

Briefing about Proposed 2014 General State Budget and related topics

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By La'o Hamutuk

Timor-Leste Institute for Development Monitoring and Analysis

Rua Martires da Patria, Bebora, Dili, Timor-Leste

Tel: +670 332 1040

email: info@laohamutuk.org

Website: www.laohamutuk.org

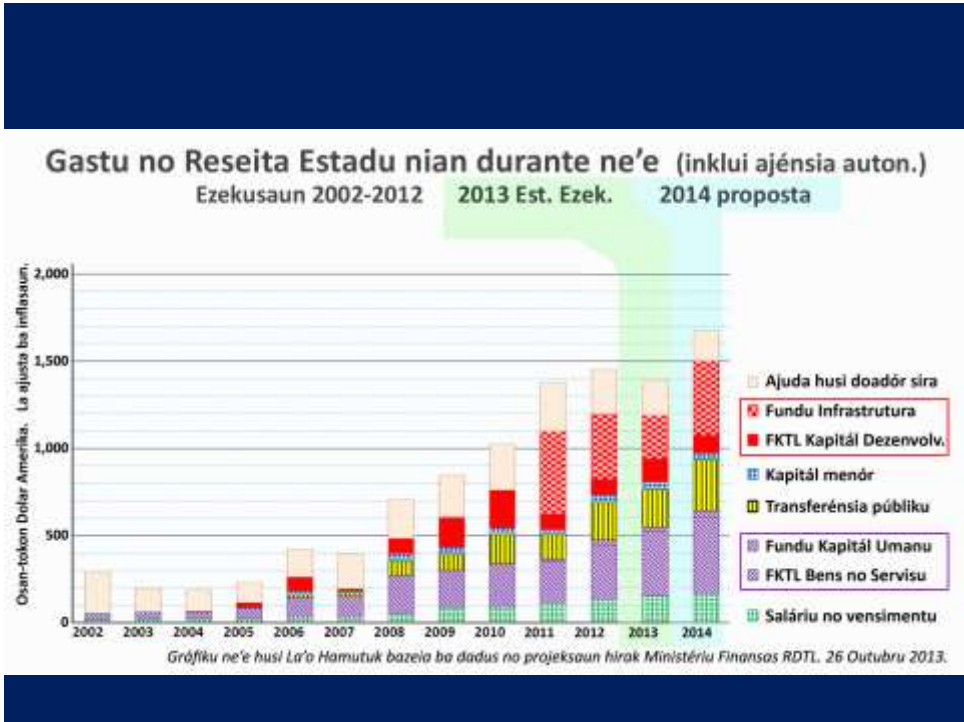
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Topics to discuss

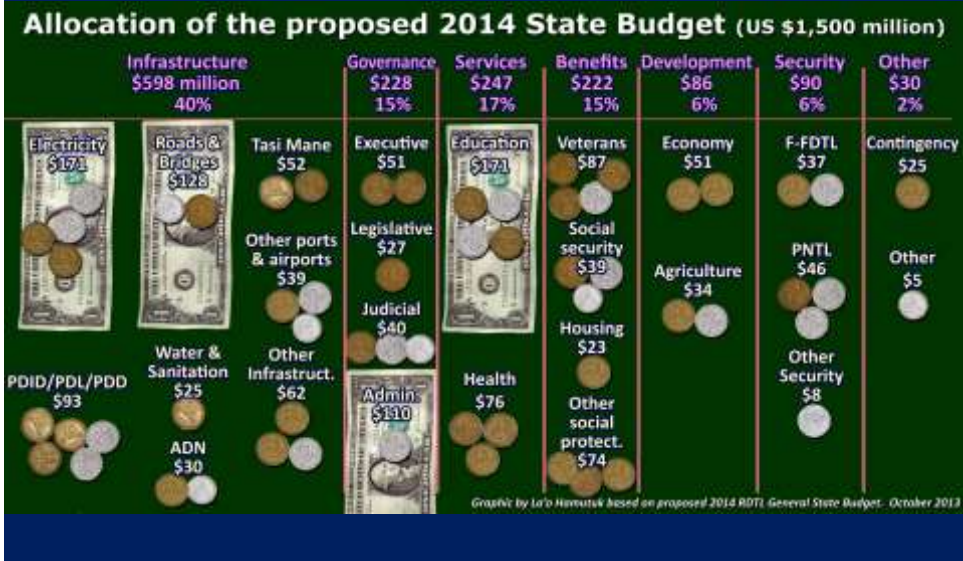
- **Proposed 2014 General State Budget**
- **Execution of 2013 GSB**
- **Sustainability when the oil runs out**
- **Macroeconomics**
- **Tasi Mane Project in 2014 GSB**

Allocation of 2014 GSB: \$1,500 million

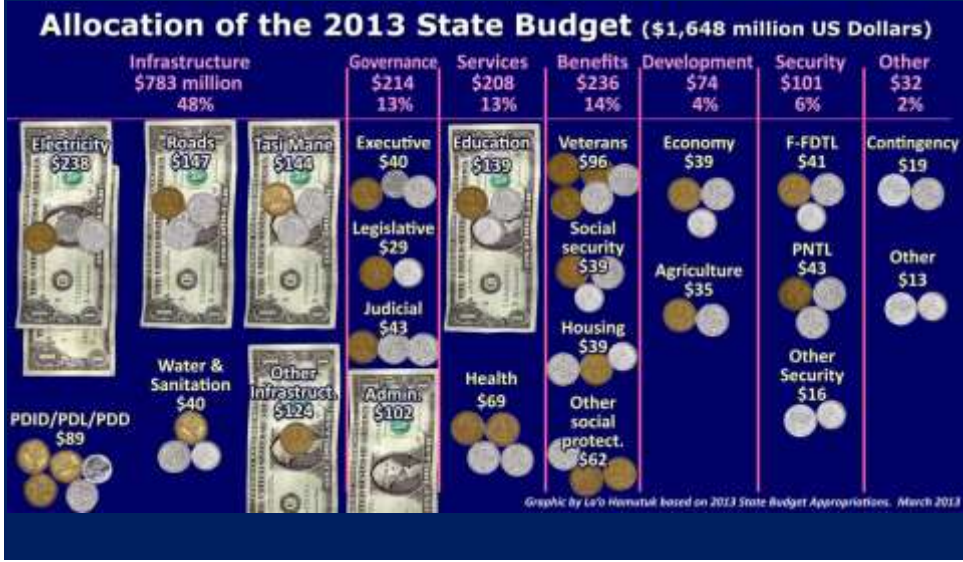
Salaries	\$ 167m
Goods and Services (including HCDF)	\$ 476m
Minor Capital	\$ 40m
Public Transfers (to people or organizations)	\$ 292m
Development Capital (including Infra. Fund)	\$ 526m
Donor projects & assistance	\$ 178m
Consolidated Fund (CFTL)	\$1,035m
Infrastructure Fund (including carry-over & loans)	\$ 425m
Human Capital Development Fund	\$ 40m
Total	\$1,500m



Allocation of the 2014 Budget



Last year's budget (2013)



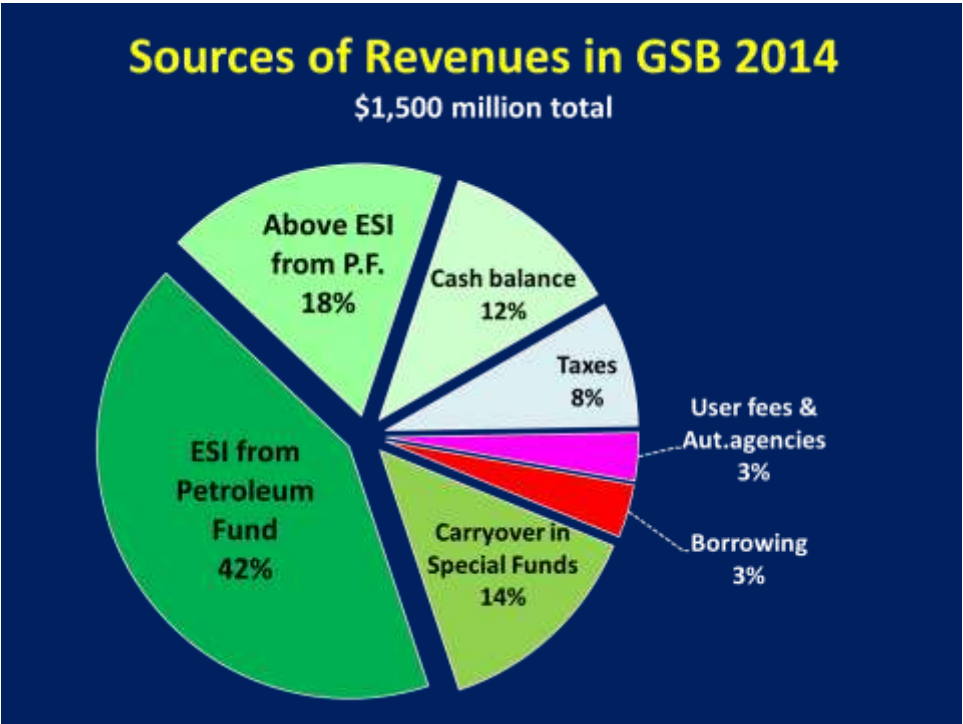
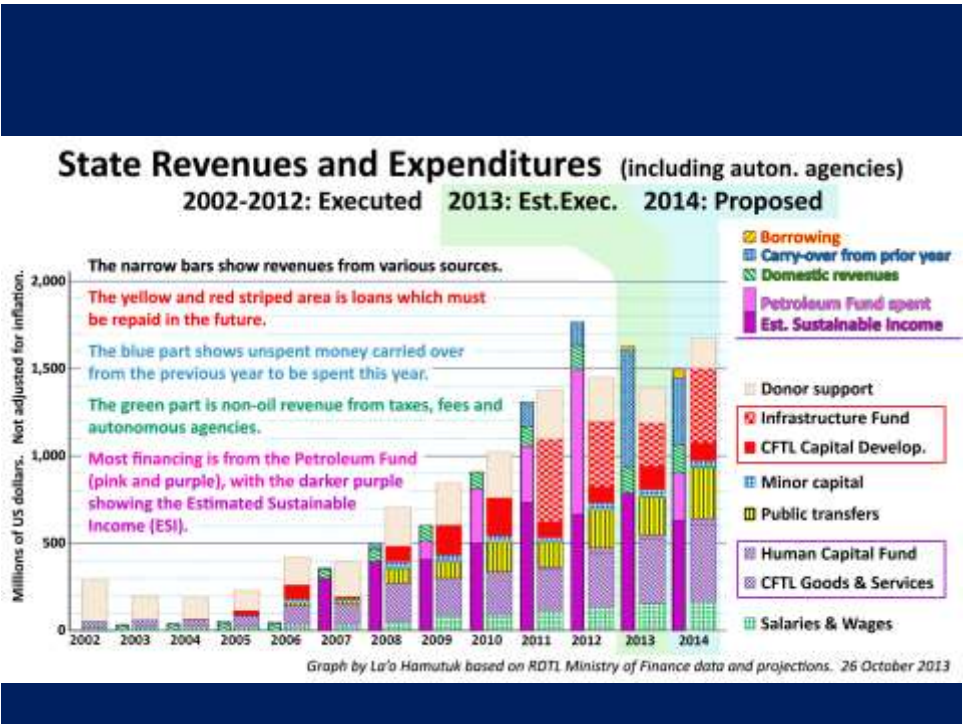


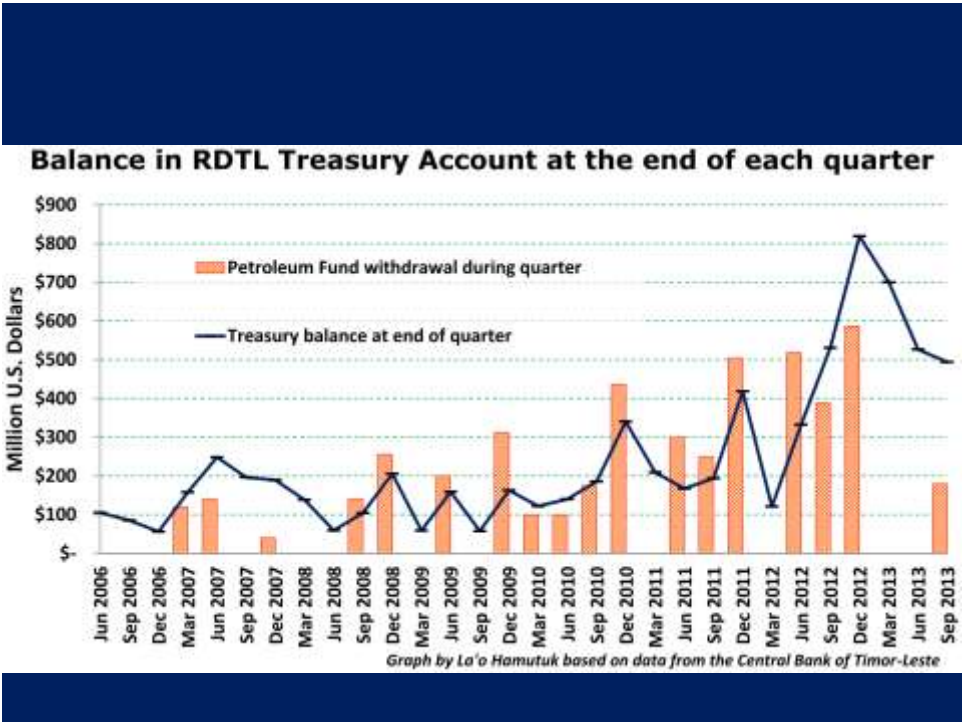
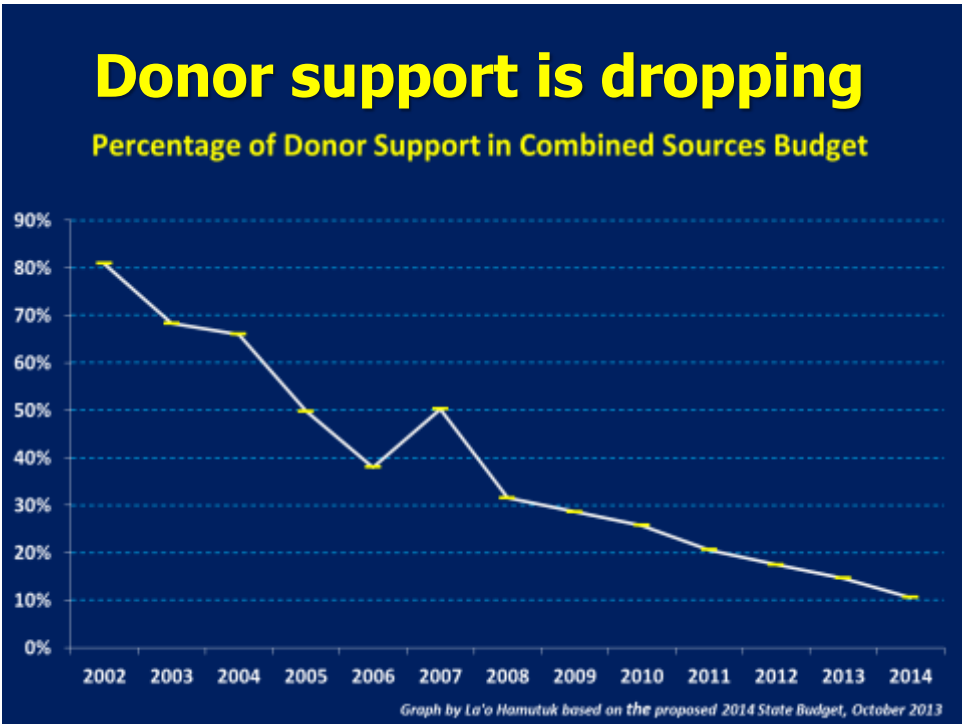
- Most people live by subsistence farming.
- Most good farmland is on the South Coast.
- The Government only allocates \$34 million (2% of GSB 2014) for agriculture, less than \$35m in GSB 2013.

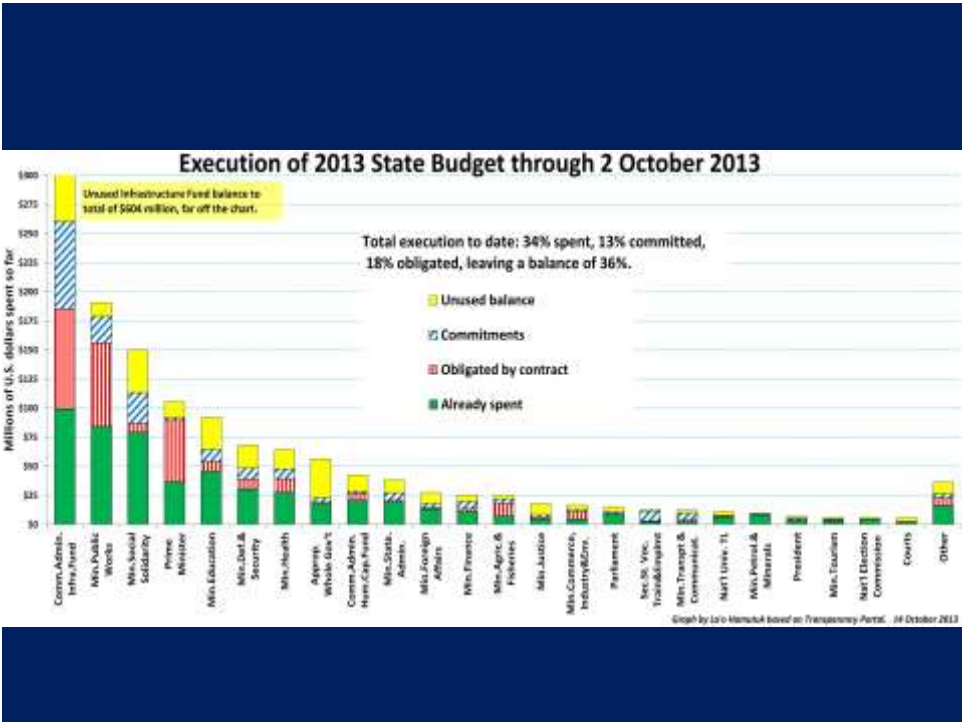
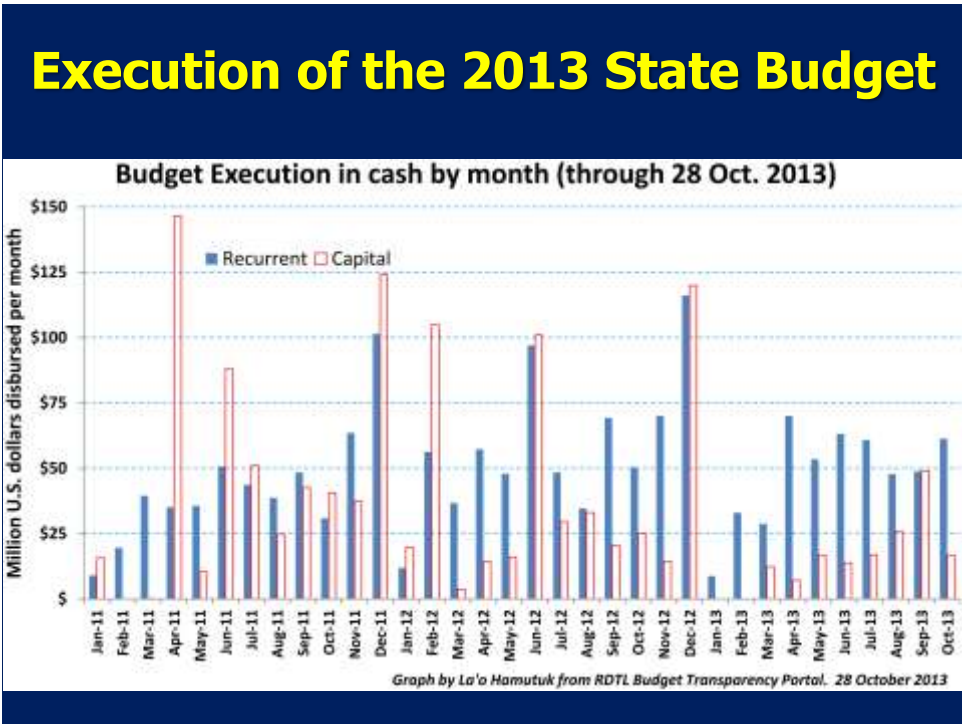
Inadequate spending to develop human resources

- GSB 2014 allocates 5.1% for health, less than half of global norms (increased from 4.2% in GSB 2013).
- GSB 2014 allocates 11.4% for education; other developing countries allocate 20% (increased from 8.5% in GSB 2013).
- Nations on track to achieve the MDGs spend 28% of their budgets on education and health. TL will spend only 16.5%.

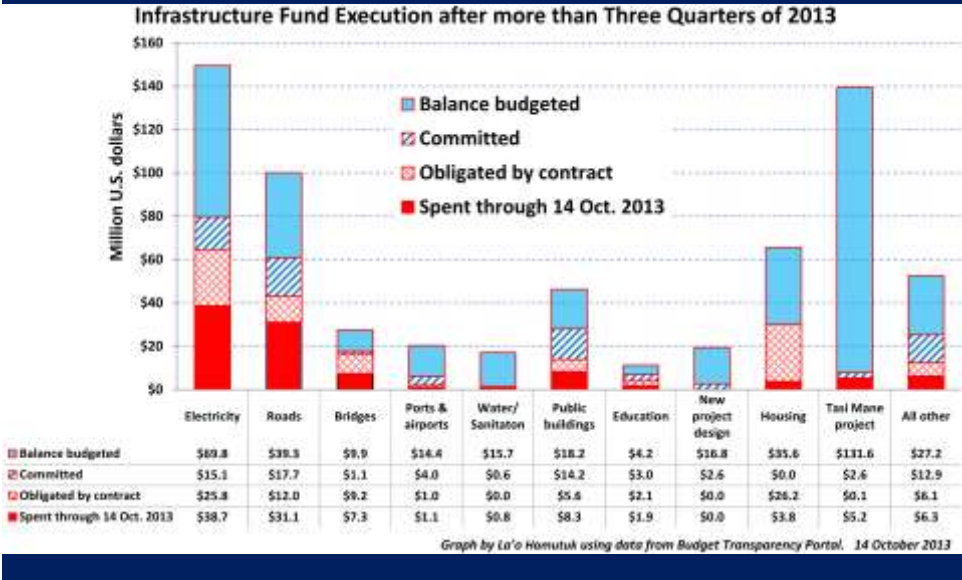
What will Timor-Leste's future be if students can't study, have their futures crippled by malnutrition, or die because of inadequate health care?



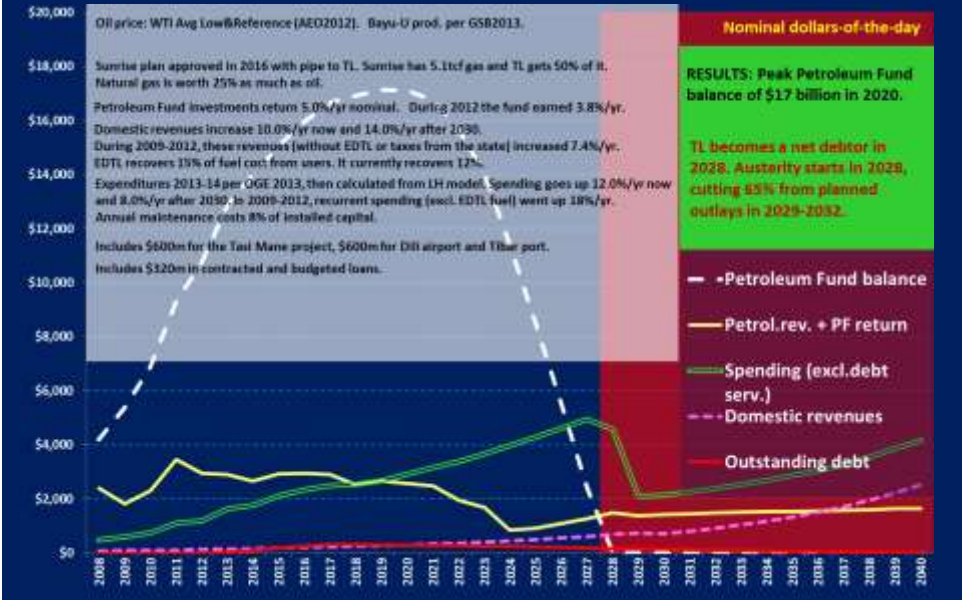




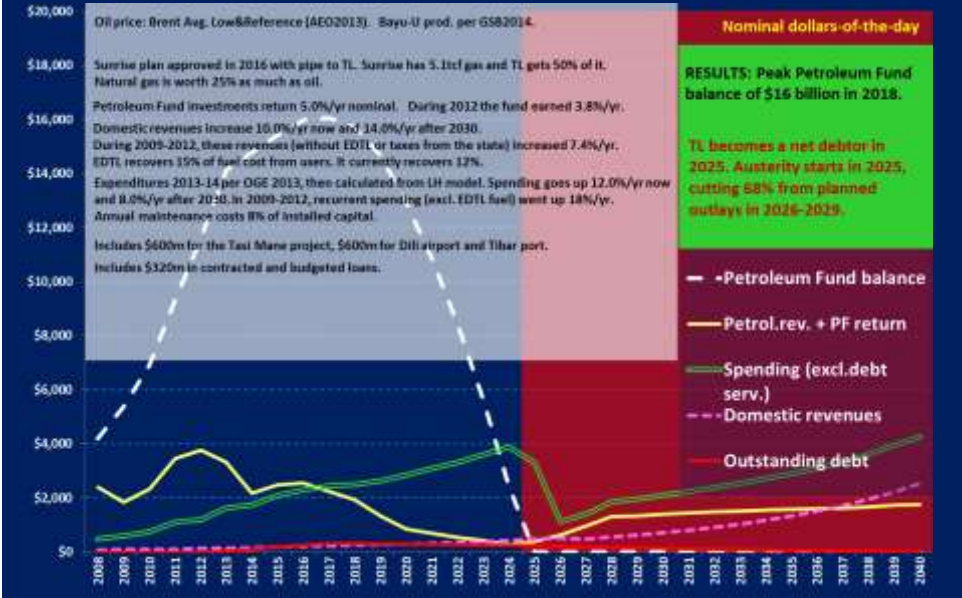
Infrastructure Fund in 2013



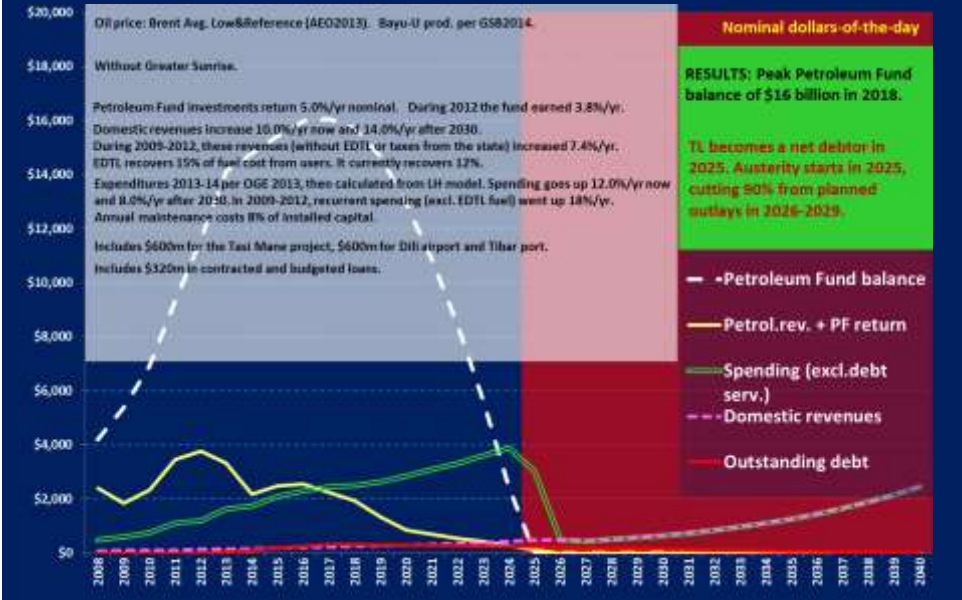
Is money from oil sustainable?



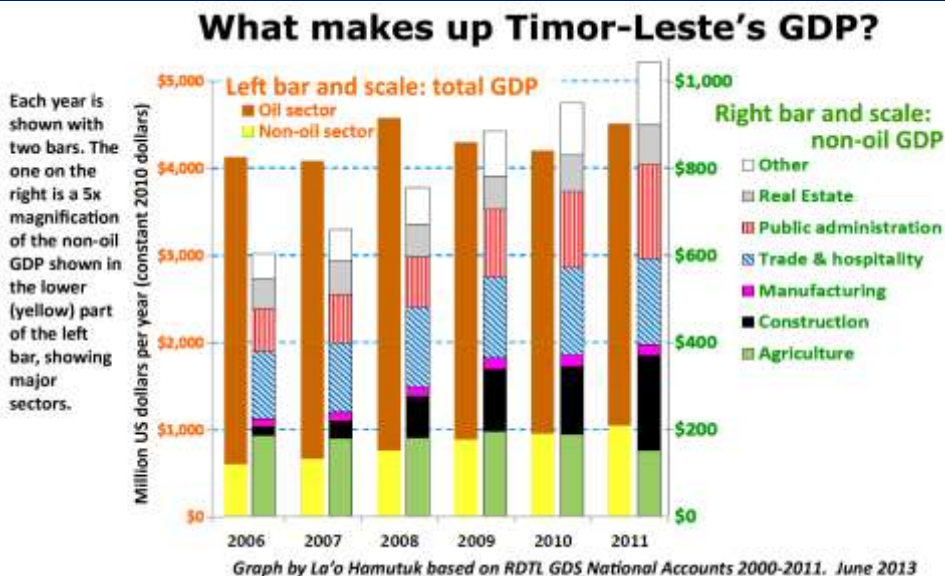
Oil revenues expected in GSB 2014



If Sunrise doesn't go ahead...

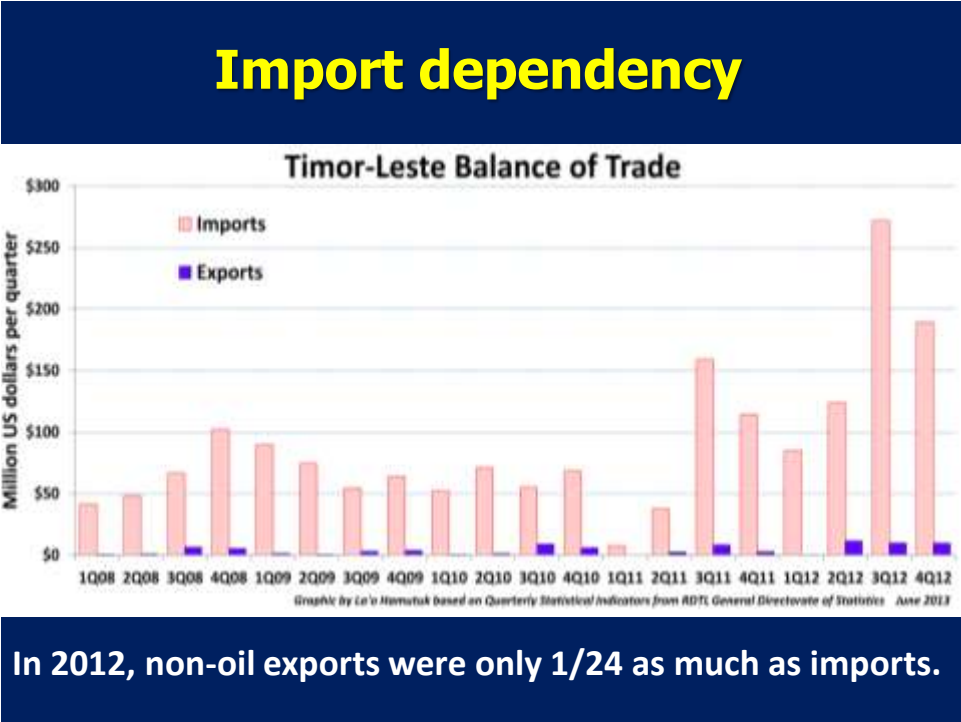
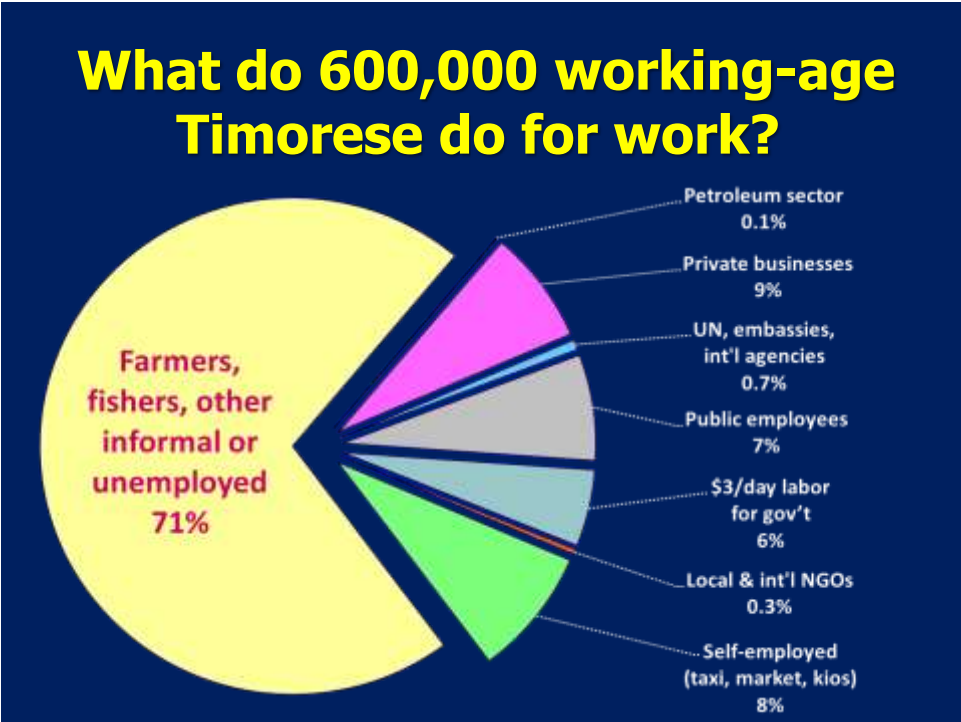


81% of GDP is from oil and gas



We must escape from petroleum dependency to sustainable development.

- Timor-Leste is the second most petroleum-export-dependent country on the planet.
- Our GDP in 2011 was \$5.8 billion, of which 81% came from oil and gas extraction.
- The non-oil GDP was only about \$1.1 billion.
- About half of the “non-oil” GDP came from state spending, of which about 94% is oil revenues.



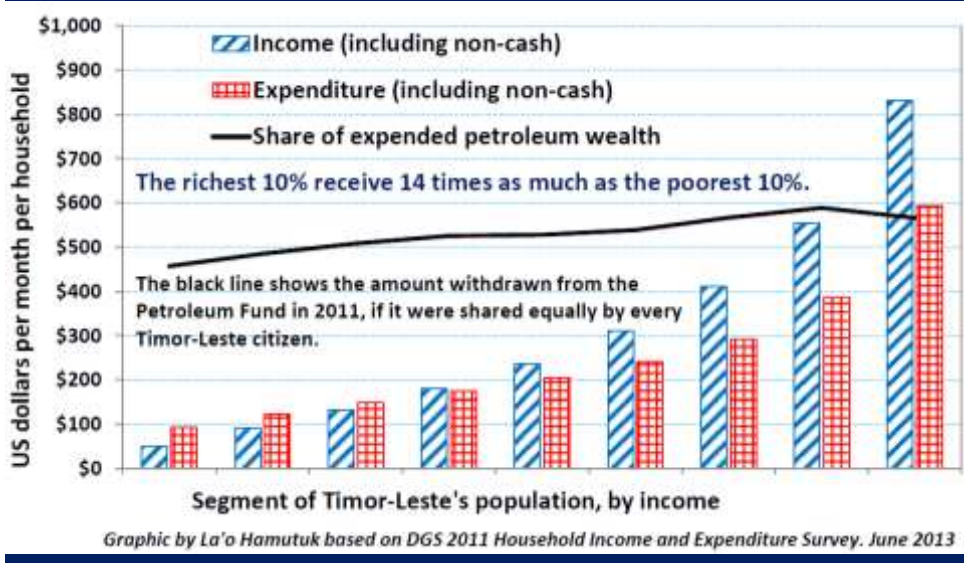
In 2012, non-oil exports were only 1/24 as much as imports.



- ## Unjust Distribution of Resources

 - Most of our economy is from exporting oil and gas wealth which belongs to all Timor-Leste citizens.
 - A small, upper-class group gets most of the benefits.
 - The richest 10% receive 14 times as much income than the poorest 10%, (including subsistence farming and barter).
 - About half of the population gets by on less than \$1.33 per day.

We have a few rich, but many poor.



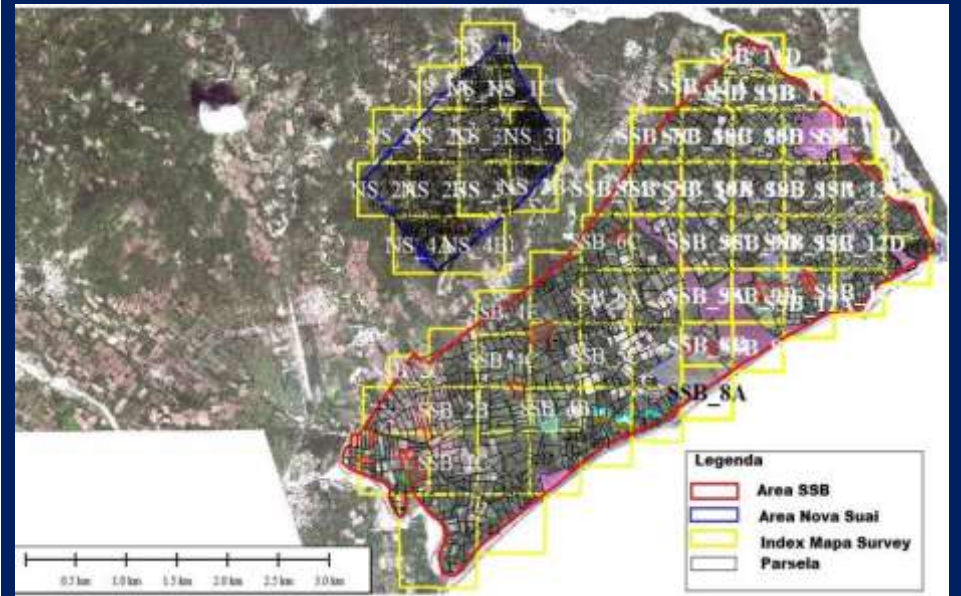
Tasi Mane petroleum infrastructure project

- TL began working on the Tasi Mane petroleum corridor in 2010
- It's a key part of the Strategic Development Plan 2010-2030

"To bring petroleum development to dry land to provide direct economic benefits from the petroleum industry ..."
(SDP)



Suai Supply Base



Refinery and Petrochemical Industry in Betano

- Will take up more than 200 hectares of land.
- Studies are done, but not public.
- It will only create a few, high-skill, jobs.
- Risks damaging the environment
- Further increases TL’s dependency on petroleum
- How can TL sell the cheapest fuel in the region?

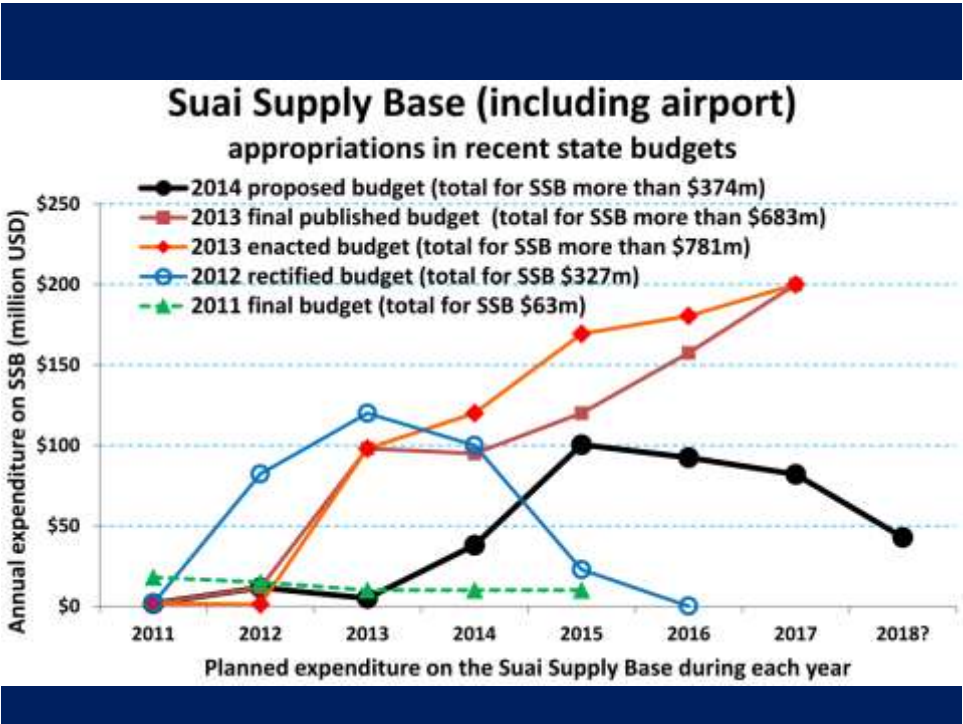
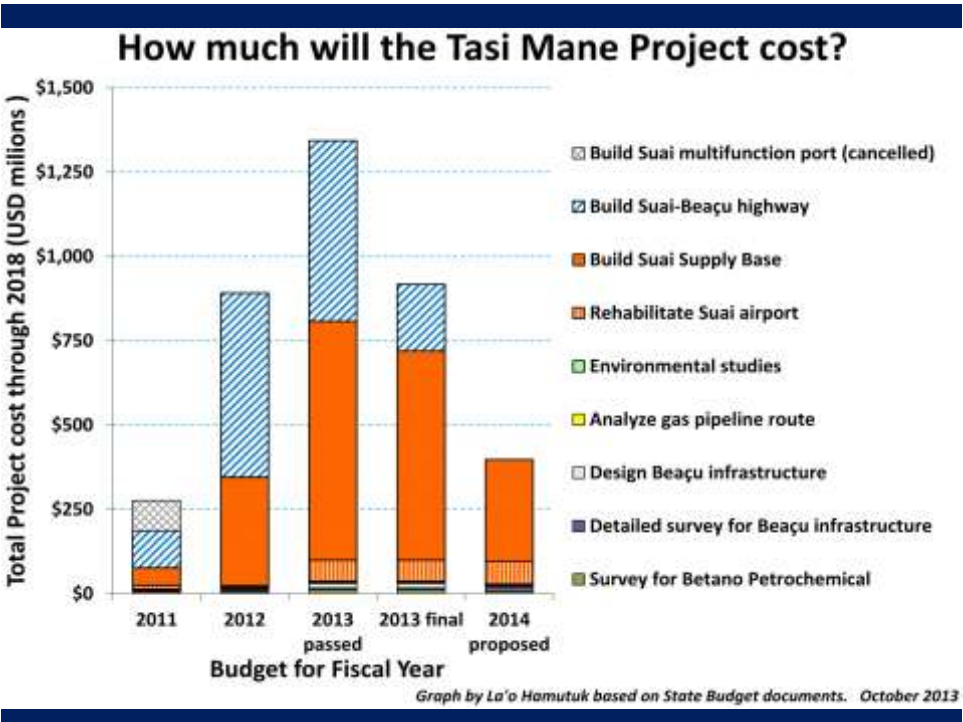


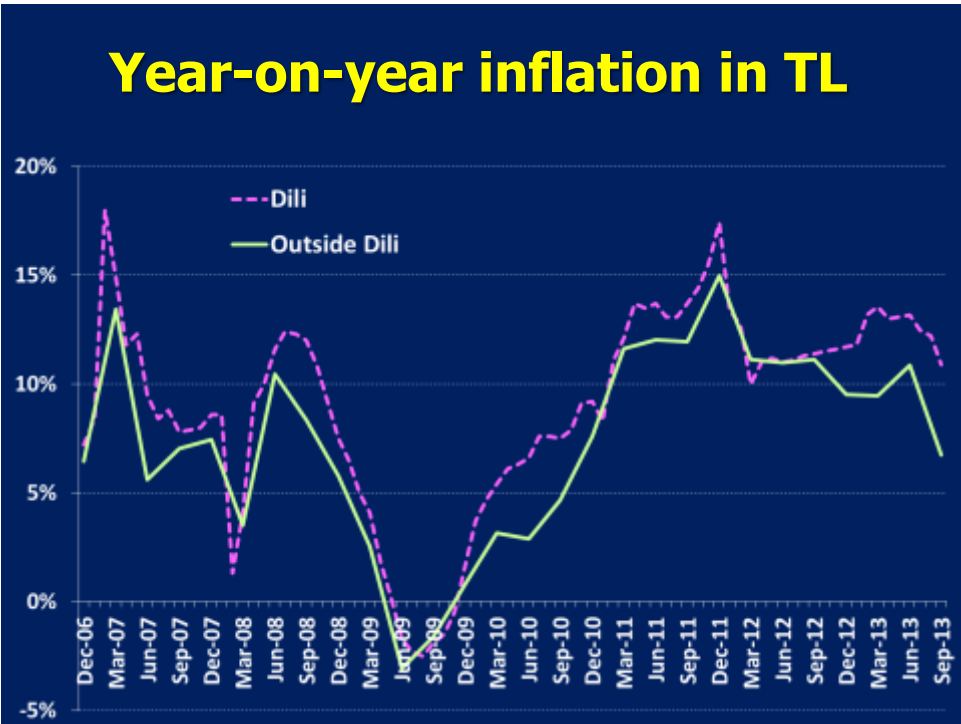
La’o Hamutuk thinks

- The Tasi Mane Project makes TL more dependent on the petroleum sector.
- It neglects sustainable sectors (agriculture, tourism, small industry, etc.).
- Nearly all of the money will go to foreign companies, providing very few jobs.
- It will create social problems, take up land, evictions, worsen health and threaten and damage the environment.
- It will cost more than it will return.

If Sunrise doesn’t come to TL, what good is this project?

Draft 2014 State Budget Book 6 - Infrastructure Fund for Tasi Mane project												
No.	Cod. Igo	Dono do Projeto	Nome do Projeto	Orçamento 2013 após Rectificação e Saldo Transitado	Saldo Final Transitado	Projectos de Continuação	Novos Projectos	Orçamento 2014	Orçamento 2015	Orçamento 2016	Orçamento 2017	Orçamento 2018
			Programa: Desenvolvimento Tasi Mane	152,195.88	31,076.00	10,930.30	2,380.88	46,389.66	101,619.99	92,465.99	62,000.00	42,845.00
1.	808	MIN P	Concepção, construção e acabamento para o desenvolvimento de infra-estruturas na costa sul: Rectificação Aeroporto de Suai	14,070.00	14,076.00	5,000.00	-	20,990.00	20,466.00	17,499.99	7,000.00	-
2.	808	MIN P	Concepção de construção e acabamento para o desenvolvimento de infra-estruturas na costa sul em Suai - Base de Fornecimento	94,450.00	18,000.00	-	-	18,990.00	60,000.00	75,000.00	75,000.00	42,845.00
3.	808	MIN P	Levantamento detalhado do local para o desenvolvimento de infra-estruturas na costa Sul em Suai-Pre Feed LNG Base	548.00	-	8,000.00	-	6,000.00	5,154.00	-	-	-
4.	808	MIN P	Estudo Pré-Feasibilidade: Estudo detalhado de "geotechnical e marine survey" - Estudo Geotécnico - Beleno	3,664.00	1,900.00	-	-	1,000.00	-	-	-	-
5.	808	MIN P	Concepção e execução detalhada relativamente a estradas e Pontes - Auto Estrada Suai-Beleno-Baco	34,040.00	-	-	-	-	-	-	-	-
6.	808	MIN P	Concepção e Supervisão para o desenvolvimento de infra-estruturas na costa Sul em Suai	2,854.00	-	-	-	-	-	-	-	-
7.	808	MIN P	Análise do Solo: do Quatrilho para o desenvolvimento de infra-estruturas na Costa Sul	1,697.00	-	-	-	-	-	-	-	-
8.	808	MIN P	Estudos ambientais (SIA) para o desenvolvimento de infra-estruturas na costa Sul	1,488.00	-	-	-	-	-	-	-	-
9.	808	MIN P	Desenho Plano Urbano - Suai	-	-	-	2,990.00	2,000.00	-	-	-	-
10.	808	MIN P	Estudo e Levantamento do Abastecimento de Água-Cabo Ruai e Cabo Tolu	-	-	-	300.00	300.00	-	-	-	-





Dili is very different from the districts.

From Timor-Leste Demographic and Health Survey 2009-2010

Table 2.11 Wealth quintiles

Percent distribution of the de jure population by wealth quintiles, according to residence and region, Timor-Leste 2009-10

Residence/ region	Wealth quintile					Total	Number of population
	Lowest	Second	Middle	Fourth	Highest		
Residence							
Urban	4.5	6.1	9.3	22.2	57.8	100.0	15,852
Rural	24.6	24.2	23.3	19.2	8.7	100.0	51,134
District							
Aileu	20.6	27.9	25.1	18.2	8.2	100.0	2,785
Ainaro	30.9	32.2	19.7	12.1	5.2	100.0	3,830
Baucau	26.9	28.9	19.3	13.4	11.5	100.0	7,590
Bobonaro	15.2	19.7	26.1	27.8	11.1	100.0	6,323
Covalima	17.2	17.7	23.1	25.1	16.8	100.0	3,993
Dili	0.4	2.1	6.5	20.1	71.0	100.0	10,905
Ermera	9.8	30.2	31.9	21.5	6.6	100.0	8,132
Lautem	28.0	16.7	20.4	24.5	10.4	100.0	4,547
Liquiçá	15.7	18.8	25.3	25.1	15.2	100.0	4,082
Manatuto	22.2	10.9	22.5	27.7	16.8	100.0	3,088
Manufahi	28.3	25.1	18.1	16.6	12.0	100.0	2,699
Oecussi	46.6	17.1	14.4	14.2	7.6	100.0	4,281
Viqueque	35.3	25.5	17.4	13.0	8.7	100.0	4,730
Total	19.9	19.9	20.0	19.9	20.3	100.0	66,985

More than 70% of Dili's population are among the wealthiest 20% of Timorese, while only 2% are below the poverty line.

More than half of families outside Dili live in poverty.

Six books from Finance Ministry

1. **Overview / summary**
Objectives, strategy, economy, revenues, spending financing, Petroleum Fund, new initiatives
 2. **Annual Action Plans**
From each ministry
 3. **Districts**
Programs in each district, subdistrict and suco
 4. **Budget items (two volumes)**
To the level of directorates and agencies
 5. **Development Partners**
From each donor, for each agency, project and district
 6. **Special Funds**
List of projects in the Infra. & Human Capital funds for 5 years.
- All can be found on La'o Hamutuk's website.**

Sources of budget information

- **La'o Hamutuk's website**
<http://www.laohamutuk.org/econ/OGE14/13OJE14.htm>
- **Budget Law in Jornál da Repúblika** <http://www.jornal.gov.tl/>
- **Finance Ministry reports about execution**
<http://www.mof.gov.tl/category/documents-and-forms/treasury-documents/budget-execution-reports/?lang=tl>
- **General State Accounts (2011); 2012 pending**
<http://www.laohamutuk.org/econ/OGE11/CGA11/LHsubComCGSA2011Nov12.htm>
- **Transparency Portal** <http://www.transparency.gov.tl/tetum.html>
- **Google translate** <http://translate.google.com/>

Thank you.

Get more and updated information from

- La'o Hamutuk's website
<http://www.laohamutuk.org>
- La'o Hamutuk's blog
<http://laohamutuk.blogspot.com/>
- Reference DVD-ROM from La'o Hamutuk next month.

Timor-Leste Institute for Development Monitoring and Analysis

Rua Martires do Patria, Bebora, Dili, Timor-Leste

Mailing address: P.O. Box 340, Dili, Timor-Leste

Telephone: +670 7723 4330 (mobile) +670 332 1040 (landline)

Email: info@laohamutuk.org