**What does the Proposal for the First Amendment of the 2021 State Budget Law mean?**

In order to strengthen the allocation of the COVID-19 Fund, to give the Government the opportunity to prevent and combat COVID-19 and to calm the social and economic situation of companies, workers and families, the 8th Constitutional Government submitted to the National Parliament the first proposal to amend Law 14/2020, the 2021 General State Budget (GSB) Law, which had been approved in the National Parliament and promulgated by His Excellency the President of the Republic, on December 29th, 2020.

The proposal to amend this Law was submitted to the National Parliament, the main sovereign body with legislative powers, with a special request to be treated with urgency and priority. The response of the National Parliament was positive, and therefore, on April 23rd, 2021, this proposal was considered and approved, in a final overall vote, with 44 votes in favour (68%).

However, we were all witnesses on April 4th, to the calamity that struck Timor-Leste, with torrential rains that caused damage to public infrastructure (roads, bridges, drinking water systems, electricity) and to private infrastructure (many people lost their homes and their property), and also caused 40 deaths.

Since the proposed amendment to this Law had been submitted to the National Parliament before this calamity occurred and, therefore, it could not be amended, in the process of debate, the National Parliament accepted the Government's suggestion to also consider the response to this recently calamity situation.

For that reason, the overall final approval, in general, brought some changes in the budget allocations. For example, with this approval by the National Parliament, the budget of the Central Administration had an increase of USD$ 135,300,000.00, leaving its budget now with a total of USD$ 1,932,543,312.00. The amount of USD$ 135,300,000.00, corresponds to an increase in expenditure, which will be covered by an increase in revenue.

The allocation of the COVID-19 Fund, which had an amount of USD$ 31,000,000.00, had a reinforcement in the amount of USD$ 256,641,793.00, now with a total of USD$ 287,641,793.00. The reinforcement of the COVID-19 Fund’s allocation comes from the reallocation of the infrastructure Fund’s allocation and the allocation for the whole Government.

There were also changes in the Infrastructure Fund allocation, which decreased by USD$ 58,713,000.00, from USD$ 339,604,554.00 to USD$ 280,891,554.00, due to an increase in the COVID-19 Fund allocation. Lastly, the Contingency Fund allocation, which previously amounted to USD$ 23,763,372.00, was increased by USD$ 41,388,428.00, rising to USD$ 65,151,800.00.

The changes in some of these allocations result from some “financial engineering”, thus allowing the Government not to have the need to withdraw more money from the Petroleum Fund, in addition to the amount that had already been approved by the National Parliament, last year, to finance the 2021 General State Budget (GBS).

Should the President of the Republic enact the proposed amendment to the 2021 General State Budget Law, the change in the allocation for the COVID-19 Fund will allow the Government to purchase the vaccines for COVID-19 to be able to cover the entire population, to purchase personal protective material and equipment, and material for testing and treatment for COVID-19 inpatients, the construction and rental of isolation and quarantine spaces, and the improvement of isolation sites throughout the territory.

Furthermore, the change in the COVID-19 Fund allocation also gives the Government the opportunity to fund socio-economic measures, such as employment support, credit moratorium, tuition fee waivers and internet subsidy for higher education students, the purchase of food products from local producers, or the electricity subsidy, and also fund the operation of the Integrated Crisis Management Centre, fund the remuneration supplement for frontline workers, and to conclude the payment of the Basic Food Basket program.

With the change in the Contingency Fund allocation, the Government still has the budgetary margin to meet the needs of the communities that were most affected by the recent flooding calamity.