to the Director and Chief of Department not taking office and new recruitment not being realized. Low MC and GS execution was attributed to the lack of facilities, resources and training to staff to complete the procurement process properly. PT projects are still in ‘evaluation of proposal’ stage and have not undergone verification. The low execution of all other ministries in the graph was driven by low Goods and Services (GS) execution- all under 35%.

Note: MPRM, SEFOPE, MAP and MTCI did not submit their execution reasons for Q2, 2019.

**Figure 2: Q2, 2019 execution for SDP Sector-Institutional Framework**



Sources: Ministry of Finance, IFMISU, June 2019

Overall, all the ministries with the highest Institutional Framework allocation in GSB 2019 had execution less than 40%. SW execution was above 40% for all ministries while the BS execution was under 40%.

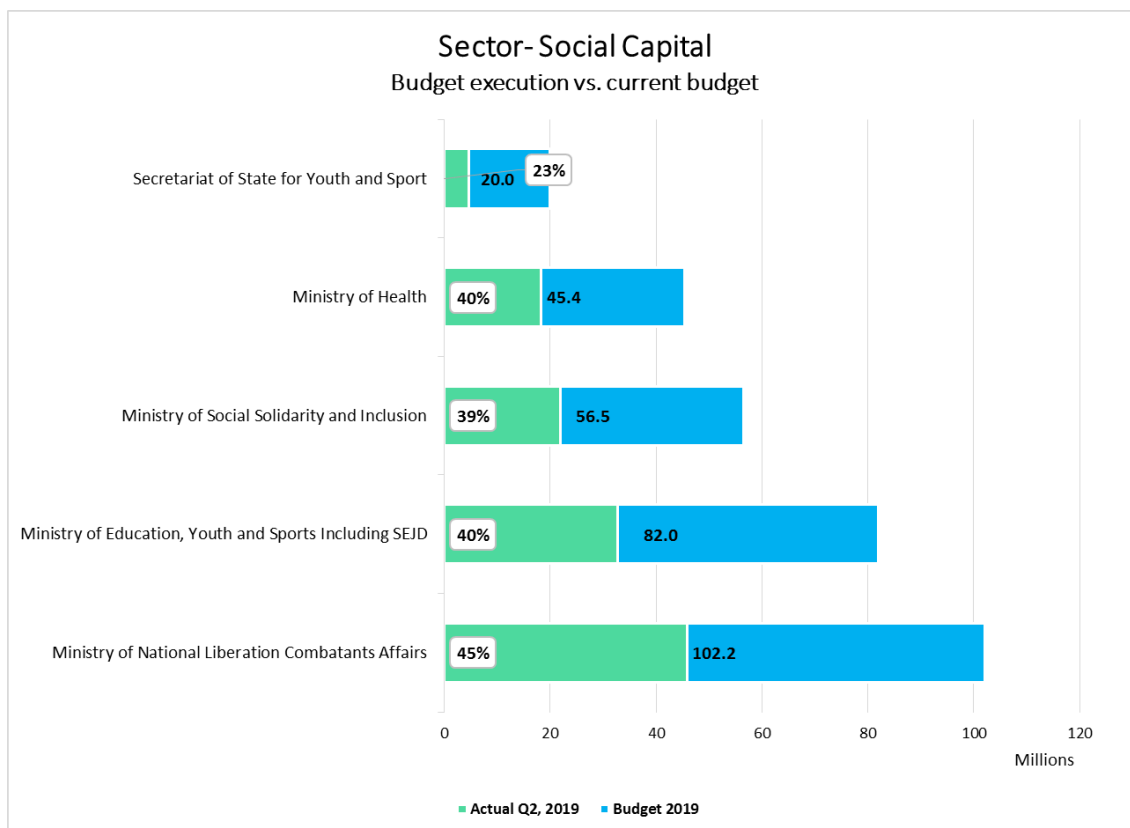
Appropriations for all of Government (DTG) had the highest Institutional Framework allocation in GSB 2019. Its execution is based on requests from other implementing agencies as most of its budget is Public Transfers (PT). Late approval for the Agricultural Census 2019, delayed payments due to poor coordination and consultation led to only 25% of its GS budget being executed. PT execution was 36% as Council of Ministers have not approved the payments to BCTL, BNCTL, Episcopal Conference and TL-Cement.

Ministry of Interior-including PNTL (MI), Ministry of Finance (MoF), Ministry of Defence - including F-FDTL executed under 15% of their MC budget in Q2. MI reported that 90% of its MC budget was in the procurement process and that its GS budget had been committed already.

MoF only had a 24% GS execution in Q2 which offset its 42% SW execution bringing its total execution to 26%. The GS execution was low as some projects have not been finalised, including the contracting of international staff, Junior Professionals etc. An outstanding X-ray invoice of \$480k remains but has not been processed as yet. Ministry of Foreign Affairs executed its SW budget to pay diplomats and managers. Its MC execution was low due to a delay in the payment to SEDE and mission.



**Figure 3: Q2, 2019 execution for SDP Sector-Social Capital**



Sources: Ministry of Finance, IFMISU, June 2019

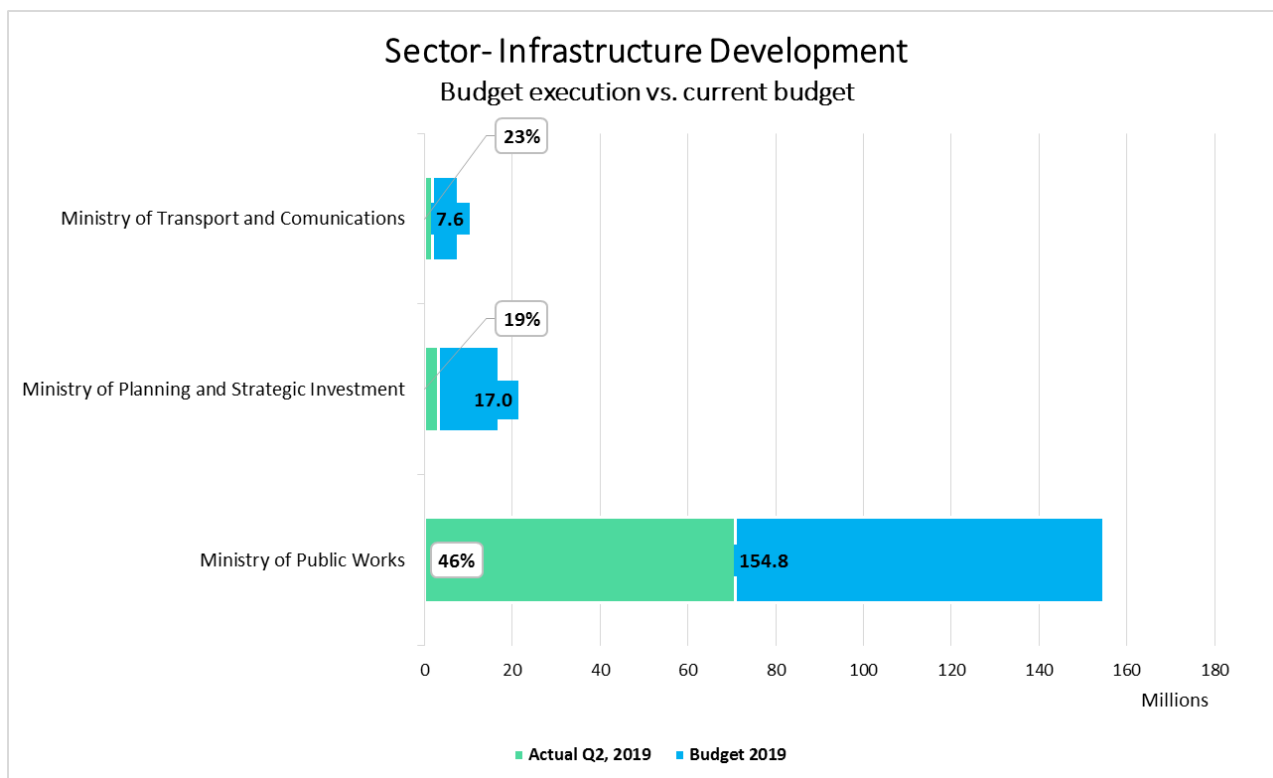
Overall, ministries with the highest allocation in the Social Capital sector performed above the average. However, all of them failed to execute more than 20% of their GS budget in Q2. The Ministry of National Liberation Combatant Affairs (MACLAN) with the highest budget allocation in Social Capital, spent 45% of its budget in Q2. Its highest execution is in Transfers (47%).

Ministry of Education (MEJD) spent 40% of its budget in total. MEJD has already made an advance to school subsidy, training for teachers and management services. A huge amount is still under Obligations as there was a delay in the procurement process for buying the materials and printing machine for school books. MC budget allocated to informatics has been delayed due to the procurement process. Secretariat for Youth and Sport (SEJD) had an execution lower than 25% in Q2, driven by its low TP execution of 25%. SEJD reported that it will fulfil most of its activities in Q3 and Q4.

Ministry of Health had executed 63% of its PT in Q2 (invoices for overseas treatment). MoH reports that MC execution was only 0.98% in Q2 as the procurement process was not completed. The commission for the evaluation of the tender was started in May 2019, and a good company to supply material can only be decided by Q3. CD budget will be used for building rooms in HAKMATEK in Internal Health center 6, such as CSI in Aileu, CSI in Manufahi, CSI in Ermera, CSI in Viqueque, CSI in Manatuto and CSI in Lospalos.

Note: MACLAN and MSS did not submit their execution reasons for Q2, 2019.

**Figure 4: Q2, 2019 execution for SDP Sector-Infrastructure Development**



Sources: Ministry of Finance, IFMISU, June 2019

Ministry of Public Works has the highest budget allocated to it in the Infrastructure Development (excluding Infrastructure Fund) sector in State Budget 2019. It executed 46% of its budget, just under the 50% target driven by a 52% execution of its GS budget. KD execution was low in Q2 as well- 3%.

Ministry of Planning and Strategic Investment’s (MPIE) overall execution was 19%. MPIE reported that SW was low as two divisions, Office of the Minister and Legal Office, have not recruited especially at the chief and director level. Its CD execution needs to be approved by the National Directorate of Administration and Finance and was only 11%.

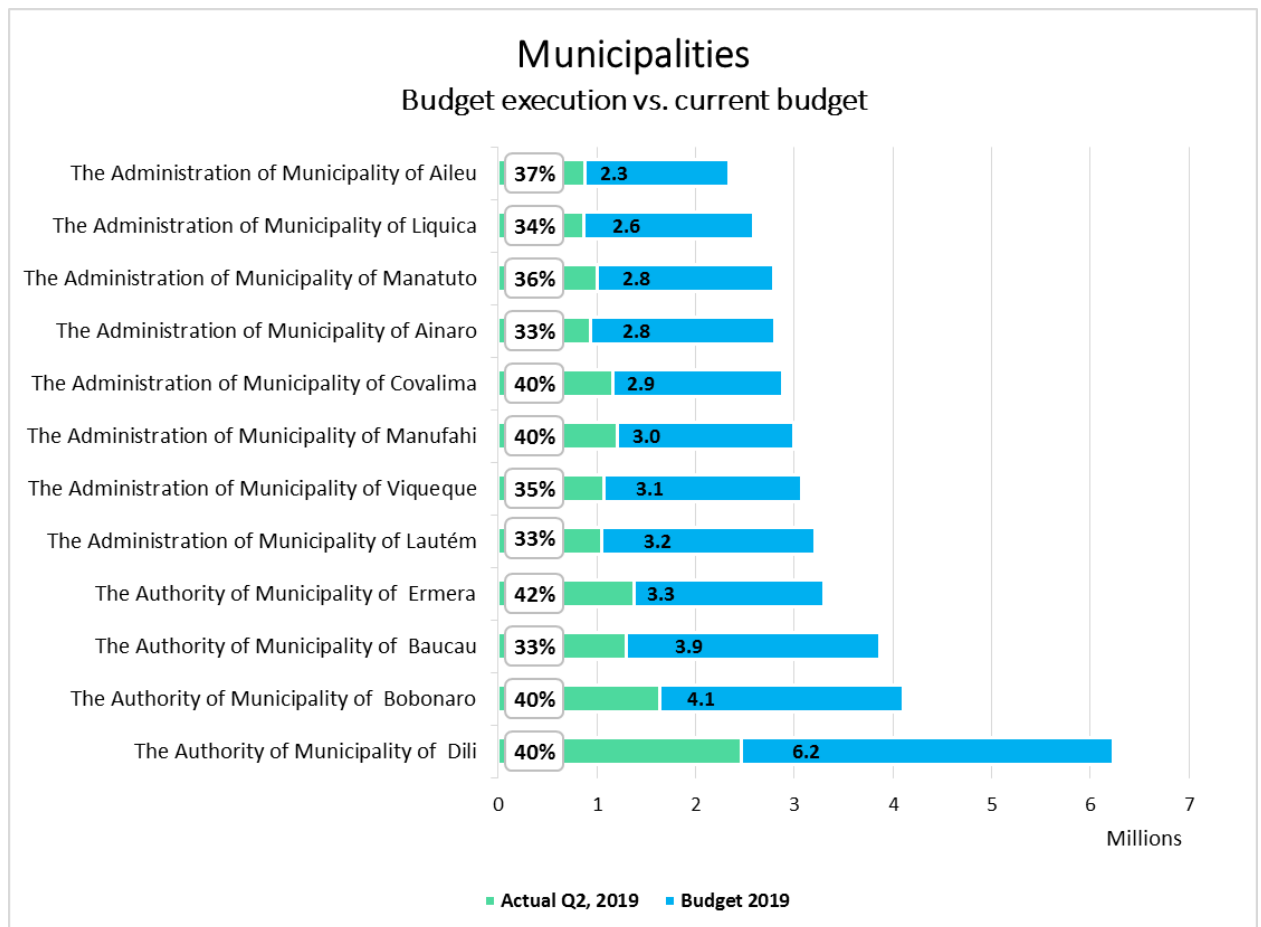
Ministry of Transport and Communications’ (MTC) overall execution was just 23%. MTC reports that it was given additional budget by the BRC for Chief of Department and Director Levels based on the organic law but it has not been realized as yet. An MTC Administration Council to BOR AACTL, IP was created but it cannot pay salaries as it still needs to complete some documentation requested by the CFP. MTC through DNOGF has a large amount under Commitment and Obligation which are still in procurement as the documentation needs to be adjusted to retender and update company information.

### 2.1.2 Municipalities

Municipality budget execution stood in the 33-40% range, Ermera having the highest execution at 42%. Lautem, Manufahi, Covalima, Liquica and Aileu executed 100% of their Minor Capital (MC) budget by Q2. Municipalities do not have a Capital & Development budget allocated to them.

Ainaro reported that it was yet to execute its MC budget as it was waiting for a payment request from LEVI Unip, Lda while Viqueque and Dili claimed a delay in the procurement process for the same MC execution. Viqueque executed its PT budget for the payment of community leaders and payment for 36 sucos (operational of Suco in Viqueque) period of January – June 2019. Bacau had requested an increase in Meranda Escolar budget from MOF and has been suggested internal readjustment. The municipality with biggest budget, Dili, reported that SW execution was low due to no recruitment, BS procurement was ongoing and that that MC was all executed except for two items that are under process. It also made incentive payment to sucos under PT.

**Figure 5: Q2, 2019 execution for municipalities**



### 2.1.3 Autonomous agencies

National Defense had the highest AA execution in Q2 at 48%, followed by BAMBU (44%), National Intelligence Service (41%) and Institute of Support for Enterprise Development at 40%. More than half of the autonomous agencies executed less than 30% of their Goods and Services budget in Q2. MC execution remained low in Q2 as 25 agencies had execution between 0-5%.

National Hospital (HNGV) executed under \$1m of its 4.7m GS budget (19.5%) as the late approval of the execution law of state budget is still impacting the procurement and payment processes in Q2. It reported that its MC and GS budgets were committed and in the process of procurement in Q1. However, their execution stood at 19.5% and 0.3% in Q2 respectively.

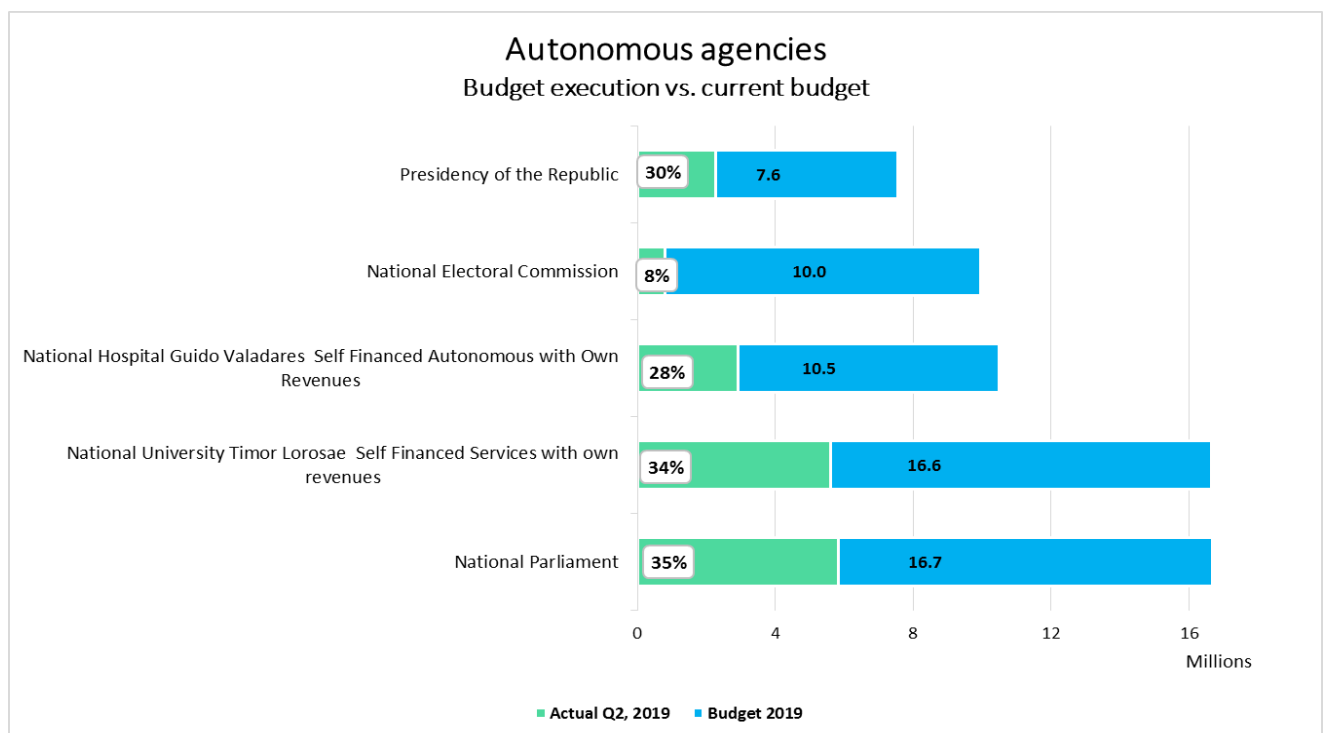
Presidency of the Republic reported that all its competitive documents were in the verification process, and its PT budget (currently execution of 8%) needs senior approval to be executed. National Parliament (PN) attributed low GS, MC and CD execution to the non-completion of the bidding process.

National Electoral Commission (CNE) had the lowest execution in Q2, at 8%. This was driven by a 0% execution of its MC and PT budget. CNE noted that its 30% GS execution was because the procurement process was delayed. Furthermore, the procurement office made them retender as the company selected was not eligible for the project. MC execution was 0% as the Commission started the procurement process in May 2019 only.

The graph below shows the overall execution rate in Q2, 2019 for the autonomous agencies with the highest budget allocation in State Budget 2019.

*Note: UNTL did not submit their execution reasons for Q2, 2019.*

**Figure 6: Q2, 2019 execution for autonomous agencies**



*Note: RAAEO-ZEESM is not included in quarterly reporting.*

## 2.2 Execution trends and reasons for top and bottom 10 LM/AAs

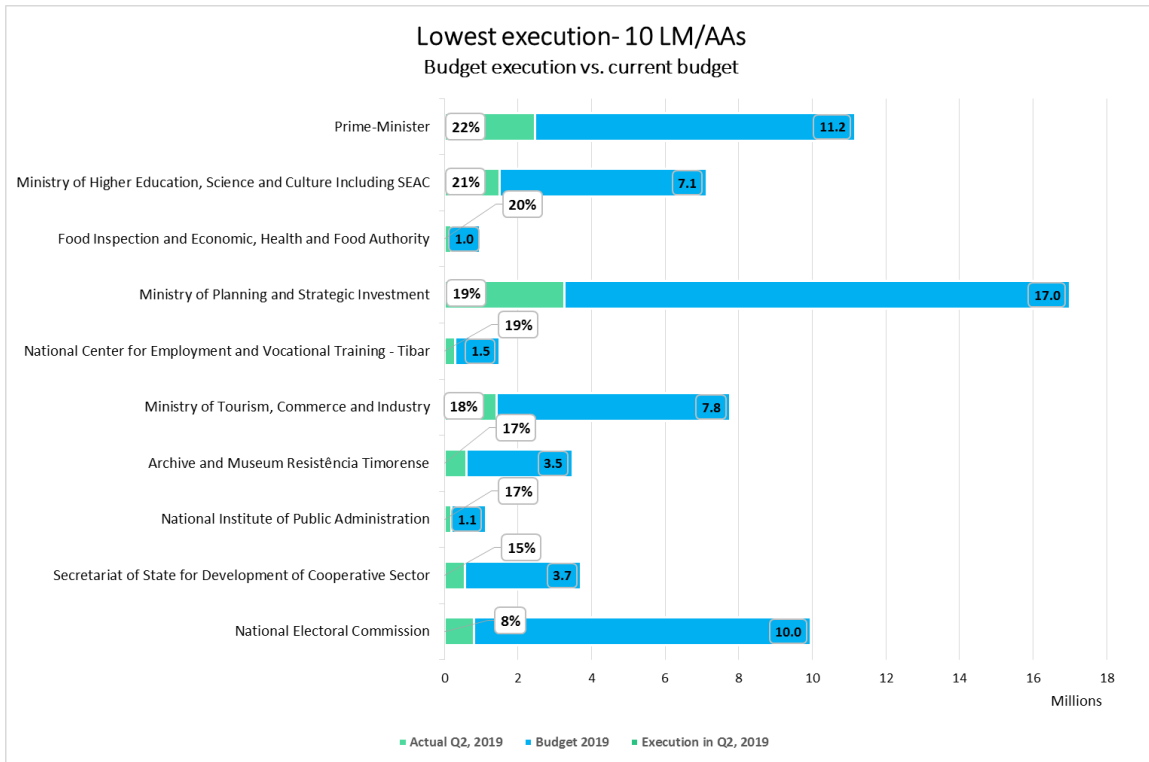
The materiality directive of Timor-Leste mandates that all line ministries/agencies must execute 25% of their budget cumulatively in each quarter, reaching 100% in Q4. 50% execution is expected of all line ministries and agencies in Q2. This section outlines the trends and some reasons for low and high execution for the top 10 and bottom ten line ministries and agencies.

### Box 1: Execution trend and reasons- selected LM/AAs

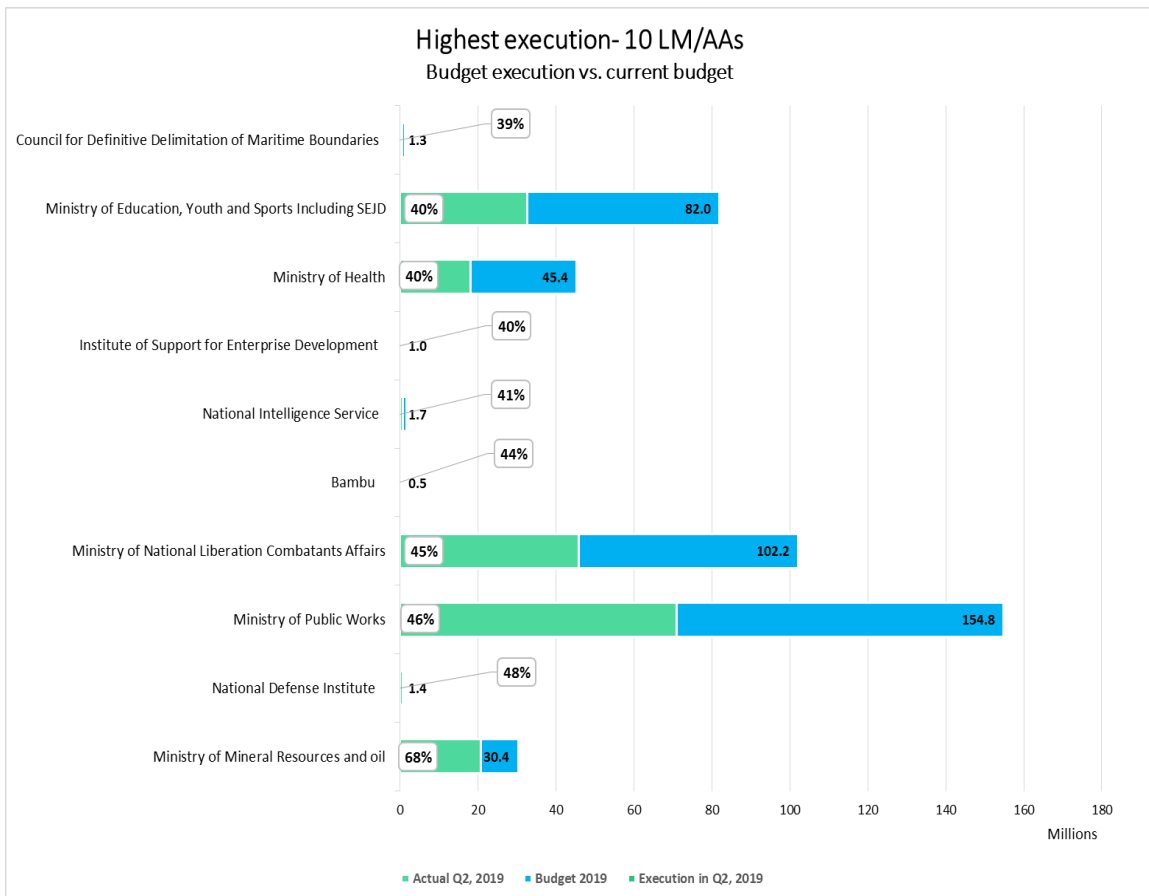
- The Authority for Food Inspection noted that its 24% GS execution was due to ineffective transportation facilities to support the institution. These include inspection and supervision of economic activity in Dili including municipalities.
- Presidency of the Republic had 30% GS execution, however it's reasoned that it would reach 90% execution in December 2019. National Institute of Public Administration made a similar argument for its 5% GS execution.
- The National Archive Museum only had 19% GS execution. However this was spent on 1) data collection, treatment, survey and classification of the documentation of Timorese resistance; 2) extension of service to preserve Timorese resistance shelters and historic sites; 3) provision of travelling and temporary AMRT exposure; 4) planning, strategic development and policy orientation; 5) financial management, administration and logistics.
- MTCI's Q2 execution was low because the ministry structure has not been finalized and this has affected the approval process for budget execution.
- TIBAR noted that its GS execution was not up to 50% because the CNEFP Team does not completely understand the procurement process. Its MC execution is 0% as 2019 is the first time MC budget was allocated to it and the staff in the procurement department is all new.
- Ministry of Higher Education, Science and Culture (MESCC) had a SW execution of 29% which it attributed to late approval by CFP for positions at the directorate and division level. It started its TA recruitment for June 2019. It received 4 attaches and 6 TA personnel from Portugal, Philippines Jakarta, Brazil and Cabo Verde in June 2019. It executed 62% of its PT budget as it had to make a transfer from GS budget in order to use 40% of the funds to pay UNESCO.
- BAMBU executed 47% of its GS budget to procure material to produce 1000 chairs for UNTL.
- The four agencies (National Parliament, National University Timor Lorosae, Prosecutor-General of the Republic and Anti-corruption Commission) with a CD budget did not execute any of it by Q2.

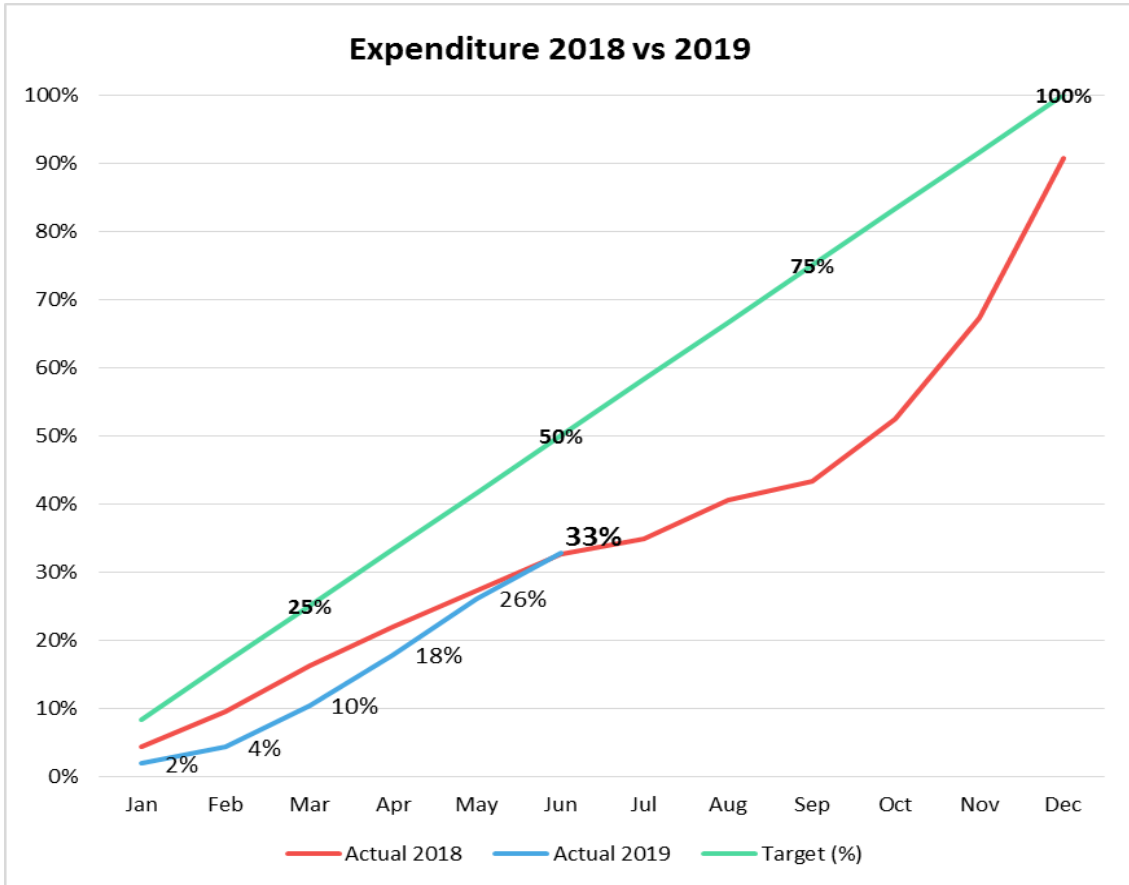
*Note: See Section 2.1 on LM/AA/M for reasons for execution that have not been detailed out in this box.*

**Figure 7: Q2, 2019 execution for lowest execution across LM/AAs**



**Figure 8: Q2, 2019 execution for highest execution across LM/AAs**





Expenditure remains in line with 2018 trends for Q2. There was an initial lull in execution in Q1 due to late promulgation of the general state budget 2019 and the execution decree.

### 2.3 Ministry in spotlight

MOPW is responsible for the provision of electricity, water and sanitation, roads, public housing and urban planning. MOPW's responsibilities include sector policy and regulations, sector planning, preparation and implementation of capital investments, infrastructure operations and maintenance, as well as billing and revenue collection for water and electricity. Investment in these sectors accounted for 73 % of total public capital investment through the Infrastructure Fund during 2014-2018.

The role of MOPW is central to the achievement of the Strategic Development Plan (2011-2030) objectives. Infrastructure development (water and sanitation, electricity, seaports, airports) is a key priority during phase 1 (2011-2015) and phase 2 (2016-2020).

Developing efficient connective infrastructure to move people and goods, is crucial for economic growth and improved public service delivery. Access to electricity has doubled between 2010 and 2016. Water and sanitation in Timor-Leste has improved substantially, with nearly a third (31 percent) of all households in the country having access to safely managed sanitation, compared to only 8 percent in 2010 (Census 2010 and 2015). Improved connectivity is going to be crucial for economic growth and economic diversification. Tourism and in Timor-Leste will continue to require efficient infrastructure. Rural roads and bridges contribute to increase local trade and productivity, reduce transportation costs of farm input and output, and minimize post-harvest losses.

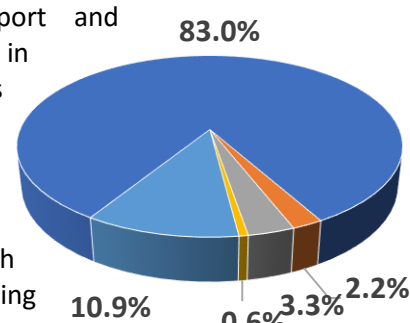
The Strategic Development Plan (2011-2030) ambitions to develop the “core infrastructure necessary to support a modern and productive country in which its people are connected with each other and with the world”. The SDP prioritizes the following areas:

- Roads and Bridges
- Water and sanitation (including drainage for flood control)
- Electricity
- Sea ports and airports
- Telecommunications.

In 2015, MOPW gained the additional charge of transport and communications but reverted to its initial set of responsibilities in 2018. The new organic structure of the Ministry of Public Works was promulgated on April 2019, through Decreto-Lei n.º 8/2019, as well as the new organic law of the Ministry of Transport and Communications.

In terms of staffing, MOPW is one of the largest public institution with 1,242 permanent civil servants (219 women and 1023 men) including 132 managers.

In 2019, MOPW’s budget allocation is dominated by G&S (83%) and Capital Development (10.9%). The General Directorate for Electricity is responsible for absorbing most of MOPW’s budget with the provision of fuel for electricity generation. “Fuel for generators” represents 53.5% of the Ministry’s total budget in 2019.



■ Goods & Services      ■ Minor Capital  
 ■ Salary & Wages      ■ Transfers  
 ■ Capital & Development

The MoPW has structured its activities around 2 corporate programs (Good Governance and Institutional Management, and Salary and Wages), 5 technical programs, with a total of 16 sub-programmes.

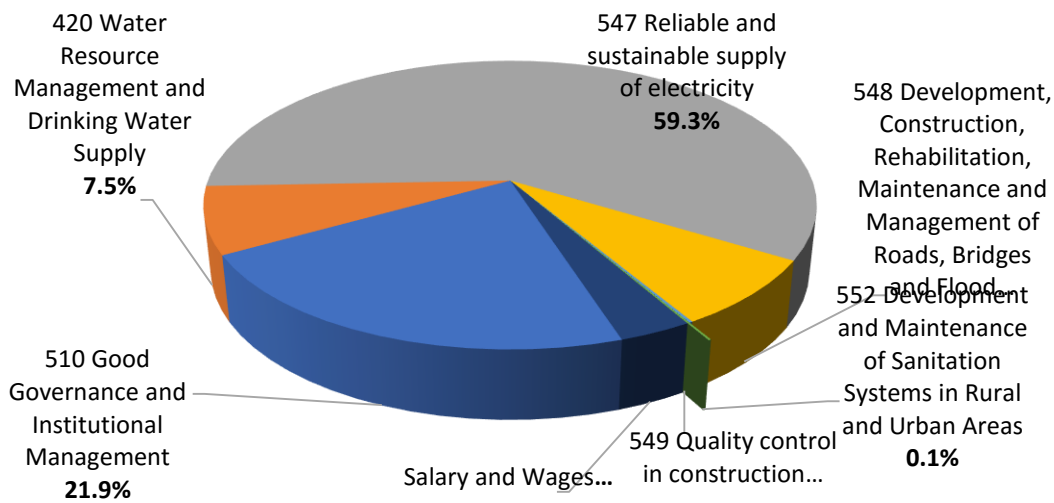
Table 1: Ministry of Public Works- budget execution at the program level - Q2 2019

Program	Original Budget ( ,000 US\$)	Execution %
510 Good Governance and Institutional Management	33,868	5.5%
420 Water Resource Management and Drinking Water Supply	11,641	1.3%
547 Reliable and sustainable supply of electricity	91,860	72.3%
548 Development, Construction, Rehabilitation, Maintenance and Management of Roads, Bridges and Flood Control	11,928	1,4%
549 Quality control in construction and public works	235	9.4%
552 Development and Maintenance of Sanitation Systems in Rural and Urban Areas	187	5.7%
Salary and Wages	5,121	45.1%

Source: *Dalan ba Futuru* and Ministry of Finance, May 2019



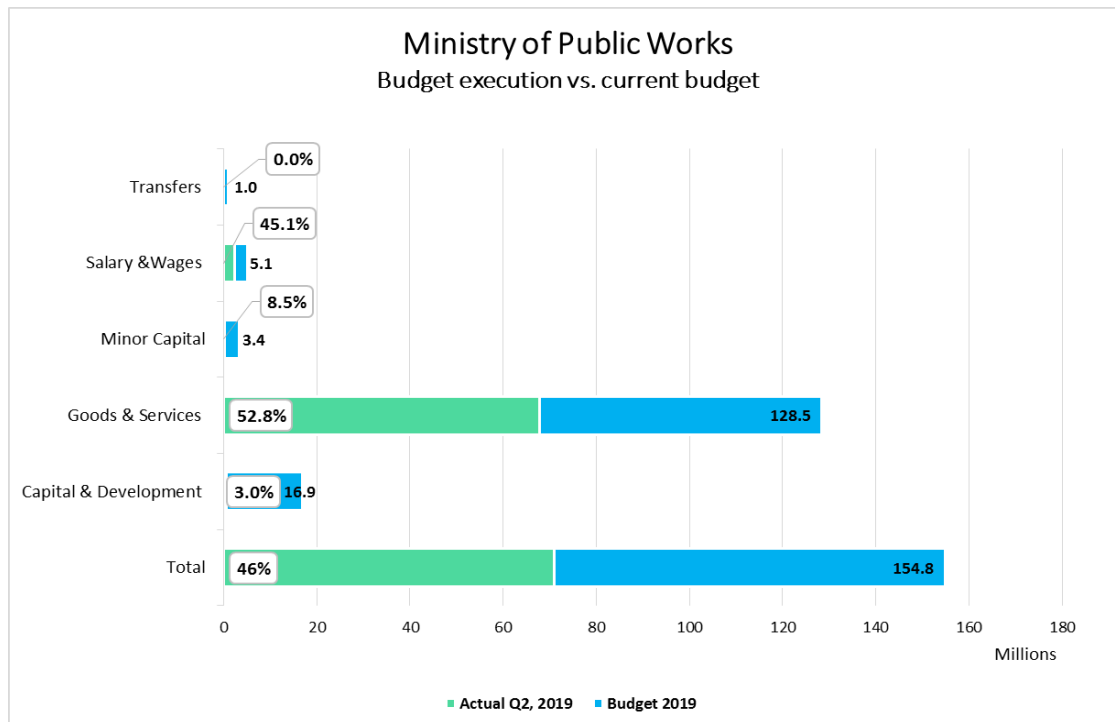
**Figure 9: Programme structure and budget allocation for Ministry of Public Works (MoPW)**



Source: *Dalan ba Futuru* and Ministry of Finance, May 2019

In its second quarter report 2019, MOPW reported that program 420 is still awaiting approval of the National Water Resource Management Policy by the Council of Ministers. Program 547's execution is driven by electricity production and distribution, most of which is subsidised or free in the country. Studies for the construction of the Wastewater Treatment Plant (WWTP) are in progress under program 552. For Subprogram 548, MOPW reported that the work is still in the procurement process.

**Figure 10: Q2, 2019 execution by appropriation category for Ministry of Public Works (MoPW)**



MOPW stated that many projects are still in the procurement process. For retention and ongoing projects, many relevant departments have not submitted their payments. Paired with a delay of quality certification of projects, execution did not reach the 50% mark.

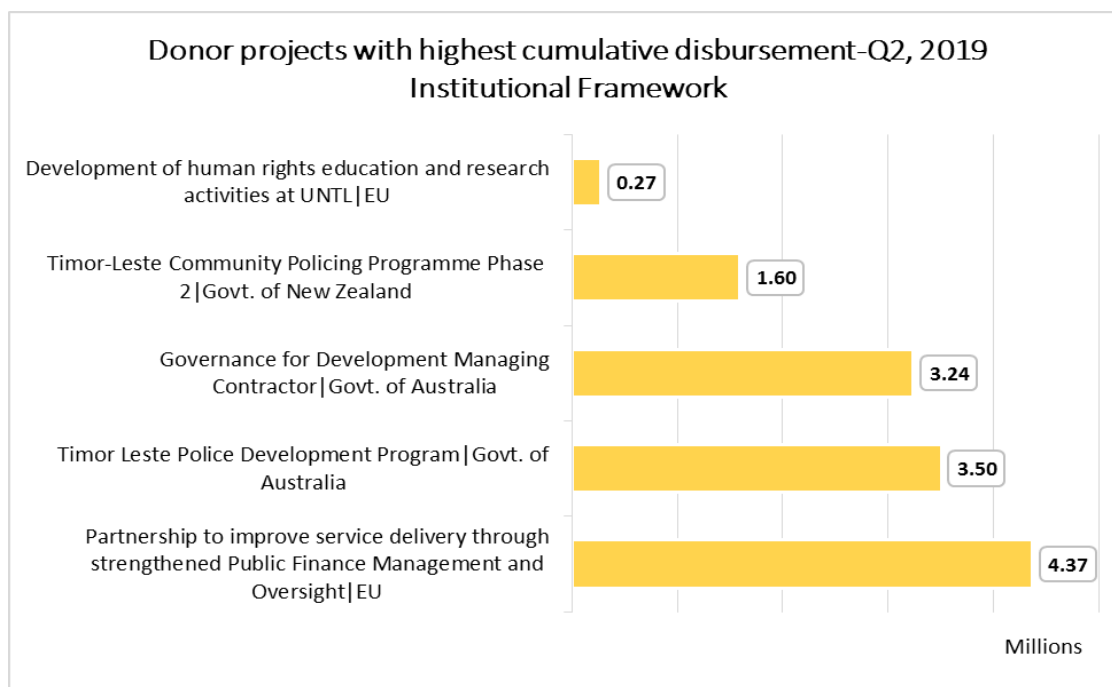
## 2.4 Development Partner Disbursements

Donors made a cumulative disbursement of \$63.7m in Timor Leste by end of Q2, 2019. The following graphs present the projects with the highest cumulative disbursement in Q2, 2019. All data is provided by DPs and is extracted from the Aid Transparency Portal.

Often times, actual disbursement is higher than planned disbursement in Timor-Leste as DP plans change over the course of the year. Hence, only actual disbursement has been shown in the graphs.<sup>3</sup> Since the same project may contribute to multiple SDP sectors, it may repeat across the graphs if it has made high disbursements across them. The data only includes grant and technical assistance projects. No loans or government co-financed projects are included.

*Note: Donors have the right to make changes in previous data entries in the Aid Transparency Portal. Any in year discrepancies in data can be attributed to the same.*

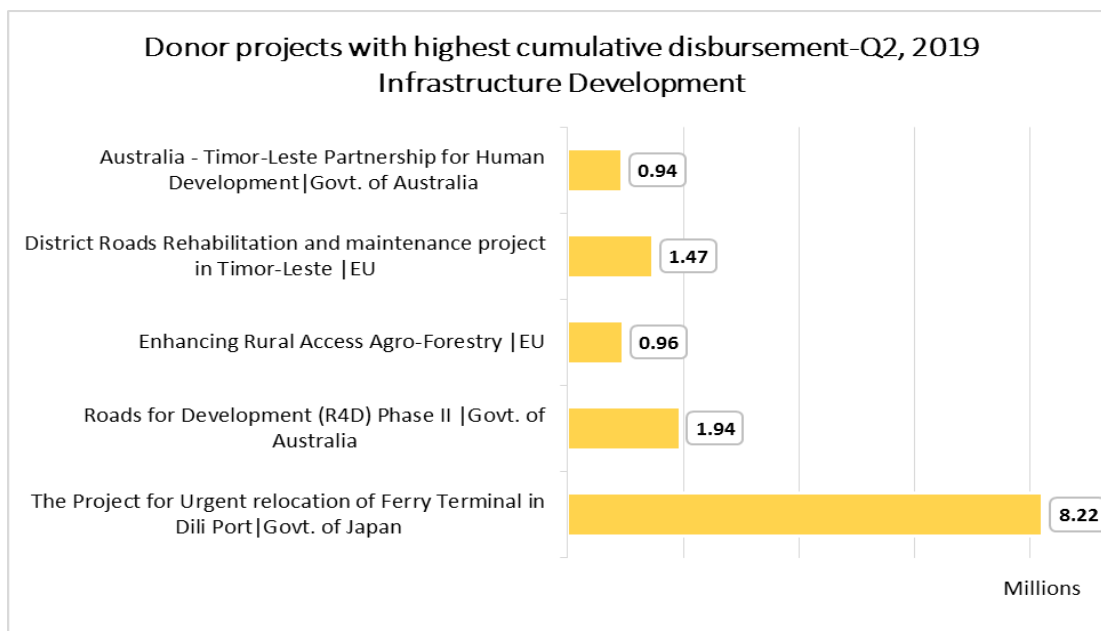
**Figure 11: Q2, 2019 disbursement for donor projects, SDP Sector- Institutional Framework**



Government of Australia is the largest donor in this sector. It disbursed \$6.7 million by end of Q2 for institutional development with \$3.5 million disbursed to a police development programme alone. At the same time, Government of New Zealand also disbursed \$1.6 million to a community policing initiative. The European Union supports public finance management in Timor Leste having disbursed \$ 4.4 million by the end of Q2.

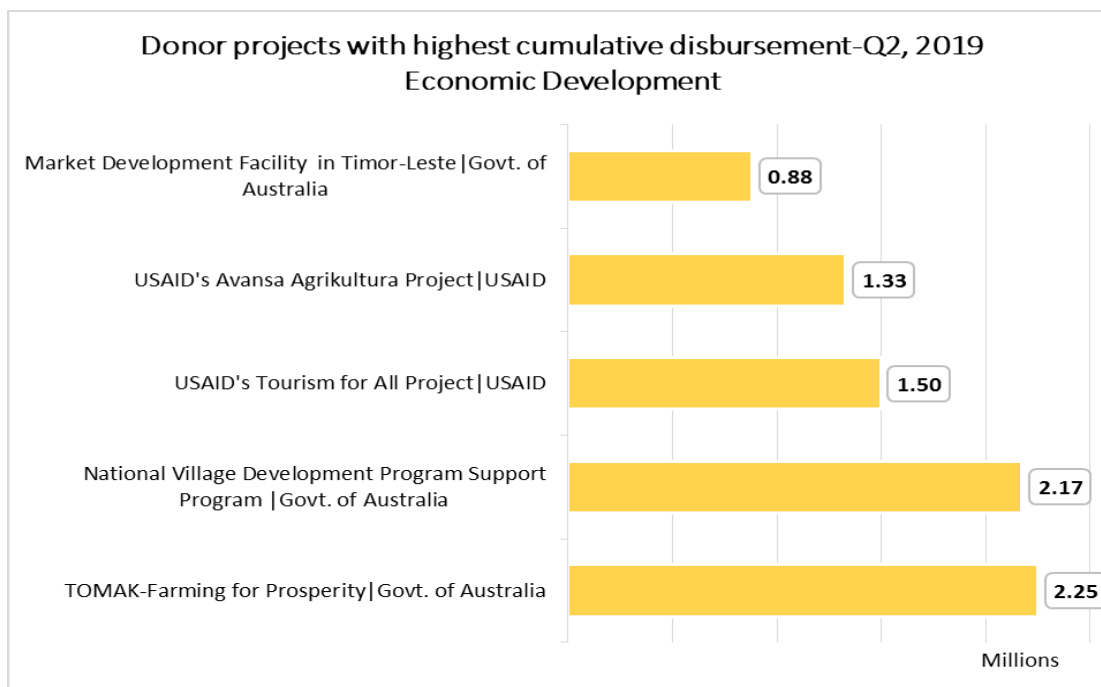
<sup>3</sup> The graphs map project and DP disbursements to a SDP sector. We cannot draw conclusions on the nature of the receiving agency. It may be the government or a non-governmental implementing agency. In addition, it is important to note that the figures below do not distinguish between financing and in-kind support.

**Figure 12: Q2, 2019 disbursement for donor projects, SDP Sector- Infrastructure Development**



Infrastructure Development donor disbursements focus on land and water transport, climate resilience, water and sanitation on average. Roads and ports continued to receive high disbursements till end of Q2, more than \$11.7 million from various donors. Government of Japan is the highest donor in the sector focussing on the relocation of the ferry terminal in Dili port, contributing \$8.3 million to the project.

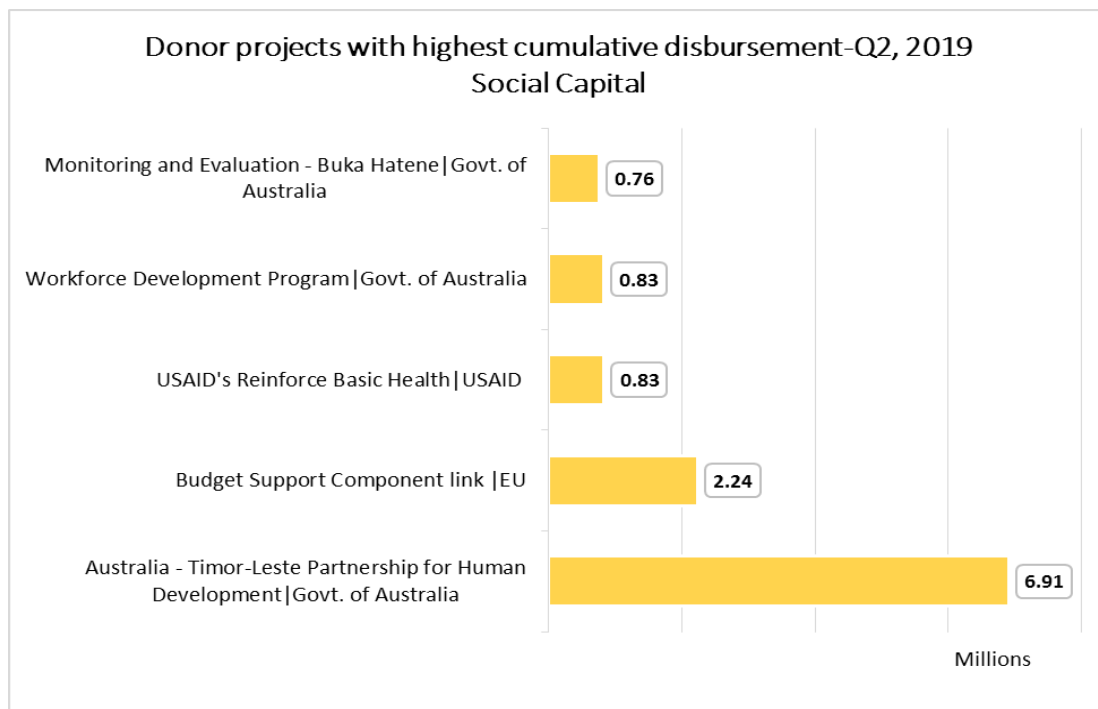
**Figure 13: Q2, 2019 disbursement for donor projects, SDP Sector- Economic Development**



Economic Development donor projects focus on food security, income generation, natural resource management and agriculture. Government of Australia has focussed on its village development support and agriculture programmes in the first half of the year, having disbursed

upto \$2.2 million and \$2.3 million respectively. USAID’s two programmes in agriculture and tourism disbursed nearly \$2.8 million by end of Q2.

**Figure 14: Q2, 2019 disbursement for donor projects, SDP Sector- Social Capital**



Social capital projects focus on women’s empowerment, child protection, social protection, health and education. Basic health received just under \$1 million in funding from USAID. Three Government of Australia programmes disbursed nearly \$8.5 million by Q2, the biggest programme being Australia-Timor Partnership for Huamn development. The EU provides direct budget support to Timor Leste and made its first disbursement of \$2.24 million in the sector in Q2.

## 2.5 Direct Budget Support

Timor-Leste has been receiving direct budget support (DBS) from the European Union since 2014. The latest agreement was signed in 2016 under the 11th European Development Fund. The maximum contribution of the budget support component is \$30 million for five years (2016-2020), with the last disbursement in 2021.

In this context, the funds are directly given to the country’s government without prior earmarking. However, a variable tranche depends on specific Key Performance Indicators (KPIs) agreed upon by the Ministry of Finance and the EU. While the funds are not separate or additional to the Ministry’s core business, they must support clearly stated priorities and the Ministry’s own planning framework.

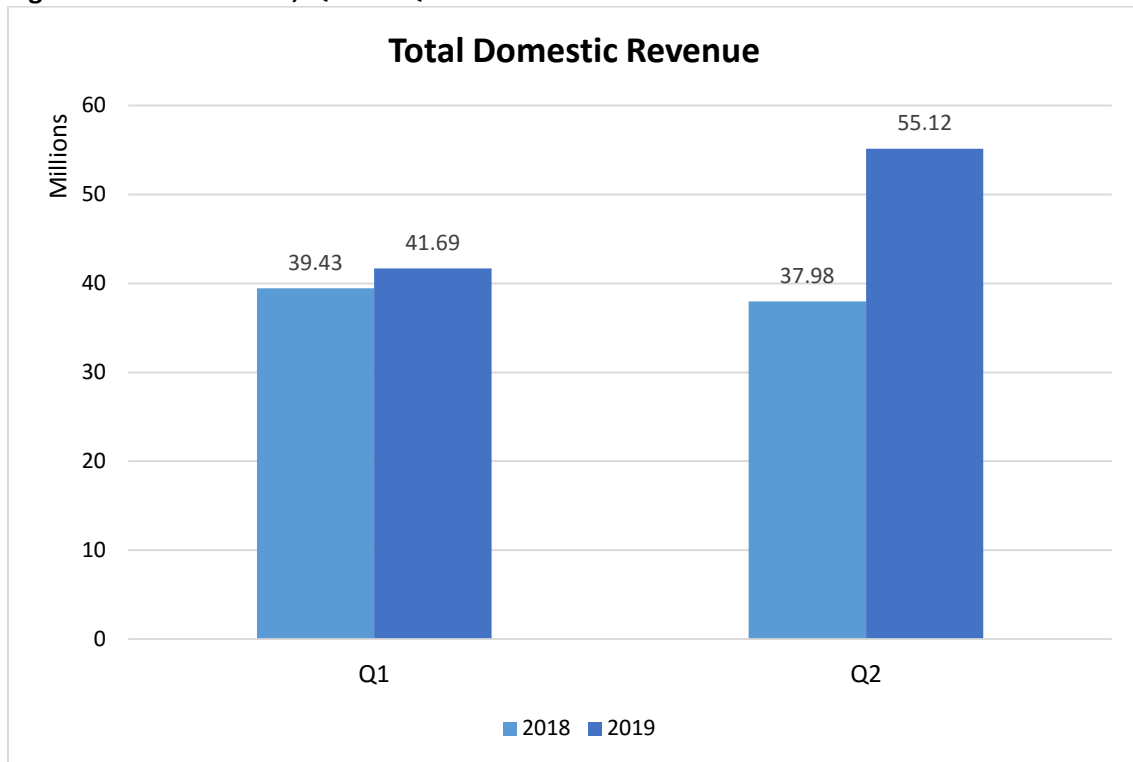
In 2019, it received a first tranche of \$3.1 million. The second tranche of \$6.6 million was received on 19 June 2019. Out of this, \$3.8 million was distributed to the Ministry of Finance, \$2.2 million to the Ministry of Health and \$559,700 to the Ministry of State Administration. Ministry of Finance has executed \$915,488 (national technical assistance, international technical assistance, overseas travel, incidental costs) over the first two quarters of 2019.

## 3 Revenue Trends in Quarter 2

### 3.1.1 Revenue Trends

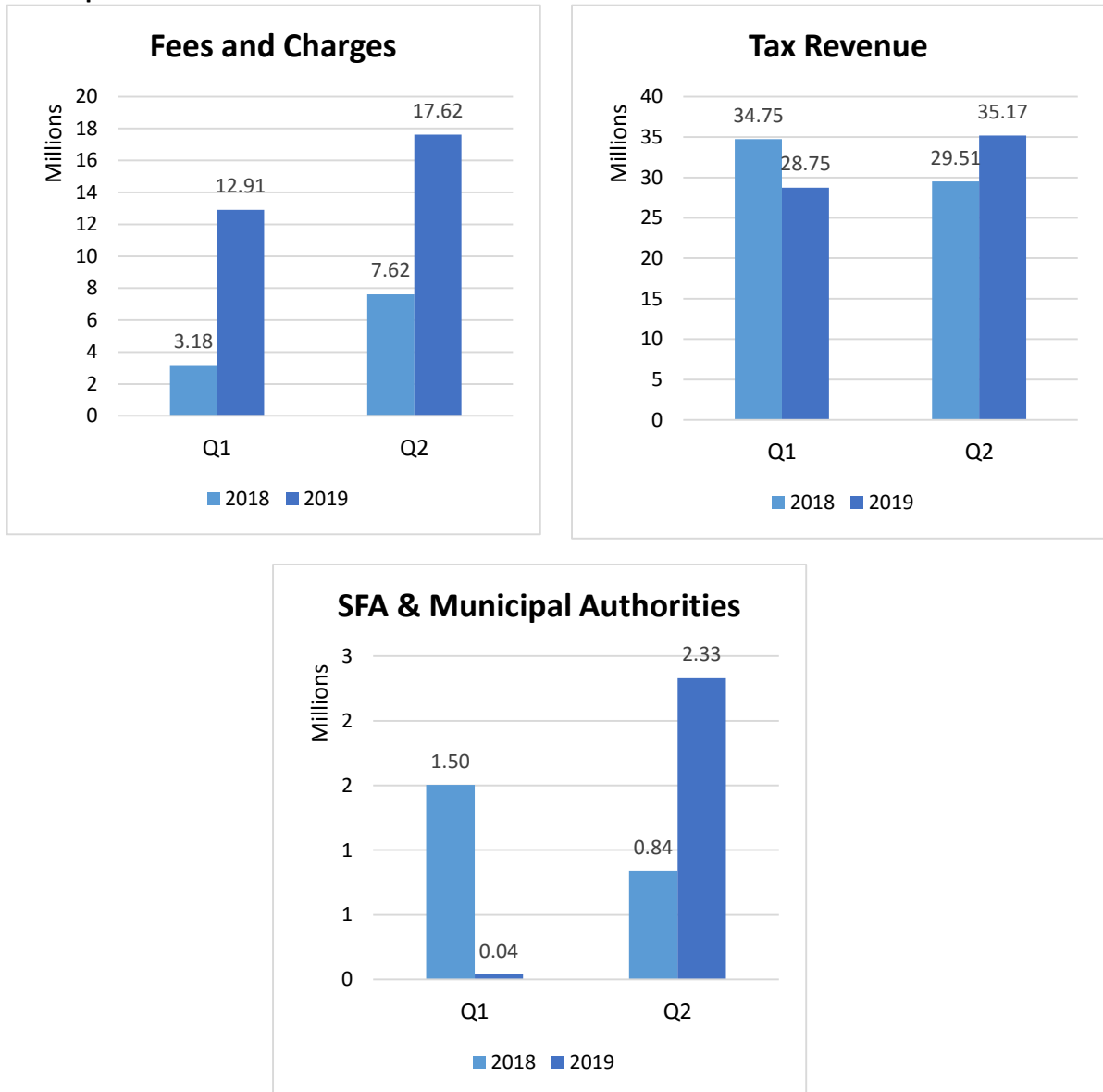
Mid-year actual domestic revenue collection reached \$96.8m in 2019 (\$41.7m in Q1 and \$55.1m in Q2) which represents a 25% improvements compared to 2018.

**Figure 15: 2018 vs 2019, Q1 and Q2 Total Domestic Revenue**



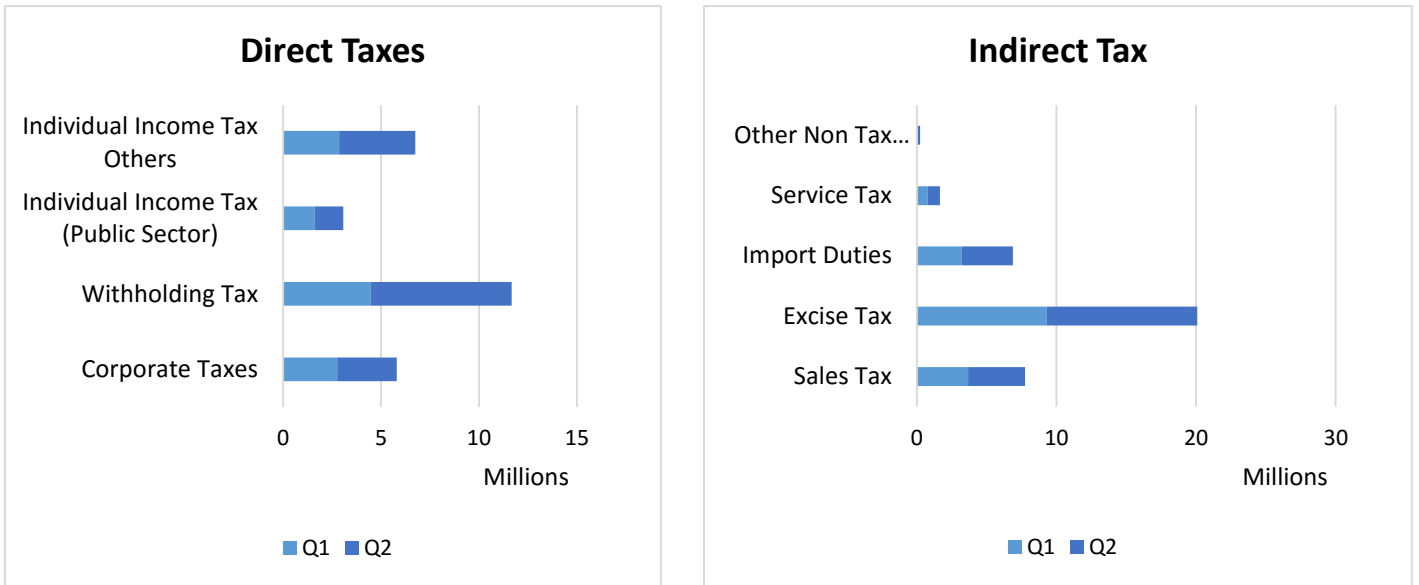
Such improvements is mainly led by higher receipts in the second quarter. Indeed, as it can be observed from the graphs below, Q2 2019 outperforms Q2 2018 across all main subcomponents of revenue (Taxes, Fees and Charges, SFAs and Municipalities receipts). Q1 2018 reports higher collection only for Taxes and Revenue from SFAs and Municipalities. The trend is driven by 2019 Q1 Withholding Taxes, recorded to be \$5.7m lower than in 2018. Reasons for this are likely delays in government-funded contracts. Such lower collection however, is fully recovered in the second quarter.

**Figure 16: 2018 vs 2019, Q1 and Q1 Tax Revenue (LHS), Fees and Charges (RHS), SFAs and Municipal Authorities Revenue**



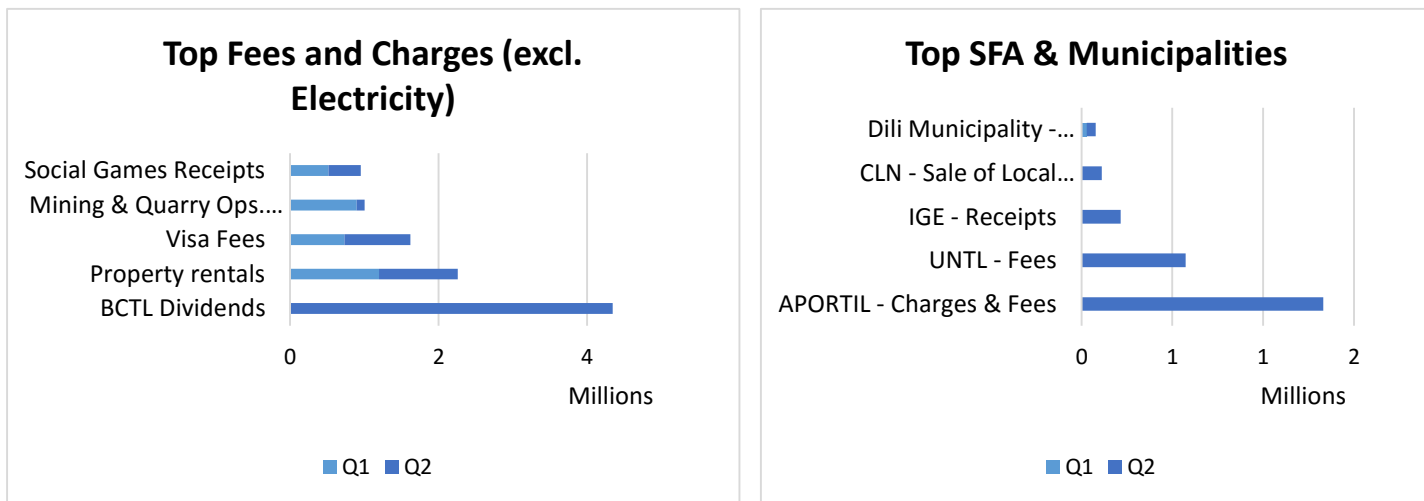
Focusing now on 2019, Q2 outperformed Q1 by over 30%. Delays in the approval of the General State Budget 2019 and in the release of funds to the line ministries, and the cyclicity of some revenues are likely drivers of such performance. As for taxes, higher collection involves all sub-components (see Figure 17 and Figure 18), especially in the case of Withholding tax which grew almost \$3.0m.

**Figure 17: Taxes, 2019, Q1 and Q2**



As for fees and charges, Q2 collection flattens with the exception of electricity fees, reaching \$8.5m, \$1.0m higher than Q1, and \$4.3m of BNCTL Dividends. Besides these two items, property rental (MT), fees from visas (MI), and royalties from quarrying and mining (ANPRM) are the main contributors to the total. As for SFAs, there seems to be issue of delays in reporting from these institutions as the reasons by nearly zero collection was reported in Q1. In Q2, the Dili Port, followed by the National University and the Institute of Equipment Management, make the largest contributions. Finally it should be noted that Municipal Authorities are increasingly collecting revenue (advertising and parking fees), even though they remain small in size. To date, only Dili, Covalima and Baucau Municipalities report collection.

**Figure 18: Top Fees and Charges (excl. Electricity) (above) and Revenue from SFAs and Municipal Authorities (below), 2019, Q1 and Q2**



## 4 Other matters of interest

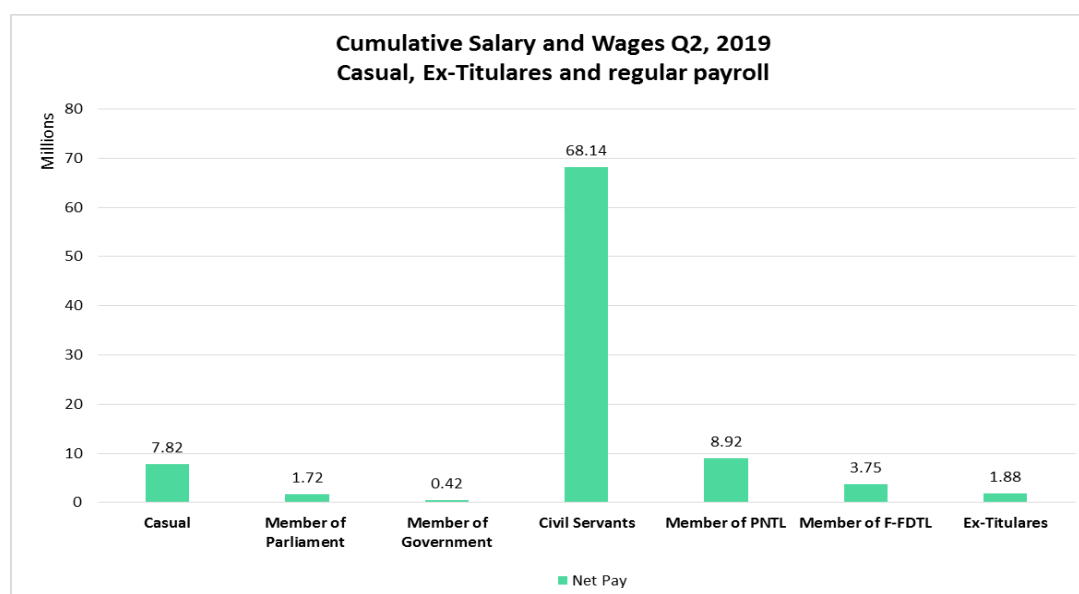
### 4.1 Procurement

Timor-Leste has instituted a 10% limit on sole source procurement<sup>4</sup>. All line ministries and agencies must focus on competitive procurement which reduces corruption and encourages competition between vendors. As of Q2, MTC (11%) has surpassed the limit and National Centre for Rehabilitation has just reached the 10% limit. SAMES, which is an exception to the rule, has 21% sole source contracts in Q2<sup>5</sup>

### 4.2 Staff costs

The following graph presents expenditure on salary and wages through Payroll in Treasury for casual<sup>6</sup> employees, ex-Titular's<sup>7</sup> and regular payroll (Members of Parliament, Government, PNTL, FDTL and civil servants). The average number of employees (for Q2) for each subgroup is presented on the horizontal axis. In Q1 and Q2 combined, \$7.82 million was spent on casual employees, \$1.88 million on ex-Titular's and \$82.9 million on regular payroll.

**Figure 19: Q2, 2019 Salary and wages**



<sup>4</sup> Legal Regime for Procurement, No 10/2005 amended by 38/2011

<sup>5</sup> Limit 10% direct award applies to all projects provided they meet the requirements set forth in Article 92 of the Procurement Law, except for supplies under the All-Government Appropriations, those related to national security issues, medicines, medical supplies and medical-hospital equipment, and those of Municipal Integrated Development Planning. This includes SAMES, RAEQA-ZEESM, CAC and PDID.

<sup>6</sup> A Casual Employee is an employee who is recruited for short term period or defined period of time, for instance, 3 months, 6 months and 1 year, which is also normally called "Contrato Termo Certo". The salary of the casual employee is paid through Payroll from Professionals services item (Goods and Services Category). The advisors salaries paying from same category but process through CPV and not through Payroll.

<sup>7</sup> Ex-Titular's are Former members of the Government and Parliament (The formers of Political Positions) and they are pension paid from Personal Benefits (Public Transfer Category)



### 4.3 Loans

The following graph shows the ongoing and disbursed loan projects in Timor-Leste as of June 30, 2019. The loan disbursement must be utilised six months before the closing date of the loan. As of date, three loans have been completed. Loans 2857 and 2858 for the construction of road between Tibar-Liquica-Tibar-Gleno have completed 100% disbursement. Loan IDA 5303 for the construction of Aileu-Ainaro road has also been disbursed 100%. Loans TLSP1, 3020, 3021, and 3181 are due to close in June 2020 and are expected to disburse 72%, 37%, 25% and 45% from now till the closing date.

**Figure 20: Loan execution until Q2, 2019**

