



República Democrática de Timor-Leste

State Budget 2021

Approved

Budget Overview

Book 1



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 2021 State Budget, following the approval of the National Parliament.

The documentation for the 2021 State Budget consists of the Budget Law, plus various supporting budget books:

Book 1	: Budget Overview
Book 2	: Annual Action Plan
Book 3A	: Infrastructure Fund
Book 3B	: Municipalities
Book 3C	: RAEOA & ZEESM
Book 4a and 4b	: Budget Line Items
Book 5	: Development Partners
Book 6	: Special Fund - 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 General Directorate of Planning and Budget on email jgama@mof.gov.tl telp.+67077852000, nyaquim@mof.gov.tl – telp.+67077305809 and spmartins@mof.gov.tl – telp.+67077879183.

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 2021 State Budget.



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1 Prime Minister's Speech



Speech of H.E. the Prime Minister of Republic Democratic of Timor-Leste, Taur Matan Ruak

In occasion presentation of the 2021 General State Budget Law Proposal

National Parliament, November 30th 2020

Your Excellency,

Mr President of the National Parliament;

Your Excellencies,

Vice-Presidents, Secretary and Vice-Secretaries of the National Parliament;

Your Excellencies,

Ladies and gentlemen Members of Parliament from all Political Benches;

Excellencies, Dear Colleagues

Members of the 8th Constitutional Government;

Distinguished Guests;

Ladies and Gentlemen;

People of Timor-Leste;

Introduction and context

This State Budget that our Nation proposes to approve has been developed in response to the unprecedented challenges our Nation faced during 2020. My Government has formulated this budget in order to revitalize our economy, to protect and to invest in our People, and to provide our youth with the opportunities they need to insert themselves into society to fulfil their dreams.

Documentation includes 9 different budget books, which total roughly 1,500 pages and describe the planned expenditures of 91 different Ministries, State Secretariats, and Public Institutions. Over 1,800 different activities have been costed. You will notice that the format of this year's budget has significantly changed, as we have for the first time, adopted a program based



budgeting approach. This will provide a foundation to the better management of our results and performance, and to more efficiently allocate scarce public resources, both now and in the future. Rather than repeating what has been detailed in the books, my speech will provide the context and rationale for the major decisions we are making through the budget. I will highlight significant trends and identify some of the most important priorities of our Government in the upcoming year.

2020 was the most challenging year we faced, since the early days of our independence! We were tested by a disastrous storm of unexpected events. We were confronted by the COVID-19 pandemic, by floods, and by an extended political impasse which tried our very democracy. These uniquely challenging times showed the strength of our Nation and its success in acting together as one, as a united Government at the service of its People and our People's societal capacity for resilience and adaptation to shocks.

The Government and we, as a People and a Nation, tackled COVID-19 decisively and effectively. We quickly mobilized over US\$ 220 Million, including US\$ 92 Million for immediate economic response measures. With unprecedented planning and speed, we developed an emergency response unit. We built a system of quarantine, testing, track and tracing. We significantly strengthened our health system and supported our health professionals and front line workers. Our Government and National Parliament made bold and far-reaching decisions, in record time. We protected our borders. Our People united. Timorese wore masks, washed their hands, and maintained social distancing. A total of 18 laws and regulations were approved by the Government to ensure a timely response to COVID-19. Within days of the creation of a state of emergency, electricity subsidies were being implemented and water was being provided free of charge. We replenished our emergency food supplies. We maintained our international connectivity through Darwin to keep supplies and expertise moving. Roughly 300,000 households were provided a US\$ 200 universal cash transfer. Wage subsidies were disbursed. We assisted our students trapped overseas and we stimulated agricultural production. Our stabilization measures protected families from loss of income, falling into poverty, and unemployment and helped firms sustain their cash flow and keep many workers employed. On top of this immediate response, on the 12th of August, the Government approved an Economic Recovery Package. This contains 71 short and medium-term measures to be implemented between 2021 and 2023. The plan aims to increase employment, to ensure all jobs are both productive and dignified. It aims to spur public social investment, in education, health, housing, and social protection. Finally, it aims to promote sectors and areas that contribute to economic growth. The full cost of this program in the 2021 state budget will be US\$ 124 Million.

To what degree did we successfully protect our economy and the health of our People?

Our Ministry of Health and our security forces performed with precision. There were fears that we would experience between 13,000 and 65,000 infected persons. The worse-case scenario projected deaths of almost 12,000 Timorese. Despite these fears, our Country accomplished one of the best health outcomes not only in our region, but in the entire world. To date, 30 People have been infected and as I speak we don't have any active cases. We are free of community transmission. Timor-Leste is one of only 26 countries in the world where no deaths have been recorded. When our collective future was at stake, we managed a shared and coordinated response that enabled us to overcome some of the worst threats of the pandemic. For now, in many ways, life continues as normal.



At the time of the pandemic, economic forecasts were similarly dire. Some projections predicted GDP losses of 10 to 15%. There were widespread concerns over food shortages and price inflation. There were fears a great number of households would fall deeply into poverty. In 2020 we lacked an approved state budget, which essentially froze spending during much of the year. This negatively affected economic growth, especially in sectors like construction. Natural disasters, including huge floods, struck nearly 5,000 families in the first half of the year. Despite these obstacles – COVID-19, a budget freeze, and natural disaster – economically, we have fared much better than expected. We project our GDP will decrease not by 10% or by 15% but by only 6% in 2020. We project inflation in 2020 reached only 0.7%. We handled price inflation of food and critical goods because we put in place policy measures to ensure that price gouging in high-demand goods and hoarding doesn't occur, focused on maintaining a functioning food supply fundamentally by increasing agricultural production of staple food items through subsidies of key inputs for the 2020/2021 planting season, and ensured continuity in the distribution and supply of essential goods, in particular through a national stock of staple foods, medical supplies, pharmaceuticals and clinical equipment.

We learned much from our experience in 2020. We learned our People and the State are resilient and capable. We learned we can be very innovative. We learned we must maintain a sense of urgency if we want to achieve something substantial. Lastly, and perhaps most importantly, we have learned that decisive action requires decisive resources.

The objective of the Government's economic policy now is to speed up the recovery with a greater level of Government support as we face multiple challenges. The path towards progress will not be through a misguided and premature turn toward fiscal austerity impeding the much needed path of strong recovery, resilient, and inclusive growth. Rather, with a robust fiscal stimulus that boosts aggregate demand significantly we will bring forward private sector investments and restore consumer confidence. The Government will continue to expand its protection of people, save jobs, sustain consumption, and catalyse private sector activity.

Size of the Budget

Mr President of the National Parliament,

Honourable Members of the National Parliament,

Our 2021 state budget mobilizes significant resources to invest in our Nation.

Our economy will not recover fully nor immediately from these shocks. This is the case worldwide, in virtually all countries, as it takes time to turn things around. Our tourism and hospitality sector will continue to be impacted. Oil prices will remain volatile. International movement of goods is still constrained. Consumers are expected continue to delay some of their spending, and our trading partners are facing difficult economic times. There will continue to be both demand and supply disruptions. We therefore project our non-oil GDP in 2021 will grow by 3.9%, that there will be a rebound in private investment and household consumption. This turnaround will be due in part to the fiscal stimulus announced in our state budget. And, this rate of growth, if realized, will be the highest rate of growth since 2014. Unfortunately, because of the contraction in 2020, our non-

oil GDP, a measure of the size of our economy, will only reach US\$ 1.57 Billion in 2021. This is virtually the same level we achieved in 2017 and 2018.

To ensure the Timorese economy rebounds in 2021 the Government's economic development efforts will fight the recession, structural problems, and the Coronavirus shocks decisively. With a growing population, the need to catalyze economic growth is more important than ever.

This coming year, the state budget plans to spend, in total, almost US\$ 1.895 Billion, of which about US\$ 9.1 Million is being contributed by development partners. This budget is 27% higher than last year's revised budget and is equivalent to about three-fourths of our total GDP. In all, our Government will be spending about US\$ 1,400 for each and every Timorese citizen. What we spend must provide value. It must restore our economy, and it must meet the needs and expectations of our citizens.

Why is this year's budget different than past budgets?

First, we are a young Nation and we must continue to build our Country and we need to help prevent deeper and protracted economic downturns. The ability to stimulate the economy will allow for a fuller recovery, welfare, and resilient growth. A strong economic response that boosts demand and supply in the economy, supporting the recovery, and that helps employment when the economy is depressed is desirable.

Our history shows us that upon independence our infrastructure had been virtually destroyed and we lacked skills, knowledge, and know-how. As the magnitude of those challenges became evident, public spending ramped up to large levels. In a similar way, today's recession and multiple crises have decelerated economic activity to negative GDP levels seen in first post-independence years, but, this time, the output gap is wider. Therefore, as our past Government spending ramped up during persistent distress, now in the greatest crisis we need to focus on quickly moving additional resources deemed strategic to take the economy back to pre-coronavirus levels of GDP, and then to a path of resilient and sustainable growth. Continued public investment is therefore still required for the economic resuscitation in the areas of infrastructure that leaves the private sector with more resources and incentivizes firms to invest in more capital and hire more workers, a "healthy Timor-Leste" to achieve wellbeing and quality of life, education to ensure the learning and skills needs of children, youth and adults are met, and conditional cash transfers for vulnerable households. For example, in 2021 we will be spending US\$ 474 Million on capital investment, an increase of almost US\$ 271 Million from the previous year.

Second, there remains significant health, economic, and societal risks, and the economic shocks just described are expected to linger throughout the year. We faced economic recession in three of the past four years, in 2017, 2018, and 2020. We must carefully and quickly restore our Nation to positive growth. Furthermore, unlike other countries, our monetary toolbox is limited since we use US dollars and we must rely on fiscal stimulus. Therefore, now is most certainly not the time for austerity. In times of crises, we ought to adopt countercyclical investment and spending measures to ensure the economy rebounds strongly and returns to its long-term growth path.

Most countries have adopted countercyclical measures. Even the IMF recent October 2020 fiscal monitor finds that *"Fiscal policy action amounted to around US\$ 12 trillion globally and this policy action contributed to restored orderly financial market conditions and extended critical lifelines to households and firms."* In making the case for public investment, they estimate that *"1 percent of*

*GDP increasing public investment in advanced and emerging markets has the potential to, within two years, push up GDP by 2.7 percent, private investment by 10 percent, and most importantly to create between 20 and 33 million jobs directly and indirectly"*¹.

Finally, thirdly, and most importantly, this is also not the time to turn our backs on the most vulnerable in our society. Many Timorese continue to live in or near poverty and we must remain dedicated to ensuring a strong social safety net in these most trying of times. For example, in our state budget, we plan to expand the number of vulnerable children we support, increasing support from 101,393 to 146,527 children through the Bolsa da Mãe Program.

Without a fiscal stimulus we would remain on a slow path to recovery and we would be reversing the progress made since the restoration of peace. Our policies will speed up recovery, will boost aggregate demand, and will restore consumer confidence. Most importantly, they will bring forward private sector investment, will create or save jobs, and will ensure the private sector remains our primary engine of growth. Timorese can be self-assured that the State will guarantee that Timor-Leste is pulled out of the crisis and emerges strong.

Financing the Budget

Mr President of the National Parliament,

Honourable Members of the National Parliament,

Our Budget will be primarily financed through withdrawals from the Petroleum Fund; taxes; non-tax revenues, such as licenses, charges, and user fees; loans; and donor contributions.

As of January 2021, the value of the Petroleum Fund will be about US\$ 18.3 Billion. This is US\$ 410 Million higher than it was in the beginning of 2020. This Fund remains the heritage of each and every Timorese; it is a store of wealth as well as a means of funding critical public services and promoting the development of our Nation. If the Petroleum Fund was an individual bank account, each Timorese would have almost US\$ 14,000 dollars in his or her account.

As such, the Petroleum Fund was designed to be used in a sustainable manner, so that it could benefit future generations. The Fund is currently invested 5% in cash, 55% in Government bonds, 35% in equities and up to 5% in petroleum related operations, through a private debt placement in Timor GAP. While some oil revenues are expected in the future, from 2022 and 2023 we can expect only an additional US\$ 141 Million to be generated. At that point, revenues may cease until other sources of oil and natural gas come on line.

In any given year, a sustainable withdrawal is calculated as 3% of the value of the total wealth of the Fund. Therefore, for 2021 the Estimated Sustainable Income (ESI) amounts of US\$ 547 Million. As described in our 2021 state budget, total withdrawals to our activities require US\$ 1,378 Million for the Petroleum Fund, equivalent to 7.5% of our petroleum wealth. In 2021 withdrawals will be above the Estimated Sustainable Income (ESI) by US\$ 830 million.

¹ October 2020 Fiscal Monitor, IMF.



While withdrawals from the Petroleum Fund cannot grow indefinitely without harming the financing of future public expenditures, there are several reasons why we have agreed to withdraw an excess of US\$ 830 Million this year. Firstly, we are confronted by a deep economic downturn; this threatens living standards and our quality of life. It potentially places our population at extreme risk of poverty. In good times we should build up our petroleum wealth, while in bad times we should draw from to make direct investments that support our national economy and benefit future generations. Second, the Petroleum Fund's return since inception to September 2020 has been 4.6% per annum. Multiple Governments have, in fact, withdrawn over 3% of the available wealth, going beyond the Estimated Sustainable Income (ESI). As long as the return to our public expenditure exceeds 4.6%, for example, when we build a road or a school, when we promote and develop our agricultural diversification, or when we educate our children, withdrawals are financially justifiable.

The Petroleum Fund will finance a bit over 74% of our 2021 state budget. To reduce this dependency, we are dedicated to diversifying our revenue sources.

In 2021 we expect to raise US\$ 124 Million in direct and indirect taxes, such as income tax and excise and import duties. Though this represents a 12% increase from 2020, it is still equivalent to only US\$ 93 dollars per person, or less than US\$ 10 dollars per person, monthly. Such levels of revenue collection cannot finance public services at any meaningful level. While the need to increase tax collection is clear, in the long-term, there are disadvantages to this when compared to the Petroleum Fund. Taxes are potentially distortionary to the economy and they may have high costs of collection and compliance.

In addition to the collection of taxes, in 2021 we expect to raise US\$ 54 Million in fees and charges, including payment for public services, licensing, royalty charges, and the like. Our 2021 collection is expected to be 6% higher than 2020.

As an alternative to the Petroleum Fund, we have developed a strategy to increase concessionary borrowing and the issuance of public debt. This represents an important change and a key innovation. Since the interest rate on these vehicles is expected to be less than the return we now receive to our assets in the Petroleum Fund, this is a cheaper source of funding that will save the Nation money. Sound and transparent debt management will, however, be critical to ensure foreign borrowing ensures the cost of debt and fiscal risks are contained. To be specific, we are proposing an estimated ceiling of US\$ 400 million for new concessional foreign loans to be negotiated in 2021. This is equivalent to roughly 26% of GDP. Our debt-carrying capacity has been rated as "medium" by the World Bank-IMF Debt Sustainability Framework for Low-Income Countries, meaning we can handle debt accumulation due to our sound macroeconomic performance, overall debt sustainability, and low risk for debt distress. To further raise the finances, we need, we also plan to issue public debt bonds with a ceiling of US\$ 20 million, equivalent to about 1.3% of GDP.

These figures depend on the approval of the Government bonds legal framework during 2021.

Current loans contracted by the Government of Timor-Leste are used to finance key infrastructure projects and continue to have relatively low rates of interest and significant grace periods. Total loan financing for 2021 is US\$ 71 million. The strategic sectors such as water, education, telecommunication, and air transports are expected to receive concessional financing. This would

help unleash diversification and the growth potential of other key economic activities, leading to inclusive economic growth and poverty reduction.

Lastly, the total use of cash balances for the 2021 State Budget is US\$ 247 million, of which US\$ 150 Million is from the Consolidated Fund with the remaining US\$ 97 million from RAEOA/ZEESM. Included in our revenue sources is US\$ 9.1 million as direct budget support from European Union. We urge other development partners to follow the European Union's courageous lead and to increasingly contribute towards use and strengthen the State's financial management systems.

In summary, reliance on the public sector is not permanent and our spending is intended to enable human development and to promote private sector growth. Further action will be taken to safeguard the assets of the Petroleum Fund and to ensure fiscal sustainability by developing sources from alternative revenues, including improved tax collection and concessional borrowing. The Government has made Fiscal and Public Financial Management Reforms a clear priority and the development of a detailed program and action plan is under way, under the leadership of the Minister of Finance. These reforms will optimize the design and implementation of public investments; they will ensure budget transparency and value for money in public expenditure; and they will strengthen domestic revenue collection to restore fiscal sustainability once our recovery is firmly underway.

Our economic and fiscal strategy maintains our commitment to Timor-Leste's national development, improvement of the life of the people, poverty reduction, and sound fiscal policy and debt sustainability, which considers the long-term interests of East Timorese and future generations.

Expenditure Overview

Mr President of the National Parliament,

Honourable Members of the National Parliament,

Consistent with the four pillars of our 2011-2030 Strategic Development Plan, planned expenditures will strengthen our social capital expected to be US\$ 541 million, US\$ 475 million in infrastructure development, an overall support of US\$ 338 million for our economic development, and US\$ 470 million to consolidate our institutional framework.

The recovery will be achieved with a comprehensive Economic Recovery Package (ERP) that includes considerable infrastructure investments, an expansion of social protection for most vulnerable families, and main investments in agriculture, manufacturing and tourism to achieve higher productivity. With a sizable response of nearly US\$ 124 million we can prevent a catastrophic economic crisis and come back to a stronger economic growth.

Timor-Leste will also be required to strengthen its economic and fiscal policy against other large and pre-existing vulnerabilities and structural problems. Features such as the low-income levels, modest improvements in human development and delays in Government spending because of budget constraints throughout 2020, indicate that the Country needs critical and optimal spending levels to positively affect macroeconomic stability, economic opportunities, and production possibilities in the economy.

More generally, the 2021 State Budget will finance an infrastructure push that enables human development and sustainable private sector growth, structural transformation of the non-oil economy and diversification of the export base that places Timor-Leste on the path towards stronger, more inclusive, and resilient growth, it targets gaps to allow the agriculture, health, education, tourism, petroleum, and manufacturing sectors to grow, and it makes investments to expand our social protection, as well to improve the educational prospects and health outcomes of current generations. The long-run effects are expected to be positive because we are coming from below our economy's potential output.

Our expenditure is oriented to:

- Invest our oil wealth in our People, especially our youth. The future of our economy and our development lies in the knowledge and skills of our People. We will also ensure our citizens have the skills needed to hold both technical and professional positions throughout the Country;
- Facilitate the private sector to create meaningful, dignified jobs. We will increasingly promote a few key sectors such as high end coffee export, agri-processing, fisheries, tourism, and construction. With these investments we promote trade and foreign direct investment. We will significantly improve our business climate;
- Strengthen the resilience of our population through a robust social safety net, disaster management, a stronger national health system with larger investments in primary healthcare and public health infrastructure, and better environmental management;
- Shift from basic infrastructure development, such as roads, into strategic infrastructure projects that have a clear and direct impact on the economy and people's livelihoods. For example, we will lay a submarine fibre optic cable, developing an industrial park, and upgrading our ports and airports in order to ensure more competitive prices and the increased movement of goods and people;
- Reform the functioning of our judiciary and public service, in order to ensure fairness, efficiency, innovation, transparency, and value for money in everything we do.

In the remainder of my speech I will highlight several strategic priority areas of the 2021 State Budget.

Expenditure priorities

Mr President of the National Parliament,

Honourable Members of the National Parliament,

HUMAN DEVELOPMENT/SOCIAL

Social Protection

As a component of the State Budget, social protection is more important than ever to help stimulate domestic demand and help the economy rebound in 2021.

To make the recovery and growth fair and equitable, the Government will mobilize the necessary financial resources intended to maintain Timor-Leste's social protection system as we emerge from the crisis, while strengthening and expanding it where there are gaps by growing access and increasing coverage to our national population. The Government is seeking to reinvest in contributory social protection with the recent creation of Timor-Leste's Social Security Reserve Fund for better access and higher coverage of previously large portions of excluded People. The proposed funding will address the coverage gaps and reach significant new portions of individuals—an additional 45,134 beneficiaries, under Bolsa da Mãe, and around 23,000 more in the case of old combatants and their families. The beneficiaries are amongst the most vulnerable to the current economic shocks and require a wider support from the Government. By protecting individuals and households, our social protection will help cushion the blow to their livelihoods, while it plays a central role in the economic recovery.

The overall social spending to help strengthen the social protection system is around US\$ 166.7 million (8% of the total state budget). This includes allocating the required budget support of US\$ 93.6 million for pension payments and health treatment of veterans, US\$ 42.7 million for social security transfers to protect workers and their families, US\$ 15.5 million for the provision of pensions for permanent civil servants, US\$ 8.9 million to improve the lives of vulnerable children under the Bolsa da Mãe Program, and US\$ 6 million in pension payments for former leaders and members of sovereign bodies. With the mobilization of these resources, we protect individuals and families and address the economic, health and social dimensions of the present and crisis and all future crises.

Education and Health

Timor-Leste needs to significantly increase and improve the provision of public goods—like healthcare and education.

The COVID-19 pandemic has revealed the vital importance of accessing a quality national health system capable of providing healthcare and a public health infrastructure that covers the needs of our population. The total budget support to the health sector ascends to around US\$ 86 million (4% of the total state budget). The investment in primary healthcare is the largest with US\$ 29.1 million, including investments in new health posts and spending on the services provided for disease control, health in the family, medical emergencies, nutrition services, which supports our epidemiological surveillance strategy. We reinforce secondary and tertiary healthcare with US\$ 19.6 million which includes US\$ 10.9 million for inpatient care, US\$ 7.2 million for outpatient services, and US\$ 1.3 million for infrastructure. Moreover, an investment of US\$ 11.4 million in National Hospital Guido Valadares covers its needs for secondary and tertiary healthcare. An overall support of US\$ 10.7 million to the Serviço Autónomo de Medicamentos e Equipamentos Médicos (SAMÉS) helps reinforce and prepare medical supply chain, pharmaceutical management and health logistics to prevent, detect and treat diseases. The Infrastructure Fund will finance US\$ 4.8 million to complete the construction of the Baucau Hospital and ICU units and Paediatric facilities at National Hospital Guido Valadares.

Supporting investment in education is another major component of the state budget. The education ministry's budget rises to US\$ 111.4 million (5% of the total state budget), where about



US\$ 78.4 million is an investment in our children, especially important, since at early ages, preschool and basic education will ultimately lead to their human potential and strengthen their conditions in the future as young adults and productive citizens for their active participation in sustainable development and Nation-building. About US\$ 3 million funds pre-school infrastructure, US\$ 17.9 million funds basic education infrastructure, US\$ 4 million implements the Centres of School Learning and Training (CAFE is the Portuguese Acronym for Centro de Aprendizagem e Formação Escolar) and US\$ 44.9 million is for paying basic education teachers and workforce. To put this into perspective, according to a recent UNICEF scientific evidence, for every dollar we spend in pre-primary education we produce US\$9 of benefits to society². With this intervention we will at least increase our enrolment in basic education to 96 percentage points. About US\$ 24.9 million is directed to support secondary education, including US\$ 10.4 million in infrastructure to allow for an adequate learning environment because this improves our students' performance and US\$ 12 million is to pay teachers and workforce for service delivery. On the other hand, we focus investments in our higher education system to continue to promote quality and access. Around US\$ 26.4 million is proposed for this sector, including US\$ 6.3 million for the ministry of higher education and US\$ 20.1 million for the National University of Timor-Leste in order to maintain services for students, research and scientific investigation capacity. This intervention will help ensure 50% of Higher Education institutions are accredited, that 1350 students holders of scholarships abroad succeed in their school performance, that priority research for our Country is completed in the areas of agro-production systems, agro-economy and law relating to the culture and tradition of East Timor, and to produce 170 doctors, nurses and midwife professionals, 263 economic and management professionals, 158 social science professionals, and 26 in the legal profession. The Infrastructure Fund will finance US\$ 4.8 million to complete the Nova Escola Polo de Baucau and prioritizes building the Polytechnic School of Aileu and Betano, and the New University Campus em Aileu.

INFRASTRUCTURE

Public infrastructure is the foundation of our social and economic development. In 2011 we established the Infrastructure Fund to build and maintain essential infrastructure, including roads and bridges, ports and airports, electricity, water and sanitation, public facilities, and other strategic sectors. These investments, in the form of multi-year projects, are funded from the state budget and through public private partnerships and external loans. Over the 10 years of its operations, the Infrastructure Fund has completed 988 projects while an additional 868 projects are ongoing, new, or planned. Since the inception of the Fund, the total value of all approved projects has been US\$ 4.8 billion while execution has reached US\$ 3.1 billion, or 64%. In implementing these projects 61,325 jobs were created.

In the 2021 state budget, we will invest US\$ 474 Million in capital and development, including US\$ 340 million from the Infrastructure Fund. While a 2019 World Bank study showed the average developing Country to be investing 4% of their GDP in public infrastructure, our infrastructure was severely degraded by years of war and conflict. In 2021 the Infrastructure Fund will be investing roughly 13% of our total GDP in public infrastructure.

² UNICEF, 2020. COVID-19: A REASON TO DOUBLE DOWN ON INVESTMENTS IN PRE-PRIMARY EDUCATION.



Our Government program prioritizes improvements to the governance of the infrastructure sector. Because our investments have a clear opportunity cost, we must choose them wisely, ensuring they generate social and financial returns which justify the scarce resources we have allocated. We will continue to hold our projects to high standards of transparency, feasibility, environmental impact, competitive procurement procedures, quality assurance, and value for money. During 2021 we will comprehensively review our planning processes and institutions, ensuring our safeguards are robust and effective.

For the purpose of my speech I will focus on only a few subsectors. I will discuss electricity, the President Nicolau Lobato International Airport, the Tibar Port, information technology, roads, and the petroleum sector.

Electricity

As described in our Government program, access to a regular and reliable supply of electricity is a basic right as well as a key building block of our economy. We aim to ensure electricity 24 hours a day, for all citizens, at an affordable and fair price. Our program also commits us to, increasingly, relying upon renewable energy sources. Over US\$ 1 Billion has been spent in the electricity sector since 2011.

Unfortunately, our power sector is still plagued by high costs, frequent disruptions, inefficient distribution, and excess capacity. We generate our electricity by burning diesel, which, by its nature is expensive and environmentally damaging.

In our 2021 budget we will invest US\$ 18 Million to strengthen our distribution system, mostly lines and transformers, to reach more and more citizens. We will also spend almost US\$ 140.1 Million, or about 7% of our budget, towards fuel and the maintenance of electricity generators in Hera and Betano.

Because our generation costs are high, we must continue to significantly subsidize electricity to our consumers. Even though we will be spending some \$US 140 Million on electricity, we will be raising only US\$ 33 Million in electricity fees. And, despite these subsidies, our businesses face prices that are significantly higher than most ASEAN countries. For example, in Dili, in 2016-7, our enterprises paid over twice the unit price paid in Bangkok, Hanoi, and Singapore, and almost three times the price paid in Jakarta.

The problems in our electricity sector largely reflect the technology currently in use. In 2021, we will develop a project or a series of projects, to generate power more cheaply, cleanly, and sustainably, through either solar or LNG. To support these technological changes, we will also transform Eletricidade de Timor-Leste (EDTL) into a public enterprise. This will strengthen its autonomy and allow it to run in a more efficiency and business-like fashion.

President Nicolau Lobato International Airport

The upgrade of the Presidente Nicolau Lobato International Airport is a priority of our Government. We need to expand its runway, ensure the airport meets safety and other aviation standards, and to provide lighting for night-time flights. In 2018 we attracted 275 thousand

passengers while, in 2019, this figure dropped to under 100,000. For our tourism sector to realize its full potential, we aim to reach 1 million passengers per year. This will require price reductions, increase traffic, and increased competition.

Runway expansion will allow larger and heavier planes, originating from longer distances. The estimated investment required totals US\$ 483 million, to be financed through a combination of the State Budget, loans, public private partnerships, and donor grants. In 2021, we allocated \$US 16 Million from the Infrastructure Fund to cover land acquisition, compensation and other initial activities. Loan negotiation and mobilization is expected to conclude in 2021. Construction of the first of the three phases should begin in mid-2022 and should be completed by 2024.

Tibar Port

Tibar Bay Port is a project of high, strategic national interest. It is the first Public-Private Partnership (PPP) we have been implementing. Construction began in August 2018, under the management of Bolloré Group, the holder of a 30-year, US\$ 490 Million concession contract. It is expected, following a 9 month extension due to COVID-19, for the construction to be completed in May 2022.

The Port expansion aims to solve current congestion problems and to allow larger vessels to dock. It should lower shipping costs and increase volumes. During 2021, we will complete a project preparation and feasibility study for an industrial park. Expected to be located in Liquiçá, this is expected to create 4,000 jobs and to promote transshipment, repackaging and export-oriented manufacturing linked to the Tibar Bay Port.

Information and Communications Technology

Our future depends on our ability to innovate and to make use of information technology. This will not only require changes in our Peoples' skills and education, but will require improved connectivity. We are one of only a few of countries in the world still connected to the internet via satellite rather than fibre optic cable. This technology is significantly slower, less reliable, and more expensive. According to 2019 data by [Seasia.co](https://www.seasia.co), Timor-Leste has the second slowest internet speed in the world. Our speed is 25 times slower than the average across Asia and the Pacific. And, while our citizens pay, US\$ 300 per megabits per second, rates in Cambodia, Indonesia, and Australia are US\$ 8.1, US\$ 1.8 and US\$ 2.1 respectively. This situation negatively impacts our economic growth and inhibits our citizens from accessing information and from receiving a wide range of on-line services.

To transform our connectivity, in the 2021 we will invest US\$ 41 million to install a submarine fibre-optic cable through Australia's northern territory. It is expected that this cable will be laid in coming year.

Roads

This year, including loans from the Japanese Agency for International Cooperation (JICA), from the Asian Development Bank (ADB) and from World Bank, we will allocate US\$ 180 Million to the construction and upgrade of roads and bridges. These important investments in basic

infrastructure, which exclude Tasi Mane, comprises 51% of the Infrastructure Fund and roughly 9% of the total 2021 State Budget. Since the start of the Infrastructure Fund, over US\$ 1.1 billion has been allocated to the development of roads and bridges. As our infrastructure needs are increasingly met, these expenditures are expected to be reduced in the future.

In our 2021 state budget, an additional US\$ 25 Million is being allocated to the maintenance, rehabilitation and improvement of this infrastructure, including US\$ 6 Million for rural roads in our Roads for Development (R4D) program.

Petroleum

Our petroleum wealth will continue to finance the building of our Nation and our investment in our People's health, education, and well-being. These resources have been extremely well managed, achieving one of the highest rankings for governance of national sovereign wealth funds. As our petroleum resources in *Baya Undang* run down, our strategy is to exploit new fields in the *Greater Sunrise* area. In 2018, we negotiated a maritime boundary and treaty with Australia that increases our share of the revenues from 50% to 70%, as long as the petroleum is processed in Timor-Leste. An estimate by *Conoco Phillips*, *Shell*, and *Osaka Gas* projected the fields would generate approximately US\$ 50 Billion in revenues, while estimates of the investment costs required to establish a petroleum industry on the South Coast are, roughly, US\$ 18 Billion.

While investment costs are high, it is urgent we transform the oil sector, from the current stage of pure extraction, into a viable and industrialized sector that creates added value and ensures energy independence. While investment costs are high, the project is expected to generate, on net, approximately \$30 Billion of additional revenue, to be deposited in our Petroleum Fund. From this perspective, our petroleum investments are not an obstacle to an investment in People or human development, but instead they are a facilitator of this development. This \$30 Billion will be essential to finance the next stage of our development and this inter-generational transfer will provide a lifeline for our future generations. In our 2021 budget, we have allocated \$8.5 Million from the Infrastructure Fund for investment in Tasi Mane and \$71 Million to Timor GAP, contributing to the sensible management of our oil resources.

ECONOMIC DEVELOPMENT

Today's economic and societal risks necessitate a greater level of Government support. Once our health and social protection priorities are funded we focus on boosting pro-poor and equitable growth through a careful mix of productivity enhancing spending with an additional Economic Recovery package that immediately scales up and stimulates the economy.

The emergence of the Coronavirus, the internal crisis, and natural disasters led to this year's depressed level of economic activity. It is possible that the current recession is generally more concentrated in the period between April and June, that's when Timor-Leste, the entire region, and many parts of the globe went into a stringent lockdown. However, the recession appears to be short lived, as activities are normalizing faster than expected and as our fiscal capacities lift economic growth. Yet, it can be that some of the economic dislocations persist even after the recession ends. If National Parliament passes the budget law it will allow for the critical and immediate relief. A recession absent a State Budget and the subsequent constraint on



Government's public policies will engender a deeper economic fallout and harm People's livelihoods. The state budget therefore plays a critical role in fighting the recession. Hence, I wish to explain the few important ways in which our public policies funded with the state budget will help us in fighting this decline in economic activity but, more so, in how they play a role in sustaining the living standards and livelihoods of East Timorese across the Nation.

At a time when people's living standards are at risk and the COVID-19 shocks persist, and especially when the Country needs to overcome a deep contraction of 6 percent, it will be beneficial to trigger long-term effects on productivity and job creation now, while achieving positive short-term effects to alleviate that gap in gross domestic product.

Equitable growth on the back of strong policy support steered by high-return Government investments is both set to have significant impacts on long run GDP and welfare. These lasting effects are desirable and welcome to stimulate the economy, drive unemployment down, and build a path of better growth and resilience.

Our policies essentially aim to calibrate the decline in economic activity and accelerate the recovery.

First on supporting people and businesses. A prominent feature of the State Budget is to make it easier for Timorese and the private sector to borrow money. The logic is that this policy will both prevent individuals and businesses from going bankrupt and encourage People and businesses to take on loans to support their purchases, workers, and investments, which will ramp demand back up to reverse the economic contraction. This will be achieved with the capitalization of the National Trade Bank of Timor-Leste and the Central Bank of Timor-Leste with US\$ 50 million. We think it is important to capitalize the National Trade Bank and the Central Bank with US\$ 40 million and US\$ 10 million respectively because banks need to be resilient in the stress events caused by COVID-19 and the recession. Our banks need to have enough resources to continue to lend and to keep credit flowing into the whole economy, since this is meant to give them a cushion to be used in times of financial stress. It is in everyone's interest that our banking system is resilient so that they use the capital to make our economy stronger.

Second, we believe that we can achieve productivity gains and job creation with other policies that are supportive of the development of productive sectors.

In 2021, we will develop a new tourism policy, master plan and tourism brand, identifying the growth potential of each possible site with the aim to promote Timor-Leste as tourist destination in Asia Pacific, alongside various marketing activities such as fairs and exhibitions. The tourism budget available, for this purpose, is US\$ 11.9 million dollars.

Our policies and investments aim to promote and develop the agricultural sector as a main driver of the economy's structural transformation. Agriculture in Timor-Leste has been performing below its potential and hence not fully generating value to the economy. The share of agriculture in gross domestic product is less than 1% of GDP. The Government's strategic vision is about food security, modern and sustainable market oriented agriculture in Timor-Leste with poverty reduction in the rural areas and improvement in the quality and wellbeing of Timorese in farming, fishing and livestock. More productive agricultural systems and diversification can enhance the nutrition and welfare of the Timorese People. Therefore, the Ministry of Agriculture's budget is US\$ 31.9 million to begin to accelerate agricultural transformation by supporting the productive and export



potential of forest production, cash crops, food crops, and aquaculture. The agreed Economic Recovery Package prioritizes the renewal of our coffee plantations with new techniques enhancing productivity and quality for exports, boosting forest production to increase farmer's income, intensification of livestock farming to improve the populations diet, the creation of direct incentives for production and marketing of products (rice, maize, beans, soya and cassava), and activation and expansion of aquaculture farms by focusing on tilapia breeding, allowing and supporting the private sector to develop the market.

Moreover, to support transformational change and an increasingly diversified agricultural sector the state budget plans to fund modernization, industrialization an increase in agricultural productivity with US\$ 16.8 million included in the ministry of agriculture's budget. During 2021, the agriculture budget aims to contribute to structural transformation through infrastructure development (operation of irrigation schemes and building of aquaculture facilities), water supply, harvesting storage and processing to support farmers, increase in animal production (support creation of dairy goats, pigs, cows, and local gainhas and improved breed of cows), increase in production of other products (rice, corn, horticulture, coffee), increase access to markets and value chains by structuring agricultural enterprises operating in the agribusiness value chain in the Country, support for the development of commercial plantations and sandalwood, use of the oceans, seas and marine resources for sustainable development, and investment in the forest sector (Sandalwood, Saria, Teak, Mahoni and Pau Rosa).

These are other measures to be funded which aim to create a strong economic comeback:

- Private sector development and capacity building in economic areas- US\$ 476,000, Coordinating Ministry of Economic Affairs (MCAE);
- Design and implementation of Vocational Training Strategies and Reinforcement of Commitment to Vocational Training for a skilled workforce with access to employment and economic development - US\$ 3 million, Secretariat of State for Vocational Training and Employment;
- Increase revenues from customs and effectiveness of tax collection - US\$ 14.2 million, Ministry of Finance;
- Develop, implement, monitor and evaluate the Basic Economic Return Program, US\$ 37.7 million, Ministry of State Administration;
- Develop and promote TL as tourist destination in Asia Pacific with a marketing plan and tourism brand, US\$ 5 million, Ministry of Tourism, Commerce and Industry;
- Develop and promote commercial activities including promote and market national products, technical support and training for the private sector in the area of commerce, support export and import activities, and creation of 'Social Business Projects' to facilitate national companies (in cooperation with United Nations Development Program)- US\$ 2 million, Ministry of Tourism Commerce and Industry;
- Establishment, development, and support of industrial centres - US\$ 1 million, Ministry of Tourism Commerce and Industry;

- Petroleum assets management- US\$ 70.6 million, Ministry of Petroleum and Minerals (MPM);
- Development, production and marketing of Bamboo products, US\$ 623,971, Bamboo Institute;
- Improve market access of local products - US\$ 1.2 million, Logistic National Centre (CLN)

Timorese need jobs and ones that are sustainable for their livelihoods. To make that happen the Government will use a range of policies as described above, including direct public investments in the social protection sector, infrastructure, and agriculture, and development of skills through vocational training. A major development constraint we face to create jobs is the lack of technical and entrepreneurial skills among young people. Their skills will be essential to drive a stable, diversified economy that creates dignified private sector jobs. Our most recent labour force study, from 2015, estimates that each year over 30,000 Timorese will reach working age but only 4,000 new formal sector jobs are being created. Insufficient post-secondary education opportunities and a small formal labour market are forcing a majority of our population to pursue their livelihoods through subsistence agriculture, micro-businesses and unskilled work. In order to augment the skills of our post-secondary population and make the transition from a subsistence economy possible, the Government will invest around US\$ 32 million, through various workforce development programs and centres, including the National University of Timor-Leste and the Secretariat of State for Vocational Training and Employment. The Government remains committed to address the ongoing problem of employment through these measures.

To address other structural problems of our economy the Government will also:

- Accelerate the accession to the World Trade Organization;
- Fast-track cross border trade with our neighbouring countries;
- Improve connectivity and our telecommunications infrastructure;
- And take additional action to unblock the final approval of large foreign direct investment, including ship repair, *Pelican Paradise* and *TL Cement*;

INSTITUTIONAL FRAMEWORK

Our State Budget for institutional framework includes justice, public administration, security, defence, and foreign affairs, as well as expenditures by Ministries and agencies that provide services internal to the Government, such as the Ministries of Planning and Finance. In 2021 we plan to spend US\$ 470 million on institutional pillar. This is equivalent to a quarter of our budget.

It includes, among others, the 4 Grand Institutional Reforms, our 4G reforms, which Government is designing and implementing as well as the National Land Use Plan which will consume US\$ 3.8 million dollars.

We will define systematically the universe of Timorese citizens and that of foreigners residing in the Country, based on a modern Civil Registry and a Digital System. We will conclude the land and property legal framework and its management regime. We will define the basis for territorial planning and use. We will modernize public administration. These are foundational aspects of the

state building process. They are also *condition sine qua non* for good governance, economic development and efficient and effective services delivery.

With this reasoning, the Presidency of the Council of the Ministers will be coordinating the 4G Reforms. This will include major legal changes including civil service reform and changes to public financial management, which will be submitted to National Parliament following the budget debate. National Parliament's support and enactment of these laws will be an important step in strengthening the state's management capacity and efficiency of operations.

The 4G Reforms focus on deconcentration and decentralization of the decision-making process and resources, strengthening accountability and good governance, modernization, promoting innovation, and strengthening efficiency and value for money. These reforms include public administrative reform, fiscal and financial management reform, decentralization, and judicial and legal reform.

First, we will improve the business climate, in order to facilitate private sector development. We have begun and will continue the process of rationalizing business registration and business licensing, which can be time consuming and unnecessarily arbitrary and bureaucratic. By the end of 2021 we plan to have a land registry or title deed system in place. Knowing who owns each parcel of land and being able to leverage assets to borrow funds for business expansion against this land, is an essential foundation of a modern state and a modern economy.

Second, our Government systems must be modernized so citizens can access services on line. The foundation of our E-Government strategy is to create unique, digitalized identities for all citizens. This will ease access to a wide range of services, including health, social protection, and tax registration. Having a single, verifiable, computerized identity will reduce fraud, will eliminate the duplication of payments and will fight the use of false identities for business transactions.

Third, we will continue to implement a wide range of planning and budgeting reforms. You will notice that this year's state budget, for the very first time, adopts a program budgeting approach. This will improve transparency, the costing of services, accountability for results, and thus Government performance. Significant improvements on this are expected in the future, as formats are improved, as fragmentations in the budget process and institutions are addressed, and as Ministries improve their capacities in planning, monitoring, and evaluation. In the future our budget will more fully describe each Ministry's policies and strategies and will better describe what they plan to achieve and how much it will cost. Our adoption, this year, is a very positive development.

Fourth, in terms of financial management reform, we will diversify our sources of public revenues. We will better manage tax arrears and will continue to develop prudent debt management strategies. We will strengthen our customs and tax authorities, enhancing their performance and accountability. It is urgent that we improve our budget implementation, especially on capital projects. We will upgrade the computerized financial management systems we currently use, so that budget holders have full, up-to-date, and accurate information on their available funds.



Fifth, decentralization is an essential process for bringing service delivery closer to the people and for strengthening accountability to local communities. We will continue to restructure our institutions to ensure human and financial resources are better distributed throughout the Nation.

Finally, the strengthening of our judiciary system is paramount. Our citizens depend on a justice system that is fair, efficient and accessible. We will develop and cost a full program, to ensure these goals are realized. In parallel we will be developing extrajudicial means of dispute resolution like arbitration and mediation and will go on guaranteeing the relevant role of traditional law and our customary means of conflict resolution.

Mr President of the National Parliament,

Honourable Members of the National Parliament,

CONCLUDING REMARKS

This is an ambitious State Budget for extraordinary times when the Government needs to be more responsive than ever. A lesson that COVID-19 has taught us is that to overcome a severe crisis requires the work and resolve of every public institution, every branch of Government, each community, and each one of us.

We don't get to choose our institutional, social and economic adversities. But we do get to choose how hard and efficient we are willing to work in order to face the challenges. We moved at speed and adapted in unprecedented ways to contain the pandemic and the extent of its shocks.

The Government and National Parliament did its part. We understood the risks, changed our behaviour and made decisions that contributed to the security and resilience of our Nation, while leading in the region and the world by example. We are greatly indebted to our frontline workers, citizens, and leaders across our Country.

The Government will continue to serve its People and has already deployed policies for the stabilization and has agreed to pursue an Economic Recovery Package to restart the economy. Our agenda for 2021 will build back better and focus on creating jobs for everyone, with targeted and sustainable investments that strengthen the average income of households, builds resiliency and generates equitable growth. The 2021 state budget is committed to economic growth, addressing gaps in our social protection, investing in health care and education, a stronger workforce and creating jobs. It is not a small task to build a stronger, resilient and more sustainable Country. It will take a lot of work. It will require political commitment to guide our Country forward and to find common ground to identify as many policies as feasible that can deliver the much needed progress. Today is our moment to build a better Timor-Leste for everyone.

For a Rich, Strong and Safe Timor-Leste!

For a more modern, prosperous and developed Country!

2 Description and Analysis of the 2021 State Budget

2.1 Executive Summary

Government Policy

Government policies are organized around four pillars of the Strategic Development Plan: Institutional Framework, Social Capital, Economic Development and Infrastructure Development, where the last three have been designated as priorities in the VIII Constitutional Government's mandate. The proposed 2021 Budget allocates the largest share to the Social Capital Sector, followed by Infrastructure Development, Institutional Framework and Economic Development. The combined source budget for 2021 is set at \$2,050.1 million, with \$1,895.0 million from government expenditure. The rest is sourced from Development Partners commitments. The different sources of budget expenditure are set out in the table below.

Table 1: Combined Source Budget 2019-2025, \$million

	2019 Actual	2020 Budget	2021 Budget	2022 Proj.	2023 Proj.	2024 Proj.	2025 Proj.
Combined Source Budget	1,405.6	1,681.0	2,050.1	2,499.8	2,382.7	2,044.4	2,167.7
Government Expenditures by Fund	1,243.8	1,497.0	1,895.0	2,433.3	2,370.7	2,035.7	2,159.0
CFTL (excl. loans, inc. EU, inc. social security)	1,169.6	1,426.3	1,811.3	2,365.9	2,310.8	1,987.3	2,066.8
<i>Social Security</i>	35.1	41.5	42.7	44.4	46.2	48.0	50.0
<i>European Union (Budget Support)*</i>	6.7	10.6**	9.1	9.0	5.0	2.8	3.8
HCDF	17.8	10.7	13.0	13.5	14.1	14.6	15.2
Borrowing/Loans (disbursements)	49.8	60.0	70.7	53.9	45.9	33.8	77.0
Development Partner Commitments	161.8	184.0	155.1	66.5	12.0	8.7	8.7

Source: Ministry of Finance, 2020. *Previously the EU Budget Support was included off budget as part of development partner commitments. However now it is included on budget and can be thought of as an additional revenue stream. **Including a \$0.7 million contribution from International Labour Organization

Impact of COVID-19 on Timor-Leste

Timor-Leste recorded its first COVID-19 case on 21st March 2020. There has since been a total of 29 recorded cases in the country, all of which have so far recovered with no deaths. There has been no evidence of community transmission and the last active case was announced on 20th August.

Following the first confirmed case, President of Republic declared a State of Emergency to run from 28th March to 27th April 2020, and this was subsequently extended until now. The first two State of Emergencies aimed to limit public movement through the suspension of public transport and banned large group meet-ups (5 or more people) including religious services, festivals, sporting events, cultural activities and the running of schools/universities. With no local contamination, the subsequent state of emergencies aim to limit movements across border, especially the land border and all returning from overseas have to complete a mandatory 14-day quarantine upon arrival in a quarantine centre. Anyone experiencing COVID

symptoms had to self-isolate and submit for testing and international commercial flights are suspended until now.

The National Parliament approved a total amount of 536.3 million extra-ordinary withdrawal from the Petroleum Fund, with \$219.5 million to be set aside for an autonomous COVID-19 Fund where its planning and allocation is coordinated by the Integrated Crisis Management Centre (CIGC), while the Inter-ministerial Committee approved the measures to prevent and combat COVID-19 before it's proceed to final execution approval by the Council of Management for COVID-19. The bill set out broad spending programs and sub-programs level, including \$198.3 million for prevention and combating COVID-19. This was focused on the acquisition of essential medical equipment and goods, the creation and maintenance of isolation centres and training for key staff. \$4.95 million was used to improve sustainable production and productivity and \$17.0 million to provide access to food and non-food services. The remainder of the extra-ordinary withdrawal totalled \$316.6 million is used to reinforce the Treasury account during the duo-decimal.

On 17 April, the government announced a 19-measure economic stimulus and response package, including deferral tax payments; a universal cash transfer provided a monthly basic income of \$100 to households earning less than \$500/month for up to 2 months. So far, 298,495 families have been supported by the scheme; Private sector employees unable to work owing to the state of emergency still received 60% of their salary provided by the government; All electricity consumers (over 160,000 individuals) received a \$15 credit per month during the state of emergency; Payment of water bills; social security contributions (workers and employers) and rent of government properties was be suspended; over 4,200 Timorese students currently abroad, unable to return to the country, received a stipend and students unable to attend school in Timor received an internet subsidy to allow them to study online; a 3-month emergency supply of rice was be purchased; and movement of food supplies across the country was subsidized, especially to more remote areas. The package also included the creation of new credit opportunities and a reduction in interest payments. Businesses were provided access to emergency loans to prevent bankruptcy and those importing essential goods were given credit guarantees.

In 2021, the COVID-19 Fund will receive \$31.0 million to focus on risk mitigation and recovery measures. \$23.9 million will be allocated to Goods and Services, \$3.5 million to Public Transfers and \$3.6 million to Capital development.

Petroleum Fund Revenue

The Petroleum Fund remains the main source of funding for the state budget. The amount withdrawn is categorised into the ESI amount and any excess withdrawal that is justified by the Government to be in the long-term interests of Timor-Leste. Calculating the ESI requires projecting the Fund's value at the beginning of the budget year along with the present value of future petroleum revenue. The assumptions for Budget Book 2021 are largely the same as Budget Book 2020, although investment returns and petroleum revenue for 2020 are now higher to reflect the year to date figures. As a result, the expected value of the Fund at the end of the year has risen and the ESI for 2021 is \$547.9 million, an increase of \$12.3 million. Withdrawals to fund the 2021 Budget are projected to be \$1,377.6 million or 7.6% of Petroleum Wealth, exceeding the 2021 ESI by \$829.7 million.

The Fund's balance was \$18,469.5 million as at September 2020. Investment income for the year until September was \$906.5 million, which translates into a return of 5.2%. Petroleum receipts until September are \$290.4 million. The Fund is expected to end 2020 at \$18,065.7 million, However, The end of year balance is uncertain and depends largely on the performance of equity

markets and withdrawals to finance government expenditure in the final quarter. The Fund's value is expected to continue to decline over the budget projection period and beyond. Petroleum receipts will be very low compared to previous years as Bayu-Undan's reserves deplete further and investment returns are not expected to offset withdrawals.

Economic Growth

Becoming an upper middle income country by 2030 requires strong, high-quality non-oil economic growth. Public investment seen from 2010 to 2019 through the frontloading fiscal policy has driven growth in the non-oil economy, averaging at 3.1% per year. This was aimed at providing necessary foundations for long-term sustainable private sector led development. GDP for 2019 was positive, 1.8%, recovering from the recent previous 2 years of contraction.

Economic growth is expected to contract by -7.6% in 2020 due to COVID-19 and the delayed budget, but is expected to return to positive growth of 3.5% in 2021. This return to growth is driven by an end to political uncertainty and return to strong government expenditure. Meanwhile, inflation is expected to remain low and stable at 0.5% 2020 and 1.1% in 2021.

Expenditure

Total expenditure in the 2021 budget is \$1,895.0 million (excluding donor funded activities of \$155.1 million). The total 2021 State Budget (excluding donor funded activities) is 27.0% higher than that allocated for 2020.

Table 2: Fiscal Table, \$millions

	2019 Actual	2020 Budget	2021 Budget	2022 Proj.	2023 Proj.	2024 Proj.	2025 Proj.
Total Expenditure (incl. loans)	1,243.8	1,497.0	1,895.0	2,433.3	2,370.7	2,035.7	2,159.0
Total (excl. loans)	1,194.0	1,437.0	1,824.3	2,379.4	2,324.8	2,001.9	2,082.0
<i>Recurrent</i>	922.6	1,274.7	1,359.8	1,414.2	1,470.7	1,529.6	1,590.7
Salary and Wages	203.0	206.7	240.7	250.4	260.4	270.8	281.6
Goods and Services (incl. HCDF)	380.4	499.3	418.8	435.6	453.0	471.1	489.9
Public Transfers (incl. social security)	339.3	568.7	700.2	728.2	757.4	787.6	819.2
<i>Capital</i>	314.6	222.3	535.2	1,019.2	900.0	506.1	568.2
Minor Capital	27.8	8.9	61.1	63.5	66.1	68.7	71.5
Capital and Development (including loans)	286.8	213.4	474.2	955.7	833.9	437.4	496.8
Revenue	727.6	716.7	738.5	728.7	692.4	652.9	625.2
Domestic Revenue	198.6	172.3	190.6	202.1	212.1	218.7	229.0
Estimated Sustainable Income (ESI)	529.0	544.4	547.9	526.6	480.3	434.1	396.2

	2019 Actual	2020 Budget	2021 Budget	2022 Proj.	2023 Proj.	2024 Proj.	2025 Proj.
Fiscal Balance	(516.2)	(780.3)	(1,156.5)	(1,704.6)	(1,678.3)	(1,382.8)	(1,533.8)
Financing	529.9	780.3	1,156.5	1,704.6	1,678.3	1,382.8	1,533.8
Excess Withdrawals from the PF	440.0	419.5	829.7	1,641.7	1,627.4	1,346.2	1,453.0
Use of Cash Balance	33.4	290.1	247.0	-	-	-	-
<i>Cash Balance of Treasury</i>	33.4	214.1	150.0	-	-	-	-
<i>Cash Balance of RAEQA/ZEESM</i>	-	76.0	97.0	-	-	-	-
Borrowing/Loans (disbursements)	49.8	60.0	70.7	53.9	45.9	33.8	77.0
European Union (BS) *	6.7	10.6**	9.1	9.0	5.0	2.8	3.8

Source: Ministry of Finance, 2020. *Previously the EU Budget Support was included off budget as part of development partner commitments. However now it is included on budget and can be thought of as an additional revenue stream. **Including a \$0.7 million contribution from International Labour Organization

Fiscal Sustainability Analysis

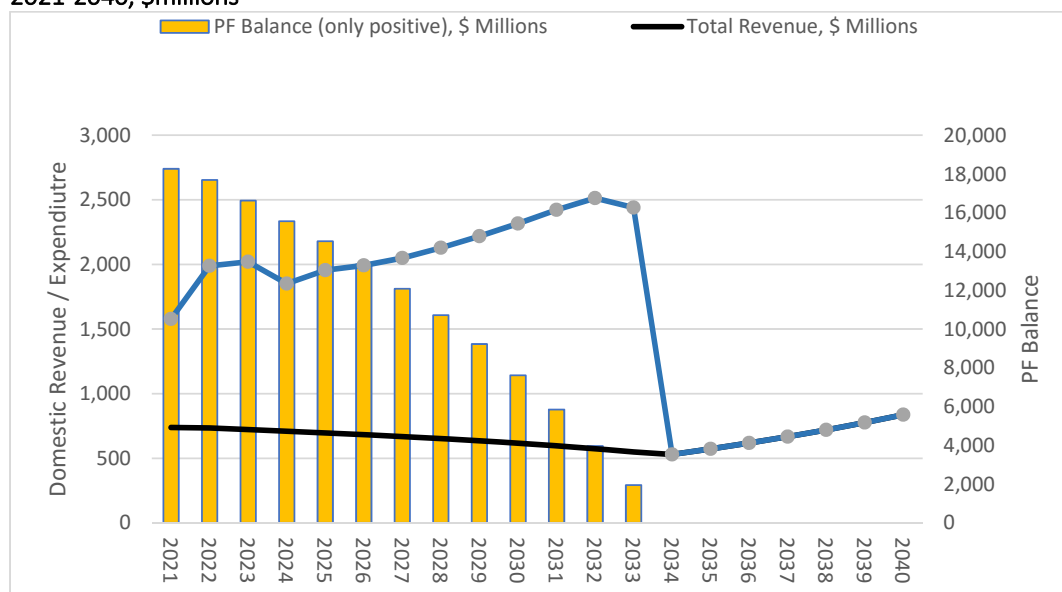
The economy of Timor-Leste is currently highly dependent on the Petroleum Fund for financing the fiscal deficit. The current government policy is one of front-loading expenditure, running high government budgets in the short run to finance capital spending for Human Development and key infrastructure, with the aim to encourage development of the private sector, increase diversification and grow the overall economy. A stronger non-government Timorese economy would require less funding from the Petroleum Fund in the future as the fiscal deficit would be smaller due to higher non-oil domestic revenues and a lower need for government spending to boost the economy in normal times.

The Ministry of Finance conducts a fiscal sustainability analysis for the budget ceiling chosen each budget cycle. Through the use of modelling, the impact of the selected budget ceiling on the long term sustainability of Timor-Leste can be estimated, specifically the overall balance of the Petroleum Fund. The model used mainly focuses on the impact of capital spending on longer-term GDP and domestic revenues and their bearing on the Petroleum Fund reserves.

Under the expenditure scenario set out in this budget book (see Table 1), the growth rate of all appropriation categories grows at 4%. The only expectation is Capital and Development which is estimated to adjust following requested amounts set out by the Infrastructure Fund in the years 2021-2025 and a long term growth rate linked to inflation after that.

Under this fiscal ceiling, as well as the selected assumptions, the model estimates that the Petroleum Fund would run out in 2034, 13 years away.

Figure 1: Expenditures, Revenues and Petroleum Fund Balance Forecasts 4% Growth Scenario 2021-2040, \$millions



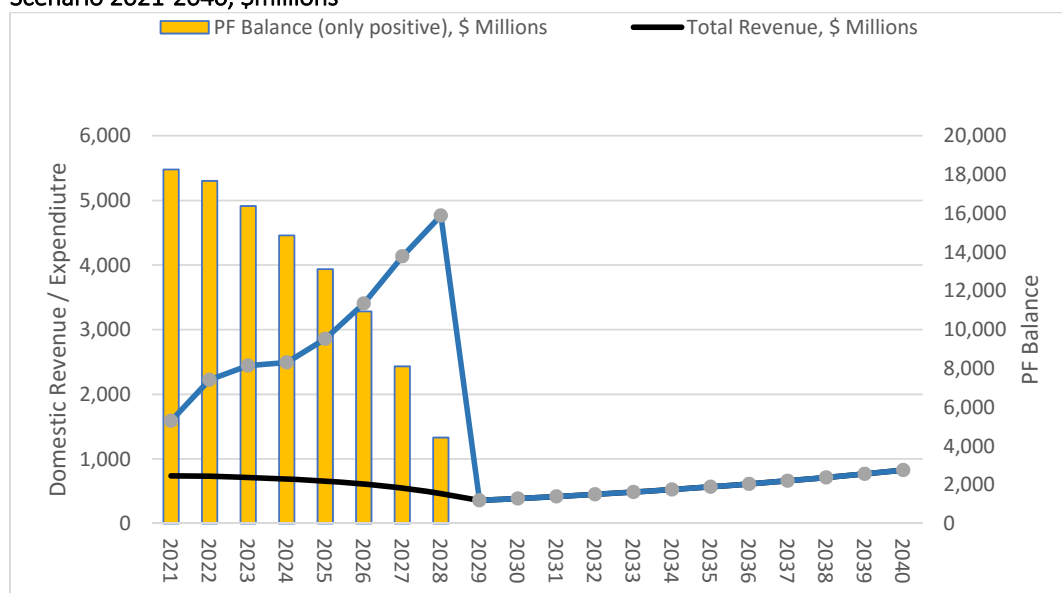
Source: Ministry of Finance, 2020.

As the Fund begins to get close to zero, expenditure would have to fall rapidly in order to match domestic revenues as that would be the only source of income (excluding external debt). The model estimates this would mean an 79% fall in expenditure in two years (2032-2034), falling from \$2.5 billion to \$530 million (when expenditure must equal domestic revenue).

If revenues do not rise as quickly as the model forecasts, the fall in expenditure would have to be even greater. Therefore it is vital that mobilisation of domestic revenues is a key focus of the government over the coming years.

However the growth in spending has often been higher than 4%. The average growth rate of approved budget spending (not adjusted for execution) across all appropriation categories (including loans but excluding contingency expenditure) between 2010 and 2019 was 20.9% per year. This masks significant variation between categories with Minor Capital seeing the largest annual growth (46.7%) and Goods and Services the smallest (7.9%). Using the historic growth rates, rather than the 4% assumption, the model estimates that the Petroleum Fund would run out in 2029, 8 years away. This is 5 years earlier than the previous scenario.

Figure 2: Expenditures, Revenues and Petroleum Fund Balance Forecasts Historic Growth Scenario 2021-2040, \$millions



Source: Ministry of Finance, 2020.

The model estimates this would mean a 93% fall in expenditure in one year (2028-2029), falling from \$4.8 billion to \$357 million (when expenditure must equal domestic revenue).

It is important to state that the model does not factor in any effect to GDP when the Petroleum Fund balance hits zero, or close to it. This seems unlikely as the associated fall in expenditure would likely cause an economic downturn, with a fall in consumer and private sector spending and a decline in GDP. This downturn would also have an effect on domestic revenues, further decreasing possible expenditure.

Domestic Revenues

The forecast for 2021 see domestic revenues totalling \$190.6m including RAEQA-ZEESM taxes by the end of the year and \$187.3m excluding RAEQA-ZEESM. This is a near return to 2019 collections which were \$191.7m. Non-oil receipts are set to grow year-on-year from 2021 nearing \$230m by 2025, provided that macro-economic conditions hold. The implementation of new fiscal policy reforms would boost this forecast even higher.

It should be noted that from 2021 EDTL will be classified as a Public Enterprise, this will allow it greater autonomy and therefore their revenues will no longer be part of the General Government Account. However, we will continue to forecast revenues for public enterprises to better compare revenues between years. For 2021 EDTL represents around 17% of domestic revenue, excluding EDTL domestic revenues are forecast to stand at \$157.5m. The impact of this restructure is discussed further in section 2.4.1.6.

Financing

The fiscal deficit is equal to revenue minus expenditure. The Government uses excess withdrawals from the Petroleum Fund (PF), loans, the cash balance of Treasury and

RAEOA/ZEESM and Budget Support from European Union to finance the deficit in 2021. The total amount of excess withdrawals to be taken from the PF (i.e. the amount withdrawn exceeding the ESI) in 2021 is \$829.7 million.

Loans are becoming an increasingly important tool for financing in the Government of Timor-Leste. 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 2021 is \$70.7 million.

The total use of the cash balance for 2021 State Budget is \$247.0 million, of which from the Consolidated Fund of Timor-Leste (CFTL) is \$150.0 million and from RAEOA/ZEESM is \$97.0 million.

Total Budget Support from European Union for 2021 State Budget is \$9.1 million. This is a new source of financing, first introduced independently for Budget 2020. It is included as its own line item as the support will be used directly by Governmental institutions.

Loans and Public Private Partnerships (PPPs)

At present, external loans are provided by international multilateral banks such as the Asian Development Bank and the World Bank, with one bilateral loan from JICA. These have a considerable degree of concessionality and compare favorably to the opportunity cost of withdrawing funds from the petroleum fund.

At the end of 2019, debt stock increased to \$192.2m. Considering the COVID-19 outbreak, fall in disbursement is expected in 2020 as construction projects may suffer delays. At the end of Q3 2020, loan disbursements were \$213.4m. This is expected to rise again in 2021 as the country recovers from the COVID-19 economic downturn. There are currently 15 ongoing road projects funded by concessional loans of which 8 projects had already been completed. Other projects that are most likely to be concluded by 2020/2021 bringing the total numbers of projects completed to nearly 70%.

Infrastructure development is expected to continue playing a key role in the country's economic development in the medium to long term. Strategic sectors such as water, education, telecommunication, and air transports should receive concessional financing. This would help unleash the growth potential of other key economic activities, leading to inclusive economic growth and poverty reduction. The Government is therefore proposing an estimated ceiling of \$400m for new concessional foreign loans to be negotiated in 2021.

There are a number of PPPs projects that are currently ongoing. These are the Tibar Bay Port PPP which is in the Implementation and Operation Stage, the Medical Diagnostic PPP which is in the procurement and negotiation stage and the Affordable Housing PPP, Cristo Rei PPP and Presidente Nicolau Lobato International Airport which are in Feasibility Stage.

Note: The 2021 Budget draft law includes a proposal for a US \$20 million ceiling for the possible issuance of public debt bonds, in addition to the US \$400 million ceiling of concessional loans, for a combined public debt ceiling of US \$420 million, depending on the approval of the Government bonds legal framework during 2021.

Development Partners

Development Partners' support is forecast to experience a 15.7% decrease in 2021, as compared to 2020 planned disbursements, with a forecast total of \$155.1m. This fall is due to a significant

increase in 2020 as development partners increased their backing to aid Timor-Leste in its quick and effective response to COVID-19.

2.2 Economic Overview

2.2.1 Summary

Table 3: Economic Indicators, 2020-2022, %

Summary	Forecast		
	2020	2021	2022
Real GDP (non-oil)	-7.6%	3.5%	3.1%
Inflation CPI	0.1%	0.5%	1.1%

Source: Ministry of Finance, National Directorate of Economic Policy, February 2021. ^[1]

- Real non-oil GDP growth is expected to contract by 7.6% in 2020 due the combined effect of the Budget being delayed, political uncertainty, COVID-19 and the State of Emergency.
- 2021 is due to see GDP return to positive growth of 3.5% as a result of a rebound in private investment and household consumption.
- Inflation is expected to remain low and stable at 0.5% in 2021. This will positively contribute to increasing Timor-Leste's competitiveness, with inflation expected to be lower than the regional average.
- Between September 2019 and September 2020 the US dollar appreciated by 1.5% against a weighted basket of currencies of Timor-Leste's trading partners (the nominal effective exchange rate, NEER). There has been a small overall appreciation in the last few years which has reduced the price of imports, placing downward pressure on domestic inflation, benefiting Timorese consumers. However, this appreciation also makes Timorese non-oil exports more expensive in international markets constraining the development of the country's exports.
- The exchange rate forecast suggests a small depreciation with Timor-Leste's trading partners in the medium term, 2021 to 2024, which should provide a boost to competitiveness.

2.2.2 Macroeconomic Trends

2.2.3 Growth

Table 4: Real GDP 2010 – 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Real GDP (\$m)	1294.8	1370.0	1452.4	1483.3	1549.3	1594.4	1648.1	1580.4	1563.8	1591.9
Real GDP Growth (%)	9.5	5.8	6.0	2.1	4.4	2.9	3.4	-4.1	-1.1	1.8

Source: Timor-Leste National Accounts 2000-2019, General Directorate of Statistics, Ministry of Finance, October 2020. ^[2]

Timor-Leste

Given the relatively small level of employment in the oil sector, total GDP is not the best measure of economic performance for Timor-Leste. Instead, it is more useful to monitor economic performance using non-oil GDP together with a wide variety of other 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.

In 2019, non-oil real GDP in Timor-Leste grew 1.8% to \$1,591.9m. National Accounts data exist up to 2019, which is the latest year of GDP data available without forecasting.

Timor-Leste experienced GDP growth, averaging 3.1% per year over 2010-2019. These growth rates have been driven by increases in government expenditure associated with the government's economic strategy to ensure that Timor-Leste has the necessary infrastructure to allow the private sector to flourish in the long-run. The Government's economic strategy uses loan financing and excess withdrawals^[3] 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. Government investment has enabled a significant upgrade to road and electricity coverage throughout Timor-Leste, which has helped to improve both living standards and the business environment.

Non-oil GDP growth in 2019 shows signs of recovery from the recent episodes of negative growth (-4.1% in 2017 and -1.1% in 2018). The contraction was a consequence of declines in government expenditure, private sector investment, and lower exports. Political uncertainty also led to lower development partner spending and reduced business activity. The coffee harvest, the main source of exports, was affected by a poor season. The positive growth seen in 2019 is largely due to political stability, boosting business activity and household consumption. In 2020, the impact of the State of Emergency due to the global COVID-19 pandemic, coupled with the delayed budget is forecast to have led to GDP forecast of a contraction of -7.6%.

International

Table 5: Growth Indicators, 2018-2021, %

Country	Actual		Forecast	
	2018	2019	2020	2021
World	3.5%	2.8%	-4.4%	5.2%
Advanced Economies	2.2%	1.7%	-5.8%	3.9%
Emerging and Developing Economies	4.5%	3.7%	-3.3%	6.0%
Emerging and Developing Asia	6.3%	5.5%	-1.7%	8.0%
China	6.8%	6.1%	1.9%	8.2%

Source: IMF World Economic Outlook, October 2020.

Global growth outlook is projected to have contracted by -4.4% in 2020. Advanced economies are forecast to shrink the most by -5.8%, while growth for emerging markets and developing

economies is forecast to fall -3.3%. The fall in global growth was driven mostly by the outbreak of COVID-19. China will maintain positive growth at 1.9% in 2020.

Global growth is expected to rebound to 5.2% in 2021, the advanced economy group is forecast to grow at 3.9%, while growth for the emerging market and developing economy group is forecast at 6.0%. However, this recovery is uncertain and depends on how fast the pandemic will fade. A lot of effort have been done in accommodating the public health requirements around the world to prevent the spread of the virus, nonetheless this policy limited the economic activity and the financial system which is contributed to the decline in growth in 2020. With the COVID 19 vaccines hopefully may allow activities to return to pre-pandemic levels than currently projected. Nevertheless the negative growth projection, especially in Asia, will give a negative impact Timorese exporters and economic development. The international environment provides favourable conditions for Timor-Leste to take advantage of in 2021 and beyond.

2.2.3.1 Prices and Inflation

Table 6: Global and Regional Inflation Rates, 2018-2021, %

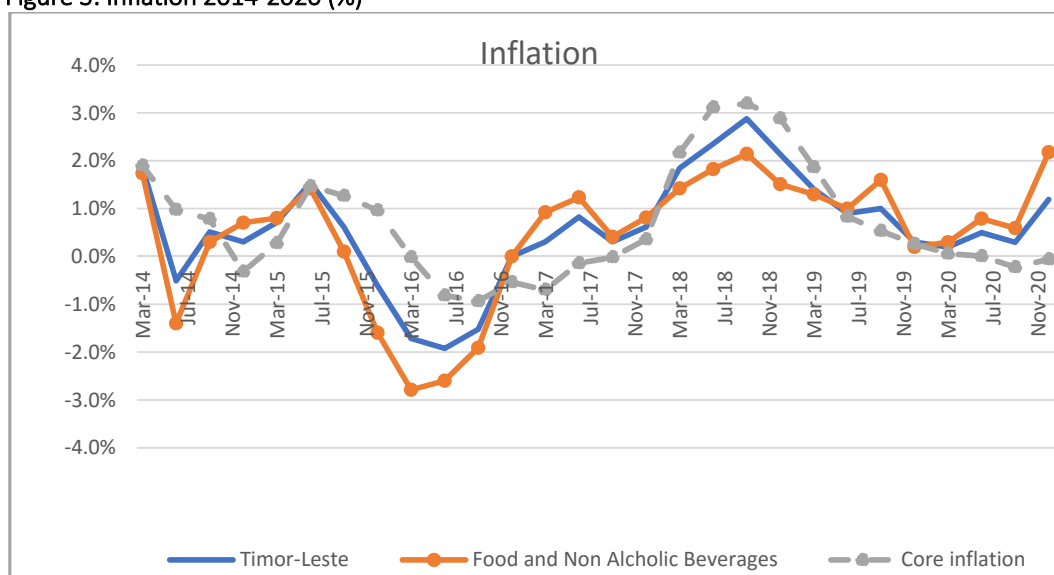
Country	Actual		Forecast	
	2018	2019	2020	2021
World	3.6%	3.5%	3.2%	3.4%
Advanced Economies	2.2%	1.4%	0.8%	1.6%
Emerging and Developing Economies	4.9%	5.1%	5.0%	4.7%
Emerging and Developing Asia	2.7%	3.3%	3.2%	2.9%
Timor-Leste*	2.3%	0.9%	0.1%	0.5%

Source: IMF World Economic Outlook, October 2020. *Ministry of Finance forecast, October 2020.

Timor-Leste

With year on year inflation in December 2020 of 1.2%, Timor-Leste still enjoys a low level of inflation. Due to the significant weight of food and non-alcoholic beverages in the CPI basket and the high proportion of food imported into Timor-Leste every year, international food prices remain one of the key drivers of the overall CPI rate, and the MoF continues to monitor price levels. The World Bank (WB) food price index have increased 12% between October 2019 and October 2020 whereas domestic food prices have been muted seeing a small increase of just 1.1% in the same timeframe. It is expected that the current world food prices will fall slightly in 2020 and then experience a small uptick in 2021 but remain stable. Rice specifically is a staple part of the Timorese diet. The benchmark Thai 5% rice is expected to increase 8% in between 2019 and 2020 and 2% between 2020 and 2021, this will have a negative effect on poorer households where basic foods make up the majority of their spending and this will leave them with less disposable income. Coffee prices (both Arabica and Robusta) are expected to decrease 3% and 7% respectively in 2020 but increase by 2% and 3% respectively in 2021 compared to 2020. This will positively affect those families who rely on coffee production in Timor-Leste.

Figure 3: Inflation 2014-2020 (%)



Source: Ministry of Finance, National Directorate of Economic Policy and General Directorate of Statistics, Jan 2021

International

Global inflation forecast at 3.4% by the IMF in 2021. The decline in the commodity prices especially lower oil prices have contributed to the sharp falls in consumer price inflation in the advanced economies. However, the inflation is projected to soften in the coming years. For the emerging market economies, inflation has been rising reflecting the impact of currency depreciation and higher commodity prices, but it is projected to moderate as the impact of tighter monetary policy and recent declines in oil prices. Low inflation in Timor-Leste in this context will tend to help improve competitiveness.

Oil prices

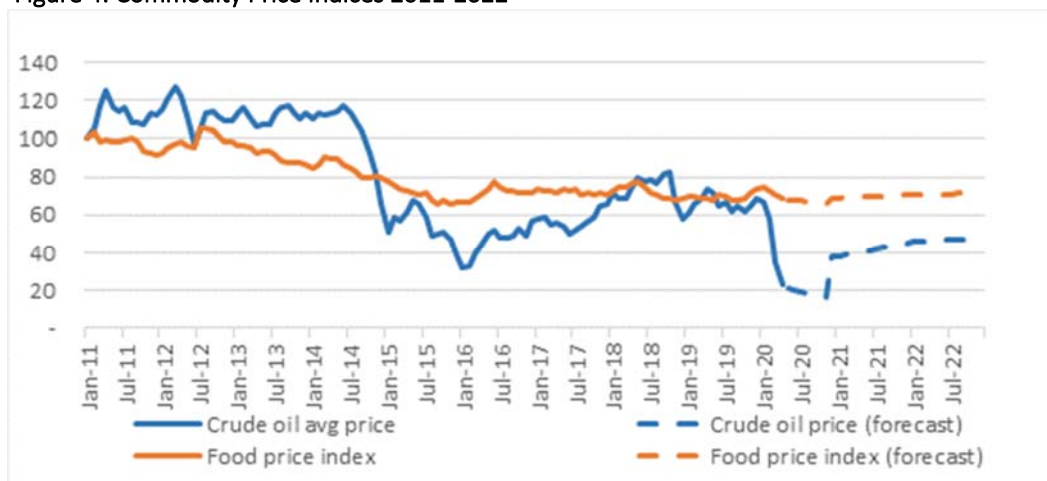
Oil prices are important to Timor-Leste both for consumers, through consumer prices, and as an oil exporting country. The average international price of crude oil has witnessed dramatic declines since June 2014 from highs of \$108.4 per barrel to lows of \$29.8 per barrel in January 2016. The decline in oil prices was driven by the increased global supply during a period of low global demand. Following this prices had started to recover with oil prices for 2019 averaging at \$64 per barrel. However, global demand for oil has drastically declined since the onset of the COVID-19 pandemic. Since the beginning of January 2020, many governments' around the world imposed restrictions on travel and temporary business closures to stem outbreak. Oil prices fell to \$21/barrel in April 2020, however, the average is expected to be slightly above \$40/barrel for 2020, down 33% from 2019. Prices are expected to rise to \$50/b in 2021.

Agricultural Commodity Prices

A significant portion of the food consumed in Timor-Leste is 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 World Bank Commodities Price Index (2011=100), international food prices have continued to decline from a high of 105.8 in August 2012, though prices had been

stable averaging at 73 and 70 in 2018 and 2019 respectively. The World Bank is forecasting that food prices will fall marginally in 2020 and then recover in 2021 and 2022, however the increase is small, and overall food prices are expected to remain stable. Rice specifically is a staple part of the Timorese diet. The benchmark Thai 5% rice is expected to increase 8% in between 2019 and 2020 with a further increase of 2% in between 2020 and 2021, from \$86/mt in 2020 to \$88/mt in 2021, this will have a negative effect on poorer households where basic foods make up the majority of their spending and this will leave them with less disposable income. Coffee prices (both Arabica and Robusta) are expected to decrease 3% and 7% respectively in 2020 but experience a slight rebound with an increase of 2% and 3% respectively in 2021 compared to 2020 (Arabica from \$2.8/kg to \$2.85/kg, Robusta from \$1.5/kg to \$1.54/kg). This will positively affect those families who rely on coffee production in Timor-Leste.

Figure 4: Commodity Price Indices 2011-2022



Source: Ministry of Finance, National Directorate of Economic Policy and General Directorate of Statistics, October 2020.

2.2.3.2 Exchange Rates and Competitiveness

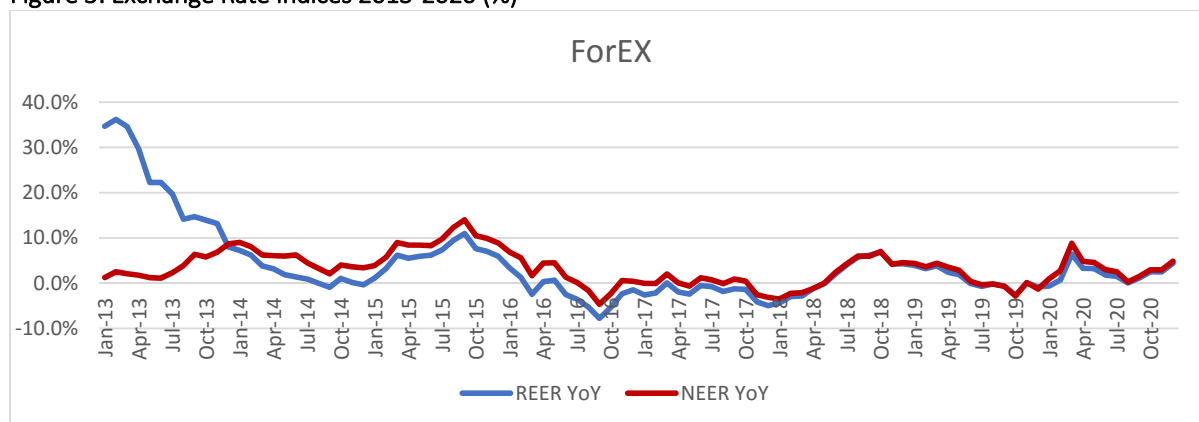
Between September 2019 and September 2020 the US dollar appreciated by 1.5% against a weighted basket of currencies of Timor-Leste's trading partners (the nominal effective exchange rate, NEER). There has been a small overall appreciation in the last few years which has reduced the price of imports, placing 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.

An inflation-adjusted measure of the exchange rate, the real effective exchange rate (REER), is a better measure of competitiveness. If inflation in Timor-Leste is lower than in other countries, this can help mitigate exchange rate appreciation. In fact, the REER appreciated 1.1 % between September 2019 and September 2020, driven by the exchange rate changes captured in the NEER and lower inflation in Timor-Leste compared to its neighbours over the last year.

The inflation rate in Timor-Leste is expected to be lower than its neighbours in the near future, and so Timor-Leste can expect an improvement in competitiveness. This will help the Timorese export market be well-placed in the international market. While this is to be welcomed, the government is not complacent about the issue of competitiveness. A key priority is improving

the business environment to encourage improved competitiveness, and the inflation target policy is a part of meeting the priority.

Figure 5: Exchange Rate Indices 2013-2020 (%)



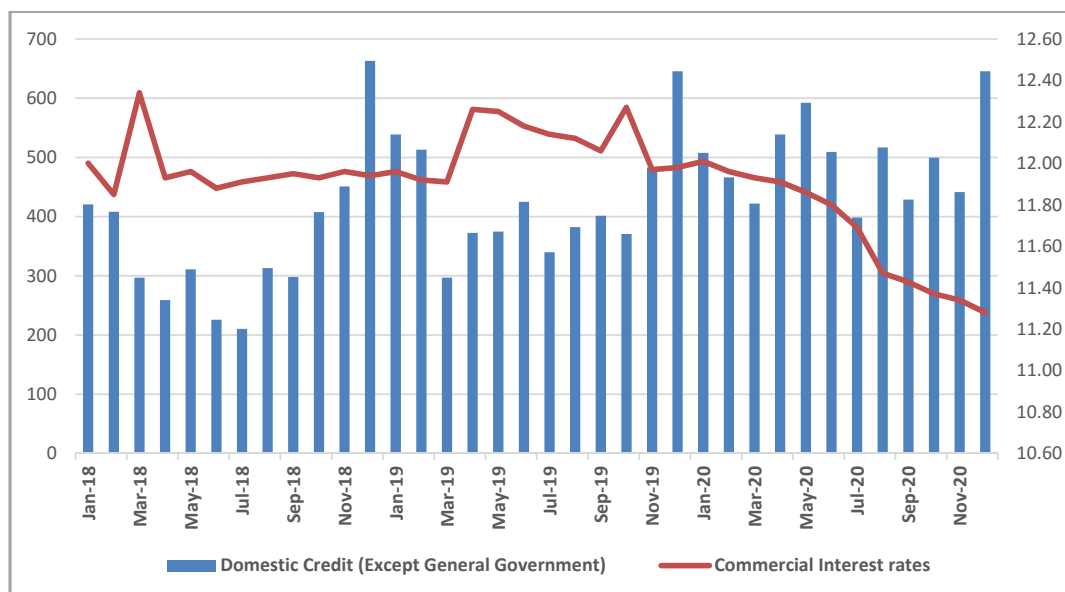
Source: Ministry of Finance, National Directorate of Economic Policy and General Directorate of Statistics, Jan 2021.

2.2.4 Financial Sector Trends

Commercial Interest Rates and Credit

The amount and cost of credit to the private sector is an important indicator for private sector development. Loans to the private sector were at an average interest rate of 11.28% in December 2020, these have declined from 12.12% the same time last year. Total domestic credit, excluding general government, was \$646 million in December 2020, with an average of \$429 million over the prior 12 months. Please note: The commercial interest rate between January 2017- July 2020 has retrospectively been revised down as the Central Bank of Timor did not previously include BRI (Bank Rakyat Indonesia) in their calculation of the weighted average of commercial interest rates.

Figure 6: Commercial Interest Rates and Credit



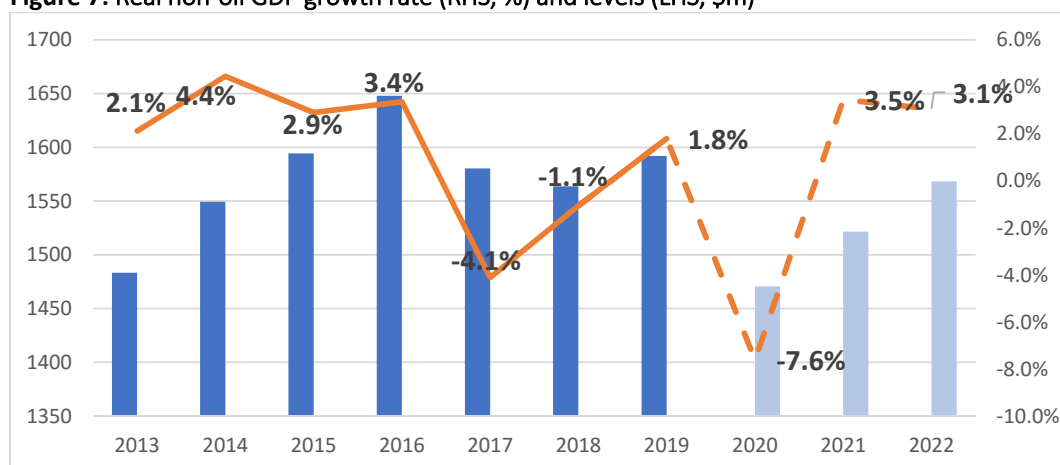
Source: Banco Central Timor-Leste, January 2021. Interest Rate (RHS, %), Credit (LHS, \$m).

2.2.5 Economic Outlook

The Ministry of Finance is forecasting non-oil GDP growth to be -7.6% for 2020. This is due to the delayed Budget approval which restrains public spending and political uncertainty which has a negative impact on the private sector along with the impact of the COVID-19 crisis and associated state of emergency. 2021 is due to see GDP return to positive growth of 3.5% as a result of a rebound in private investment and household consumption. This forecast reflects historic data from National Accounts 2000-2019.

Over the medium term, Ministry of Finance expects return to positive sustainable growth based on political stability and private sector investment.

Figure 7: Real non-oil GDP growth rate (RHS, %) and levels (LHS, \$m)



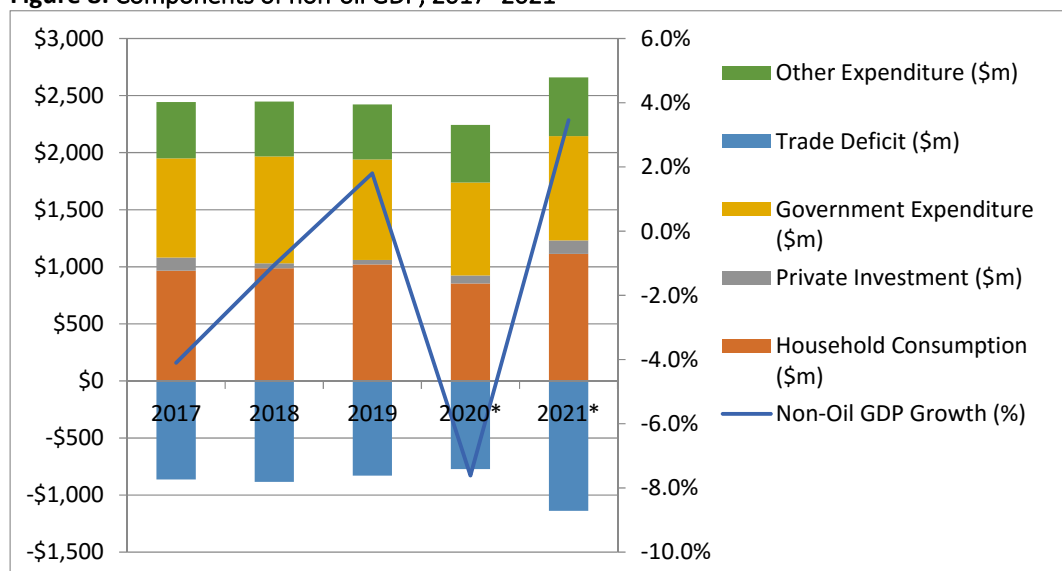
Source: Timor-Leste National Accounts 2000-2019, General Directorate of Statistics; 2019-2022 Economic Forecasts, National Directorate of Economic Policy, Ministry of Finance, February 2021.

The negative impact of COVID-19 and the state of emergency on living standards will be lessened due to the various government policies aimed at assisting the most vulnerable during the crisis including the payment of 60% for the employment salary and stabilising credit line to maintain the purchase power and capacity of the private sector. Consumption is likely to fall during 2020 particularly during the months of the State of Emergency. A low inflationary environment due to the fall in world oil prices will help consumption to some extent, but the increase in the cost of rice will hit the poorest the most.

Public sector investment in 2020 was somewhat constrained by the duo-decimal system. However, the new coalition should provide the political stability for the Budget to be approved for 2021 providing greater momentum for public infrastructure projects, especially in education, health, and water and sanitation. These projects will also provide jobs for Timorese people. The infrastructure assets resulting from this public investment as well as legal reform will create an environment conducive to strong growth in the private sector, boosting growth into the future. In addition, 3 year Economic Recovery Package between aims to stimulate the recuperation of the economy post-COVID-19 crisis.

In the short and medium term one will see continued construction on the Tibar Bay Port, and the expansion of existing and new commercial projects throughout the country. Such investments are consistent with the Government's economic strategy, alongside continued investments in human capital and education, to attract investors and consequently creating jobs domestically.

Figure 8: Components of non-oil GDP, 2017- 2021



Source: Timor-Leste National Accounts 2000-2019, General Directorate of Statistics; 2019-2021 Economic Forecasts, National Directorate of Economic Policy, Ministry of Finance, February 2021. * indicates forecast

Table 7: Real GDP, 2016-2022, \$million

2015 \$m prices	2016	2017	2018	2019	2020*	2021*	2022*
Private Consumption	970	1,000	1,071	1,053	887	1,142	1,157
Public Consumption	927	873	870	898	1,017	953	982
Total Consumption	1,897	1,873	1,887	1,951	1,904	2,095	2,138
Private Investment	126	143	69	68	100	151	188

Public Investment	527	401	468	376	226	407	426
Total Investment	653	544	536	444	326	558	614
Other	26	26	23	27	13	7	3
Total National Expenditure	2,576	2,444	2,447	2,422	2,243	2,660	2,756
Exports	53	32	37	31	32	37	38
Imports	(981)	(895)	(921)	(861)	(805)	(1,175)	(1,225)
Non-oil GDP	1,648	1,580	1,564	1,592	1,471	1,522	1,568

Source: Timor-Leste National Accounts 2000-2019 and Economic Forecasts, General Directorate of Statistics and National Directorate of Economic Policy, Ministry of Finance, February 2021. * indicates forecast

Risks, Uncertainty and Assumptions

Economic forecasts or projections aim to predict annual GDP growth rates and high level macroeconomic figures. Making forecasts about what macroeconomic variables may be in the future is important to help governments and businesses make decisions with regard to policies, planning and investment. However, it is important to understand that in order to make these predictions, we have to make some assumptions about future conditions. Therefore all projections always include an element of uncertainty. The main uncertainties in the forecast come from imports and government budget execution. If government spending is particularly import-dependent, meaning that much of the new spending goes to goods and services from outside Timor-Leste, the GDP forecasts for future years may be reduced downwards as imports have a negative effect on final GDP.

In addition, if there is a large change in execution rates this may have a noticeable impact on the economy, especially given that the state budget makes up a large portion of Timor's GDP. Execution rates differ each year for different reasons and also depend on the absorptive capacity of the Timor-Leste economy.

2.3 National Development and Priorities

Six areas are defined as priorities for the 2021 Budget and of the remainder of the Government's mandate, 2021-2023:

2.3.1 Government Priorities for 2021

Table 7: Priorities of the VIII Government, 2021

No.	Priority
1	Social Capital Development
2	Economic Development
3	Development of Basic Infrastructure
4	Development and Protection of the Environment
5	Institutional Development
6	Reform to Key Pillars

The proposed budget allocations aim to reflect, therefore, such priorities which are described below.

Social Sector Development

- Create education and training opportunities which are of quality, inclusive and which respond to the needs of the economy.
- Continue to prepare the health sector in terms of quality and service delivery especially in response to the COVID-19 pandemic.
- Improve drinking water and sanitation infrastructure to ensure quality of life, health and prevention of disease.

Economic Development

- Focus on recovery of the economy following the economic downturn due to the impacts of COVID-19 in 2020.
- Facilitate investment in the private sector, prioritising small and medium size enterprises.
- Create employment options to increase national productivity and opportunity for all.
- Increase agricultural productivity and food security by improving and creating new infrastructure, distribution channels and storage of agricultural products.
- Diversify the economy and increase the growth rate in an inclusive and sustainable manner, following government priorities.

Development of Basic Infrastructure

- Develop ports, airports, roads both urban and rural
- Development of logistical capacity both land, waterway and air

Development and Protection of the Environment

- Promote sustainable behaviour and environment
- Emphasise the principle of reduce, reuse and recycle

Institutional Development

- Consolidate defence and foreign affairs institutions
- Consolidation of external relations

Reform to Key Pillars

Make improvements in the following sectors:

- Public Administration
- Judicial Reform
- Fiscal and Public Finance Management Reform.

2.3.2 Economic Recovery Package (ERP)

In addition to the priorities above, on 12th August, the Government approved an Economic Recovery Package with the objective of aiding the recuperation of the economy post COVID-19 between 2021 and 2023. The plan had 3 clear objectives:

- Increasing employment: ensuring all jobs are both productive and dignified
- Realisation and consolidation of public social investment programmes (Education, Health, Housing and Social Protection)
- Review productive sectors and promote areas that contribute to economic growth

The final Economic Recovery Package is \$123.9 million. This includes both ongoing activities as well as additional economic recovery measures for LM/SFA/Ms if they provide essential services/contribute to essential activities. The Ministry of Finance has also mapped existing/new donor support received which will be detailed in Budget Book 5 2021.

Table 8: Budget and Implementing Institution of PRE in 2021

Implementing institutions of FRE	Total
Municipal Administration of Aileu	396,836
Municipal Administration of Ainaro	441,029
Municipal Administration of Covalima	442,008
Municipal Administration of Lautém	430,907
Municipal Administration of Liquiçá	450,288
Municipal Administration of Manatuto	382,691
Municipal Administration of Manufahi	404,586
Municipal Administration of Viqueque	501,466
Municipal Authority of Baucau	654,847
Municipal Authority of Bobonaro	548,625
Municipal Authority of Dili	652,458
Municipal Authority of Ermera	694,259
National Center For Employment And Vocational Training	41,000
Public Service Commission	17,200
National Hospital Guido Valadares	1,739,000
National Health Institute	235,290
Ministry of State Administration	31,416,640
Ministry of Agriculture And Fisheries	5,177,675
Ministry of Education, Youth And Sport	31,711,000
The Ministry of Justice	2,067,000
Ministry of Health	12,651,000
Ministry of Public Works	21,503,286
Ministry of Tourism, Commerce And Industry	2,185,000
Ministry of Transport And Communication	3,042,000
Ministry of Coordinating Economic Affairs	340,000

Implementing institutions of FRE	Total
Secretariat of The Professional Training Employment	1,354,000
Secretariat of Cooperative	3,500,000
Secretariat of State for Environment	540,000
Business Registration and Verification Service	438,000
Total	123,958,091

Economic Development: , promote sustainable livestock production, improve access to microcredit, create mobile training, organize career fairs, research on potential employment, organize technical vocational and professional training, promote of small and micro businesses, develop new web services for tourism promotion, create a new tourism authority and tourism zone, increase production and diversification of agricultural products, improve business registration services, improve access to seeds and machinery, etc.

Social Capital: Reforestation and rehabilitation of degraded areas (including community rural resource management programme), develop water supply systems for agriculture, build additional CAFÉ schools and ESG buildings, improve teacher training programs for the various teaching degrees (INFORDEPE), construct health posts, capacity build health professionals, integrate traditional and allopathic medicine through legal means, construct specialized clinics, provide a line of credit to universities, etc.

Institutional Framework: Approve associated regulations of land law, prepare regulatory frameworks for the business environment, increase functionality of the legal system, further decentralization of administration, public administration reform, etc.

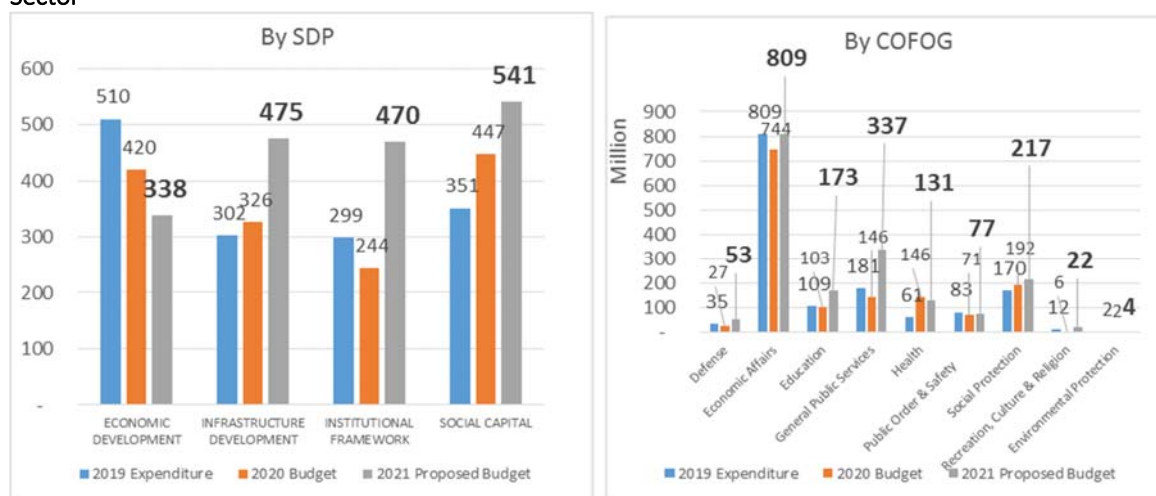
Infrastructure Development: Create tourist and cultural infrastructure areas, improve basic sanitation, bio-fuel and new storage methods, construct and rehabilitate infrastructure at the municipality level, establish industrial centers, etc.

2.3.3 Analysis of the 2021 Proposed General State Budget

Timor-Leste's Strategic Development Plan is organized around four pillars: Institutional Framework, Social Capital, Economic Development and Infrastructure Development, where the last three have been designed as priority in the VIII Constitutional Government's mandate. The proposed 2021 Budget allocates the largest share to the Social Capital Sector, followed by Infrastructure Development, Economic Development, and Institutional Framework. However this is excluding loan disbursements. Note that Infrastructure Development and Economic Development both contribute to Economics Affairs under COFOG classification.

Following instead the international sectorial and more detailed classification COFOG (see Figure 9), it can be observed that the Economic Affairs sector remains the largest, in line with previous year, followed by General Public Services, Social Protection, Education, Health, Public Order and Safety. However it should be noted that the COFOG classification breaks down the SDP Social Capital sector into Social Protection, Health, Education and Recreation, Culture and Religion.

Figure 9: Comparison of 2019 Expenditure, Budget 2020 & Proposal Budget 2021 budgets by Sector*



Source: Ministry of Finance, 2020. *This does not include loans.

2.4 Revenues

2.4.1 Overview of Revenue Projections

Non-oil domestic revenues are expected to rise in 2021, in comparison to the sharp decline in 2020. 2020 is expected to see a 10.1% fall from collections in comparison to 2019. This is due to the impact of COVID-19, both directly through the State of Emergency as well as other knock-on effects of the pandemic. While it is still unclear how long the impact of COVID-19 will affect both the global economic system as well as the internal Timorese economy, current forecasts predict that 2021 will see a 10.6% rise in domestic revenue collections as the economy bounces back from the COVID-19 induced recession. This is a significant increase from forecast 2021 revenues in the previous budget which has predicted a 6.5% rise in comparison to 2020 revenue estimates. The key driver for this rise is the higher than originally estimated government expenditure for 2021 and the related growth in forecast GDP.

Future projections of non-oil domestic revenues are expected to grow positively year-on-year. Greater private sector activity, political stability and the continuation of government capital projects will also help to promote revenue growth. The positive trend is expected to continue until 2025, given current macro-economic growth expectations.

Timor-Leste is highly dependent on oil revenue which represented nearly 80% of total revenue in 2019. However, petroleum revenues are expected to decline as production from existing field draws to a close. 2021 is the first year in recent years where domestic revenues will make up the majority of total revenues. This makes Fiscal and Public Financial Management Reforms a priority for the country going forward. Overcoming the tax base issue, improving revenue collection capacity, introducing new fiscal instruments as well as reviewing the existing ones, revisiting tax policies and legislation that promotes investments could help lead to increased revenue collection, considerably improving both fiscal and non-fiscal revenues.

It is important to note that future year forecasts do not include additional revenue from such reforms, as these are still to receive Parliamentary approval.

Table 9: Total Revenue, 2019 – 2025, \$million

	2019 Actual	Proj 2020	Proj 2021	Proj 2022	Proj 2023	Proj 2024	Proj 2025
Total Revenues	947.9	478.5	258.7	234.8	320.8	218.7	229.0
Domestic Revenues	191.7	172.3	190.6	202.1	212.1	218.7	229.0
Petroleum Revenues (excl investment return)	756.3	306.1	68.1	32.7	108.7	-	-

Source: Ministry of Finance, 2020.

Domestic Revenues

Domestic revenues are composed of tax revenues, fees and charges, interest on cash balances and revenues from autonomous agencies and special administrative regions. The effect of the change in structure of EDTL from part of the Ministry of Public Works to a public enterprise has included in the given forecasts. The potential impact to domestic revenues will be explored in its own section, 2.4.1.6.

Table 11 breaks down domestic revenues into these categories showing actual and forecasted amounts between 2019 and 2025.

Table 10: Domestic Revenue 2019 – 2025, \$million

	2019 Actual	Proj 2020	Proj 2021	Proj 2022	Proj 2023	Proj 2024	Proj 2025
Total Domestic Revenue	191.7	172.3	190.6	202.1	212.1	218.7	229.0
Taxes (excluding RAEOA-ZEESM)	122.3	110.5	123.6	133.2	138.0	141.3	148.1
RAEOA-ZEESM Taxes	3.9	3.2	3.3	0.4	4.4	4.6	4.7
Fees and Charges	56.4	51.3	54.3	55.2	59.5	62.3	65.1
Interest	0.63	0.53	0.58	0.59	0.57	0.58	0.57
Autonomous Agencies and Special Administrative Regions	8.4	6.8	8.8	9.0	9.7	10.1	10.6

Source: Ministry of Finance, 2020.

2.4.1.1 Tax Revenues

Tax revenues consistently comprise the largest source of domestic revenues in Timor-Leste, totalling 64% of total domestic revenues in 2019. This is estimated to continue in 2021, with total tax revenues (including RAEOA-ZEESM taxes) making up 66.6% of total domestic revenues based on the current forecasts. Tax projections are summarized in Table 12 and are divided into Direct Taxes and Indirect Taxes. The table does not include RAEOA-ZEESM taxes as those have not been forecast at the line item level. Total RAEOA-ZEESM taxes can be found in Table 11.

2020 tax collection is expected to fall significantly in comparison to 2019, an estimated 10.1% fall. This is largely due to the State of Emergency and other spill over effects of the global pandemic. Indirect taxes, those levied on goods and services, are effected the most. Excise tax, the largest single contributor to domestic revenues, is estimated to fall by around a fifth compared to collections in 2019. Sales tax and import duties are expected to fall by 12.8% and 10% respectively. Withholding tax, the second largest tax contribution, is forecast to rise slightly in comparison to 2019. This is due to an extremely high collection in January 2020, 2.5 times

collections in January 2019, due to delayed payments at the end of 2019. Corporate taxes are also forecast to increase due to high collections during the first half of the year, particularly in Q1. At the end of Q3 2020, tax revenues equalled 77.2% of the forecast revenue for the year. The highest two taxes are excise and corporate taxes which equal 82.9% of their total, implying that their total for the year may be higher than estimated, while the lowest is Public Sector income tax at 58.3% which may suggest the final collection for the year will be lower than its forecast. In 2019, the total cumulative tax revenue at the same point in the year was 73.9% of total tax collections for the year.

Forecasts for 2021 see a significant rise in tax revenues, rising an estimated 11.8% compared to 2020 estimates, though they are still expected to just exceed their pre-COVID-19 levels. Comparing 2019 collections and 2021 forecasts, tax revenues are just 1% higher.

Direct taxes are expected to see a smaller rise in 2021, due to their smaller decline in 2020. Indirect taxes are usually the main drivers of growth and forecast to rise 15.4% in comparison to 2020 estimates. The largest rise is expected by Excise and Sales taxes, the ones that are also predicted to fall the most in 2020, though they are still not expected to exceed their pre-COVID-19 levels until 2023.

Future years are expected to see a rise in tax revenues, driven by a stable macroeconomic and political environment. The positive trend is expected to continue through 2025. The large increase in capital expenditure in 2022 and 2023 sees Withholding tax, the tax commonly linked to capital projects, rise significantly during the same period. Additional reforms in the tax collection systems, with the shift to SIGTAS (Standard Integrated Government Tax Administration System) 3.0, should enhance the Tax Authority's capacity to enforce greater tax compliance. However it is important that other tax instruments are explored during this time period, to increase the tax base of the country and help ensure fiscal sustainability in the medium and long term.

Table 11: Total Tax Revenue, Actuals and Projections 2019 – 2025, \$million

	2019 Actual	Proj 2020	Proj 2021	Proj 2022	Proj 2023	Proj 2024	Proj 2025
Total Tax (excluding RAEOA-ZEESM)	122.3	110.5	123.6	133.2	138.0	141.3	148.1
Direct Taxes	51.2	50.7	54.6	63.1	62.4	62.2	65.3
Income Tax	20.5	18.6	19.8	20.1	21.7	22.7	23.7
Individual Income (Public Sector)	7.2	7.4	6.9	7.0	7.6	7.9	8.3
Individual Income Other	13.2	11.2	12.9	13.1	14.1	14.7	15.4
Corporate Tax	8.7	9.7	10.4	10.6	11.4	11.9	12.5
Withholding Tax	22.0	22.4	24.4	32.4	29.3	27.6	29.1
Indirect Taxes	71.1	59.8	69.0	70.1	75.6	79.1	82.7
Service Tax	3.7	3.6	3.8	3.8	4.1	4.3	4.5
Sales Tax	15.3	13.4	15.1	15.3	16.5	17.3	18.1
Excise Tax	38.3	30.3	36.3	36.9	39.8	41.6	43.5
Import Duties	13.9	12.5	13.8	14.1	15.2	15.9	16.6

Source: Ministry of Finance, 2020.

2.4.1.2 Fees and Charges

Fees and charges include a wide selection of categories from non-tax sources that contribute to domestic revenue. These comprise administrative fees, utility payments and royalty payments to the Government from natural resources other than petroleum. Fees and charges historically make up around 30% of total non-oil domestic revenues. In 2021, they are forecast to make up 28.5%.

Fees and Charges in 2020 are estimated to fall 9.1% compared to those collected in 2019. This is because of the impact on electricity payments, the largest contributor to revenues and often making up over 60.6% of total collections. Electricity payments were heavily hit during Q2 2020, the introduction of the subsidy during the state of emergency, decreasing 30% compared to the previous year. However due to an uptake later in the year, especially in August, collections for electricity are only expected to fall around 3% in 2020 compared to the total for 2019. Other significant drivers, such as property rentals, visa fees and social games receipts, are also expected to fall. A large dividend from BCTL is one of the few line items expected to rise, with a 50.8% increase from the amount collected in 2019.

Forecasts for 2021 see a significant growth in collections, with a growth rate of 5.9% compared to 2020 projections. This is a lower rate of growth than other contributors to domestic revenues. However the overall amount is not predicted to exceed 2019 levels until 2023. Electricity fees and charges are forecast to continue to be the largest contributor, making up 60.6% of the total. Other line items expected to be significant are BCTL payments, property rentals and mining and quarry royalties.

Projections for outer years are expected to see a positive trend given the current forecasts of GDP growth in 2022 and beyond. Growing decentralization of collections has also seen the introduction of non-fiscal instruments in the municipalities through advertising and parking services. Further decentralization, improvements and reinforcement of collection mechanisms in line ministries and the introduction of new non-tax instruments are expected to boost collections. Contributions from transport, property rentals, dividends and social games fees and charges are forecast to return to a stable growth path from 2021.

Please note, future projections continue to include payments from EDTL through electricity fees and charges and new installations. When EDTL becomes a public enterprise, their revenues will be held internally and therefore will no longer be a part of the central government account. This will cause a significant reduction in fees and charges collections, as well as domestic revenues overall. The potential effects will be explored in more detail in 2.4.1.6.

Table 12: Fees and Charges, Actuals and Projections 2019 – 2025, \$thousands

		2019 Actual	Proj 2020	Proj 2021	Proj 2022	Proj 2023	Proj 2024	Proj 2025
Collecting Ministry	Total Fees and Charges	56,443.0	51,307.9	54,312.5	55,191.2	59,515.4	62,253.1	65,116.8
Ministry of Finance	Other Non-Tax Revenues of Customs	479.3	717.0	739.7	751.6	810.5	847.8	886.8
Ministry of Finance	Customs Service Fees	4.4	3.3	4.0	4.0	4.4	4.6	4.8
Ministry of Finance	Customs Penalties	5.3	3.9	3.7	3.8	4.1	4.3	4.5
Ministry of Finance	Late Payment Interest Sales	5.2	3.9	4.0	4.1	4.4	4.6	4.8

		2019 Actual	Proj 2020	Proj 2021	Proj 2022	Proj 2023	Proj 2024	Proj 2025
Ministry of Tourism, Commerce and Industry	Commercial License Fees	22.8	5.0	18.3	18.6	20.0	21.0	21.9
Ministry of Transport and Communication	Postage Fees	25.8	21.6	26.4	26.8	28.9	30.3	31.7
Ministry of Justice	Property rentals	4,249.3	2,691.2	3,956.7	4,020.7	4,335.8	4,535.2	4,743.8
Ministry of Public Works	Water Fees	145.8	135.1	207.8	211.2	227.7	238.2	249.2
Ministry of Transport and Communication	Vehicle Registration Fees	1,408.3	1,178.8	1,345.2	1,367.0	1,474.1	1,541.9	1,612.8
Ministry of Transport and Communication	Vehicle Inspection fees	781.7	648.7	801.6	814.6	878.4	918.8	961.1
Ministry of Transport and Communication	Driver License Fees	523.4	288.0	536.7	545.4	588.1	615.2	643.5
Ministry of Transport and Communication	Franchising Public Transp Fees	227.4	190.3	233.2	237.0	255.6	267.3	279.6
Ministry of Transport and Communication	Transport Penalties/Trajectory	133.5	97.7	136.9	139.2	150.1	157.0	164.2
Ministry of Transport and Communication	Other Transport Fees	51.8	158.0	175.7	178.6	192.6	201.4	210.7
Ministry of Justice	Passport & ID	1,658.1	898.1	1,304.3	1,325.4	1,429.3	1,495.0	1,563.8
Ministry of Interior	Visa Fees	3,041.2	1,439.1	1,985.3	2,017.4	2,175.5	2,275.5	2,380.2
Courts	Tribunals - Fines & Penalties	435.7	496.6	446.8	454.0	489.6	512.1	535.6
Ministry of Transport and Communication	Vehicle Inspection Imported	62.7	51.3	64.3	65.4	70.5	73.7	77.1
Ministry of Public Works	Electricity Fees & Charges	32,674.0	31,593.1	32,936.9	33,469.8	36,092.1	37,752.4	39,489.0
Ministry of Transport and Communication	TL Internet Domain Revenue	281.8	180.9	259.5	263.6	284.3	297.4	311.1
Secretary State Vocational Training and Employment	Fines & Forfeits	451.2	229.3	260.2	264.4	285.1	298.2	311.9
Ministry Petroleum Resource and Minerals	Mining & Quarry Ops. Royalty	2,401.7	1,802.2	2,332.9	2,370.6	2,556.4	2,674.0	2,797.0

		2019 Actual	Proj 2020	Proj 2021	Proj 2022	Proj 2023	Proj 2024	Proj 2025
Ministry of Finance	Bid Document Receipts - Ministries	147.4	26.7	74.1	75.3	81.2	84.9	88.8
Ministry of Finance	Auctions	468.0	16.8	435.5	442.6	477.3	499.2	522.2
Ministry of Tourism, Commerce and Industry	Social Games Receipts	1,626.8	880.5	1,000.2	1,016.4	1,096.0	1,146.5	1,199.2
Ministry of Tourism, Commerce and Industry	Rent of Government Property	51.1	68.6	52.4	53.2	57.4	60.0	62.8
Ministry of Agriculture and Fisheries	Forestry Products	93.4	80.9	95.7	97.3	104.9	109.7	114.8
Ministry of State Administration	Sanitation Services Fee	9.9	9.8	10.2	10.3	11.1	11.7	12.2
Ministry of Health	Registration of Health Professionals	22.3	15.3	22.9	23.2	25.0	26.2	27.4
Ministry of Education	Polytechnic Institute of Betano	65.6	74.7	67.3	68.4	73.7	77.1	80.7
Presidency of the Council Ministers	Printing Fee - PCM	147.0	162.1	150.8	153.2	165.2	172.8	180.8
Ministry of Health	Pharmaceutical Fee	45.9	39.7	46.5	47.3	51.0	53.3	55.8
Ministry of Finance	BCTL Dividends	4,342.1	6,549.8	4,034.0	4,099.3	4,420.5	4,623.8	4,836.5
Ministry of Finance	Other Non-Tax Revenue	157.2	134.1	124.0	126.0	135.8	142.1	148.6
Ministry of State Administration	Dili Municipality - Advertising Revenue	123.8	148.0	172.5	175.3	189.0	197.7	206.8
Ministry of State Administration	Ainaro Municipality - Advertising Revenue	2.5	3.0	3.0	3.1	3.3	3.5	3.6
Ministry of State Administration	Covalima Municipality - Advertising Revenue	6.5	1.4	6.7	6.8	7.3	7.7	8.0
Ministry of State Administration	Baucau Municipality - Advertising Revenue	4.1	1.2	4.2	4.3	4.6	4.8	5.1
Ministry of State Administration	AM Ermera-Advertising Revenue	4.5	8.9	5.7	5.8	6.2	6.5	6.8

		2019 Actual	Proj 2020	Proj 2021	Proj 2022	Proj 2023	Proj 2024	Proj 2025
Ministry of State Administration	Aileu Municipality - Advertising Revenue	1.1	1.4	1.1	1.2	1.3	1.3	1.4
Ministry of State Administration	Dili Municipality - Parking Fee	22.2	21.9	30.7	31.2	33.6	35.2	36.8
Ministry of State Administration	Administrative Sanctions and Fines	2.5	1.7	2.6	2.6	2.8	2.9	3.1
Ministry of Public Works	EDTL Receipts - New Installation	28.6	173.1	192.2	195.4	210.7	220.3	230.5

Source: Ministry of Finance, 2020.

2.4.1.3 Interest

Interest reflects interest payments received from cash held in Government funds. 2019 saw a growth in interest rates and cash balances held by the government, meaning interest reached a high of \$0.62m. This expected to fall in 2020 as interest rates across the world decline. Collections are expected to remain relatively stable over the next 5 years, ranging between \$0.56m and \$0.61m.

Table 13: Interest Receipts, Actuals and Projections 2019 – 2025, \$thousands

	Proj 2019	Proj 2020	Proj 2021	Proj 2022	Proj 2023	Proj 2024	Proj 2025
Interest Receipts (all funds)	626.7	528.9	584.8	592.4	569.4	582.3	571.5

Source: Ministry of Finance, 2020.

2.4.1.4 Autonomous Agencies and Special Administrative Region

The number of autonomous agencies has been increasing steadily in recent years, reflecting government's desire to grant greater financial independence to institutions to improve their efficiency. In 2021, they are forecast to make up 4.6% of total collections

Autonomous Agency collections are expected to fall 10% in 2020, in comparison to collections in 2019. This is largely due to a fall in Port charges due to restrictions on goods movement during the state of emergency. Revenues from of National University Fees by UNTL expected to fall slightly, as well as receipts from IGE. These reductions are forecast to be off-set by increased collections by CLN from sale of local product and rice and Licensing Fees from ANC.

In 2021, collections from autonomous agencies and RAE OA-ZEEMS fees and charges are expected to rise 16.8% compared to those forecast in 2020. This is driven by a rise in collections from APORTIL.

Bamboo Centre is expected to rise significantly due to increased demand in line with the strategic plan and a return to historic rates. CLN – Sale of Local Product, IGE receipts, AIFAESA fees and SENAI Centre revenues are also all predicted to see large proportional increases to

return to their pre-COVID-19 levels. Future years expect to see a growth in revenues even further as the economy recovers from lockdown and the global effects of COVID-19.

Table 14: Autonomous Agencies and Special Administrative Region, Actuals and Projections 2019-2025, \$Thousands

	2019 Actual	Proj 2020	Proj 2021	Proj 2022	Proj 2023	Proj 2024	Proj 2025
Total Autonomous Agencies	8,405.1	6,809.8	8,828.5	8,982.4	9,660.9	10,105.3	10,570.2
CLN - Sale of Local Product	360.2	107.9	216.1	219.6	236.8	247.7	259.1
ANC - Licensing Fee	1,462.4	1,389.7	1,520.9	1,545.5	1,666.6	1,743.3	1,823.5
APORTIL - Port Charges & Fees	3,517.0	2,657.9	3,583.8	3,641.7	3,927.1	4,107.7	4,296.7
IGE - Receipts	407.4	222.1	416.8	423.5	456.7	477.7	499.7
SAMES - Receipts	-	27.7	34.4	34.9	37.7	39.4	41.2
UNTL - National University Fees	1,213.0	1,153.1	1,524.7	1,549.3	1,670.7	1,747.6	1,828.0
HNGV - Hospital & Medical fees	249.7	278.0	325.2	330.5	356.4	372.7	389.9
Bamboo Centre Tibar - Revenue	-	0.5	51.6	52.5	56.6	59.2	61.9
AMRT - Fees	3.6	3.9	3.7	3.7	4.0	4.2	4.4
IADE Service Fees	3.0	2.4	3.1	3.1	3.4	3.5	3.7
AIFAESA Fees	87.0	52.0	89.2	90.6	97.7	102.2	106.9
SENAI Centre - Revenue	-	1.5	2.0	2.1	2.2	2.3	2.4
SERVE IP - Revenue	-	61.6	68.4	69.5	74.9	78.4	82.0
CLN - Sale of Rice	365.1	180.4	232.0	235.7	254.2	265.9	278.1
ZEESM - Fees and Charges	736.9	671.2	756.7	780.0	815.8	853.4	892.6

Source: Ministry of Finance, 2020. ZEESM revenue includes fees and charges only, tax revenue is presented separately in table 11.

2.4.1.5 EDTL

As mentioned previously, EDTL revenues consistently make up over 60.6% of fees and charges, often contributing over 60.6%. Fees and charges are around 28.5% of total domestic revenues.

The move to make EDTL a public enterprise will allow it greater autonomy and the ability to take its own decisions regarding policy decisions including future planning. However it also mean that they get greater control of their revenues which will become independent of Central Government, kept in their own private account and no longer part of the General Government Account. This will cause a significant fall in domestic revenues. For instance in 2021 projections, revenues excluding EDTL contributions are 17.3% lower. This trend continues across the 5 year time horizon given.

Table 15: Impact of EDTL Structure change to Domestic Revenues 2021 – 2025, \$million

	Proj 2021	Proj 2022	Proj 2023	Proj 2024	Proj 2025
Total Domestic Revenue	190.6	202.1	212.1	218.7	229.0
Total Domestic Revenue excluding EDTL Revenues	157.5	168.5	175.8	180.8	189.3

<i>Electricity Fees and Charges</i>	32.9	33.5	36.1	37.8	39.5
<i>EDTL Receipts - New Installation</i>	0.19	0.20	0.21	0.22	0.23

Source: Ministry of Finance, 2020.

2.4.2 Petroleum Fund Revenue

The Petroleum Fund remains the principal source of financing for the state budget each year. The total withdrawn from the Fund can be broken down into the Estimated Sustainable Income (ESI) and any excess withdrawal that is justified by the Government to be in the long-term interests of Timor-Leste. This section presents the ESI calculation for 2021 along with the underlying assumptions. It also describes the Fund's investment strategy, its performance and projections for the Fund over the budget period.

2.4.2.1 Calculating Petroleum Wealth and the ESI for 2021

Withdrawals from the Fund are guided by the ESI. The ESI represents the maximum amount that can be withdrawn from the Petroleum Fund in a fiscal year so as to leave a sufficient Fund balance for an amount of the equal real value to be appropriated in all later years. The ESI is set to be 3% of the Petroleum Wealth, which comprises the balance of the Fund and the Net Present Value of future petroleum revenue.

The Petroleum Wealth (PW) and the ESI are usually only updated once a year as part of the main budget process. The ESI 2020 was recalculated in August 2020 as part of the new Budget Book 2020. Some of the key assumptions had changed significantly since the first estimate in September 2019, including the opening balance of the Fund, production, costs and oil price. The 2021 Budget Book was prepared shortly after the 2020 Budget Book and generally shares the same assumptions, as explained below.

Total Petroleum Wealth on a Net Present Value basis is estimated to be \$18,262.4 million on 1 January 2021. This is \$410 million higher than the figure previously calculated in the 2020 Budget, which is caused by an upward revision to expected petroleum revenues and investment returns in 2020. Table 17 shows the estimated Petroleum Wealth and the ESI from 2019 and onwards, assuming that withdrawals from the Fund are equal to the projected withdrawals in this budget book. The ESI for 2021 is \$547.9 million. The ESI estimates for the following financial years decline as a result of the projections for continued excess withdrawals.

Table 16: Petroleum Wealth and the Estimated Sustainable Income (ESI) \$million

	2019*	2020*	2021	2022	2023	2024	2025
Estimated Sustainable Income (PWx3%)	529.0	544.4	547.9	526.6	478.9	431.3	391.8
Total Petroleum Wealth (PW)	17,633.6	18,145.1	18,262.4	17,552.6	15,964.9	14,376.7	13,059.9
Opening PF Balance	16,489.6	17,691.8	18,065.6	17,417.7	15,858.2	14,376.7	13,059.9
Net Present Value of Future Revenues	1,144.0	453.2	196.8	134.9	106.7	0.0	0.0

Source: Ministry of Finance, 2020. *ESI for 2019 and 2020 figure as estimated in Budget 2019 and 2020.

The key assumptions behind the calculations are set out in Table 18 and discussed below.

Table 17: Key Assumptions behind the ESI Calculation in 2021

Asset recognition	Forecast petroleum revenues are included only for projects with approved development plans. Bayu-Undan (BU) is the only operating field.
Petroleum Reserves and Production Forecasts	The project operator provides production estimates. The Operator provided 3 scenarios in August 2020 for Low, Base, and High forecasts. The average of the Low-Base case production is used for both ESI 2020 and ESI 2021.
Oil price forecast	Brent crude oil has been shown to be the best indicator of the price of BU liquid products, namely condensate and LPG. ESI for Budget 2020 and 2021 is prepared using the average of the Energy Information Agency's (EIA) Low case and Reference case for Brent in its Annual Energy Outlook (AEO) for 2020, released in January 2020.
Prices for specific petroleum products	BU produces condensate, Liquefied Petroleum Gas (LPG) and Liquefied Natural Gas (LNG). Forecast assumptions for condensate and LPG are derived from historical differentials observed with Brent. The historical relationship has been relatively stable, with condensate averaging about 95 percent and the LPG averaging about 71 percent of the benchmark. 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	This is the central estimate of future capital and operating costs as provided by the project operator Santos. The estimate includes proposed drilling and higher decommissioning cost provisions.
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 strategy is for 5% cash, 55% bonds, 35% equities and 5% in alternatives. The expected long-term nominal return on the portfolio was revised down to 3.8 percent in the last quarter of 2019.

Source: Ministry of Finance, 2020.

Changes in the ESI 2021

The current estimate of the 2021 ESI is \$12.3 million higher than the estimate in the Budget Book 2020 of \$535.6 million. The difference is limited given that the two budgets were prepared in close succession this year. Both estimates adopt the actual value of the Fund at the beginning of 2020; the same production forecasts; the same oil price forecasts; the same price differentials; the same costs; and the same discount rate.

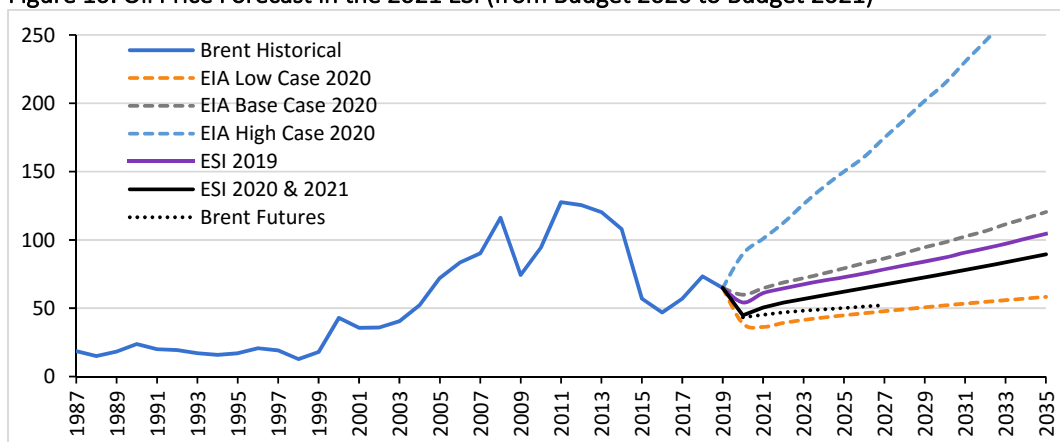
The assumed investment return for 2020 incorporates the Fund's performance to date. The Fund's return as at September 2020 is estimated as 5.2%. Incorporating the actual return and adjusting the estimates of quarter 4 returns for the very low bond yields, leads to the annual return estimate of 5.9%. This is higher than the expected long-term nominal return of 3.8%.

The other difference is the assumed petroleum revenue for 2020, which was previously forecast to be \$268.7 million. The actual net petroleum receipts until September are already \$290.4 million. The annual estimate is revised up to \$306.1 million to account for the amounts received and estimated revenue in quarter 4 2020. The projection for 2021 is maintained at \$68.1 million.

The oil price forecasts represent the average of the Low and Base cases of the Brent oil prices forecast by the US Government's Energy Information Administration (EIA). The estimated prices

for 2020 is \$41.2 per barrel, increasing to \$50 in 2021 and \$54 in 2022. The actual average Brent benchmark price from January to August 2020 was \$40.9 per barrel. The EIA now expects that monthly Brent spot prices will average \$42.3/b during the fourth quarter and rise to an average of \$50/b in 2021.¹

Figure 10: Oil Price Forecast in the 2021 ESI (from Budget 2020 to Budget 2021)



Source: Ministry of Finance, 2020

As noted in previous Budgets, the Bayu-Undan field is a mature field and its productivity has gradually declined since its peak in 2012. The production from its existing wells has decreased with increasing water and declining pressure. The decline is shown in Figure 11A and 11B. The Bayu-Undan Infill Well (BUIW) project in mid-2018 has helped to boost recent production relative to projections a few years ago. A new drilling program plan has been put forward for the authority's approval.

Figure 11: Bayu-Undan Production Forecast in the 2021 ESI

Figure A. BU Liquids Forecasts for B2020

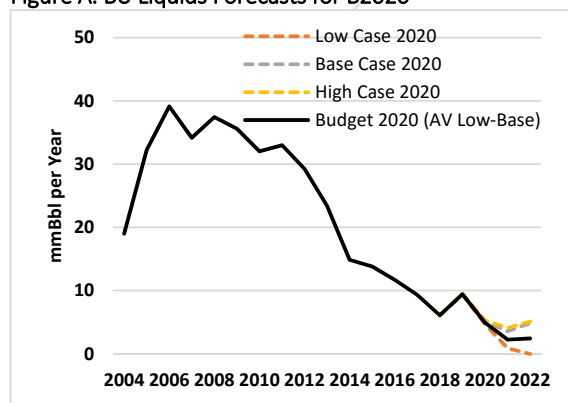
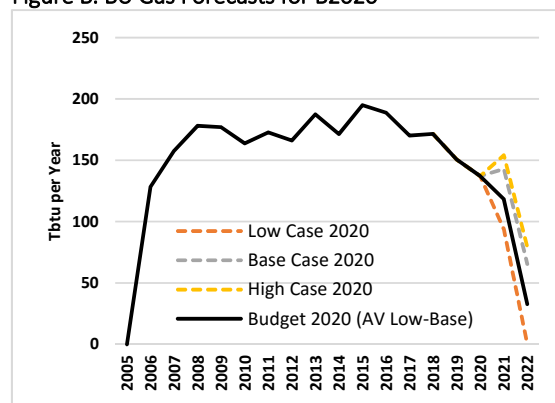


Figure B. BU Gas Forecasts for B2020



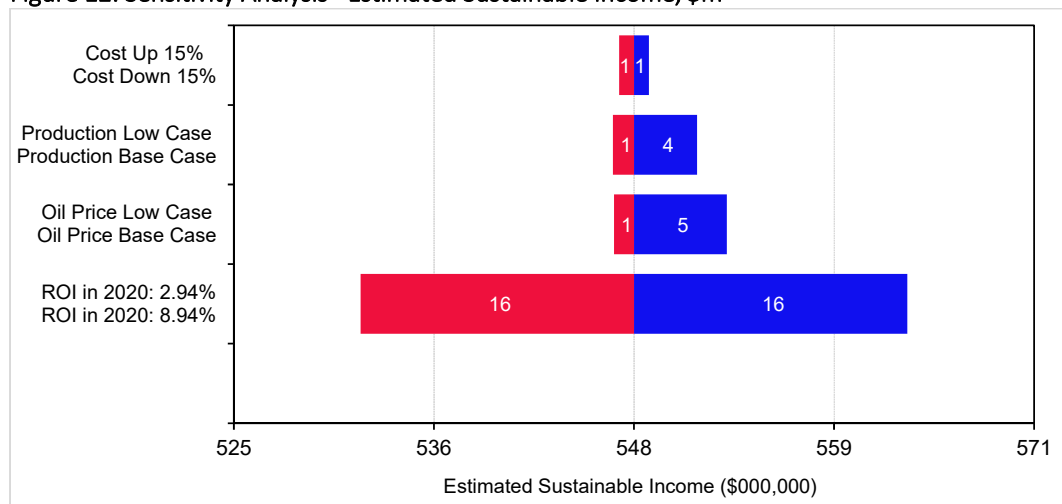
Source: Ministry of Finance, 2020.

Sensitivity Analysis

¹ EIA's Short-Term Energy Outlook, released on September 9, 2020. www.eia.gov.

The Government's objective is to prepare an ESI that is prudent overall, as required by the Petroleum Fund Law. While the calculations are based on the best information available, each input is subject to significant uncertainty. Figure 12 shows how the 2021 ESI of \$547.9 million would change if the assumptions for key variables were changed individually. Each sensitivity calculation is briefly described below.

Figure 12: Sensitivity Analysis –Estimated Sustainable Income, \$m



Source: Ministry of Finance, 2020

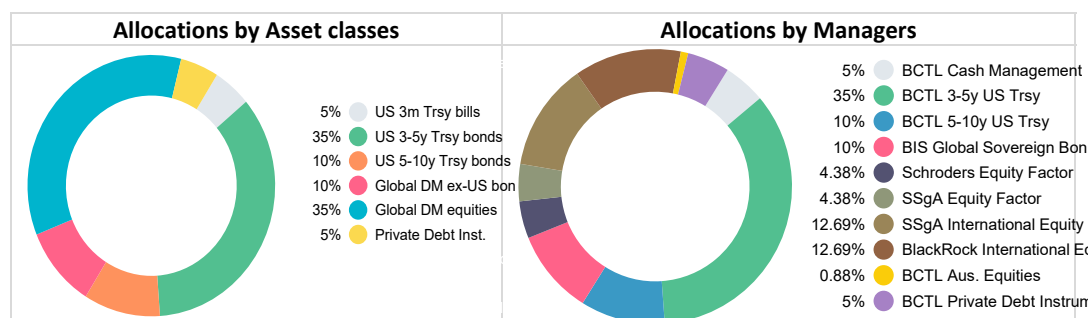
1. The value of the Fund at the beginning of 2021 depends on the assumed investment return for 2020. The annual return for 2020 is estimated to be 5.9% after accounting for actual returns to date. The realised return for 2020 depends on market movements in the last quarter. Variations of +/-3.0% are applied to illustrate how volatility can impact on the Fund's closing value. Changing the annual investment return to 2.9% or 8.9% sees the ESI change by \$16 million (up/down).
2. The calculated ESI 2021 is not that sensitive to the forecast of oil price. As noted above, the forecast of future Brent prices is based on the average of the EIA's long-term Low and Base Cases. If EIA's Low or Base forecast of Brent prices is applied, the ESI would be approximately \$1 million lower or \$5 million higher.
3. The calculated ESI 2021 is not that sensitive to changes in production forecasts and costs. If the Low or Base case production forecast is used, the ESI will fall by \$1 million or rise by \$4 million, respectively. If the costs change by 15% up or down, the ESI would change by \$1 million up or down.

2.4.2.2 Petroleum Fund Management and Projections

The Petroleum Fund Law sets out the Fund's eligible investments, the guidelines for its asset allocation and the risk limits. Since January 2019, the Petroleum Fund Law is to be read in conjunction with the First Amendment of the Law No 13/2005, the Petroleum Activities Law, which was modified to allow investments in petroleum operations.

The Petroleum Fund is currently invested 5% in cash, 55% in Government bonds, 35% in equities and up to 5% in petroleum related operations through a private debt placement in Timor GAP E.P. The breakdown by asset classes and by managers are shown in Figure 13 below.

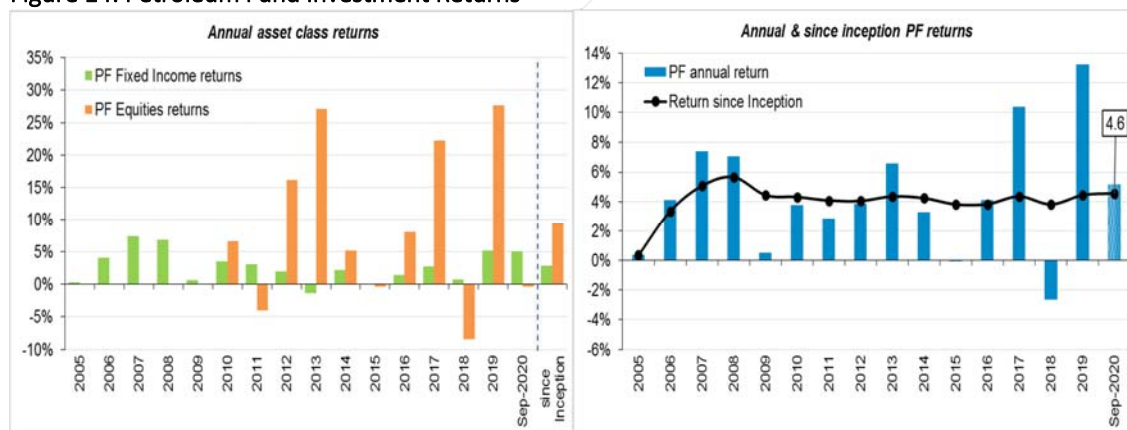
Figure 13: Petroleum Fund Strategic Asset Allocation and Managers Breakdown, as of August 2020



Source: Ministry of Finance, 2020

Equities are the growth assets in the Petroleum Fund's portfolio. The long-term horizon that follows from the fiscal framework means that the Fund can benefit from equities higher expected returns, while weathering the associated year-to-year volatility. Figure 13 shows that the equity portfolio has boosted the Fund's performance by returning 9.9% per annum since the first investment in stocks in 2010. This compares to the bond portfolio's average annual return of 2.0% over the corresponding period.² The Fund's return since inception to September 2020 is 4.6% per annum, which is 2.8% in real terms after accounting for US inflation.

Figure 14: Petroleum Fund Investment Returns



Source: Ministry of Finance, 2020.

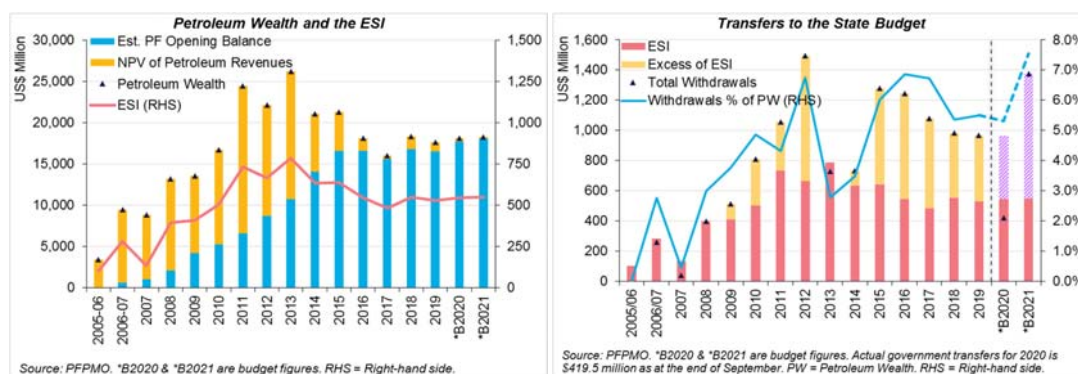
The Fund's fiscal framework is interrelated with the investment strategy and faces two substantial challenges. The first is that expected investment returns are now considerably lower than when the 40% equity allocation was originally devised to meet a 3% real return target. Interest rates are currently very low, which will result in low bond returns over the long-term. As a result, the Petroleum Fund is highly unlikely to earn a 3% real return over the next 10 years based on its current asset allocation. The equity allocation would need to increase significantly in order to meet that return, which is not appropriate currently, taking into account the

² Please see the Petroleum Fund Annual Report for 2019 for a more detailed discussion on the performance of the Fund.

country's ability and willingness to bear risk. This means that the true level of sustainable withdrawals is lower than 3%.

The second challenge is that withdrawals have not followed the fiscal framework. Under the permanent fund framework, sustainable withdrawals are offset by the expected real investment return, thereby protecting the Fund's purchasing power. However, as Figure 14 shows, withdrawals have exceeded the ESI since 2009, averaging about 5% of Petroleum Wealth rather than the 3% in the PF Law. The budgeted withdrawals for 2020 and 2021 are also shown. Governments have justified excess withdrawals on the basis of prioritizing economic development. While the real value of Petroleum Wealth has depleted, the Petroleum Fund's balance was able to grow when petroleum receipts were high.

Figure 15: History of the ESI, Petroleum Wealth and Withdrawal



Source: Ministry of Finance, 2020.

The real value of Petroleum Wealth has depleted as a result of the excess withdrawals, although the Petroleum Fund's balance was able to grow when petroleum receipts were high. However, going forward, there will be a number of years where the Fund's balance is expected to fall: withdrawals are projected to exceed the expected investment returns and the low petroleum revenues. The long-term sustainability of the Fund needs to be carefully managed during this period. Persistently high withdrawals for an extended period risks exhausting the Fund, even if inflows from Sunrise or other fields commence.

The risk in the investment portfolio needs to be managed during a decumulation phase. Reducing the Fund's equity allocation is being considered to account for projected withdrawals. By way of example, the Investment Advisory Board have noted that a horizon of only 10-years would warrant a gradual but significant reduction in the equity allocation over the coming years. Given very low bond yields, the result will be a much lower expected return for the total Fund.

Updated projections for the Petroleum Fund

The Petroleum Fund's balance is a function of petroleum receipts, investment income and government withdrawals. Table 19 shows an update of Petroleum Fund revenues. As noted, petroleum receipts for 2020 is revised up to \$306.1 million from \$268.7 million in the Budget 2020, although remains significantly lower than receipts in 2019. Petroleum revenue are forecast to continue to decline in 2021 and 2022, before rising to \$108.7 million in 2023 as a result of the VAT on decommissioning. The projections do not include Greater Sunrise as the development is not yet approved.

Table 18: Petroleum Fund Revenues 2019-2024, \$million

	2019 Actual	2020	2021	2022	2023	2024	2025
Total Petroleum Fund Revenue	2,857.2	1,337.7	729.7	653.2	672.4	511.6	460.2
Petroleum Fund Investment Return	2,100.9	1,031.6	661.6	620.5	563.8	511.6	460.2
Total Petroleum Revenue	756.3	306.1	68.1	32.7	108.7	0.0	0.0
FTP/Royalties	331.8	138.5	27.9	6.1	0.0	0.0	0.0
Profit oil	97.1	30.8	5.0	0.0	0.0	0.0	0.0
Income Tax	120.3	23.4	7.3	0.0	22.1	0.0	0.0
Additional Profit Tax	181.6	54.7	0.5	0.0	0.0	0.0	0.0
Value Added Tax	6.7	25.2	8.6	8.1	86.6	0.0	0.0
Other Tax Payments	18.7	33.5	18.8	18.5	0.0	0.0	0.0

Source: Ministry of Finance, 2020.

The Fund's investment return for the year to September is +5.2%, which translates to net income of \$906.5 million. This followed last year's strong return, when equities returned 27.7%. The equity portfolio has posted a return of -0.04% for the year to September, while the fixed income allocation posted a return of +5.1%. Equities have recovered from the sharp fall in the March quarter that was associated with the coronavirus outbreak and strict lockdowns. Risk assets have been boosted by monetary and fiscal policy stimulus, although the economic outlook remains uncertain. The expected investment income for 2020 is assumed to be 5.9%, while for 2021 and beyond is assumed to be the long-term nominal return assumption of 3.8%.

The Parliament has twice approved extraordinary withdrawals from the Fund. The total is \$536.3 million, of which \$220.0 million is allocated to respond to Covid-19 and \$316.3 is to fund the Treasury account during the duo decimal period until the Budget 2020 is approved by Parliament. There has only been \$419.5 million of withdrawals for the year until August.

The Fund's balance is \$18,469.5 million as of September 2020. This is an increase of \$777.7 million from the start of the year. Table 20 shows that the Fund's balance is expected to end 2020 at \$18,065.7 million after accounting for the revenue estimates and deducting the estimated withdrawal of \$963.9 million in 2020 approved by Parliament.

Table 19: Estimated Petroleum Fund Savings, \$million

	2019 Actual	2020 Prov.	2021	2022	2023	2024	2025
Opening PF Balance	15,803.6	17,691.8	18,065.7	17,417.8	15,858.2	14,376.7	13,059.9
Petroleum Revenue (excluding PF Interest)	756.3	306.1	68.1	32.7	108.7	0.0	0.0
Petroleum Fund Interest, Net*	2,100.9	1,031.6	661.6	620.5	563.8	511.6	460.2
Total Withdrawals	969.0	963.9	1,377.6	2,212.8	2,153.9	1,828.4	1,899.2
Closing PF Balance	17,691.8	18,065.7	17,417.8	15,858.2	14,376.7	13,059.9	11,620.9

Source: Ministry of Finance, 2020.

Total withdrawals to finance the 2021 state budget are \$1,377.6 million. This represents 7.5% of Petroleum Wealth and exceeds the 2021 ESI by \$829.7 million. Table 20 shows that the Fund is forecast to decline to \$17,417.8 million by the end of 2021 as the withdrawals exceed petroleum receipts and investment returns. This is projected to continue each year, with the

Fund's balance falling to \$11,620.9million by the end of 2025. These are central forecasts and considerable variation needs to be expected given that investment returns are volatile. As the Fiscal Sustainability section explained, the Fund is expected to continue to decline in value beyond the projection period, unless there is a significant change in fiscal policy or until significant new petroleum revenues come online.

2.5 Expenditure and Development Partner Commitments

Total expenditure in the 2021 budget is \$2,050.1 million (including donor funded activities of \$155.1 million and loans of \$70.7 million). The total 2021 State Budget 22.0% higher than that allocated for 2020. This is mainly because i) economic recovery measures, ii) new measures introduced that were not possible in 2020 due to consecutive state of emergencies and the COVID-19 pandemic, and iii) non-continuation of duo-decimal system in 2021.

2.5.1 Expenditure by Fund

Public expenditures are spread across the Consolidated Fund of Timor-Leste (CFTL), the Human Capital Development Fund (HCDF), loans and European Union Budget Support. Since 2016, the Infrastructure Fund is an autonomous agency under the CFTL. Compared to the allocations for the 2020 State Budget, allocations for 2021 have increased for CFTL by 27.0%. However, HCDF has increased by 21.1% and loan disbursements have increased by 17.8%, to introduce new measures and increase allocations of existing programmes which was not possible in 2020.

Table 20: Expenditure by Fund, \$million

	2019 Actual	2020 Budget	2021 proj	2022 proj	2023 proj	2024 proj	2025 proj
Combined Source Budget	1,405.6	1,681.0	2,050.1	2,499.8	2,382.7	2,044.4	2,167.7
Government Expenditures by Fund	1,243.8	1,497.0	1,895.0	2,433.3	2,370.7	2,035.7	2,159.0
CFTL (excl. loans, inc. DBS- EU and social security)	1,169.6	1,426.3	1,811.3	2,365.9	2,310.8	1,987.3	2,066.8
<i>Social Security</i>	<i>35.1</i>	<i>41.5</i>	42.7	44.4	46.2	48.0	50.0
<i>European Union (Budget Support)*</i>	<i>6.7</i>	<i>10.6**</i>	9.1	9.0	5.0	2.8	3.8
HCDF	17.8	10.7	13.0	13.5	14.1	14.6	15.2
Borrowing/Loans (disbursements)	49.8	60.0	70.7	53.9	45.9	33.8	77.0
Development Partner Commitments	161.8	184.0	155.1	66.5	12.0	8.7	8.7

Source: Ministry of Finance, 2020. *Previously the EU Budget Support was included off budget as part of development partner commitments. However now it is included on budget and can be thought of as an additional revenue stream. **Including a \$0.7 million contribution from International Labour Organization

2.5.1.1 Consolidated Fund of Timor-Leste

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 22.

Total allocations in the CFTL will increase by 27.0% in 2020 compared to the 2020 State Budget.

The Public Transfers allocations for many ministries and agencies have also increased, with the allocation for the category a whole 23.1% higher than in the 2020 State Budget. The CFTL Goods and Service have decreased by 16.9%. This is because Goods and Services budget had increased in 2020, despite the duo-decimal system, to finance the COVID-19 Fund. Therefore the reduction in 2021 is due to this magnitude of increase not being continued from 2020.

On the other hand, allocations to Minor Capital and Capital and Development have increased by 583.7% and 163.0% respectively, compared to the 2020 State Budget. This to allow for new projects in the 2021 State Budget since allocation to these categories was very limited in 2020.

Table 21: Breakdown of CFTL expenditure, \$million

	2019 Actual	2020 Budget	2021 Budget	2022 Proj.	2023 Proj.	2024 Proj.	2025 Proj.
Total CFTL Expenditure	1,169.6	1,426.3	1,811.3	2,365.9	2,310.8	1,987.3	2,066.8
Recurrent	904.8	1,264.0	1,346.8	1,400.6	1,456.7	1,514.9	1,575.5
Salary and Wages	203.0	206.7	240.7	250.4	260.4	270.8	281.6
Goods and Services	362.6	488.6	405.8	422.0	438.9	456.5	474.7
Public Transfers	339.3	568.7	700.2	728.2	757.4	787.6	819.2
Capital	264.8	162.3	464.5	965.3	854.1	472.3	491.2
Minor Capital	27.8	8.9	61.1	63.5	66.1	68.7	71.5
Capital and Development	237.0	153.4	403.5	901.8	788.0	403.6	419.8
<i>Infrastructure Fund (excl. loans)</i>	226.2	124.1	267.8	760.7	641.4	251.1	261.2

Source: Ministry of Finance, 2020.

Salaries and Wages

The allocation for Salaries and Wages (\$240.7 million), a 16.5% increase in the 2021 State Budget compared to the allocation for 2020. The Government has budgeted for increases to finance key measures as follows:

Key Measures

- \$11.1 million to RAE OA-ZEESM for payment of civil servants.
- \$1.3 million to Timor-Leste Defense Force (F-FDTL) for the new member recruitment .
- \$0.6 million to all applicable institutions through the Whole of Government for the internal promotion for civil servants.

Goods and Services

The CFTL Goods and Services budget (not including HCDF) for 2021 (\$405.8 million) is set to decrease by 16.9% compared to the allocation in the 2020 State Budget. This includes financing for RAE OA-ZEESM, special roads, sanitation and flood control projects, and special prevention and mitigation measures related to the COVID-19 pandemic.

Key Measures

- \$23.9 million to the COVID-19 Fund for the continuation of the prevention and mitigation program.

- \$23.8 million to RAEOA-ZEESM to finance new investment as well as for regular expenditure, such as fuel and maintenance for Oécusse.
- \$13.8 million to Ministry of Public Works for the maintenance of roads and for a flood control programme to protect against possible damage caused by floods on the coast and inland.
- \$13.0 million to the Human Capital Development Fund for its programme on scholarship, technical training, vocational training and other training, for students abroad as well as in Timor-Leste.
- \$8.5 million to the Whole of Government for the Counterpart Fund. This will contribute to the continued implementation of key counterpart funding projects. This includes purchase of Nakroma II ferry.
- \$8.1 million to the Whole of Government for legal services. This fund enables the state to defend itself in various legal cases.
- \$7.9 million to SAMES for acquisition of medications and pharmaceutical goods to help improve the quality of health services provided throughout the country.
- \$6.9 million to Ministry of Public Works for maintenance of equipment and edifices.
- \$3.4 million to the Whole of Government for the payment of quotas to international institutions. This will ensure the continued participation of Timor-Leste in regional and international activities.
- \$3.1 million to the Whole of Government for the population and housing census.
- \$2.5 million to Administration of Ports of Timor-Leste (APORTIL) for fuel and maintenance of ferry Nakroman.
- \$1.2 million to the Ministry of Council of Ministers for supporting the health and housing of members of government.
- \$1.0 million the Ministry of Interior for food and non-food items for natural disasters.
- \$0.5 million to the Whole of Government for activities and general support of the Community of Portuguese Speaking Countries (CPLP).
- \$0.5 million to the Whole of Government for membership of ASEAN.

Public Transfers

Public Transfers comprise all of the money the Government spends on public grants and consigned payments. The allocation for this category is \$700.2 million, a 23.1% increase to the 2020 State Budget. It includes the mitigation and prevention package for the COVID-19 pandemic, maintenance of Hera and Betano generators through the newly formed public enterprise EDTL, a soft loan programme for the Ministry of Tourism, Commerce and Industry, housing for vulnerable population, and a community health diagnostic programme, amongst others. \$29.2 million included in Whole of Government will be transferred to RAEOA-ZEESM as a part of its Capital Development budget.

Key Measures

- \$194.5 million to the Ministry of Public Works (EDTL, public enterprise and BÉ Timor, public enterprise) towards fuel and maintenance of electricity generators in Hera and Betano. This includes to pay for the debt of fuel supply, maintenance of electricity transmission (150KW) and sub-stations of 20KW - towers at critical junctions at seven

locations N117, N31, N71, N72, N15, N24, N34 and N76. Providing electricity throughout the whole country is key to generating growth and development across the country. BÉ Timor projects will focus on water and sanitation throughout the country.

- \$93.6 million to Ministry for National Liberation Combatants Affairs for veteran pensions, scholarships for family members and health treatment.
- \$83.6 million given to the Ministry of Petroleum and Mineral to support the National Petroleum Authority and Minerals (ANPM), TIMOR GAP and the Institute of Petroleum and Geology (IPG). This money is required to ensure Timor-Leste maximizes the benefits from its natural resources. This includes investment planning, ISO certification and mapping of geological data.
- \$42.7 million to the Whole of Government for the Contributory and Non-Contributory Regime. This will be transferred to Institute of National Social Security for implementation.
- \$40.0 million to the Whole of Government for capitalisation of the National Bank of Commerce of Timor-Leste (BNCTL).
- \$33.0 million to the Ministry of State Administration. This includes \$8.0 million for the National Program for Village Development (PNDS) as well as \$25.0 million for housing for vulnerable populations.
- \$22.8 million to the Ministry of Education, Youth and Sport for concessions for public and private schools, payment of contractual teachers and operational costs for CAFÉ schools.
- \$15.5 million to the Whole of Government for the provision of pensions for permanent civil servants under the contributory regime.
- \$15.0 million to the Whole of Government to support church activities through the Episcopal Church Conference.
- \$12.5 million to the Whole of Government for payment of loans.
- \$11.6 million to the Ministry of Health for treatments abroad, primary healthcare and the subsidy for Cuban Doctors in Timor-Leste. These investments are important to further improving the quality of health services for the population.
- \$10.0 million to the Whole of Government for capitalisation of the Central Bank of Timor-Leste (BCTL).
- \$8.9 million to the Ministry of Social Solidarity and Inclusion for a social assistance programme at the community level.
- \$6.4 million to Secretariat for Youth and Sport, to provide support for various sporting events and youth activities throughout the year, including a subsidy for the Football Federation and Liga Amadora.
- \$6.0 million to Whole of Government for pension payments for former leaders and former members of sovereign bodies.
- \$5.9 million to the Office of the Prime Minister for civic welfare. This includes support for NGOs, the construction of Ai-Mutin and Becora Churches and activities of various civil societies.
- \$4.4 million to Secretary State for Cooperatives for subsidy to cooperative groups.
- \$4.3 million to RAEOA-ZEESM to finance recurrent costs and commitment in 2021.
- \$3.5 million to the COVID-19 Fund to continue the prevention and mitigation program.

- \$2.5 million to the Whole of Government for creating a line of credit for private universities.
- \$2.5 million to the Whole of Government as contributions for international financial support. This will support the international community and allow Timor-Leste to further influence the global community.
- \$2.0 million to the Whole of Government for a public private partnership diagnostic of health issues at the community level.
- \$1.8 million to the Secretariat of State for Vocational Training Policy and Employment (SEPFOPE) for the self-employment programme. This will contribute towards promoting job creation and economic growth.
- \$1.8 million to the Secretary of State for Social Communication to provide subsidy for Radio Television Timor-Leste (RTTL) and community radio.
- \$1.5 million to the National Parliament for subsidies to Parliament branches.
- \$1.0 million the Ministry of Interior for contingency measures for natural disasters.
- \$1.0 million the Ministry of Tourism, Commerce and Industry for a soft loan programme.
- 0.6 million to the Ministry of Higher Education, Arts and Culture for supporting arts activities.
- \$0.6 million to the Ministry of Social Solidarity and Inclusion for a programme on HIV/SIDA.
- \$0.5 million to the Ministry of Coordination of Economic Affairs for subsidies to industries and small businesses.
- \$0.3 million to Presidency of the Republic for a community solidarity programme.

Minor Capital

Minor Capital includes expenditures on vehicles, furniture and other movable assets. The 2021 budget (\$61.1 million) for this category reflects a 583.7% increase compared to the 2020 State Budget (\$8.9 million). This category did not receive a very large allocation in 2020 therefore this was strongly considered when distributing the 2021 budget.

Key Measures

- \$9.8 million to Ministry of Agriculture and Fisheries for mechanical workshop, vehicles, industrial boats, cold chain units, fibre glass boats, spare parts for agricultural equipment and tractor, and other minor equipment.
- \$9.1 million to Ministry of Finance for a Disaster Recovery Data Centre and associated equipment, server and licenses for Customs, security equipment, x-ray equipment and weight bridge for border security and customs.
- \$4.8 million to Ministry of State Administration for motor vehicles for municipalities, IT hardware including data servers for Alieu as well as desktops for municipal administrative posts, equipment for the Technical Secretariat for Election Administration for the 2022 presidential election, and other minor equipment.
- \$2.9 million to Ministry of Education for motor vehicles, informatics equipment, furniture for schools and libraries, as well as projectors.

- \$2.4 million to RAEOA-ZEESM for the purchase ambulance vehicles, potable water trucks, operational vehicles, electronic equipment, furniture and others.
- \$2.0 million to IGE-Equipment for the purchase of Heavy equipment and other associated equipment to construct and maintenance for rural roads including intervention to emergency needs.
- \$1.9 million to the National Police of Timor-Leste (PNTL) for the purchase of motor vehicles and security equipment amongst others.
- \$1.9 million to the Ministry of Defense for security equipment, informatics hardware and communication equipment.
- \$1.9 million to the Ministry of Health for the purchase of multi-functional ambulances, medical equipment for referral hospitals and health centres.
- \$1.7 million to the TIC for the purchase of motor vehicles and EDP equipment, etc.
- \$1.7 million to the Ministry of Interior for the purchase of motor vehicles, security equipment, EDP equipment etc.
- \$1.6 million to the Ministry of Foreign Affairs and Cooperation for the purchase of motor vehicles, furnitures for the central office and Diplomatic office overseas.
- \$1.6 million to the Ministry of Planning and Teritorial for the purchase of motor vehicles, furniture, EDP equipment and office supplies.
- \$1.6 million to municipalities for the purchase of motor vehicles, EDP equipment, office supplies, furniture etc.
- \$1.1 million to the Ministry of Transport and Communication for the purchase of motor vehicles, EDP and communication equipment.
- \$1.1 million to the Defense Forces of Timor-Leste (FALINTIL) for the purchase of motor vehicles, informatics hardware, photocopy equipment etc.
- \$1.1 million to Courts for the purchase of motor vehicles, furniture, EDP equipment, communication equipment etc.
- \$0.9 million to the Ministry of Public Works for the purchase of motor vehicles, EDP equipment etc.
- \$0.8 million for the National University of Timor-Leste (UNTL) for payment of debt to Timor Telcom and purchase of office equipment (student's desks).
- \$0.7 million to the Ministry of Justice for the purchase of motor vehicles, communication equipment etc.
- \$0.7 million to the Ministry of Social Solidarity and Inclusion for the purchase of funeral vehicle, communication equipment, EDP equipment etc.
- \$0.5 million to Prosecutor General of the Republic for the purchase of motor vehicles, security equipment, EDP equipment etc.

Capital and Development

The 2021 allocation (\$403.5 million) for Capital and Development (CD) will increase 163.0% compared to the allocation for 2020. A number of new projects will be started in 2021 which was not possible in 2020 due to the COVID-19 pandemic and duo-decimal system. As shown in Table 23, Capital and Development allocations under the CFTL are broken down into \$267.8 million for the Infrastructure Fund (excluding loans), \$10.9 million for the District Development

Programs, and \$124.7 million for other Capital and Development projects across line ministries including RAEOA-ZEESM.

Note, when \$29.2 million for RAEOA-ZEESM is included in Capital Development, the total Capital Development budget (including loans) will be \$503.2 million.

Key Measures

- \$267.8 million to the Infrastructure Fund for the construction of continued multiyear projects and new projects.
- \$56.3 million to RAEOA-ZEESM which includes the financing of new and continued projects for its regional development. This excludes a transfer it will receive from the central government of \$29.2 million which will be used to finance its capital projects.
- \$64.8 million for the completion of new, retained and re-appropriated line ministry projects.
- \$10.7 million for the Integrated Municipality Development Programme (PDIM).
- \$3.6 million to the COVID-19 Fund to continue the prevention and mitigation program.

Table 22: Capital and Development Expenditures, \$million

	2019 Act.	2020 Budget	2021 Budget	2022 Proj.	2023 Proj.	2024 Proj.	2025 Proj.
Total Capital and Development	237.0	153.4	403.5	901.8	788.0	403.6	419.8
Infrastructure Fund (excl. loans)	226.2	124.1	267.8	760.7	641.4	251.1	261.2
District Development Programs	4.0	6.0	10.9	11.3	11.8	12.3	12.8
Ministries / Agencies	6.8	23.4	124.7	129.7	134.9	140.3	145.9

Source: Ministry of Finance, 2020. The PNDS budget has now been moved to Public Transfers from Capital Development.

2.5.1.2 Infrastructure Fund

According to the Strategic Development Plan, a central pillar for the long-term development of Timor-Leste is the building and maintenance of core, productive infrastructure in order to support sustainable economic growth, social inclusion, and promote the national connectivity. The Infrastructure Fund was established in 2011, with the role of financing the strategic infrastructure projects on the multi-year basis. Since 2011 up to 2020 a total of \$4.8 billion has been approved and \$3.1 billion or 64% executed through the IF to finance IF programs, including the Public Private Partnerships projects (PPPs) and external loans. Since 2016, the Infrastructure Fund has been operated as an autonomous agency.

The VIII Constitutional Government set the infrastructure development priorities in the area of basic infrastructure for both social and economic sectors. That includes programs for roads, bridges, water and sanitation, and the provision of sustainable energy. Many projects have already been completed in previous years. Other important infrastructure will be required to support modernization and growth of the Timor-Leste's economy, including digital infrastructure, transport and logistics infrastructure for trade, as well as supporting of industrial development.

In 2021 the total IF budget for 21 programs (including loans and operational costs of \$1.1 million) is \$339.6 million with the biggest share in the Portfolio allocated for roads and bridges

(33%), Information System (13%), Loan funded projects (21%), and the remaining budget allocated to the rest IF programs (power sector, defence and security, public building, water and sanitation, agriculture and others). The budget for 2021 has been allocated to the projects that already has contracts that need to be paid by the government toward the end of 2021 and some priority projects for education, health, defence and security sector, related to the land border protection and prevention of COVID-19.

Table 23: Infrastructure Fund budget and projection, \$million

Infrastructure Programs, \$ millions	2019* Actual	2020 Budget	2021 Budget	2022 Proj.	2023 Proj.	2024 Proj.	2025 Proj.
Total Budget (excluding MPS including loans)	276.0	184.1	338.5	829.5	708.1	327.9	206.9
Total Budget (excluding MPS & Loans)	226.2	124.1	267.8	760.7	641.4	251.1	129.9
Agriculture	1.0	1.2	3.8	36.0	33.7	11.6	0.7
Water and Sanitation	0.3	2.6	3.4	45.5	33.2	6.1	0.5
Urban and Rural Development	4.3	2.3	6.2	13.1	5.9	3.1	2.5
Public Buildings	1.0	3.3	7.7	47.2	61.8	30.8	6.1
Education	0.2	0.1	4.8	39.0	49.9	28.8	3.4
Electricity	9.9	4.3	18.3	1.9	0.7	0.0	0.0
Informatics	4.1	2.6	41.6	14.7	8.4	2.3	0.0
Health	0.1	0.2	4.8	7.1	5.1	1.8	0.0
Security and Defence	2.5	3.8	13.9	36.6	26.5	9.5	1.5
Social Solidarity	0.0	0.6	1.0	2.7	1.1	0.4	0.0
Tasi Mane	45.3	2.0	8.5	286.4	289.5	113.0	108.8
Airports	5.3	4.0	19.8	35.4	27.5	13.7	0.0
Preparation of Designs and Supervision	0.2	3.6	9.4	17.5	7.5	2.5	0.0
Roads	134.7	80.0	105.2	118.3	51.7	19.1	2.7
Bridges	9.1	3.5	4.9	2.8	5.3	0.8	0.0
Ports	0.2	2.0	1.8	5.4	5.4	1.2	0.8
Tourism	0.1	0.0	0.7	0.3	0.0	0.0	0.0
Financial System for Supporting Infrastructure	3.2	3.1	2.9	4.2	3.0	3.0	3.0
Youth and Sport	0.4	0.6	2.0	9.6	10.4	3.5	0.0
Maintenance and Rehabilitation	4.4	4.3	6.9	37.0	14.7	0.0	0.0
Loans Program	49.8	60.0	70.7	68.8	66.7	76.8	77.0

Source: Major Projects Secretariat, the Ministry of Planning and Teritorial, 2020. *2019 Actual Budget execution according to the Free Balance Records.

2.5.1.3 Expenditure by Loan Financed Projects

Expenditure on loan-financed projects in 2021 is expected to reach \$70.7 million, as presented in Table 25. This is a 17.8% increase compared to the allocation in the 2020 State Budget as new projects will be initiated after the hiatus in 2020 due to the COVID-19 pandemic and state of emergency periods. A detailed description of these projects is presented in Section 2.6.3.

Table 24: Expenditure on Loan Financed Projects, \$million

	2019 Actual	2020 Budget	2021 Proj.	2022 Proj.	2023 Proj.	2024 Proj.	2024 Proj.
Loan Expenditure	49.8	60.0	70.7	68.8	66.7	76.8	77.0

Source: Ministry of Finance and Ministry of Planning and Teritorial, 2020.

2.5.1.4 Human Capital Development Fund

The Human Capital Development Fund (HCDF) created in 2011, has as its main objective to develop the human resources of the strategic priority areas in line with the National Strategic Development Plan. The programs financed through the HCDF are classified into four main groups, whichh are: Vocational Training, Technical Training, Scholarships and Other Types of Training.

The vocational training program is primarily focused on training young people in a foreign language to seek opportunities for service abroad and training in the industry. The technical training program covers training activities for public administration as part of the professional development program to raise the capacity of civil servants in all government departments. The scholarship program aims to increase the knowledge and skills necessary for the country's economic and social development. It covers grants and scholarships for the children of veterans, civil servants, teachers at private universities and young people without means. The other types of training program covers programs related to research, studies, inspection, professional internship to promote the newly graduated beneficiaries of HCDF scholarships and others.

The total budget for the Human Capital Development Fund (HCDF) is \$12,995 million for the 2021 State Budget. The amount allocated is to finance the 4 types of training programs and 59 activities of 16 government institutions. The 2021 allocated amount is low when compared to previous years (except the year 2020 when the budget was only \$10,7).

The following table summarizes the budget allocations for the HCDF by program. As shown in Table 26, the majority is allocated to the scholarship program, which represents more than half of the total approved budget, i.e. 60% of the total budget. The remaining programs have the following budget allocation: technical training program (24%), other types of training program (8%) and vocational training program (8%).

As a result of the worldwide COVID-19 pandemic situation there have been certain restrictions on HCDF programme implementation in 2021, such as the suspension of all training, both short and long term (new scholarships) abroad.

Table 25: Human Capital Development Fund by Program, \$million

	2019 Actual	2020 Budget	2021 Budget	2022 Proj.	2023 Proj.	2024 Proj.	2025 Proj.
Total HCDF (by Program)	17.7	10.7	12.995	25.8	26.8	27.8	28.9
Vocational Training	3.3	0.8	1.078	3.7	3.8	3.9	4.1
Technical Training	5.3	1.3	3.146	7.2	7.5	7.8	8.1
Scholarships	7.0	6.8	7.764	12.5	13.0	13.5	14.0
Other Training	2.1	1.9	1.007	2.4	2.5	2.6	2.7

Source: Secretariat for Human Capital Development Fund, 2020.

2.5.2 Ministry Allocations

The summary of line Ministries' final allocation are presented in the Table 27.

Table 26: Proposed Allocation to Line Ministries, \$000

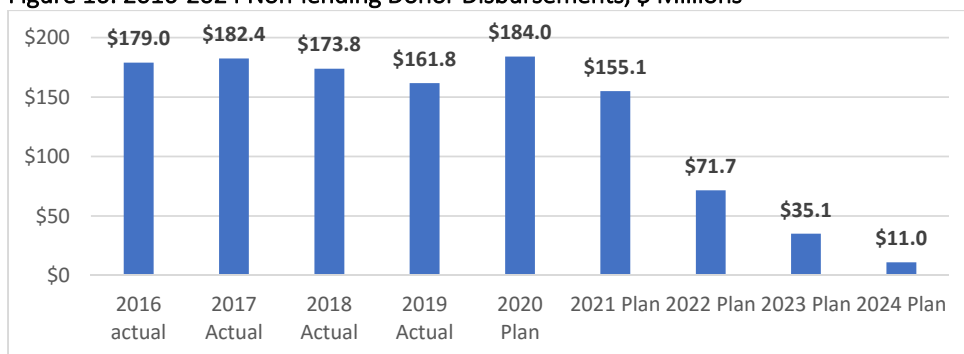
SDP Sector	Ministry	2021 Proposed Budget('000)
Economic Development	Ministry of Agriculture and Fisheries	31,964
	Ministry of Petroleum and Mineral Resources	85,573
	Ministry of State, Coordinator of Economic Affairs	2,117
	Ministry of Tourism, Commerce and Industry	11,802
	Secretariat of State for Vocational Training Policy and Employment	6,244
	Secretariat of State for Cooperative Sector	7,623
Infrastructure Development	Ministry of Planning	15,211
	Ministry of Public Works	240,674
	Ministry of Transport and Communications	13,348
Institutional Framework	Appropriations for all of Government	225,986
	Minister of State for the Presidency of the Council of Ministers	5,023
	Ministry of Defence including FDTL	39,222
	Ministry of Finance	34,133
	Ministry of Foreign Affairs and Cooperation	26,739
	Ministry of Interior including PNTL	54,774
	Ministry of Justice	15,523
	Ministry of Legislative Reform and Parliamentary Affairs Including SECS	9,930
	Ministry of State Administration	49,342
	Prime-Minister	8,461
Social Capital	Ministry of Education, Youth and Sports Including SEJD	119,648
	Ministry of Health	58,848
	Ministry of Higher Education, Science and Culture Including SEAC	6,320
	Ministry of National Liberation Combatants Affairs	104,521
	Ministry of Social Solidarity and Inclusion	19,943
	Secretariat of State for Equality and Inclusion	2,554
	Secretariat of State for Environment	2,955
	Secretariat of State for Youth and Sport	9,476

Source: Ministry of Finance, 2020.

2.5.3 Development Partners' Commitments

Development Partners' support is forecasted to experience a nearly 16% reduction as compared to 2020 figures. This is due to two reasons. First, the coronavirus pandemic created a significant need for increased spending in Timor-Leste to fortify the nation against the potential spread of COVID-19. Secondly, donor reporting for 2020 was conducted in mid-year 2020, thus development partners had a clearer sense of how much they would be disbursing by the year's end. Please note that the European Union's Budget Support programs are not included in these figures.

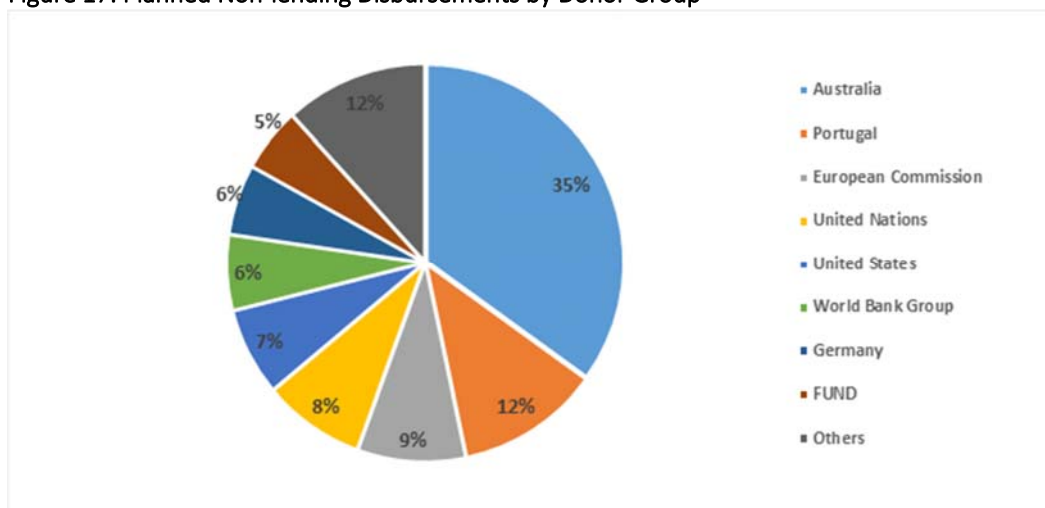
Figure 16: 2016-2024 Non-lending Donor Disbursements, \$ Millions



Source: Aid Transparency Portal, report generated on September 28, 2020.

In 2021 the five donor groups that are scheduled to disburse the highest amounts of funding are as follows: Government of Australia (\$54.2 million; 35.0% of total), Portugal including funding from Camoes (\$18.2 million; 11.8% of total), the European Union (\$13.7 million; 8.9%)^[1], the United Nations (\$12.9 million; 8.3%), and the United States of America (\$11.1 million; 7.2 %;). Please refer to Part 5 of Budget Book #5 for a detailed summary of donor and executing agency disbursements.

Figure 17: Planned Non-lending Disbursements by Donor Group



Source: Ministry of Finance, 2020.

^[1] This figure does not include the approximately €8.0 million that will be provided to the GoTL's Treasury via Direct Budget Support. This funding is intended to support Government's efforts towards PFM Reform, Decentralization, and Nutrition.

2.6 Financing

2.6.1 Definition of Financing

The total budgeted expenditure for 2021 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). This deficit is financed through a number of sources; withdrawals from the Petroleum Fund (PF), loans, the use of the cash balances (from both the Treasury and RAEOA/ZEESM accounts) and European Union Budget Direct Support. Withdrawals from the PF can be either within a sustainable amount, using the revenue of the fund, or excess withdrawals above this sustainable level (see next section). Table 28 below shows the amount drawn from each of the financing items.

Table 27: Source of Financing, 2021-2025, \$million

	2021	2022	2023	2024	2025
Total Financing	1,156.5	1,704.7	1,678.3	1,382.9	1,456.8
Excess Withdrawals from PF	829.7	1,641.8	1,627.4	1,346.3	1,453.0
Use of Cash Balance	247.0	0.0	0.0	0.0	0.0
Use of Treasury Cash Balance	150.0	0.0	0.0	0.0	0.0
Use of RAEOA/ZEESM Cash Balance	97.0	0.0	0.0	0.0	0.0
Borrowing /Loans (disbursements)	70.7	53.9	45.9	33.8	77.0
European Union (BS)	9.1	9.0	5.0	2.8	2.8

Source: Ministry of Finance, 2020

2.6.2 ESI and Excess Withdrawals

There are important economic reasons for distinguishing between revenue and financing items. Domestic revenue results from taxes borne by companies and individuals in Timor-Leste from production and income made. The ESI is the sustainable level of use of petroleum revenue, to ensure the continued use of the petroleum fund for ever. Spending only up to total revenue (domestic reviews and ESI) is a position that maintains fiscal sustainability. It is a benchmark level of spending for understanding the long run trend of government finances. The ESI can therefore be considered revenue. The government has changed the definition of revenue to include the ESI to make clearer what is fiscally sustainable.

The ESI is equal to 3% of the net petroleum wealth equals \$547.9m in 2021. This is a slight increase from the ESI in 2020 due to the increase in the Petroleum Fund balance. Further details on the ESI and petroleum wealth can be found in Section 2.4.2.1 of this Budget Book.

The Government plans to withdraw \$829.7m in excess of the ESI in 2021. This is a near doubling of the excess withdrawals in 2020 which totalled \$419.6m. Excess withdrawals are in line with the Government's frontloading policy. These excess withdrawals are being used to finance core infrastructure and human capital, which is necessary for long-term growth.

2.6.3 External Loans

Government has been implementing infrastructure development programme as one of the main strategies at contributing to turning Timor-Leste into an upper middle-income country by 2030 in accordance with the Strategic Development Plan 2011-2030. Achieving this goal, however,

requires substantial financing resources that is often not available domestically in sufficient amount and in favourable terms, making foreign borrowing indispensable. It allows the country to invest and consume beyond the limits of its internal production capacity; thus, more rapid growth and poverty alleviation.

As any of other young small states, Government is currently relying on agencies of governments or Multilateral Development Banks for its external concessional borrowing. By definition, concessional loan is a loan that has a lower interest rates than those on the market or by grace periods, or a combination of these. Concessional loans typically have long grace periods.

The following table estimates loan concessionality of different funds relatively compared to withdrawing money from petroleum fund reflecting the concessional nature of much of the debt agreed with the international financial institutions.

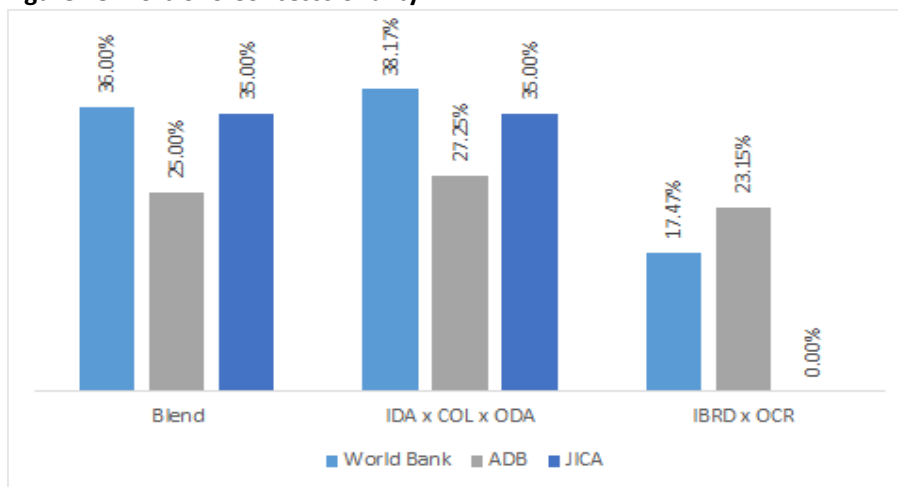
Table 28: Concessionality Estimates

IFIs/Program	Amount of initial loan (\$ million)	Currency	Exchange rate adjustment as of 30/6/2020	Maturity (Years)	Grace Period (Years)	Interest rate Average Estimation (%)	Up-front fee (%)	Concessionality (%)
Asian Development Bank								
COL	117.02	USD,SDR	114.73	25.50	5.20	2.00	-	27.25
OCR	154.63	USD,SDR	154.63	25.00	5.00	2.20	-	23.15
Total	271.65		269.36					
World Bank								
IDA	119.20	USD,SDR	119.24	32.00	7.50	1.5	0.25	38.17
IBRD	15.00	SDR	15.00	28.00	8.00	3.00	-	17.47
Total	134.20		134.24					
JICA								
ODA	68.70	JPY	49.00	30	10	0.61	-	49.53

Source: Ministry of Finance, 2020

There seems to be an inverse concessionality relationship between ADB and WB loan funds. While it is cheaper to get a fixed rate loan from IDA-World Bank, ADB's floating rate loan, OCR, offers a greater concessionality than IBRD. On the other hand, despite it has the highest percentage of 49.53% at the point of loan origination, the concessionality level of JICA's loan fluctuates significantly over the years due to currency devaluation.

Figure 18: Portfolio Concessional



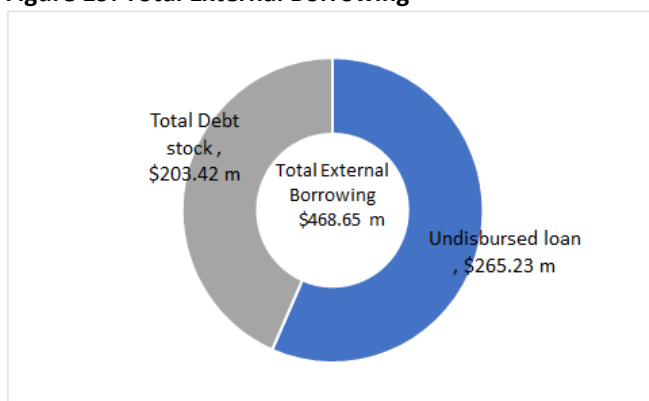
Source: Ministry of Finance, 2020

At the portfolio level, so far the World Bank's IBRD and IDA offers the most competitive loan package. While ADB currently ranks below the others, its level of concessional loans can be further enhanced through extending more concessional loans with fixed rates.

Total Borrowing

As of end of June 2020, the total signed loan agreements was US\$ 474.57 million of which US\$ 5.92 million has been repaid since 2017 leaving a balance of US\$ 468.65 million. The balance is a total borrowing is composed of total disbursed outstanding debt and undisbursed loans. The share of undisbursed loans accounted for US\$ 265.23 million and outstanding disbursed amounted to US\$ 203.42 million.

Figure 19: Total External Borrowing



Source: Ministry of Finance, 2020

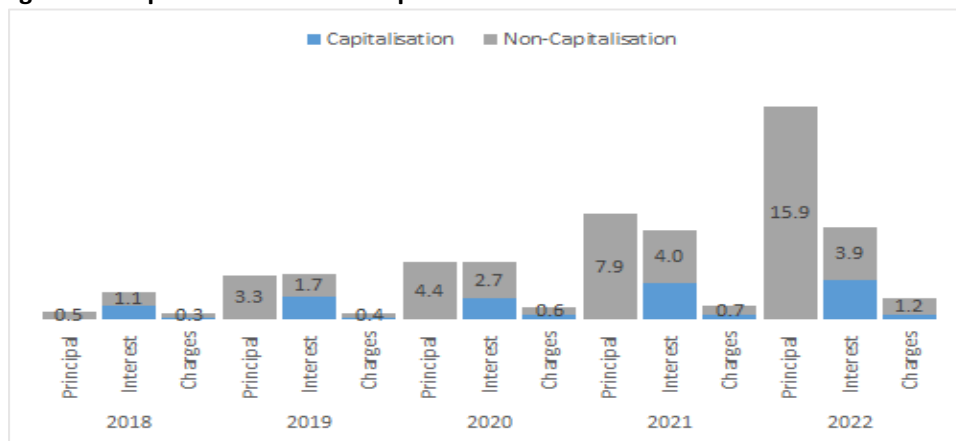
Debt Service

Debt service includes payment of interest, principal and other miscellaneous charges. During grace periods, other than principal repayment, some of the cost components are normally paid

from loan accounts also known as capitalization. These include interest, commitment charges, and other fees and charges.

As most of the ongoing loan grace periods is coming to an end, the amount of debt service that have to be settled in cash as part of loan service payments increases significantly. While in 2018 the ratio of non-capitalisation to capitalization is only 2 to 1 the comparative numbers rise to 7 to 1 by 2022.

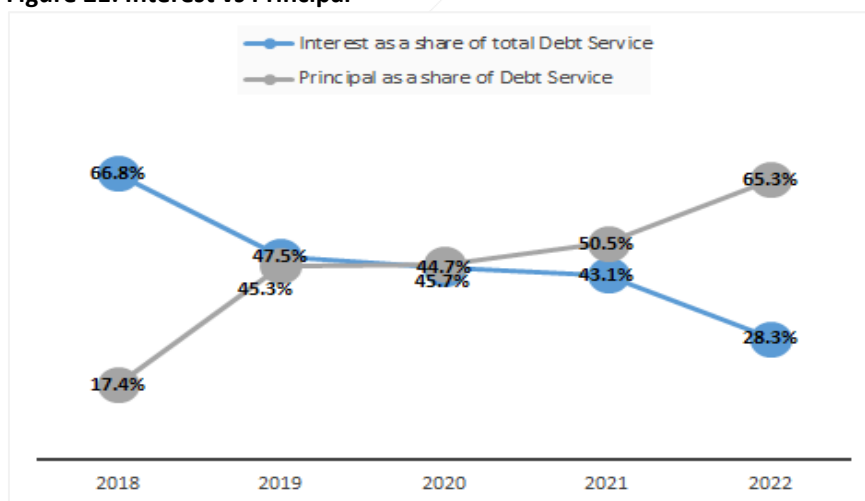
Figure 20: Capitalization vs Non-Capitalization



Source: Ministry of Finance, 2020

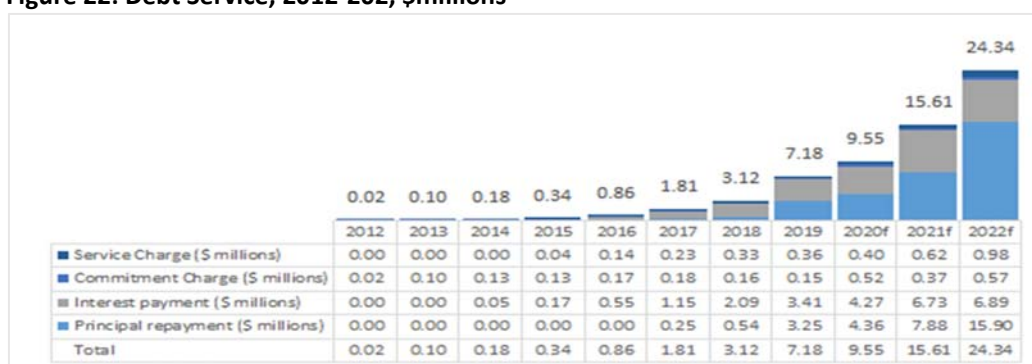
As illustrated below, the trend occurs as a consequence of the amount of payments on the principals of the loans overtakes the amount of interest payments. The cross point in 2020 is about \$4.3 million.

Figure 21: Interest vs Principal



Source: Ministry of Finance, 2020

Figure 22: Debt Service, 2012-202, \$millions



Debt Management Operation

Debt management objective is to manage the government debt in such a way to minimise the cost of debt in the long term while taking risk in its management into account within fiscal sustainability framework. It includes setting the appropriate balance between the public debt and the fiscal variables as well as risk management.

Changes in External Debt Stock

The stock of total external debt remains manageable, increasing by 27%, from \$248.27 million, at end-2020 to \$311.09 million, at end-2021. This increase results primarily from an expected rise in disbursements, relative to 2020 and the contracting of new construction project for the national road from Aitutu-Letefoho.

Table 29: External Debt Indicators, 2017-2021, % GDP & Revenue

	2017	2018	2019	2020f	2021f
Total External Debt to GDP	6.7%	9.2%	11.9%	16.3%	20.0%
Total Debt Service to Revenue	0.3%	0.4%	1.0%	1.3%	2.2%
In million of US dollars, unless otherwise indicated					
Memorandum items:					
Total external debt	107.10	145.71	192.20	248.27	314.60
Debt Service	1.81	3.12	7.18	9.55	15.61
GDP	1590.50	1578.10	1620.00	1523.00	1572.00
Revenue	671.15	741.17	720.67	716.75	719.76

Source: Ministry of Finance, 2020. Note: GDP figure for Y2019 is an estimate. F= forecast.

Despite the continued increase in the amount of the stock of external debt, the debt to GDP forecast in 2021 remains below debt burden and threshold benchmarks established under IMF/WB Debt Sustainability Framework for Low Income Countries. Being assessed as a country with debt carrying capacity at a moderate level, Timor Leste's debt threshold is currently set at 40%.

The total debt service to revenue ratio remains stable, increasing by about 0.8% points to 2.2% in 2021 mainly due the commencement of principal repayments of several loans. Larger principal repayment in turn increases the rate of decline in the amount of outstanding external debt. The debt threshold benchmark of this ratio is 18%. These marginal increases in the indicators have not diminished Timor-Leste's strong debt sustainability position.

Table 30: Foreign Exchange & Interest Risks

Risk Indicators for the Period 2017-2021					
	2017	2018	2019	2020f	2021f
Total share of US dollar debt to total external debt	75%	76%	73%	69%	67%
Total share of non-US dollar debt to total external debt	25%	24%	27%	31%	33%
Total share of floating rate debt to total external debt	47%	49%	47%	45%	41%
Total share of fixed rate debt to total external debt	53%	51%	53%	55%	59%
In million of US dollars, unless otherwise indicated					
Memorandum items:					
US Dollar Debt	80.04	110.17	139.83	171.81	209.76
Floating Rate Debt	50.70	70.68	90.41	110.48	129.86

Source Ministry of Finance, 2020. F= forecast.

Risk Factors

Additionally, government also continues to exercise prudent management of the risks associated with external debt management. These include management of interest and exchange rate risks. Over the period, the external debt portfolio is mostly denominated in fixed interest rates and US dollar currency. The high share of fixed rate debt contracted from external creditors has helped to minimise government's interest rate risk and keep the cost of debt servicing to a sustainable level. The total share of fixed rate debt to total external debt is expected to increase from 55%, in 2020, to 59% in 2021. Fixed rate debt has been acquired from external creditors such as ADB, JICA and WB.

On the exchange rate, government has also greatly benefited from the US dollar as the foremost funding currency in its external debt portfolio as Timor Leste's economy is highly dollarized. It helps mitigate external debt against volatility of currency rate changes. While the ratio between US dollar debts to non-US dollar debt shows a slight downward trend after year 2018 the magnitude is relatively large and sustained over the years with expected ratio of about 2 to 1. It means that for each additional debt over 60% is likely to be denominated in US dollar debt.

External Debt Sustainability

Debt sustainability refers to the ability of government to meet its current and future debt service obligations. In evaluating debt sustainability, the most commonly used method is to utilize a tool jointly developed by the World Bank-International Monetary Fund, known as the new debt sustainability framework (DSF) for Low-Income Countries (LICs), implemented since July 2018 where Timor Leste's debt-carrying capacity is currently assessed as "moderate" with a low risk of debt distress using the country-specific macroeconomic indicators and the World Bank's Country Policy and Institutional Assessment (CPIA).

As shown, government's external debt remains sustainable as necessary conditions of debt sustainability holds over the projection period. While debt ratios remain well below their respective thresholds, risk indicators are consistent with the risk profile of the government's loan policy note.

Internally, while specific laws or regulations being developed regarding how debt sustainability are to be interpreted and implemented the practice so far for external debt sustainability has been that any loan to be taken out by government must have a considerable degree of concessionality or the overall financial costs of borrowing should be lower than the opportunity cost of withdrawing funds from the Petroleum Fund.

Table 31: Cost of Borrowing VS PF Investment Return

Year	PF Annual Investment return %	PF Investment return since inception %	All-in Costs Borrowing %
2017	10.36	4.36	1.7
2018	-2.63	3.82	2
2019	13.25	4.45	2.3
Aug-20	6.47	4.68	1.4
2021f	3.8	3.8	1.84
2022f	3.8	3.8	2.3
2023f	3.8	3.8	2.2

Source: Ministry of Finance, 2020. F= forecast.

The cost of government borrowing has been kept lower than Petroleum Investment return ensuring the future debt servicing costs remain well within its capacity to repay. The trend is expected to continue in the medium term until changes in the country's classification by new income level. Timor Leste is currently classified by International Financial Institutions as a low income country which helps it benefit most from concessional lending.

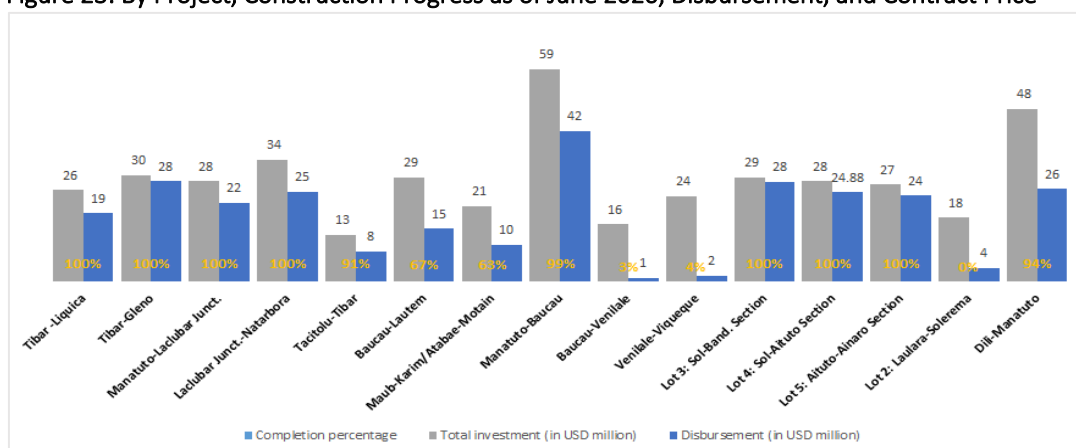
Project Progress

Over the period between 2012 and 2020, government has been heavily investing in major road infrastructure projects through concessional loans. The funding are currently used to fund 15 ongoing construction projects of which 7 are already completed and 3 are expected to be finalized by end of 2020. In total, it represents an achievement rate approximately 67%.

The three projects nearly complete include Tibar (Port)-Tacitolu four-lane sections, Dili-Manatuto, and Manatuto-Baucau roads. On the other hand, the 5 ongoing construction projects involves roads connecting Baucau-Lautem, Atabae-Motain/Maubara-Karimbala, Laulara-Solerema, Baucau-Venilale, and Venilale-Viqueque. The last three road sections are relatively new projects as the construction works were just starting in mid-2019. For that reason, the projects progress are still low nearly 4%.

Additionally, a new concessional loan has also been signed with the World Bank to implement road sections from Aituto-Hatuibilico-Gleno. The project is currently under the preparation for procurement phase.

Figure 23: By Project, Construction Progress as of June 2020, Disbursement, and Contract Price



Source: Ministry of Finance, 2020

In dollar amount, the total capital contribution made by this investment is \$429.85 million which is by a ratio of total investment, concessional loans contributed approximately 62%. Of this rate, \$157.07 million has been disbursed leaving a balance of \$109.33 million to be spent for next 2-3 years in accordance with project duration estimates. On the other hand, state contribution to the overall budget of Civil Works contract was \$163.45 million with an estimated remaining \$43.77 million for further disbursement.

Table 32: Total Investment in Civil Works, \$million

Source of Fund	Total Investment in Civil Works	Disbursement As of June 2020	Contract Balance
Loan Fund	266.4	157.07	109.33
State Contribution	163.45	119.68	43.77
Total	429.85	276.75	153.09

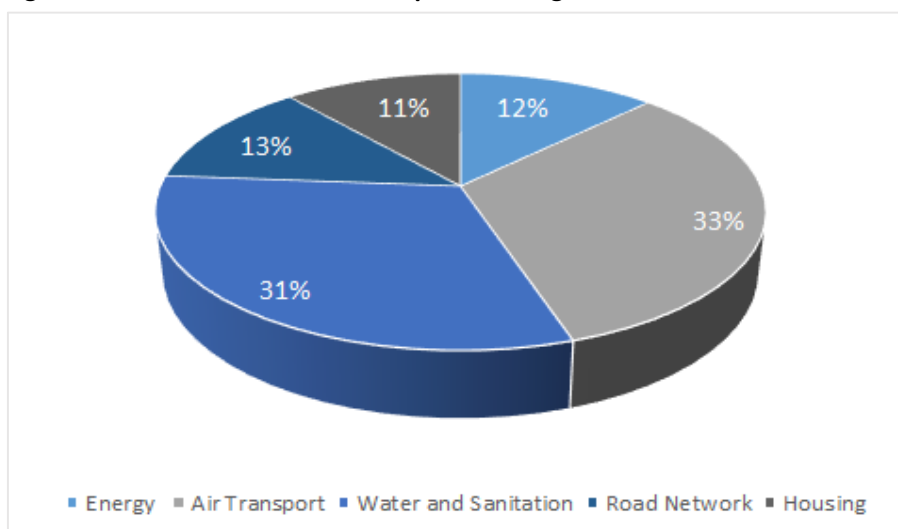
Source: Ministry of Finance, 2020

It is important to note that as projects grow in sizes and complexities there needs to make adjustment to the ongoing project management hierarchical organization. On this, Government is currently planning to establish a two- level of hierarchy of Project Management Units with the objective of improving project execution and completion. The roles and responsibilities may vary depending on what activities to be assigned to the units in accordance with project management life cycles.

Future loans

A well-established infrastructure is critical for the delivery of economic diversification, long-term development sustainability, and poverty reduction. It supports the development of the private investments and employment creations. While infrastructure investments have so far been focused on road networks development, energy, water and sanitation, housing, and airport are also a priority investment programme to be developed and financially supported through new concessional loan package. For 2021, Government is proposing \$400 million as a loan ceiling for negotiation with potential lenders.

Figure 24: Sectoral Allocation of Proposed ceiling for 2021



Source: Ministry of Finance, 2020

Complying with the priority for social sector development, over 50% of the ceiling is allocated to key relevant infrastructure in addressing the needs of the poor by enabling better access to safe water, electricity as well as affordable housing. Another key social sector is education which is fundamental for human development. The loan ceiling 2020 already includes BEST project funded by the WB with the objective of strengthening basic educational system in Timor Leste. The project implementation starts in 2021. Dili Airport development and road networks, on the other hand, would help ease constraints to access both local and global markets by reducing transport costs.

Table 33: Total Loan Disbursement, 2020-2024, \$million

	Total	2020	2021	2022	2023	2024
Loans	342.99	60.00	70.70	68.76	66.73	76.8

Source: Ministry of Finance, 2020

2.6.4 Government Bonds

The 2021 Budget draft law includes a proposal for a US \$20 million ceiling for the possible issuance of public debt bonds, in addition to the US \$400 million ceiling of concessional loans, for a combined public debt ceiling of US \$420 million, depending on the approval of the Government bonds legal framework during 2021.

The issuance of public debt bonds is the preferred source of Government borrowing among developed economies, but has over the past decades become increasingly popular among low-income developing countries.

According to data from the IMF, since 1995, 49 emerging market and developing economies have issued international sovereign bonds at least once since, spread among capital market bonds, syndicated loans and private placements, tempted by the increased interest of investors.

Starting in 2010, as risk appetite improved and global interest rates further declined, international investors, inclined to diversify their asset portfolio, resumed their search for yield

in a low-interest rate environment and sovereigns took advantage of low global interest rates to finance themselves in international markets. As a result, bond issuances among emerging market and developing economies picked up considerably.

This presents an opportunity to Timor-Leste to provide a diversification of funding sources, beyond concessional loans and withdrawals from the Petroleum Fund, and may eventually attain a lower rate of interest than those, therefore proving more attractive.

The recent creation of the Social Security Reserve Fund, which by law should invest part of its funds in national Government bonds, should provide the necessary demand to initiate small syndicated and or private placement issuances with a short maturity. If successful, more substantial emissions might follow in the subsequent years.

The regulation of bonds, and its subsequent issuance, should result from a wide discussion on the medium term Government financing policy, its relation to the existing instruments (namely concessional loans) and should benefit from the expertise of international partners like the World Bank and the IMF. The regulation should define the specific instruments to be used, the issuer, the type of issuance, the type of investor allowed, the interest rate and the maturity of the bond, among other elements.

Following recommendations to advance with the regulation and issuance of bonds, namely from the National Parliament, the Government proposes a specific ceiling allocation for bonds in the 2021 Budget draft law, as not to use the concessional loans ceiling allocation of US \$400 million, to allow the process to move forward in 2021, if possible.

2.6.5 Use of Cash Balance

The total cash balance to be used to finance 2021 State Budget is \$247.0 million. \$150.0 million is to come from the Consolidated Fund of Timor-Leste (CFTL) held in the Treasury Account. The other \$97.0 million is to come from the cash balances held by RAEOA/ZEESM. There is no forecasted rollover of cash balances for the HCDF from 2020.

Table 34: Use of Cash Balance in 2021, \$million

	2021
Cash Balance HCDF	0.0
Treasury Cash Balance	150.0
RAEOA-ZEESM Cash Balance	97.0
Total Cash Balance	247.0

Source: Ministry of Finance and Secretariat for the Human Capital Development Fund, 2020.

2.6.6 Budget Support

Timor-Leste has been receiving Budget Support (BS) from the European Union since 2014. The latest agreement was signed in 2016 under the 11th European Development Fund.

In 2019, EU BS was recorded off budget in a separate account and not including in the CFTL total. In 2020, and for all subsequent years, it became on-budget as the funds went directly to the Government system with the money held in a Treasury sub-account. This means EU BS is considered as a financing for 2021 State Budget. However it could also be classified as an additional revenue source.

The money from EU BS is used directly by the beneficiary ministries for the public financial management program (Ministry of Finance), malnutrition (Ministry of Health) and decentralization (Ministry of State Administration).

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.

Total amount of BS for 2021 State Budget is \$9.1 million. Of that amount, \$4.03 million is distributed to the Ministry of Finance, \$2.24 million to the Ministry of Health and \$2.80 million to the Ministry of State Administration.

2.6.7 Public Private Partnerships

2.6.7.1 Overview of Public Private Partnerships in Timor-Leste

In general terms, the Public Private Partnership (PPP) refers to arrangements in which the private sector build infrastructure assets and provides services that traditionally have been provided by the State. The underlying rationale for PPPs in Timor-Leste stems from the fact that this arrangement may potentially allow 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. The government will also benefited from shifting the risks onto the private partner – for example, the risk of delays or cost run-ups in construction.

Another advantage is the fact that the bundling together of the various stages of providing an infrastructure service creates the right incentives for the contractor to perform to a high standard. Should the same contractor is responsible for building, operating and maintaining a piece of infrastructure for a number of years, it will have an inherent incentive to build it in a way that optimizes the operation. Another advantage of proceeding with PPP arrangement is the fact that PPP contracts are typically output-based and extracting value-for-money through risk transfer to the private sector over the life of the project, rather than input-based as is generally the case with traditional procurement. This means that the Government is certain of paying for actually-functioning services that meet actual social needs.

Timor-Leste began exploring PPPs as a modality for project implementation over the last 9 years and started out by establishing a PPP Policy, PPP legislation and a dedicated PPP Unit under the Directorate General for External Resource Mobilization and Management, Ministry of Finance. The PPP policy establishes key principles of PPP, while the legislations (Decree-Laws no. 42/2012 as amended by Decree-Law no. 02/2014 and Decree-Law no. 08/2014) confirms the policy as formal process, sets a framework for enabling the public and private sectors to be parties in a PPP arrangement; define the powers of relevant agencies and regulates the procedures associated with the PPP Projects Cycle. All of these seek to ensure that only high-quality projects, which have high social and economic returns and which are aligned with the government's strategic priorities, are considered for implementation through a PPP modality. For instance, the legislations on PPPs include a requirement that all PPP projects undergo both a pre-feasibility study and a full-fledged feasibility prior to proceeding to the procurement phase.

Decree Law no. 8/2014 stipulates the formation of PPPU, a unit under the Ministry of Finance to take on the task of facilitating, managing and implementing the PPP Project Cycle in

coordination with line ministries and under oversight of the Council for Administration of Infrastructure Fund (CAFI). Another important role of the PPP Unit is to promote and create environment for attracting foreign direct investment (FDI) through PPP modality, while at the same time looking for ways of encouraging local private sector involvement in PPP projects by pursuing policies and regulations that will allow for development of small to medium scale PPPs. One Sector that have high potential for this is the Tourism Sector.

2.6.7.2 Existing PPPs Projects

Currently, one PPP project is in Implementation and Operation Stage (Tibar Bay Port PPP), one in Procurement and Negotiation Stage (Medical Diagnostics) while others in Feasibility Stage (Affordable Housing, Cristo Rei and Presidente Nicolau Lobato International Airport).

Tibar Bay Port Project

The PPP modality chosen for Tibar Bay Port was a 30-year concession, including the design, partial financing, construction, operation and maintenance of the port infrastructure. The project was awarded to a consortium comprised by Bolloré Africa Logistics and SDV East Timor through an international competitive bidding which formed Timor Port SA (Concessionaire) to implement it.

The concession agreement was signed on 3rd June 2016 between the GoTL and the TPSA and the concession was awarded for 30 (thirty) years including a construction period which started on 30 August 2018 and expected to be completed by May 2022. The construction progress until end of September 2020 was 33.5%.

The Environmental License was awarded on 15 March 2018 and currently extended until 15 March 2022. So far there is no record of environmental impacts resulting from the construction of Tibar Port.

The capital expenditure of the Phase-I is around USD 300 million. The Concessionaire will fund the majority of the amount by means of equity and debt and the GoTL has allocated an amount of USD 129.45 million as Viability Gap Funding (VGF) to the Concessionaire. Until end of September 2020, the total amount disbursed from VGF was USD 45.31 million.

The Escrow Account is earning interests. As of 30 September, 2020, interest earned amounted to \$8.422m, deposited in the Escrow Interest Account. The Escrow Agreement stipulated that the interest earned can only be transferred to the Government account after the closing of the Escrow Account and/or termination of the Escrow Agreement.

Medical Diagnostics

Medical diagnostics PPP is currently in preparation of tender documents and other necessary structures (e.g. accessible data room) which are the early steps in the procurement and negotiation Stage. The Feasibility Study and Transaction Structuring Report (TSR) have been approved by CAFI on 11 July 2019 with clearance issued by the Ministry of Health in June 2019.

The TSR recommended that the project upgrade imaging and laboratory diagnostic centers in the National Hospital, all referral hospitals and 8 Community Health Centers (CHCs) to achieve a demand coverage of 98.2% of the total population. Concession period is recommended at 11 years to consist of 1 year of upgrading and construction of National Hospital, all referral hospitals and CHCs and 10 years operation period. The estimated of Government contribution will be about \$12 million per year for operation and maintenance of health diagnostic services.

It is estimated that the contribution of private sector will be around \$11 million for the upgrading or construction of facilities, operate and maintain Laboratory and Imaging centers and provide quality diagnostic services to patients in Timor-Leste. In addition, private sector also will employ and train diagnostic services staff, comply with local regulation and international best practices in health care service delivery. Potential bid parameter and bid evaluation criteria have also been recommended. However, the project is on hold since the beginning of 2020 due to various reasons, particularly with the coronavirus disease (COVID-19) outbreak. Given that Financial Advisory Service Agreement (FASA) has expired on June 2020, both Government of Timor-Leste and International Finance Corporation (IFC) conducted negotiation and agreed to sign the extension of FASA, in which the discussion continued and concurred that IFC need to reassess and adjust Transaction Structure Report based on the impact of COVID-19 due to large amount of assistance on medical equipment and infrastructure provided by international development partners. Apart from that, both parties agreed that the project should be implemented gradually in order to achieve the targeted 98.2% of demand coverage of the total population.

Affordable Housing

The right to access to housing is enshrined in the Constitution of Timor-Leste and a major priority for the Government. Acknowledging the need and importance of better housing facilities, the Government has initiated multiple measures to address the issues associated with it. The Government is exploring formal interventions in developing housing and enabling housing finance markets in partnership with the private sector, and is actively looking to identify suitable land parcels to realize this program. The Government's immediate target is to create 4,000 new dwellings for people across various income groups. This Project aims to contribute to this target by delivering approximately 2,000 affordable dwellings on 20 ha of land made available by the Government using a Public Private Partnership (PPP) approach.

Through PPP modality, the pre-feasibility study for Affordable Housing PPP project has been completed, submitted and approved by Council for Administration of Infrastructure Fund (CAFI) to proceed with next step. Currently in the proses of finalizing the Financial Advisory Service Agreement (FASA) document between GoTL and IFC (*International Finance Cooperation*). The study made an assessment of the housing ecosystem in Timor Leste including existing housing market, the housing value chain which considers the demand and supply sides of the housing provision in Dili and make recommendations for the creation of a vibrant housing market in the capital. Among the recommendations are – facilitating access to construction finance products and incentivize developers to provide market-based solutions for affordable housing (supply side) and facilitate access to home loans/mortgages for households with effective purchase power (demand side) and make available subsidy program to increase access to housing for qualified low income groups. Subsequent step for the project is to proceed with Feasibility Study phase where deeper analysis of the technical, legal, commercial as well as social and environmental terms are conducted.

Development of President international Nicolau Lobato Airport

Pursuant to the decision of the Council of Ministers to develop the International Airport of Presidente Nicolau Lobato ("Airport") through PPP Hybrid modality, this modality entails the combination of investment from private and public. The implementation involves public investment through Engineering, Procurement and Construction (EPC) contract with possibility of involvement of private sector for construction, operation and maintenance of the entire airport.

The Feasibility study for Airport development is underway with good progress, and construction of these components will commence in 2022 and expected to complete by 2024/25. Financing of these components, such as extension of the runway to 2.1 Km, aprons, taxiway, partial parallel taxiway and control tower will be financed through ADB loan in the amount of \$130 million inclusive of 23% counterpart funding from government.

Meanwhile, preparatory studies for other key components (e. g. Terminal) and other sub-components will be initiated in 2021 and financed through state financing with potential involvement of private investment. The Japan International Cooperation Agency (JICA) expressed their commitment to undertake preparatory studies and construction of airport terminal through grant financing of \$44 million. One important element of preparatory study includes resettlement of affected communities who reside in the surrounded area of the runway expansion. This includes the preparation of Resettlement Action Plan (RAP) which will be established by the Government with the support of airport stakeholders.

The implementation of RAP is expected to take place as soon as it is completed. Meanwhile, the implementation of phase 1 of Financial Advisory Service Agreement (FASA) with IFC is progressing well, and it is expected to conclude before end of 2020. The FASA phase 1 consists of technical, financial, environmental and social (E&S) and legal due diligence and structuring. Phase 2 comprises of tender and award of contract to selected bidder. The Airport project also receives plethora of interest from some international agencies whose commitment still subject to final confirmation.

Cristo Rei PPP

The Cristo Rei PPP has finalized its pre-feasibility study through Grant financing from the USAID Tourism for All (USAID TFA) program. The preparation of the pre-feasibility study was coordinated between USAID TFA, the Directorate General of Tourism under the Ministry of Tourism, Commerce and Industry (MTCI) and the PPPU under the Directorate General for Management and Mobilization of External Resources (DGMMER) of Ministry of Finance. The scope of the PPP project covers operation and maintenance of the facility with some repair and upgrade of existing facilities to ensure safety, expansion of restaurant and green space and creation of a ticketing space, all for the purpose of ensuring better recreational and spiritual experience. The Pre-Feasibility Study has found that the project is highly viable given the level of visitation by domestic and international patrons. It was preliminarily recommended that the project be structured according to the Design, Finance, Built, Operate and Transfer (DFBOT) modality with Concession contract model for certain duration with all CAPEX (100% of CAPEX) borne by the private sector. Upon approval of the CAFI, the project can proceed to Feasibility Study phase where deeper analysis of the technical, legal, commercial, social and environmental aspects are conducted.

2.6.7.3 New Initiatives

Tourism PPP

Tourism has been defined as a co-pillar of long term economic strategy in the VIII Constitutional Government Program and the National Tourism Policy. This sector has been estimated to account for 10.4% of global GDP and 9.9% of global employment.

While the sector is still at its infancy, the Government recognized tourism as an important engine for the development of economic activities in the country and considered this sector as a

nascent economic sector meaning it is showing potential to grow rapidly in the near future with sufficient investment in tourism site improvement, operation and maintenance of the facilities, better access to the sites as well as upgrade to the hospitality standards. Another important sub-sector of Tourism is marketing of what Timor-Leste has to offer. Tourism marketing will increase awareness about the country globally and drive demand (increase tourist visits), providing reasons for sustained investment in the Sector. On the other hand, Dili International Airport will be upgraded soon and a rapid increase in the capacity of the airport will materialize.

Other New PPP Initiatives

In 2021, UPPP will explore new initiatives in several sectors identified with potential to be implemented through PPP modality. These projects were identified through:

- Alignment with VIII Government Program and Priority
- Potential to realize better value for money
- Preparation of business case for the projects
- Projects meeting preliminary requirements to technical, legal, economic, commercial, social and environmental aspects

As a result from the above process, UPPP produced a preliminary list of projects for scoping and evaluation prepared with the support of development partner agencies including the International Finance Corporation (IFC), USAID and Asian Development Bank (ADB). Projects for consideration including projects in the energy sector, technical and vocational education and training and other projects in transport and agricultural sectors. Next step is that the preliminary list of PPP projects will be coordinated with relevant line ministries before being presented to CAFI for approval.

3 2021 General State Budget Law

3.1 Annexes

LEI N.º 14/2020

de 29 de Dezembro

ORÇAMENTO GERAL DO ESTADO PARA 2021

O Orçamento Geral do Estado para 2021 apresenta, nos termos do artigo 145.º da Constituição da República, todas as receitas e despesas dos órgãos e serviços do Setor Público Administrativo para o ano financeiro de 2021.

O Anexo à presente lei apresenta as receitas e despesas do Setor Público Administrativo, sistematizadas da seguinte forma:

Tabela I - Receitas e despesas do Setor Público Administrativo

As receitas consolidadas do Setor Público Administrativo ascendem a US \$ 2.199,1 milhões, enquanto as despesas consolidadas do Setor Público Administrativo ascendem a US \$ 2.029,8 milhões. Se for subtraída a despesa da Segurança Social, as despesas consolidadas do Setor Público Administrativo (Administração Central e Região Administrativa Especial de Oe-Cusse Ambeno) são de US \$ 1.895,0 milhões.

Tabela II - Receitas dos órgãos e serviços da Administração Central

As receitas dos órgãos e serviços da Administração Central ascendem a US \$1.886,0 milhões.

As Receitas Petrolíferas estimadas são de US \$1.377,6 milhões, com origem em Transferências do Fundo Petrolífero, sendo US \$547,9 milhões relativos a transferência equivalente ao valor do Rendimento Sustentável Estimado e US \$829,7 milhões relativos a transferência superior ao valor do Rendimento Sustentável Estimado.

As Receitas Não Petrolíferas estimadas são de US \$508,5 milhões, dos quais US \$173,2 milhões correspondem a Receitas Tributárias (Impostos Diretos, Impostos Indiretos e Taxas), US \$8,1 milhões correspondem a Receitas Próprias, US \$9,1 milhões correspondem a Doações, Heranças e Legados, US \$8,6 milhões correspondem a Rendimentos (Dividendos, Juros e Rendas), US \$238,8 milhões correspondem a Saldo de Gerência, e por fim, US \$70,7 milhões correspondem a empréstimos.

Dos US \$238,8 milhões de saldo de gerência, correspondentes a saldo da conta do Tesouro, US \$150,0 milhões são para financiamento da despesa e US \$88,8 milhões não serão utilizados em 2021. Deste modo, as receitas utilizadas para financiar a despesa em 2021 ascendem a US \$1.797,2 milhões.

Tabela II-A – Por referência – Receitas do Fundo Petrolífero em 2021

Desta tabela consta, por referência, informação sobre as receitas do Fundo Petrolífero em 2021.

Tabela III – Despesas dos órgãos e serviços da Administração Central

As despesas dos órgãos e serviços da Administração Central ascendem a US \$1.797,2 milhões.

As dotações dividem-se da seguinte forma, segundo a classificação económica:

- a) US \$ 229,7 milhões para Salários e Vencimentos;
- b) US \$ 395,0 milhões para Bens e Serviços;
- c) US \$ 695,9 milhões para Transferências Públicas;
- d) US \$58,7 milhões para Capital Menor;
- e) US \$417,9 milhões para Capital de Desenvolvimento.

A diferença entre a despesa global do Orçamento Geral do Estado e receita não petrolífera (excluindo a parte do saldo de gerência do Tesouro que não será aplicado em despesa em 2021) é de US \$1.377,6 milhões, que corresponde ao défice orçamental não petrolífero, o qual é financiado a partir de transferências do Fundo Petrolífero, sendo US \$547,9 milhões relativos a transferência equivalente ao valor do Rendimento Sustentável Estimado e US \$829,7 milhões relativos a transferência superior ao valor do Rendimento Sustentável Estimado.

Tabela IV – Receitas da Região Administrativa Especial de Oe-Cusse Ambeno

As receitas da Região Administrativa Especial de Oe-Cusse Ambeno ascendem a US \$207,4 milhões, dos quais US \$29,2 milhões correspondem a Transferências do Orçamento da Administração Central, US \$0,8 milhões a Receitas Tributárias (Taxas), e US \$177,4 milhões a Saldo de Gerência, dos quais, US \$97,0 milhões são para financiamento da despesa e US \$80,4 milhões não serão utilizados em 2021.

Deste modo, as receitas utilizadas para financiar a despesa em 2021 ascendem a US \$127,0 milhões.

Tabela V – Despesas da Região Administrativa Especial de Oe-Cusse Ambeno

As despesas da Região Administrativa Especial de Oe-Cusse Ambeno ascendem a US \$127,0 milhões.

As dotações dividem-se da seguinte forma, segundo a classificação económica:

- a) US \$11,1 milhões para Salários e Vencimentos;
- b) US \$23,8 milhões para Bens e Serviços;
- c) US \$4,3 milhões para Transferências Públicas;
- d) US \$2,4 milhões para Capital Menor;
- e) US \$85,5 milhões para Capital de Desenvolvimento.

Tabela VI – Receitas da Segurança Social

As receitas da Segurança Social ascendem a US \$308,9 milhões. Contudo, eliminando as receitas que consistem em transferências entre regimes, para não contabilizar essas receitas em duplicado, a receita cifra-se em US \$177,6 milhões, dos quais US \$39,2 milhões correspondem a contribuições para a Segurança Social, US \$0,4 milhões correspondem a rendimentos, US \$42,8 milhões correspondem a transferências correntes e US \$95,3 milhões correspondem a saldo de gerência transitado do exercício orçamental anterior.

Tabela VII - Despesas da Segurança Social

As despesas da Segurança Social ascendem a US \$308,9 milhões. Contudo, eliminando as despesas que consistem em transferências entre regimes, para não contabilizar essas despesas em duplicado, a despesa cifra-se em US \$177,6 milhões.

As dotações dividem-se da seguinte forma, segundo a classificação económica:

- a) US \$1,0 milhões para Despesas com Pessoal;
- b) US \$0,5 milhões para Aquisição de Bens e Serviços;
- c) US \$0,3 milhões para Juros e Outros Encargos;
- d) US \$42,2 milhões para Transferências Correntes;
- e) US \$1,7 milhões para Outras Despesas Correntes;
- f) US \$0,5 milhões para Aquisição de Bens de Capital;
- g) US \$131,3 milhões para Transferências de Capital;
- h) US \$131,6 milhões para Ativos Financeiros.

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 DISPOSIÇÕES INICIAIS

Artigo 1.º Objeto e âmbito

1. O Orçamento Geral do Estado (OGE) apresenta as previsões orçamentais dos órgãos e serviços do Setor Público Administrativo, sendo composto pelo Orçamento da Administração Central, pelo Orçamento da Região Administrativa Especial de Oe-Cusse Ambeno e pelo Orçamento da Segurança Social.
2. O Setor da Administração Central é composto pela Administração Direta, que integra o Estado e os órgãos e serviços sem personalidade jurídica distinta da pessoa coletiva Estado, e pela Administração Indireta que integra as pessoas coletivas públicas distintas da pessoa coletiva Estado sem a forma de empresa, fundação ou associação.
3. O Setor da Região Administrativa Especial de Oe-Cusse

Ambeno é composto pela Autoridade da Região Administrativa Especial de Oe-Cusse Ambeno, pelo seu Presidente, pelo Conselho Consultivo da Região Administrativa Especial de Oe-Cusse Ambeno e pelos serviços dirigidos ou tutelados por estes.

4. O Setor da Segurança Social é composto pelo Instituto Nacional de Segurança Social (INSS) e pelo Fundo de Reserva da Segurança Social (FRSS).
5. Apesar de integrarem o Setor Público Administrativo, o Fundo Petrolífero de Timor-Leste e o Banco Central de Timor-Leste não integram o OGE, sendo os seus orçamentos e prestação de contas regulados por legislação especial.

Artigo 2.º **Regime financeiro**

1. O regime financeiro é o conjunto de regras que definem a capacidade orçamental, financeira e patrimonial dos órgãos e serviços do Setor Público Administrativo.
2. Os órgãos e serviços da Administração Central dividem-se, quanto ao seu regime financeiro, em:
 - a) Serviços Sem Autonomia Financeira;
 - b) Órgãos, Serviços e Fundos Autónomos.
3. São Serviços Sem Autonomia Financeira os Ministérios, as Secretarias de Estado não integradas e os órgãos e serviços que compõem a Administração Direta.
4. São Órgãos, Serviços e Fundos Autónomos os serviços de apoio aos titulares de órgãos de soberania, os órgãos e serviços que gozem de autonomia financeira por imperativo constitucional, os órgãos e serviços que compõem a Administração Indireta, o Fundo das Infraestruturas, o Fundo de Desenvolvimento do Capital Humano, o Fundo COVID-19 e as Autoridades e Administrações Municipais.
5. A Região Administrativa Especial de Oe-Cusse Ambeno e a Segurança Social têm regimes financeiros próprios.
6. O decreto do Governo que aprova as regras de execução do OGE define as regras relativas a cada regime financeiro dos órgãos e serviços da Administração Central, bem como dos regimes financeiros próprios da Região Administrativa Especial de Oe-Cusse Ambeno e da Segurança Social.

Artigo 3.º **Orçamentação**

1. As receitas do OGE são apresentadas e especificadas por classificador orgânico e económico.
2. As despesas do OGE são apresentadas e especificadas por classificador orgânico, programas e classificador económico.
3. A classificação orgânica consiste no agrupamento das receitas e despesas por órgão ou serviço do Setor Público

Administrativo, bem como pelo título “Dotações para Todo o Governo”, cujas divisões são denominadas de títulos, e dentro destes de capítulos, correspondentes na presente lei aos programas executados por cada órgão ou serviço.

4. A estrutura por programas consiste no agrupamento de despesas por programa, que são objetivos, vinculados ao plano anual do respetivo órgão ou serviço, com vista à produção de resultados.
5. A classificação económica consiste no agrupamento das receitas e despesas pela sua natureza económica, cujas divisões são denominadas de categorias, e dentro destas de rubricas.
6. No Orçamento da Administração Central existem oito categorias de receita:
 - a) Transferências do Fundo Petrolífero, que se divide nas seguintes rubricas:
 - i) Rendimento Sustentável Estimado;
 - ii) Transferência Superior ao Rendimento Sustentável Estimado.
 - b) Receitas Tributárias, que se divide nas seguintes rubricas:
 - i) Impostos Diretos;
 - ii) Impostos Indiretos;
 - iii) Taxas.
 - c) Receitas Próprias;
 - d) Doações, heranças e legados;
 - e) Rendimentos, que se divide nas seguintes rubricas:
 - i) Dividendos;
 - ii) Juros;
 - iii) Rendas.
 - f) Saldo de Gerência;
 - g) Empréstimos;
 - h) Outras.

7. No Orçamento da Região Administrativa Especial de Oe-Cusse Ambeno existem cinco categorias de receita:
 - a) Transferências;
 - b) Receitas Tributárias, que se divide nas seguintes rubricas:
 - i) Impostos Diretos;

- ii) Impostos Indiretos;
 - iii) Taxas.
 - c) Doações, heranças e legados;
 - d) Rendimentos, que se divide nas seguintes rubricas:
 - i) Dividendos;
 - ii) Juros;
 - iii) Rendas.
 - e) Saldo de Gerência.
8. No Orçamento da Segurança Social existem dez categorias de receita:
- a) Contribuições para a Segurança Social;
 - b) Sanções e Outras Penalidades;
 - c) Rendimentos;
 - d) Transferências Correntes;
 - e) Outras Receitas Correntes;
 - f) Transferências de Capital;
 - g) Ativos Financeiros;
 - h) Passivos Financeiros;
 - i) Outras Receitas de Capital;
 - j) Saldo de Gerência.
9. No Orçamento da Administração Central e no Orçamento da Região Administrativa Especial de Oe-Cusse Ambeno existem cinco categorias de despesa:
- a) Salários e Vencimentos;
 - b) Bens e Serviços;
 - c) Transferências Públicas;
 - d) Capital Menor;
 - e) Capital de Desenvolvimento.
10. No Orçamento da Segurança Social existem dez categorias de despesa:
- a) Despesas com Pessoal;
 - b) Aquisição de Bens e Serviços;
 - c) Juros e Outros Encargos;
 - d) Transferências Correntes;
 - e) Outras Despesas Correntes;
 - f) Aquisição de bens de Capital;
 - g) Transferências de Capital;
 - h) Ativos Financeiros;
 - i) Passivos Financeiros;
 - j) Outras Despesas de Capital.
11. As rubricas de despesa, que correspondem ao nível mais desagregado de classificação económica das despesas, organizam-se com base nas estruturas de código de contas de despesa mantidas pelo Tesouro e pela Segurança Social.

Artigo 4.º
Definições

Para efeitos da presente lei, entende-se por:

- a) “Aquisição de Bens de Capital”, a categoria de despesa do Orçamento da Segurança Social correspondente às despesas com a aquisição de bens de Capital Menor e de Capital de Desenvolvimento;
- b) “Aquisição de Bens e Serviços”, a categoria de despesa do Orçamento da Segurança Social correspondente às despesas com aquisição de bens de consumo correntes e serviços;
- c) “Ativos financeiros”, a categoria de receita do Orçamento da Segurança Social correspondente às receitas provenientes da aplicação financeira de capital de depósitos, da venda e amortização de títulos de crédito, designadamente obrigações e ações, de curto, médio e longo prazos, bem como receitas provenientes de aplicações financeiras cuja rendibilidade depende de outros ativos (nomeadamente opções, *warrants*, futuros, *swaps*), e ainda receitas resultantes do reembolso de empréstimos ou subsídios concedidos; e a categoria de despesa do Orçamento da Segurança Social correspondente às despesas com a aquisição de títulos financeiros e relativas a aplicações de capital, incluindo de depósitos bancários;
- d) “Autonomia financeira”, o regime de administração financeira que consiste na competência do respetivo órgão de direção para gerir os seus recursos financeiros, nos termos legais e regulamentares aplicáveis;
- e) “Bens e Serviços”, a categoria de despesa correspondente às despesas correntes relacionadas com bens de consumo, manutenção de equipamentos e instalações, arrendamentos e alugueres, prestações de serviços, independentemente da forma contratual, e viagens e abonos com elas relacionados;
- f) “Cabimento orçamental”, a cobertura do montante da despesa pelas verbas ainda não utilizadas da respetiva dotação orçamental;

- g) “Capital de Desenvolvimento”, a categoria de despesa correspondente às despesas não correntes com bens imóveis;
- h) “Capital Menor”, a categoria de despesa correspondente às despesas não correntes com bens móveis;
- i) “Compromisso”, a obrigação de efetuar um ou mais pagamentos a terceiros em contrapartida da execução de trabalho ou de obra ou do fornecimento de bens ou serviços, ou em cumprimento de obrigação legal ou contratual;
- j) “Compromisso plurianual”, o compromisso que consiste na obrigação de efetuar pagamentos em mais do que um ano financeiro ou em ano financeiro distinto do ano em que o compromisso é assumido;
- k) “Contribuições da segurança social”, a categoria de receita do Orçamento da Segurança Social correspondente às receitas provenientes das contribuições sociais cobradas às entidades empregadoras e das quotizações cobradas aos trabalhadores, pela aplicação das taxas legalmente previstas sobre as remunerações auferidas pelos trabalhadores ou convencionais que, nos termos legais, constituam base de incidência contributiva para a segurança social;
- l) “Despesas com Pessoal”, a categoria de despesa do Orçamento da Segurança Social correspondente às despesas com remunerações do pessoal afeto aos órgãos e serviços da Segurança Social, incluindo funcionários e agentes da Administração Pública e trabalhadores contratados, designadamente salários e vencimentos, subsídios e abonos variáveis e encargos com a Segurança Social;
- m) “Dotação Orçamental”, o montante máximo inscrito no OGE a favor de um órgão ou serviço, no cruzamento da linha do título ou capítulo com a coluna da categoria da despesa, com vista à realização de determinada despesa;
- n) “Juros e Outros Encargos”, a categoria de despesa do Orçamento da Segurança Social correspondente às despesas com juros, encargos bancários, comissões bancárias, pagamento de serviços bancários, diferenças cambiais ou outros encargos financeiros;
- o) “Outras Despesas Correntes”, a categoria de despesa do Orçamento da Segurança Social correspondente às despesas correntes não inscritas noutras categorias, designadamente os encargos com a gestão operacional do FRSS;
- p) “Outras Despesas de Capital”, a categoria de despesa do Orçamento da Segurança Social correspondente às despesas de capital não inscritas noutras categorias;
- q) “Outras receitas correntes”, a categoria de receita do Orçamento da Segurança Social correspondente a receitas correntes não inscritas noutras categorias;
- r) “Outras receitas de capital”, a categoria de receita do Orçamento da Segurança Social correspondente a receitas de capital não inscritas noutras categorias;
- s) “Passivos financeiros”, a categoria de receita do Orçamento da Segurança Social correspondente às receitas provenientes da emissão de obrigações e de empréstimos contraídos, a curto, médio e longo prazos; e a categoria de despesa do Orçamento da Segurança Social correspondente às despesas com amortização de empréstimos, regularização de adiantamentos ou subsídios, ou execução de avals e garantias;
- t) “Receitas próprias”, são as receitas assim designadas por lei ou, na falta dessa designação, as receitas cobradas por determinado ente com autonomia financeira que decorram da sua atividade específica ou que decorram da administração e alienação do seu património ou da administração do património que lhe está afeto, salvo disposição legal em contrário;
- u) “Rendimentos”, a categoria de receita do Orçamento da Segurança Social correspondente às receitas provenientes do rendimento de ativos financeiros (incluindo depósitos bancários, títulos e empréstimos), da rendibilização dos excedentes de tesouraria e do rendimento de património;
- v) “Salários e Vencimentos”, a categoria de despesa correspondente às despesas com salários e outros abonos relacionados com a prestação de trabalho subordinado;
- w) “Saldo de gerência”, categoria de receita do Orçamento da Segurança Social correspondente a saldos de gerência do ano anterior;
- x) “Sanções e outras penalidades”, a categoria de receita do Orçamento da Segurança Social correspondente às receitas provenientes da aplicação de juros de mora devidos por contribuições sociais em dívida quando pagas depois do prazo legal de pagamento, bem como às receitas provenientes das coimas, multas e outras penalidades decorrentes de contraordenações praticadas no setor da segurança social, nos termos previstos na lei;
- y) “Setor Público Administrativo”, o conjunto de órgãos e serviços públicos sem forma de empresa, fundação ou associação que asseguram a satisfação regular e contínua das necessidades coletivas, composto pela Administração Central, pelo Setor da Segurança Social e pela Região Administrativa Especial de Oe-Cusse Ambeno;
- z) “Subvenções públicas”, os subsídios, apoios ou auxílios, em forma de importância financeira, concedidos ao setor público ou privado para a prossecução de um objetivo compatível com as atribuições da entidade concedente, incluindo as contribuições do Estado para programas de cooperação;
- aa) “Transferências Correntes”, a categoria de receita do Orçamento da Segurança Social correspondente aos recursos financeiros auferidos sem qualquer contrapartida, recebidos do Orçamento da Administração

Central do Estado ou de organismos ou entidades estrangeiras, destinados a financiar o pagamento de despesas correntes ou despesas sem natureza prévia específica, incluindo-se ainda, nesta categoria de receita, as receitas provenientes de transferências correntes entre regimes do sistema de segurança social; e a categoria de despesa do Orçamento da Segurança Social correspondente às despesas com transferências para famílias e beneficiários do Sistema de Segurança Social, a quem são concedidas prestações sociais, bem como transferências públicas correntes para qualquer organismo ou instituição, incluindo devolução de excedentes de execução de despesas correntes ao Orçamento da Administração Central e transferências correntes entre regimes dentro do Setor da Segurança Social;

bb) “Transferências de Capital”, a categoria de receita do Orçamento da Segurança Social correspondente aos recursos financeiros auferidos sem qualquer contrapartida, recebidos do Orçamento da Administração Central do Estado ou de organismos ou entidades estrangeiras, destinados a financiar o pagamento de despesas de capital. Incluem-se, ainda, nesta categoria de receita, as receitas provenientes de transferências de capital entre regimes do sistema de segurança social, designadamente as transferências de saldos do regime contributivo de repartição, para o regime contributivo de capitalização (FRSS); e a categoria de despesa do Orçamento da Segurança Social correspondente às despesas com transferências de capital para qualquer organismo ou instituição, incluindo devolução de excedentes de execução de despesas de capital ao Orçamento da Administração Central e transferências de capital entre regimes dentro do Setor da Segurança Social, designadamente transferência de saldos anuais do Regime Contributivo de Repartição para o FRSS;

cc) “Transferências Públicas”, a categoria de despesa correspondente às despesas com a atribuição de verbas ao sector público e não público que não em contrapartida da execução de trabalho ou de obra ou do fornecimento de bens ou serviços, qualquer que seja a designação ou modalidade adotada, nomeadamente subvenções públicas, bem como o pagamento da contribuição à Segurança Social da responsabilidade da entidade empregadora em relação aos funcionários, agentes e contratados da órgãos e serviços do Setor Público Administrativo.

CAPÍTULO II ORÇAMENTO GERAL DO ESTADO

Artigo 5.º Aprovação

É aprovado o Orçamento Geral do Estado para 2021, constante das seguintes tabelas:

a) Tabela I do Anexo à presente lei, dela fazendo parte integrante, com as receitas e despesas do Setor Público Administrativo;

- b) Tabela II do Anexo à presente lei, dela fazendo parte integrante, com as receitas dos órgãos e serviços da Administração Central;
- c) Tabela III do Anexo à presente lei, dela fazendo parte integrante, com as despesas dos órgãos e serviços da Administração Central;
- d) Tabela IV do Anexo à presente lei, dela fazendo parte integrante, com as receitas da Região Administrativa Especial de Oe-Cusse Ambeno;
- e) Tabela V do Anexo à presente lei, dela fazendo parte integrante, com as despesas da Região Administrativa Especial de Oe-Cusse Ambeno;
- f) Tabela VI do Anexo à presente lei, dela fazendo parte integrante, com as receitas da Segurança Social;
- g) Tabela VII do Anexo à presente lei, dela fazendo parte integrante, com as despesas da Segurança Social.

Artigo 6.º Impostos, taxas e contribuições

1. Durante o ano de 2021, o Governo e os órgãos e serviços da Administração Central ficam autorizados a cobrar os impostos e taxas constantes da legislação em vigor.
2. Durante o ano de 2021, o INSS fica autorizado a cobrar as contribuições devidas à Segurança Social constantes da legislação em vigor, bem como a reter na fonte e a entregar à Administração Tributária os impostos devidos relativos às prestações pagas a beneficiários.
3. Durante o ano de 2021, a Região Administrativa Especial de Oe-Cusse Ambeno fica autorizada a cobrar os impostos e taxas constantes da legislação em vigor.
4. Ficam isentos do pagamento de impostos, taxas, direitos aduaneiros e demais imposições, bem como de retenção na fonte:
 - a) A aquisição, pelo Estado ou por outras pessoas coletivas públicas, de armas e munições para a Polícia Nacional de Timor-Leste (PNTL), a Polícia Científica de Investigação Criminal (PCIC) e as FALINTIL - Forças de Defesa de Timor-Leste;
 - b) Os pagamentos a realizar por conta de despesa relacionada com assistência médica no estrangeiro;
 - c) A introdução, em território nacional, de bens que sejam doados ao Estado por Estados estrangeiros, pessoas coletivas públicas de outros Estados ou organizações internacionais.
5. Durante o ano de 2021, a taxa de imposto seletivo de consumo aplicável à cerveja de malte com teor de álcool inferior a 4,5%, posição pautal 2203.00.10, é de US \$2,50 por litro, e a taxa de imposto seletivo de consumo aplicável à cerveja de malte com outros teores de álcool, posição pautal 2203.00.20, é de US \$3,50 por litro.

6. Durante o ano de 2021, a taxa de imposto seletivo de consumo aplicável ao vinho, vermute e outras bebidas fermentadas, posições pautais 2204, 2205 e 2206, é de US \$3,50 por litro.
7. Durante o ano de 2021, a taxa de imposto seletivo de consumo aplicável a pistolas de êmbolo cativo para abater animais, posição pautal 9303.90.00, é de 10% do valor.
8. Durante o ano de 2021, a taxa contributiva para a Segurança Social é de 10%, distribuída da seguinte forma:
 - a) 6 % da responsabilidade da entidade empregadora;
 - b) 4 % da responsabilidade do trabalhador.
9. Sem prejuízo do disposto no número anterior, as entidades empregadoras do setor privado podem beneficiar, nos termos legais, de reduções e dispensas na parcela da taxa contributiva a seu cargo, por períodos transitórios, visando apoiar e incentivar a adesão ao Regime Contributivo de Segurança Social.

Artigo 7.º

Transferências do Fundo Petrolífero

1. Durante o ano de 2021, o Governo fica autorizado a realizar transferências do Fundo Petrolífero até ao montante de US \$1.377,6 milhões.
2. As transferências autorizadas pelo número anterior são realizadas após o cumprimento do disposto no artigo 8.º da Lei do Fundo Petrolífero, quanto ao montante até US \$547,9 milhões, correspondente ao Rendimento Sustentável Estimado.
3. As transferências autorizadas pelo n.º 1 são realizadas após o cumprimento das alíneas a), b), c) e d) do artigo 9.º do mesmo diploma, e quando o saldo da conta do Tesouro for inferior a US \$200,0 milhões, quanto ao montante acima do valor referido no número anterior.
4. A realização das transferências do Fundo Petrolífero previstas no número anterior é notificada pelo Governo ao Parlamento com, pelo menos, dez dias de antecedência.

Artigo 8.º

Dívida Pública

1. Durante o ano de 2021, o Governo fica autorizado a contratar ou emitir dívida pública no montante máximo de US \$420,0 milhões, com o prazo máximo de 40 anos.
2. Sem prejuízo do disposto no número anterior, a estimativa da receita proveniente de dívida pública durante o ano de 2021 é de US \$70,7 milhões.

Artigo 9.º

Doações

1. O OGE inclui uma doação orçamental direta da União Europeia no valor de US \$9,1 milhões.

2. Só podem ser estabelecidos acordos de financiamento com doadores mediante parecer prévio vinculativo do membro do Governo responsável pela área das finanças, com exceção dos acordos celebrados pela Presidência da República e pelo Parlamento Nacional, devendo, contudo, estes acordos ser notificados, uma vez celebrados, ao membro do Governo responsável pela área das finanças.

Artigo 10.º

Transferências entre setores

1. É realizada uma transferência do Estado para o Orçamento da Região Administrativa Especial de Oe-Cusse Ambeno no valor de US \$29,2 milhões, inscrita como despesa no Orçamento da Administração Central, na categoria “Transferências Públicas” do título “Dotações para todo o Governo”, capítulo «Transferência para o Orçamento da Região Administrativa Especial de Oe-Cusse Ambeno», e como receita no Orçamento da Região Administrativa Especial de Oe-Cusse Ambeno, na categoria “Transferências”, sendo executado de acordo com as várias categorias de despesa do Orçamento da Região Administrativa Especial de Oe-Cusse Ambeno, constantes da Tabela V do Anexo.
2. É realizada uma transferência do Estado para o Orçamento da Segurança Social no valor de US \$42,8 milhões, para financiamento das despesas com os Regimes Não Contributivo e Transitório e com a Administração do Sistema de Segurança Social, inscrita como despesa no Orçamento da Administração Central, na categoria “Transferências Públicas” do título “Dotações para todo o Governo”, capítulo «Transferência para o Orçamento da Segurança Social», e como receita no Orçamento da Segurança Social, na categoria “Transferências Correntes”, sendo executado de acordo com as várias categorias de despesa do Orçamento da Segurança Social, constantes da Tabela VII do Anexo.

Artigo 11.º

Alterações orçamentais

1. Às alterações orçamentais entre programas no Orçamento da Administração Central, dentro de um Ministério ou Secretaria de Estado ou entre Ministérios ou Secretarias de Estado, aplica-se o disposto nos n.ºs 1 e 2 do artigo 38.º da Lei n.º 13/2009, de 21 de outubro, sobre Orçamento e Gestão Financeira, alterada pela Lei n.º 9/2011, de 17 de agosto, e pela Lei n.º 3/2013, de 7 de agosto.
2. Competem ao Governo as alterações orçamentais entre categorias dentro do mesmo programa no Orçamento da Administração Central, dentro de um Ministério ou Secretaria de Estado.
3. É da competência dos órgãos de direção de entes com autonomia financeira, com autorização do Ministro das Finanças, as alterações orçamentais entre programas no respetivo orçamento, desde que o montante não exceda os 20% da dotação orçamental a partir da qual o montante é transferido.

4. Competem ao órgão de direção de entes com autonomia financeira as alterações orçamentais entre categorias dentro do mesmo programa no respetivo orçamento.
5. É da competência da Autoridade da Região Administrativa Especial de Oe-Cusse Ambeno e Zona Especial de Economia Social e de Mercado de Oe-Cusse Ambeno e Ataúro as alterações orçamentais entre programas no respetivo orçamento, desde que o montante não exceda os 20% da dotação orçamental a partir da qual o montante é transferido.
6. Competem à Autoridade da Região Administrativa Especial de Oe-Cusse Ambeno e Zona Especial de Economia Social e de Mercado de Oe-Cusse Ambeno e Ataúro as alterações orçamentais entre categorias dentro do mesmo programa do respetivo orçamento.
7. Às alterações orçamentais previstas nos números anteriores aplicam-se as proibições dos n.ºs 3 e 4 do artigo 38.º da Lei n.º 13/2009, de 21 de outubro, sobre Orçamento e Gestão Financeira, alterada pela Lei n.º 9/2011, de 17 de agosto, e pela Lei n.º 3/2013, de 7 de agosto.
8. Competem ao Parlamento Nacional as alterações orçamentais que envolvam o aumento da despesa total do Orçamento da Segurança Social, com exceção das que resultem:
 - a) Do aumento de despesas referentes às aplicações financeiras dos montantes integrados no FRSS;
 - b) Do aumento de despesas relativas a prestações sociais de direito devidas aos beneficiários do regime contributivo e não contributivo de segurança social que tenham contrapartida no aumento da receita para o seu financiamento;
 - c) Da integração de saldo e da sua aplicação em despesa, excetuado o saldo relativo a verba transferida pelo Orçamento da Administração Central.
9. Competem igualmente ao Parlamento Nacional as alterações orçamentais entre programas no Orçamento da Segurança Social, com exceção das que decorram:
 - a) Da transferência de verbas do regime contributivo de repartição para o regime contributivo de capitalização, no FRSS;
 - b) Da transferência de verbas entre os programas “Regime Contributivo de Repartição”, no que respeita às verbas para financiamento do regime transitório, e “Regime Não Contributivo”, para financiamento de prestações sociais de direito devidas aos beneficiários dos regimes em causa.
10. As alterações orçamentais ao Orçamento da Segurança Social que não sejam da competência do Parlamento Nacional nos termos dos n.ºs 8 e 9 são da competência do Governo, através do membro do Governo responsável pela Segurança Social.

Artigo 12.º

Compromissos plurianuais

No ano financeiro de 2021, ficam todas as entidades do perímetro orçamental autorizadas a assinar contratos públicos que constituam compromissos plurianuais, sem prejuízo de prévia obtenção de autorização de despesa, nos termos do Regime Jurídico do Aprovisionamento.

CAPÍTULO III

ORÇAMENTO DA ADMINISTRAÇÃO CENTRAL

Artigo 13.º

Dotações para todo o Governo

A gestão do título “Dotações para todo o Governo” fica a cargo do Ministério das Finanças.

Artigo 14.º

Utilização da reserva de contingência

1. Em caso de necessidade urgente e imprevista, o membro do Governo responsável pela área das finanças pode transferir fundos da dotação orçamental “Reserva de Contingência” para dotações orçamentais dos orçamentos dos órgãos e serviços da Administração Central, a pedido destes.
2. As alterações orçamentais em resultado da utilização da Reserva de Contingência estão excecionadas dos limites previstos no artigo 38.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 7 de agosto.
3. O pedido de uso da reserva de contingência deve ser devidamente justificado e deve conter a descrição detalhada das atividades a realizar por conta desses fundos.

Artigo 15.º

Regime transitório

1. No ano de 2021, a execução orçamental da Agência de Cooperação de Timor-Leste (ACT-L), do Arquivo Nacional de Timor-Leste, do Instituto Nacional de Formação de Docentes e Profissionais da Educação (INFORDEPE) e do Secretariado Técnico de Administração Eleitoral é realizada no âmbito do orçamento do Ministério da Tutela, tendo em vista a operacionalização dos procedimentos tendentes à implementação da sua plena autonomia financeira no âmbito do Orçamento Geral do Estado para 2022.
2. No ano de 2021, as dotações orçamentais relativas à Autoridade Nacional do Petróleo e Minerais, I.P., e ao Instituto do Petróleo e Geologia, I.P., são inscritas na categoria “Transferências Públicas” do Título “Ministério do Petróleo e Minerais”, tendo em vista a operacionalização dos procedimentos tendentes à plena integração das suas receitas e despesas no Orçamento Geral do Estado para 2022.

CAPÍTULO IV
ORÇAMENTO DA SEGURANÇA SOCIAL

Artigo 16.º
Organização

1. O Orçamento da Segurança Social é unitário, compreendendo todas as despesas e todas as receitas do INSS e do FRSS.
2. O Orçamento da Segurança Social integra:
 - a) O orçamento do INSS, que inclui os orçamentos:
 - i) Do Regime Não Contributivo de Segurança Social que respeita a direitos da cidadania, não estando as prestações sociais dependentes de prévias contribuições;
 - ii) Do Regime Contributivo de Segurança Social de Repartição, que inclui as componentes do Regime Geral de Segurança Social e do Regime Transitório de Segurança Social;
 - iii) Da Administração do Sistema de Segurança Social.
 - b) O orçamento do FRSS, que respeita ao Regime Contributivo de Segurança Social gerido em Capitalização.
3. As receitas do Orçamento da Segurança Social são consignadas ao financiamento das despesas da Segurança Social.
4. Os excedentes anuais do Regime Contributivo de Segurança Social de repartição reverterem para o FRSS.
5. Sem prejuízo do disposto no número anterior, os excedentes do Regime Contributivo de Segurança Social de repartição podem ser integrados no exercício orçamental subsequente, no montante estritamente necessário para que não haja rutura da tesouraria.
6. O Orçamento da Segurança Social está sujeito ao mesmo controlo orçamental, administrativo, jurisdicional e político do OGE.
7. O Orçamento da Segurança Social está sujeito às mesmas regras de prestação de contas, relatórios e responsabilidade financeira que o OGE.
8. O INSS prepara, no mesmo prazo previsto para o OGE, os relatórios de execução física e financeira, individuais e consolidados, bem como a Conta da Segurança Social, que entrega aos membros do Governo responsáveis pelas áreas das finanças e da segurança social e ao Tribunal Superior Administrativo, Fiscal e de Contas.

Artigo 17.º
Financiamento

1. A proteção garantida no âmbito do Regime Não Contributivo de Segurança Social é financiada por transferências do Orçamento da Administração Central.

2. A proteção garantida no âmbito da componente do Regime Geral integrada no Regime Contributivo de Segurança Social de repartição é financiada por contribuições dos trabalhadores e das entidades empregadoras devidas no âmbito do Regime Geral de inscrição obrigatória e facultativa.
3. Constituem igualmente receitas a afetar à componente do Regime Geral de Segurança Social os juros de mora devidos pelo atraso no pagamento das contribuições, os valores resultantes da aplicação de sanções, custos do processo e outros encargos legais, os rendimentos provenientes da rentabilização dos excedentes de tesouraria e os rendimentos do património.
4. A proteção garantida no âmbito da componente do Regime Transitório integrada no Regime Contributivo de Segurança Social de repartição é financiada por transferências do Orçamento da Administração Central.
5. As despesas de administração são financiadas por transferências do Orçamento da Administração Central, bem como por uma percentagem de até 5% da receita anual prevista de contribuições sociais.
6. Constituem receitas do Regime Contributivo de Segurança Social gerido em Capitalização (FRSS), os saldos líquidos acumulados pela Segurança Social até ao momento da constituição do FRSS e que constituem o seu capital inicial, bem como os excedentes anuais (saldos líquidos) do Regime Contributivo de Segurança Social de repartição, e os rendimentos do património próprio, incluindo os ganhos e rendimentos das aplicações financeiras.
7. Sem prejuízo do disposto nos números anteriores, podem ser afetadas a cada um dos Regimes de Segurança Social ou à Administração do Sistema de Segurança Social outras receitas que especificamente lhes sejam dirigidas, incluindo transferências de organismos estrangeiros e de outras entidades, subsídios, donativos, legados e heranças, ou outras receitas legalmente previstas.

Artigo 18.º
Execução

1. Incumbe ao INSS a gestão e execução global do Orçamento da Segurança Social e do Sistema de Segurança Social.
2. As cobranças das receitas e os pagamentos de despesas do Sistema de Segurança Social competem ao INSS, que assume as competências de tesouraria única do Sistema de Segurança Social.
3. Os dinheiros da Segurança Social são depositados em contas bancárias tituladas pelo INSS, no Banco Central ou em qualquer outra instituição bancária, sem prejuízo do disposto no número seguinte, e não são considerados dinheiros públicos nos termos a que se refere o artigo 12.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 7 de agosto.

4. Para os efeitos do disposto nos números anteriores, o conceito de dinheiros da Segurança Social compreende as disponibilidades de caixa ou equivalentes de caixa que estejam à guarda do INSS.
5. Compete ao INSS o investimento temporário de dinheiros da Segurança Social em instrumentos financeiros de curto prazo, sem risco e com liquidez, com o objetivo de assegurar uma gestão eficaz dos excedentes de tesouraria da Segurança Social.
6. Atendendo ao regime de gestão em capitalização, as disponibilidades financeiras de curto prazo do FRSS não estão sujeitas ao regime de tesouraria única, podendo o FNSS contratualizar com entidade pública a sua gestão operacional, nos termos legais.
7. A gestão e execução do Orçamento da Segurança Social são feitas com base num sistema informático de gestão financeira próprio.
8. A execução do Orçamento da Segurança Social tem por base os respetivos planos de tesouraria, elaborados e aprovados pelo INSS.
9. Os saldos apurados no Orçamento da Segurança Social são utilizados mediante prévia autorização a conceder pelo Governo, através de despacho do membro do Governo responsável pela área da segurança social.
10. As entradas e saídas de fundos do Setor de Segurança Social são efetuadas através do INSS, diretamente ou por intermédio de entidades colaboradoras, onde se mantêm depositados os seus excedentes e disponibilidades de tesouraria.

CAPÍTULO V DISPOSIÇÕES FINAIS

Artigo 19.º

Regras de execução do Orçamento Geral do Estado

As regras de execução do OGE são aprovadas por decreto do Governo.

Artigo 20.º

Controlo parlamentar

O Parlamento Nacional realiza um debate trimestral, sobre a execução orçamental dos órgãos e serviços da Administração Central, da Região Administrativa Especial de Oe-Cusse Ambeno e da Segurança Social, com a presença dos respetivos membros do Governo e dos órgãos de direção, com base nos relatórios trimestrais de execução orçamental respeitantes a cada um dos quatro trimestres.

Artigo 21.º

Responsabilidade

1. A assunção de compromissos sem cabimento orçamental e a realização de pagamentos sem prévia assunção de compromisso nos termos legais gera responsabilidade política, financeira, civil, disciplinar e criminal, nos termos do artigo 46.º da Lei n.º 13/2009, de 21 de outubro, sobre

Orçamento e Gestão Financeira, alterada pela Lei n.º 9/2011, de 17 de agosto, e pela Lei n.º 3/2013, de 7 de agosto, e do artigo 42.º e seguintes da Lei n.º 9/2011, de 17 de agosto, que aprovou a orgânica da Câmara de Contas do Tribunal Superior Administrativo, Fiscal e de Contas, alterada pelas Leis n.º 3/2013, de 7 de agosto, e n.º 1/2017, de 18 de janeiro, e demais legislação aplicável, a qual estabelece os pressupostos e termos da responsabilidade política e civil e tipifica as infrações criminais, financeiras e disciplinares, bem como as respetivas sanções.

2. No caso de compromisso plurianual, o cabimento orçamental abrange somente os pagamentos a efetuar durante o ano de 2021.

3. Para efeitos de efetivação da responsabilidade financeira prevista no n.º 1, considera-se que o titular do cargo político, os órgãos de direção e os titulares de cargos dirigentes dos órgãos e serviços da Administração Central, da Região Administrativa Especial de Oe-Cusse Ambeno e da Segurança Social procedem, com a realização de pagamentos sem prévia assunção de compromisso e cabimento orçamental, a um pagamento indevido, sujeito a condenação na reposição da quantia correspondente, e eventualmente, a pagamento de multa, 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, alterada pelas Leis n.º 3/2013, de 7 de agosto, e n.º 1/2017, de 18 de janeiro.

Artigo 22.º

Entrada em vigor

A presente lei entra em vigor no dia seguinte ao da sua publicação, produzindo efeitos a partir do dia 1 de janeiro de 2021.

Aprovada em 12 de dezembro de 2020.

O Presidente do Parlamento Nacional,

Aniceto Longuinhos Guterres Lopes

Promulgada em 28 de dezembro de 2020.

Publique-se.

O Presidente da República,

Francisco Guterres Lú Olo

ANEXO**Tabelas orçamentais**

Tabela I - Receitas e despesas do Setor Público Administrativo (milhares de US dólares) *

Categoria	Valor
Receita global	2.271.052
Receita global consolidada	2.199.055
Administração Central	1.886.043
Região Administrativa Especial de Oe-Cusse Ambeno	207.430
Segurança Social	177.579
Despesa global	2.101.822
Despesa global consolidada	2.029.825
Administração Central	1.797.243
Região Administrativa Especial de Oe-Cusse Ambeno	127.000
Segurança Social	177.579

Nota: Os totais consolidados eliminam as receitas e as despesas que consistem em transferências entre setores, contabilizando essas verbas somente quando têm origem fora do Setor Público Administrativo e quando são pagas a entidades fora do Setor Público Administrativo, respetivamente, para não contabilizar essas receitas e despesas em duplicado. Concretamente, a transferência do Estado para a Região Administrativa Especial de Oe-Cusse Ambeno no valor de US \$29,2 milhões e a transferência do Estado para a Segurança Social no valor de US \$42,8 milhões é contabilizada como receita somente no Orçamento da Administração Central e como despesa somente no Orçamento Região Administrativa Especial de Oe-Cusse Ambeno e no Orçamento da Segurança Social, respetivamente.

* Valores arredondados à décima para a unidade mais próxima, por excesso em relação a valores iguais ou superiores a 5 e por defeito nos restantes casos.

Tabela II - Receitas dos órgãos e serviços da Administração Central (milhares de US dólares) *

Categoria	Valor
Rubrica	
<i>Receitas petrolíferas</i>	<i>1.377.568</i>
1 Transferências do Fundo Petrolífero	1.377.568
1.1 Rendimento Sustentável Estimado	547.873
1.2 Transferência Superior ao Rendimento Sustentável Estimado	829.695
<i>Receitas Não Petrolíferas</i>	<i>508.475</i>
2 Receitas Tributárias	173.176
2.1 Impostos Diretos	57.909
2.2 Impostos Indiretos	68.998
2.3 Taxas	46.269
3 Receitas Próprias	8.072
3.1 Administração dos Portos de Timor-Leste (APORTIL), I.P.	3.584
3.2 Arquivo e Museu da Resistência Timorense, I.P.	4
3.3 Autoridade de Inspeção e Fiscalização da Atividade Económica, Sanitária e Alimentar I.P.	89
3.4 Autoridade Nacional das Comunicações	1.521
3.5 Centro Logístico Nacional	448
3.6 Centro Nacional de Formação Profissional de Becora - SENAI	2
3.7 Hospital Nacional Guido Valadares	325
3.8 Instituto de Apoio ao Desenvolvimento Empresarial	3
3.9 Instituto de Gestão de Equipamentos	417
3.10 Instituto de Pesquisa, Desenvolvimento, Formação e Promoção do Bambu	52
3.11 SERVE – Serviço de Registo e Verificação Empresarial	68
3.12 Serviço Autónomo de Medicamentos e Equipamentos Médicos	34
3.13 Universidade Nacional Timor Lorosa'e	1.525
4 Doações, heranças e legados	9.100
4.1 Doações	9.100
<i>União Europeia</i>	<i>9.100</i>

5 Rendimentos	8.628
5.1 Dividendos	4.034
5.2 Juros	585
5.3 Rendas	4.009
6 Saldo de Gerência	238.800
6.1 Saldo da Conta do Tesouro	238.800
<i>Saldo para financiamento da despesa</i>	<i>150.000</i>
<i>Saldo não utilizado em 2021</i>	<i>88.800</i>
7 Empréstimos	70.700
8 Outras	0
Total da receita	1.886.043
Total para financiamento da despesa	1.797.243

* Valores arredondados à décima para a unidade mais próxima, por excesso em relação a valores iguais ou superiores a 5 e por defeito nos restantes casos.

Tabela II-A – Por referência – Receitas do Fundo Petrolífero em 2021 (milhares de US dólares)*

Fonte	Valor
Total das Receitas do Fundo Petrolífero	729.685
Rendimentos	661.615
Total das receitas petrolíferas	68.070
<i>Timor Sea First Tranche Petroleum (FTP) Royalties</i>	27.870
Lucros partilhados do Petróleo e Gás	5.000
Imposto sobre o Rendimento	7.348
Imposto sobre o Petróleo Suplementar	461
Imposto sobre o Valor Acrescentado	8.556
Outros Impostos e Taxas Petrolíferas	18.835

* Valores arredondados à décima para a unidade mais próxima, por excesso em relação a valores iguais ou superiores a 5 e por defeito nos restantes casos.

Tabela III – Despesas dos órgãos e serviços da Administração Central (milhares de US dólares) *

Título Programa	Categorias					Capital de Desenvolvimento	Total
	Salários e Vencimentos	Bens e Serviços	Transferências Públicas	Capital Menor			
Presidência da República	967	6.885	250	139	220	8.461	
161: Identidade Nacional	-	573	-	11	-	584	
162: Estado de Direito Democrático	-	1.198	-	-	20	1.218	
163: Relação Internacional e diplomática	-	920	-	-	-	920	
165: Desenvolvimento Sustentável	-	373	-	-	-	373	
510: Boa Governação e Gestão Institucional	967	3.821	250	128	200	5.366	
Parlamento Nacional	5.581	6.250	1.660	493	3.000	16.984	
031: Fomentar as relações internacionais e de cooperação do Parlamento	3.459	3.384	-	-	-	6.843	
159: Garantir o exercício das funções constitucionais do Parlamento	-	224	1.462	-	-	1.686	
160: Promover uma cultura de abertura e transparência no Parlamento	-	173	-	-	-	173	
412: Implementação da Política de Género	-	53	-	-	-	53	
510: Boa Governação e Gestão Institucional	2.122	2.417	198	493	3.000	8.229	
Primeiro-Ministro	506	3.013	7.978	529	315	12.342	
327: Reformas Estratégicas do Estado	-	544	-	-	315	859	
328: Apoio à Sociedade Civil	-	274	7.978	-	-	8.252	
329: Planeamento, Monitorização e Avaliação	-	359	-	-	-	359	
510: Boa Governação e Gestão Institucional	506	1.837	-	529	-	2.872	
Presidência do Conselho de Ministros	522	4.401	-	100	-	5.023	
404: Inovação Administrativa	-	154	-	50	-	204	
405: Coordenação dos Serviços de Tradução	-	156	-	50	-	206	
434: Comunicação Institucional	-	138	-	-	-	138	
510: Boa Governação e Gestão Institucional	522	3.953	-	-	-	4.475	
Secretaria de Estado para a Igualdade e Inclusão	550	1.054	780	170	-	2.554	
383: Abordagem Integrada de Género nas Políticas, Leis, Programas, Planos e Orçamentos do Governo e na Comunidade	149	194	-	3	-	345	

384: Empoderamento Económico e Participação das Mulheres na Política e no Nível de Tomada de Decisão	-	295	780	129	-	1.204
444: Prevenção da Violência Baseada no Género	75	30	-	39	-	144
510: Boa Governação e Gestão Institucional	326	536	-	-	-	861
Ministro Coordenador dos Assuntos Económicos	161	1.374	450	132	-	2.117
150: Política Económica	161	109	450	-	-	720
510: Boa Governação e Gestão Institucional	-	1.265	-	132	-	1.397
Secretaria de Estado da Formação Profissional e Emprego	1.708	2.368	1.800	368	-	6.244
027: Relações Serviço Dignas com Harmonia	110	70	-	-	-	180
412: Implementação da Política de Género	-	15	-	-	-	15
510: Boa Governação e Gestão Institucional	588	980	-	364	-	1.932
512: Descentralização administrativa	16	12	-	-	-	28
564: Definição de Estratégias de Formação Profissional e Reforço do Compromisso com a Formação Profissional no âmbito de conceber a mão-de-obra qualificada com acesso a emprego e desenvolvimento económico	329	892	1.800	-	-	3.021
570: Reforçar os serviços	664	399	-	4	-	1.067
Secretaria de Estado das Cooperativas	656	2.404	4.406	157	-	7.623
510: Boa Governação e Gestão Institucional	656	1.493	-	157	-	2.306
588: Promoção e Estabelecimento de Cooperativas	-	911	4.406	-	-	5.317
Secretaria de Estado do Ambiente	673	1.486	640	156	-	2.955
510: Boa Governação e Gestão Institucional	673	390	-	96	-	1.160
590: Proteção e conservação ambientais, biodiversidade, alteração climática e serviço cooperação Internacional	-	1.095	640	60	-	1.795
Ministério dos Assuntos Parlamentares e Comunicação Social	866	2.736	3.410	218	2.700	9.930
402: Consolidação Legislativa e Judiciária	128	461	-	13	-	602
439: Garantir a liberdade de expressão e acesso à informação	448	1.873	3.410	100	2.700	8.531
510: Boa Governação e Gestão Institucional	290	402	-	105	-	796
Ministério das Finanças	3.373	21.057	-	9.054	650	34.133
346: Estatística e Políticas Económicas	299	37	-	290	-	627

348: Orçamento e gestão de despesas	160	18	-	-	-	178
349: Gestão de Arrecadação de Receitas	1.445	6.409	-	5.759	650	14.263
350: Mobilização e gestão de recursos externos	84	13	-	-	-	97
352: Gestão Financeira e de Ativos	138	24	-	90	-	252
353: Reforma da Gestão das Finanças Públicas	52	26	-	2.500	-	2.578
354: Descentralização da Gestão das Finanças Públicas (GFP) em todo o Governo	92	35	-	-	-	127
510: Boa Governação e Gestão Institucional	1.103	14.493	-	415	-	16.011
Dotações Para Todo O Governo	600	47.312	177.897	177	-	225.986
148: Contingência	600	20.663	2.500	-	-	23.763
150: Política Económica	-	-	50.000	-	-	50.000
328: Apoio à Sociedade Civil	-	-	15.000	-	-	15.000
346: Estatística e Políticas Económicas	-	3.085	-	15	-	3.100
350: Mobilização e gestão de recursos externos	-	583	12.500	67	-	13.149
352: Gestão Financeira e de Ativos	-	900	-	91	-	991
400: Política Externa da RDTL	-	500	-	-	-	500
510: Boa Governação e Gestão Institucional	-	21.560	10.400	-	-	31.960
511: Organização Urbana	-	21	-	4	-	25
021: Contribuição do Estado para a Segurança Social	-	-	15.500	-	-	15.500
022: Transferência Orçamento da Segurança Social	-	-	42.754	-	-	42.754
999: Transferência Orçamento da RAEOA	-	-	29.243	-	-	29.243
Ministério dos Negócios Estrangeiros e Cooperação	15.215	9.879	40	1.604	-	26.738
400: Política Externa da RDTL	13.000	6.993	-	889	-	20.882
510: Boa Governação e Gestão Institucional	2.215	2.887	40	715	-	5.857
Ministério da Justiça	5.208	6.943	2.067	754	551	15.523
392: Acesso à Justiça	1.712	222	277	-	72	2.283
394: Serviços prisionais e reinserção social	1.126	1.540	-	-	329	2.994
395: Direitos Humanos	114	19	-	-	-	132
396: Gestão de Terras e Propriedades	422	456	-	-	-	877
397: Registos, Notariado e Identificação Civil	783	680	1.108	-	70	2.641
402: Consolidação Legislativa e Judiciária	722	22	682	-	-	1.426
412: Implementação da Política de Género	-	3	-	-	-	3

510: Boa Governação e Gestão Institucional	330	4.003	-	754	65	5.152
800: Edifícios Públicos	-	-	-	-	15	15
Ministério da Administração Estatal	3.145	8.479	33.171	4.216	330	49.342
412: Implementação da Política de Género	-	50	-	-	-	50
510: Boa Governação e Gestão Institucional	3.145	4.397	-	552	330	8.425
511: Organização Urbana	-	90	-	-	-	90
512: Descentralização Administrativa	-	1.999	-	1.056	-	3.054
518: Desenvolvimento dos Sucos e Retorno Económico Básico	-	1.943	33.171	2.609	-	37.722
Ministério da Saúde	23.929	17.616	11.632	1.920	3.750	58.848
412: Implementação da Política de Género	-	9	-	-	-	9
510: Boa Governação e Gestão Institucional	1.828	6.244	-	1.410	-	9.482
527: Desenvolvimento de Recursos Humanos e Profissionais de Saúde	-	144	-	-	-	144
528: Serviços de Saúde Primários	18.000	8.442	252	11	2.420	29.124
529: Serviços de Saúde Secundários e Terciários	4.101	2.316	11.380	500	1.330	19.628
530: Cadeia de suprimentos médicos e gestão farmacêutica e logística de saúde	-	461	-	-	-	461
Ministério da Educação, Juventude e Desporto	61.628	15.684	22.847	2.996	7.016	110.171
510: Boa Governação e Gestão Institucional	2.662	4.012	-	649	-	7.323
520: Educação Pré-escolar	2.000	1.025	2.948	29	-	6.002
521: Ensino Básico	44.966	8.085	15.668	2.288	757	71.764
522: Ensino Secundário	12.000	2.319	4.199	30	6.259	24.807
523: Ensino Recorrente	-	243	32	-	-	275
Secretaria de Estado da Juventude e Desporto	584	1.861	6.397	26	609	9.476
301: Promoção Juvenil e Desportiva	11	190	6.397	-	377	6.975
510: Boa Governação e Gestão Institucional	573	1.671	-	26	207	2.476
915: Secretariado de Estado da Juventude e Desporto	-	-	-	-	25	25
Ministério do Ensino Superior, Ciência e Cultura	1.893	3.520	615	292	-	6.320
172: Comissão Nacional da UNESCO	-	189	-	-	-	189
440: Disseminação e Promoção das Artes e Cultura de Timor-Leste	337	915	615	-	-	1.867
510: Boa Governação e Gestão Institucional	541	1.753	-	277	-	2.570
524: Ensino Superior	1.016	663	-	15	-	1.694

Ministério da Solidariedade Social e da Inclusão	1.772	5.979	9.454	721	2.016	19.943
412: Implementação da Política de Género	-	427	-	-	-	427
442: Combate ao HIV-SIDA em Timor-Leste	-	-	579	-	-	579
443: Promoção e Proteção dos Direitos da Criança	-	365	-	10	-	376
510: Boa Governação e Gestão Institucional	1.772	3.339	-	467	2.016	7.593
577: Sistema Integrado de Proteção Social	-	0,4	-	-	-	0,4
578: Reabilitação Social, Aconselhamento e Recuperação	-	155	-	6	-	161
580: Assistência Social	-	1.343	7.075	238	-	8.656
581: Reinserção e Inclusão Comunitária	-	350	1.800	-	-	2.151
Ministério para os Assuntos dos Combatentes da Libertação Nacional	619	5.977	93.597	329	4.000	104.521
510: Boa Governação e Gestão Institucional	406	2.784	-	36	-	3.226
579: Reconhecimento e glorificação da libertação nacional e dos respetivos heróis	213	3.193	93.597	293	4.000	101.295
Ministério do Plano e Ordenamento	793	5.549	-	1.626	7.243	15.211
146: Garantir a qualidade de implementação e execução dos projetos.	-	2.097	-	195	-	2.292
412: Implementação da Política de Género	-	15	-	-	-	15
510: Boa Governação e Gestão Institucional	360	992	-	363	-	1.715
536: Coordenação de estratégias de desenvolvimento a médio e longo prazo	178	1.330	-	-	-	1.509
538: Planeamento de Desenvolvimento Integrado Municipal (PDIM)	-	-	-	-	4.695	4.695
541: Implementação de projetos das Linhas Ministeriais que estão sob o controlo direto da Agência de Desenvolvimento Nacional (ADN)	-	-	-	-	1.204	1.204
978: Estabelecer a política de Ordenamento do Território, incluindo o ordenamento da orla costeira, o planeamento territorial, a informação geográfica e cartográfica e que promovam a coesão nacional, assegurando em simultâneo a defesa e valorização do património cultural e natural.	255	1.114	-	1.069	1.344	3.782
Ministério das Obras Públicas	2.774	21.309	193.490	934	22.167	240.674
137: Desenvolvimento Urbano e Habitação	-	2.302	-	212	-	2.515
510: Boa Governação e Gestão Institucional	2.774	8.354	193.490	317	7.120	212.055
548: Desenvolvimento, Construção, Reabilitação, Manutenção e Gestão de Estradas, Pontes e Controlo de Cheias	-	9.952	-	161	15.046	25.160

549: Controlo de qualidade na construção civil e obras públicas	-	700	-	244	-	944
Ministério dos Transportes e Comunicações	1.663	6.427	1.550	1.133	2.575	13.348
412: Implementação da Política de Género	-	10	-	-	-	10
510: Boa Governação e Gestão Institucional	847	1.278	1.550	742	600	5.017
554: Gestão do sistema de transportes terrestres	346	979	-	101	1.675	3.102
555: Desenvolvimento e Gestão da Infraestrutura de Comunicação	177	3.584	-	16	-	3.777
556: Gestão e operação da meteorologia e geofísica	66	325	-	125	-	516
557: Transporte marítimo	95	90	-	34	300	520
558: Serviços postais	132	162	-	113	-	408
Ministério do Turismo, Comércio e Indústria	1.664	7.284	2.468	385	-	11.802
510: Boa Governação e Gestão Institucional	858	3.206	-	304	-	4.368
531: Desenvolver e promover Timor-Leste como um destino turístico atrativo e favorito na Ásia-Pacífico	305	2.733	588	75	-	3.702
585: Desenvolver, Regularizar e Promover Atividades Comerciais	328	870	1.280	-	-	2.478
587: Desenvolvimento e Promoção de Indústrias Nacionais para a Substituição de Importações	173	474	600	7	-	1.254
Ministério da Agricultura e Pescas	4.135	14.543	1.150	9.763	2.373	31.964
332: Desenvolvimento das escolas de Ensino Técnico Agrícola em Escolas Profissionais.	-	16	-	-	-	16
510: Boa Governação e Gestão Institucional	1.602	6.926	-	2.260	-	10.787
574: Aumento sustentável na produção e da produtividade	2.533	5.880	500	19	2.373	11.305
575: Melhoramento do acesso ao mercado e os valores acrescentados	-	114	650	-	-	764
576: Gestão e preservação dos recursos naturais	-	1.607	-	7.485	-	9.092
Ministério da Defesa	1.367	8.299	-	1.982	2.403	14.050
388: Defesa Nacional	870	5.793	-	1.982	2.403	11.048
412: Implementação da Política de Género	23	50	-	-	-	73
510: Boa Governação e Gestão Institucional	473	2.456	-	-	-	2.929
FALINTIL F-FDTL	9.895	14.176	-	1.100	-	25.172
388: Defesa Nacional	9.895	11.409	-	1.100	-	22.404
412: Implementação da Política de Género	-	20	-	-	-	20

510: Boa Governação e Gestão Institucional	-	2.748	-	-	-	2.748
Ministério do Interior	9.385	6.474	1.000	1.720	95	18.675
366: Segurança Nacional	978	1.246	-	150	-	2.373
412: Implementação da Política de Género	-	23	-	-	-	23
431: Serviços de Protecção Civil	7.606	3.544	1.000	1.523	95	13.768
510: Boa Governação e Gestão Institucional	801	1.662	-	48	-	2.511
Polícia Nacional de Timor-Leste	16.877	17.245	-	1.978	-	36.100
366: Segurança Nacional	-	12.983	-	1.710	-	14.693
412: Implementação da Política de Género	-	58	-	45	-	103
423: Segurança e Ordem Pública	-	894	-	152	-	1.045
510: Boa Governação e Gestão Institucional	16.877	3.310	-	71	-	20.258
Ministério do Petróleo e Minerais	431	1.082	83.648	412	-	85.573
401: Gestão dos Recursos Petrolíferos e Minerais	23	532	83.648	-	-	84.203
510: Boa Governação e Gestão Institucional	408	550	-	412	-	1.370
Tribunais	3.432	3.021	-	1.053	882	8.389
171: Aproximar os serviços dos Tribunais da População	3.432	2.005	-	1.053	882	7.373
392: Acesso à Justiça	-	379	-	-	-	379
510: Boa Governação e Gestão Institucional	-	637	-	-	-	637
Procuradoria-Geral da República	2.265	1.373	-	500	650	4.787
392: Acesso à Justiça	-	71	-	-	-	71
510: Boa Governação e Gestão Institucional	2.265	1.302	-	500	650	4.716
Provedoria dos Direitos Humanos e Justiça	864	896	-	97	-	1.857
157: Direitos Humanos e Boa Governação	-	191	-	-	-	191
510: Boa Governação e Gestão Institucional	864	705	-	97	-	1.666
Inspeção-Geral do Estado	270	728	-	-	-	998
510: Boa Governação e Gestão Institucional	270	728	-	-	-	998
Polícia Científica de Investigação Criminal	1.144	426	-	465	-	2.035
392: Acesso à Justiça	1.039	338	-	220	-	1.596
510: Boa Governação e Gestão Institucional	106	88	-	245	-	439
Inspeção-Geral do Trabalho	284	186	-	-	-	470
566: Promoção de Condições Dignas no Local de Trabalho	284	186	-	-	-	470

Serviço Nacional de Inteligência	332	1.102	-	45	-	1.479
366: Segurança Nacional	243	563	-	-	-	806
510: Boa Governação e Gestão Institucional	88	540	-	45	-	673
Autoridade Municipal de Baucau	1.445	1.149	2.208	246	655	5.702
396: Gestão de Terras e Propriedades	18	5	-	-	-	22
397: Registos, Notariado e Identificação Civil	-	10	-	-	-	10
420: Gestão dos Recursos Hídricos e Fornecimento de Água Potável	67	45	-	-	-	112
431: Serviços de Proteção Civil	15	11	-	-	-	26
510: Boa Governação e Gestão Institucional	403	557	1.324	246	-	2.530
520: Educação Pré-escolar	-	-	826	-	-	826
521: Ensino Básico	245	100	58	-	-	402
528: Serviços de Saúde Primários	197	185	-	-	-	382
538: Planeamento de Desenvolvimento Integrado Municipal (PDIM)	-	-	-	-	655	655
548: Desenvolvimento, Construção, Reabilitação, Manutenção e Gestão de Estradas, Pontes e Controlo de Chetas	75	41	-	-	-	116
574: Aumento sustentável na produção e da produtividade	425	121	-	-	-	546
576: Gestão e preservação dos recursos naturais	-	1	-	-	-	1
580: Assistência Social	-	66	-	-	-	66
586: Controlo, inspeção, monitorização e regulamentação das atividades económicas	-	7	-	-	-	7
Autoridade Municipal de Bobonaro	1.426	890	2.310	158	549	5.332
396: Gestão de Terras e Propriedades	-	3	-	-	-	3
397: Registos, Notariado e Identificação Civil	-	3	-	-	-	3
420: Gestão dos Recursos Hídricos e Fornecimento de Água Potável	-	63	-	-	-	63
431: Serviços de Proteção Civil	-	14	-	-	-	14
510: Boa Governação e Gestão Institucional	1.426	447	1.082	158	-	3.113
520: Educação Pré-escolar	-	16	68	-	-	85
521: Ensino Básico	-	30	1.159	-	-	1.189
523: Ensino Recorrente	-	38	-	-	-	38
528: Serviços de Saúde Primários	-	68	-	-	-	68

538: Planeamento de Desenvolvimento Integrado Municipal (PDIM)	-	-	-	-	-	549	549
548: Desenvolvimento, Construção, Reabilitação, Manutenção e Gestão de Estradas, Pontes e Controlo de Cheias	-	16	-	-	-	16	-
574: Aumento sustentável na produção e da produtividade	-	133	-	-	-	133	-
576: Gestão e preservação dos recursos naturais	-	15	-	-	-	15	-
580: Assistência Social	-	38	-	-	-	38	-
586: Controlo, inspeção, monitorização e regulamentação das atividades económicas	-	6	-	-	-	6	-
Autoridade Municipal de Díli	2.071	2.838	3.412	86	652	9.059	652
431: Serviços de Proteção Civil	16	16	-	-	-	32	-
510: Boa Governação e Gestão Institucional	1.414	2.248	1.272	86	-	5.019	-
520: Educação Pré-escolar	-	-	178	-	-	178	-
521: Ensino Básico	402	49	1.962	-	-	2.412	-
528: Serviços de Saúde Primários	146	169	-	-	-	316	-
538: Planeamento de Desenvolvimento Integrado Municipal (PDIM)	-	-	-	-	652	652	-
548: Desenvolvimento, Construção, Reabilitação, Manutenção e Gestão de Estradas, Pontes e Controlo de Cheias	-	32	-	-	-	32	-
574: Aumento sustentável na produção e da produtividade	94	40	-	-	-	134	-
580: Assistência Social	-	13	-	-	-	13	-
586: Controlo, inspeção, monitorização e regulamentação das atividades económicas	-	270	-	-	-	270	-
Autoridade Municipal de Ermera	1.021	597	2.629	81	694	5.022	694
397: Registos, Notariado e Identificação Civil	-	6	-	-	-	6	-
420: Gestão dos Recursos Hídricos e Fornecimento de Água Potável	42	34	-	-	-	76	-
510: Boa Governação e Gestão Institucional	415	252	1.207	81	-	1.955	-
521: Ensino Básico	179	73	1.421	-	-	1.674	-
528: Serviços de Saúde Primários	151	125	-	-	-	277	-
538: Planeamento de Desenvolvimento Integrado Municipal (PDIM)	-	-	-	-	694	694	-
548: Desenvolvimento, Construção, Reabilitação, Manutenção e Gestão de Estradas, Pontes e Controlo de Cheias	25	14	-	-	-	39	-

574: Aumento sustentável na produção e da produtividade	203	47	-	-	-	250
580: Assistência Social	6	39	-	-	-	45
586: Controlo, inspeção, monitorização e regulamentação das atividades económicas	-	7	-	-	-	7
Administração Municipal de Aileu	854	582	1.250	91	597	3.373
396: Gestão de Terras e Propriedades	-	5	-	-	-	5
397: Registos, Notariado e Identificação Civil	-	5	-	-	-	5
420: Gestão dos Recursos Hídricos e Fornecimento de Água Potável	33	34	-	-	-	67
431: Serviços de Proteção Civil	6	12	-	-	-	18
510: Boa Governação e Gestão Institucional	341	282	750	91	-	1.464
521: Ensino Básico	194	61	500	-	-	755
528: Serviços de Saúde Primários	82	89	-	-	-	171
538: Planeamento de Desenvolvimento Integrado Municipal (PDIM)	-	-	-	-	597	597
548: Desenvolvimento, Construção, Reabilitação, Manutenção e Gestão de Estradas, Pontes e Controlo de Cheias	35	20	-	-	-	54
574: Aumento sustentável na produção e da produtividade	163	48	-	-	-	211
580: Assistência Social	-	24	-	-	-	24
586: Controlo, inspeção, monitorização e regulamentação das atividades económicas	-	2	-	-	-	2
Administração Municipal de Ainaro	1.082	824	1.227	97	441	3.672
420: Gestão dos Recursos Hídricos e Fornecimento de Água Potável	55	39	-	-	-	94
431: Serviços de Proteção Civil	6	40	-	-	-	46
510: Boa Governação e Gestão Institucional	321	423	644	97	-	1.485
520: Educação Pré-escolar	-	-	583	-	-	583
521: Ensino Básico	187	50	-	-	-	237
528: Serviços de Saúde Primários	181	137	-	-	-	318
538: Planeamento de Desenvolvimento Integrado Municipal (PDIM)	-	-	-	-	441	441
548: Desenvolvimento, Construção, Reabilitação, Manutenção e Gestão de Estradas, Pontes e Controlo de Cheias	50	24	-	-	-	73
574: Aumento sustentável na produção e da produtividade	283	112	-	-	-	395

Administração Municipal de Covalima	1.284	1.105	1.582	267	442	4.679
420: Gestão dos Recursos Hídricos e Fornecimento de Água Potável	-	47	-	-	-	47
431: Serviços de Proteção Civil	-	19	-	-	-	19
510: Boa Governação e Gestão Institucional	1.284	572	933	267	-	3.056
520: Educação Pré-escolar	-	-	9	-	-	9
521: Ensino Básico	-	37	639	-	-	677
523: Ensino Recorrente	-	35	-	-	-	35
528: Serviços de Saúde Primários	-	144	-	-	-	144
538: Planeamento de Desenvolvimento Integrado Municipal (PDIM)	-	-	-	-	442	442
548: Desenvolvimento, Construção, Reabilitação, Manutenção e Gestão de Estradas, Pontes e Controlo de Cheias	-	29	-	-	-	29
574: Aumento sustentável na produção e da produtividade	-	136	-	-	-	136
576: Gestão e preservação dos recursos naturais	-	3	-	-	-	3
580: Assistência Social	-	73	-	-	-	73
586: Controlo, inspeção, monitorização e regulamentação das atividades económicas	-	9	-	-	-	9
Administração Municipal de Lautém	1.253	1.341	1.309	81	431	4.416
396: Gestão de Terras e Propriedades	21	-	-	-	-	21
420: Gestão dos Recursos Hídricos e Fornecimento de Água Potável	80	81	-	-	-	161
431: Serviços de Proteção Civil	25	28	-	-	-	54
510: Boa Governação e Gestão Institucional	401	430	827	81	-	1.740
520: Educação Pré-escolar	-	429	62	-	-	491
521: Ensino Básico	200	114	420	-	-	734
528: Serviços de Saúde Primários	161	71	-	-	-	232
538: Planeamento de Desenvolvimento Integrado Municipal (PDIM)	-	-	-	-	431	431
548: Desenvolvimento, Construção, Reabilitação, Manutenção e Gestão de Estradas, Pontes e Controlo de Cheias	56	30	-	-	-	86
574: Aumento sustentável na produção e da produtividade	284	138	-	-	-	421
580: Assistência Social	-	20	-	-	-	20

586: Controlo, inspeção, monitorização e regulamentação das atividades económicas	25	-	-	-	-	-	25
Administração Municipal de Liquiçã	1.015	707	1.376	53	450	3.600	3.600
397: Registos, Notariado e Identificação Civil	15	12	-	-	-	-	28
431: Serviços de Proteção Civil	19	37	-	-	-	-	56
510: Boa Governação e Gestão Institucional	322	382	612	53	-	-	1.368
520: Educação Pré-escolar	-	-	145	-	-	-	145
521: Ensino Básico	171	66	619	-	-	-	856
528: Serviços de Saúde Primários	159	76	-	-	-	-	234
538: Planeamento de Desenvolvimento Integrado Municipal (PDIM)	91	56	-	-	450	-	597
574: Aumento sustentável na produção e da produtividade	238	71	-	-	-	-	309
586: Controlo, inspeção, monitorização e regulamentação das atividades económicas	-	7	-	-	-	-	7
Administração Municipal de Manufahi	1.232	961	1.336	77	405	4.010	4.010
420: Gestão dos Recursos Hídricos e Fornecimento de Água Potável	56	69	-	-	-	-	124
431: Serviços de Proteção Civil	14	17	-	-	-	-	31
510: Boa Governação e Gestão Institucional	365	318	722	77	-	-	1.482
520: Educação Pré-escolar	222	54	-	-	-	-	276
521: Ensino Básico	-	140	614	-	-	-	753
528: Serviços de Saúde Primários	167	192	-	-	-	-	360
538: Planeamento de Desenvolvimento Integrado Municipal (PDIM)	-	-	-	-	405	-	405
548: Desenvolvimento, Construção, Reabilitação, Manutenção e Gestão de Estradas, Pontes e Controlo de Cheias	72	31	-	-	-	-	102
574: Aumento sustentável na produção e da produtividade	335	102	-	-	-	-	437
580: Assistência Social	-	40	-	-	-	-	40
Administração Municipal de Manatuto	1.052	1.193	1.665	274	383	4.568	4.568
396: Gestão de Terras e Propriedades	-	0,7	-	-	-	-	0,7
397: Registos, Notariado e Identificação Civil	-	0,8	-	-	-	-	0,8
420: Gestão dos Recursos Hídricos e Fornecimento de Água Potável	-	98	-	-	-	-	98
431: Serviços de Proteção Civil	-	30	-	-	-	-	30

510: Boa Governação e Gestão Institucional	1.052	540	1.111	254	-	2.959
520: Educação Pré-escolar	-	14	15	-	-	29
521: Ensino Básico	-	54	539	20	-	613
523: Ensino Recorrente	-	29	-	-	-	29
528: Serviços de Saúde Primários	-	190	-	-	-	190
538: Planeamento de Desenvolvimento Integrado Municipal (PDIM)	-	-	-	-	383	383
548: Desenvolvimento, Construção, Reabilitação, Manutenção e Gestão de Estradas, Pontes e Controlo de Cheias	-	53	-	-	-	53
574: Aumento sustentável na produção e da produtividade	-	146	-	-	-	146
576: Gestão e preservação dos recursos naturais	-	2	-	-	-	2
580: Assistência Social	-	18	-	-	-	18
586: Controlo, inspeção, monitorização e regulamentação das atividades económicas	-	18	-	-	-	18
Administração Municipal de Viqueque	1.238	871	1.785	110	501	4.507
396: Gestão de Terras e Propriedades	-	2	-	-	-	2
397: Registos, Notariado e Identificação Civil	-	4	-	-	-	4
420: Gestão dos Recursos Hídricos e Fornecimento de Água Potável	47	53	-	-	-	100
431: Serviços de Proteção Civil	-	6	-	-	-	6
510: Boa Governação e Gestão Institucional	450	380	1.039	110	-	1.979
520: Educação Pré-escolar	-	15	-	-	-	15
521: Ensino Básico	195	51	747	-	-	992
523: Ensino Recorrente	-	26	-	-	-	26
528: Serviços de Saúde Primários	154	187	-	-	-	341
538: Planeamento de Desenvolvimento Integrado Municipal (PDIM)	-	-	-	-	501	501
548: Desenvolvimento, Construção, Reabilitação, Manutenção e Gestão de Estradas, Pontes e Controlo de Cheias	30	18	-	-	-	48
574: Aumento sustentável na produção e da produtividade	354	106	-	-	-	460
576: Gestão e preservação dos recursos naturais	-	2	-	-	-	2
580: Assistência Social	8	21	-	-	-	28

Administração dos Portos de Timor-Leste (APORTIL), I.P.	458	3.320	-	119	-	3.896
510: Boa Governação e Gestão Institucional	-	777	-	119	-	896
562: Gestão e operação de portos	458	2.543	-	-	-	3.001
Agência de Cooperação de Timor-Leste (ACT-L)	-	92	-	-	-	92
400: Política Externa da RDTL	-	92	-	-	-	92
Agência de Promoção de Investimento e Exportação de Timor-Leste, I.P.	-	1.006	-	30	-	1.036
386: Promoção, Facilitação e Monitorização de Investimentos Privados e Exportações	-	566	-	-	-	566
510: Boa Governação e Gestão Institucional	-	441	-	30	-	471
Agência de Tecnologia de Informação e Comunicação, I.P. – TIC TIMOR	-	2.316	-	1.698	-	4.015
331: Tecnologias de Informação e Comunicação e Governo Eletrónico	-	134	-	1.679	-	1.813
510: Boa Governação e Gestão Institucional	-	2.182	-	19	-	2.202
Agência Nacional para Avaliação e Acreditação Académica	5	355	-	67	-	427
510: Boa Governação e Gestão Institucional	5	69	-	62	-	136
524: Ensino Superior	-	286	-	5	-	291
Arquivo e Museu da Resistência Timorense	-	2.242	-	234	-	2.476
393: Realização de Exposições, Pesquisa e Desenvolvimento e Serviços de Extensão	-	1.247	-	234	-	1.481
510: Boa Governação e Gestão Institucional	-	995	-	-	-	995
Arquivo Nacional de Timor-Leste	92	263	-	-	-	355
513: Preservação e Conservação de Documentos de Valor Histórico	92	263	-	-	-	355
Autoridade da Aviação Civil de Timor-Leste (AACTL) I.P.	249	436	-	195	-	880
510: Boa Governação e Gestão Institucional	0.4	220	-	84	-	305
559: Aviação civil	248	216	-	111	-	575
Autoridade de Inspeção e Fiscalização da Atividade Económica, Sanitária e Alimentar, I.P.	30	1.050	-	528	-	1.608
357: Gestão de Controlo das Atividades Económicas e de Qualidade de Bens Alimentares e Não Alimentares	30	794	-	410	-	1.234
510: Boa Governação e Gestão Institucional	-	256	-	118	-	374
Autoridade Nacional de Água e Saneamento	300	256	-	-	-	556
420: Gestão dos Recursos Hídricos e Fornecimento de Água Potável	300	256	-	-	-	556

Autoridade Nacional de Comunicações	-	1.122	-	189	-	1.311
510: Boa Governação e Gestão Institucional	-	252	-	-	-	252
563: Regulação, supervisão e desenvolvimento do setor das comunicações	-	871	-	189	-	1.060
Autoridade Nacional de Eletricidade, I.P.	400	43	-	-	-	443
547: Fornecimento fiável e sustentável de energia elétrica	400	43	-	-	-	443
Centro Logístico Nacional	142	1.956	-	240	-	2.338
510: Boa Governação e Gestão Institucional	-	858	-	240	-	1.098
589: Acesso dos Produtos Alimentares, não Alimentares e Serviços	142	1.099	-	-	-	1.241
Centro Nacional Chega!	684	1.067	547	109	758	3.166
129: Promover a implementação das recomendações do Relatório Chega e das recomendações do relatório per memórias ad spem (PMAS)	-	763	547	-	758	2.068
510: Boa Governação e Gestão Institucional	684	304	-	109	-	1.098
Centro Nacional de Emprego e Formação Profissional - Tíbar	-	1.282	41	320	-	1.643
510: Boa Governação e Gestão Institucional	-	473	-	-	-	473
571: Promover e fomentar a formação qualificada de mão-de-obra profissional com vista ao desenvolvimento socioeconómico	-	810	41	320	-	1.171
Centro Nacional de Formação Profissional de Becora - SENAI	103	588	-	38	-	729
510: Boa Governação e Gestão Institucional	-	189	-	-	-	189
571: Promover e fomentar a formação qualificada de mão-de-obra profissional com vista ao desenvolvimento socioeconómico	103	399	-	38	-	540
Centro Nacional de Reabilitação	23	1.177	-	-	-	1.200
510: Boa Governação e Gestão Institucional	-	375	-	-	-	375
578: Reabilitação Social, Aconselhamento e Recuperação	23	802	-	-	-	825
Comissão Anti-Corrupção	938	635	-	211	-	1.784
392: Acesso à Justiça	938	229	-	147	-	1.315
510: Boa Governação e Gestão Institucional	-	406	-	64	-	469
Comissão da Função Pública	1.505	1.499	17	155	-	3.175
419: Gestão e Desenvolvimento da Função Pública	1.505	957	17	126	-	2.605

510: Boa Governação e Gestão Institucional	-	541	-	29	-	571
Comissão Nacional de Eleições	818	1.306	6.000	245	-	8.369
151: Eleição Democrática	-	289	6.000	-	-	6.289
510: Boa Governação e Gestão Institucional	818	1.017	-	245	-	2.080
Conselho de Imprensa	403	485	-	90	-	977
439: Garantir a liberdade de expressão e acesso à informação	-	234	-	-	-	234
510: Boa Governação e Gestão Institucional	403	250	-	90	-	743
Conselho Para a Delimitação Definitiva das Fronteiras Marítimas	-	1.044	-	-	-	1.044
030: Assegurar Fronteiras Terrestres e Marítimas permanentes com a Indonésia	-	545	-	-	-	545
152: Estabelecer o Gabinete das Fronteiras Marítimas como um Centro de Excelência sobre Fronteiras Marítimas e jurisdição marítima de Timor-Leste - Economia Azul	-	137	-	-	-	137
510: Boa Governação e Gestão Institucional	-	361	-	-	-	361
Fundo COVID-19	-	23.875	3.500	-	3.625	31.000
508: Prevenção e Mitigação do COVID-19	-	23.875	3.500	-	3.625	31.000
Fundo das Infraestruturas	32	1.040	-	-	338.533	339.605
510: Boa Governação e Gestão Institucional	-	60	-	-	-	60
797: Agricultura	-	-	-	-	3.798	3.798
798: Água e saneamento	-	-	-	-	3.449	3.449
799: Desenvolvimento Urbano e Rural	-	-	-	-	6.190	6.190
800: Edifícios Públicos	-	-	-	-	7.693	7.693
801: Educação	-	-	-	-	4.843	4.843
802: Eletricidade	-	-	-	-	18.321	18.321
803: Informática	-	-	-	-	41.588	41.588
805: Saúde	-	-	-	-	4.844	4.844
806: Segurança e Defesa	-	-	-	-	13.884	13.884
807: Solidariedade Social	-	-	-	-	1.000	1.000
808: Tasi Mane	-	-	-	-	8.500	8.500
809: Aeroportos	-	-	-	-	19.843	19.843
871: Preparação de Desenho e Supervisão dos Novos Projetos	-	-	-	-	9.441	9.441

872: Estradas	-	-	-	-	-	105.215	105.215
873: Pontes	-	-	-	-	-	4.896	4.896
874: Portos	-	-	-	-	-	1.814	1.814
912: Programa do Setor do Turismo	-	-	-	-	-	652	652
913: Programa de Empréstimos Externos	-	-	-	-	-	70.700	70.700
914: Programa do Sector Finanças/Sistema Financeiro e Infraestruturas	-	-	-	-	-	2.905	2.905
915: Secretariado Estado Juventude e Desporto	-	-	-	-	-	2.034	2.034
976: Comissão de Administração do Fundo das Infraestruturas - FI	32	980	-	-	-	-	1.011
977: Programa de Manutenção e Reabilitação	-	-	-	-	-	6.924	6.924
Fundo de Desenvolvimento do Capital Humano	-	12.995	-	-	-	-	12.995
304: Formação Profissional	-	1.078	-	-	-	-	1.078
313: Treinamento técnico	-	3.146	-	-	-	-	3.146
314: Bolsas de Estudo	-	7.764	-	-	-	-	7.764
315: Outros Tipos de Formação	-	1.007	-	-	-	-	1.007
Hospital Nacional Guido Valadares	5.118	4.594	-	-	239	1.500	11.451
510: Boa Governação e Gestão Institucional	988	1.640	-	-	179	670	3.477
527: Desenvolvimento de Recursos Humanos e Profissionais de Saúde	-	269	-	-	-	-	269
529: Serviços de saúde secundários e terciários	4.129	2.685	-	-	60	830	7.705
Imprensa Nacional de Timor-Leste, I.P.	105	343	-	-	-	-	448
434: Comunicação Institucional	-	343	-	-	-	-	343
510: Boa Governação e Gestão Institucional	105	-	-	-	-	-	105
Instituto de Apoio ao Desenvolvimento Empresarial	578	510	-	-	139	-	1.228
426: Apoio ao Desenvolvimento Empresarial (IADE)	333	164	-	-	-	-	497
510: Boa Governação e Gestão Institucional	245	346	-	-	139	-	731
Instituto de Defesa Nacional	41	1.095	-	-	81	-	1.218
388: Defesa Nacional	-	289	-	-	-	-	289
510: Boa Governação e Gestão Institucional	41	806	-	-	81	-	929
Instituto de Gestão de Equipamentos	1.155	1.859	-	-	2.000	-	5.014
560: Gestão e instalação de equipamentos	1.155	1.859	-	-	2.000	-	5.014
Instituto de Pesquisa, Desenvolvimento, Formação e Promoção do Bambu	-	506	-	-	44	73	624

407: Desenvolvimento, produção e comercialização de produtos de Bambu	-	137	-	-	73	210
510: Boa Governação e Gestão Institucional	-	369	-	44	-	413
Instituto Nacional da Administração Pública	415	532	-	151	-	1.098
510: Boa Governação e Gestão Institucional	415	532	-	151	-	1.098
Instituto Nacional da Saúde	373	767	-	82	-	1.223
510: Boa Governação e Gestão Institucional	-	368	-	5	-	373
527: Desenvolvimento de Recursos Humanos e Profissionais de Saúde	373	399	-	78	-	850
Instituto Nacional de Ciências e Tecnologia	97	428	-	49	-	574
510: Boa Governação e Gestão Institucional	27	-	-	-	-	27
524: Ensino Superior	70	428	-	49	-	547
Instituto Nacional de Formação de Docentes e Profissionais da Educação (INFORDEPE)	-	966	341	-	-	1.307
510: Boa Governação e Gestão Institucional	-	343	80	-	-	423
520: Educação Pré-escolar	-	247	261	-	-	508
521: Ensino Básico	-	225	-	-	-	225
522: Ensino Secundário	-	151	-	-	-	151
Instituto Nacional do Desenvolvimento de Mão-de-Obra	128	488	-	34	-	650
510: Boa Governação e Gestão Institucional	128	130	-	34	-	292
564: Definição de Estratégias de Formação Profissional e Reforço do Compromisso com a Formação Profissional no âmbito de conceber a mão-de-obra qualificada com acesso a emprego e desenvolvimento económico	-	359	-	-	-	359
Instituto Para a Qualidade de Timor-Leste, IQTL, I.P.	41	337	1.000	-	-	1.378
510: Boa Governação e Gestão Institucional	6	6	-	-	-	12
585: Desenvolver, Regularizar e Promover atividades comerciais	35	331	1.000	-	-	1.366
Instituto Politécnico de Betano	563	778	-	-	-	1.341
510: Boa Governação e Gestão Institucional	-	229	-	-	-	229
524: Ensino Superior	563	549	-	-	-	1.112
Laboratório Nacional da Saúde	368	487	-	-	-	854
510: Boa Governação e Gestão Institucional	-	111	-	-	-	111
529: Serviços de saúde secundários e terciários	368	376	-	-	-	744

Secretariado Técnico da Administração Eleitoral	432	2.132	-	548	-	3.113
<i>517: Administração Eleitoral</i>	432	2.132	-	548	-	3.113
SERVE - Serviço de Registo e Verificação Empresarial	-	2.050	-	254	-	2.304
<i>385: Registo de empresas e licenciamento de atividades económicas</i>	-	1.893	-	248	-	2.140
<i>510: Boa Governação e Gestão Institucional</i>	-	157	-	7	-	164
Serviço Autónomo de Medicamentos e Equipamentos Médicos	589	9.736	-	265	150	10.740
<i>510: Boa Governação e Gestão Institucional</i>	199	690	-	104	150	1.143
<i>530: Cadeia de suprimentos médicos e gestão farmacêutica e logística de saúde</i>	390	9.046	-	161	-	9.597
Serviço Nacional de Ambulâncias e Emergência Médica	51	752	-	147	-	950
<i>510: Boa Governação e Gestão Institucional</i>	51	247	-	24	-	322
<i>529: Serviços de saúde secundários e terciários</i>	-	505	-	123	-	628
TATOLI - Agência Noticiosa de Timor-Leste, I.P.	-	597	-	83	-	680
<i>439: Garantir a liberdade de expressão e acesso à informação</i>		376		72		448
<i>510: Boa Governação e Gestão Institucional</i>	-	221	-	11	-	232
Universidade Nacional de Timor Lorosa'e	10.726	5.167	-	767	3.511	20.171
<i>412: Implementação da Política de Género</i>	-	89	-	-	-	89
<i>510: Boa Governação e Gestão Institucional</i>	1.553	2.827	-	767	3.511	8.657
<i>524: Ensino Superior</i>	9.174	2.251	-	-	-	11.425
TOTAL	229.668	395.032	695.932	58.718	417.894	1.797.243

* Valores arredondados à décima para a unidade mais próxima, por excesso em relação a valores iguais ou superiores a 5 e por defeito nos restantes casos.

Tabela IV – Receitas da Região Administrativa Especial de Oe-Cusse Ambeno (milhares de US dólares) *

Categoria	Valor
Rubrica	
1 Transferências	29.243
1.1 Transferências do Orçamento da Administração Central	29.243
2 Receitas Tributárias	757
2.1 Impostos Diretos	-
2.2 Impostos Indiretos	-
2.3 Taxas	757
3 Doações, heranças e legados	-
4 Rendimentos	-
3.1 Dividendos	-
3.2 Juros	-
3.3 Rendas	-
5 Saldo de Gerência	177.430
Saldo para financiamento da despesa	97.000
Saldo não utilizado em 2021	80.430
Total da receita	207.430
Total para financiamento da despesa	127.000

* Valores arredondados à décima para a unidade mais próxima, por excesso em relação a valores iguais ou superiores a 5 e por defeito nos restantes casos.

Tabela V – Despesas da Região Administrativa Especial de Oe-Cusse Ambeno (milhares de US dólares) *

Título <i>Programa</i>	Categorias					Total
	Salários e Vencimentos	Bens e Serviços	Transferências Públicas	Capital Menor	Capital de Desenvolvimento	
<i>Programa Boa Governação e Gestão Institucional</i>	11.072	23.776	4.286	2.361	-	41.495
<i>Programa Zona Especial de Economia Social de Mercado</i>	-	-	-	-	85.506	85.506
TOTAL	11.072	23.776	4.286	2.361	85.506	127.000

* Valores arredondados à décima para a unidade mais próxima, por excesso em relação a valores iguais ou superiores a 5 e por defeito nos restantes casos.

Tabela VI - Receitas da Segurança Social (milhares de US dólares) *

Categoria Rubrica	Regimes				TOTAL
	<i>Regime Contributivo de Repartição</i>	<i>Regime Não Contributivo</i>	<i>Administração da Segurança Social</i>	<i>Regime Contributivo de Capitalização (FRSS)</i>	
Contribuições para a Segurança Social	37.675	-	1.500	-	39.175
Regime Contributivo	37.675	-	1.500	-	39.175
Sanções e Outras Penalidades	-	-	-	-	-
Rendimentos	50	-	-	300	350
Transferências Correntes	4.738	36.000	2.016	-	42.754
Transferência do Orçamento da Administração Central	4.738	36.000	2.016	-	42.754
Outras Receitas Correntes	-	-	-	-	-
Transferências de Capital	-	-	-	131.297	131.297
Segurança Social - entre Regimes	-	-	-	131.297	131.297
Ativos Financeiros	-	-	-	-	-
Passivos Financeiros	-	-	-	-	-
Outras Receitas de Capital	-	-	-	-	-
Saldo de Gerência	95.000	-	300	-	95.300
TOTAL	137.463	36.000	3.816	131.597	308.876
TOTAL CONSOLIDADO	137.463	36.000	3.816	300	177.579

Nota: O total consolidado elimina as receitas que consistem em transferências entre regimes, concretamente a transferência de US \$131,3 milhões do INSS para o FRSSS, para não contabilizar essas receitas em duplicado.

* Valores arredondados à décima para a unidade mais próxima, por excesso em relação a valores iguais ou superiores a 5 e por defeito nos restantes casos.

Tabela VII – Despesas da Segurança Social (milhares de US dólares) *

Categorias	<i>Programas</i>				TOTAL
	<i>Programa Regime Contributivo de Repartição</i>	<i>Programa Regime Não Contributivo</i>	<i>Programa Administração da Segurança Social</i>	<i>Programa Regime Contributivo de Capitalização (FRSS)</i>	
Despesas com Pessoal	-	-	951	-	951
Aquisição de Bens e Serviços	-	-	453	-	453
Juros e Outros Encargos	-	-	250	-	250
Transferências Correntes	6.166	36.000	-	-	42.166
Outras Despesas Correntes	-	-	1.672	-	1.672
Aquisição de Bens de Capital	-	-	490	-	490
Transferências de Capital	131.297	-	-	-	131.297
Ativos Financeiros	-	-	-	131.597	131.597
Passivos Financeiros	-	-	-	-	-
Outras Despesas de Capital	-	-	-	-	-
TOTAL	137.463	36.000	3.816	131.597	308.876
TOTAL CONSOLIDADO	6.166	36.000	3.816	131.597	177.579

Nota: O total consolidado elimina as despesas que consistem em transferências entre regimes, concretamente a transferência de US \$131,3 milhões do INSS para o FRSSS, para não contabilizar essas despesas em duplicado.

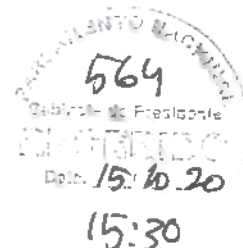
* Valores arredondados à décima para a unidade mais próxima, por excesso em relação a valores iguais ou superiores a 5 e por defeito nos restantes casos.

4 Supporting Documents

4.1 Justification for Transfer from the Petroleum Fund



PRIMEIRO
MINISTRO



Gabinete do
Primeiro-Ministro

Excelentíssimo

**Senhor Presidente do Parlamento
Nacional**

**Aniceto Longuinhos Guterres Lopes
Parlamento Nacional**

**Rua Formosa
Díli, Timor-Leste**

N/Ref.º: 1349/GPM/X/2020

Data: Díli, 15 de outubro de 2020

Assunto: Justificação da realização de uma transferência do Fundo Petrolífero acima do Rendimento Sustentável Estimado

Excelência,

Em cumprimento do disposto na alínea d) do artigo 9.º da Lei n.º 9/2005, de 3 de agosto, Lei do Fundo Petrolífero, alterada pela Lei n.º 12/2011, de 28 de setembro, sou a apresentar a Vossa Excelência a justificação sobre os motivos que levam a considerar como sendo no Interesse de Timor-Leste, a longo prazo, que se efetue uma transferência em montante superior ao Rendimento Sustentável Estimado do Fundo Petrolífero.

Apresento, ainda, a Vossa Excelência, para consideração e aprovação pelo Parlamento Nacional, a Proposta de Lei do Orçamento Geral do Estado para 2021.

O VIII Governo Constitucional, que lidero, continua focado na implementação das políticas definidas no programa do Governo, em consonância com o Plano Estratégico de Desenvolvimento, com vista ao desenvolvimento de Timor-Leste.

O nosso objetivo central é de transformar Timor-Leste num país de rendimento médio alto, em que o desenvolvimento e o crescimento económico seja sentido por toda a população.

O Fundo Petrolífero, onde são depositadas todas as receitas relacionadas com a exploração petrolífera em Timor-Leste, e as regras cautelosas e transparentes previstas na lei para a sua



PRIMEIRO MINISTRO

Gabinete do
Primeiro-Ministro

gestão e utilização, nomeadamente a definição de um Rendimento Sustentável Estimado, têm permitido ao longo dos anos utilizar a riqueza petrolífera para promover o crescimento económico e a redução da pobreza.

Contudo, ao longo dos vários Governos, a implementação dos objetivos definidos no Plano Estratégico de Desenvolvimento tem tornado necessário recorrer a um levantamento acima do Rendimento Sustentável Estimado, o que acontecerá igualmente no ano de 2021.

A transferência proposta não visa suportar despesas correntes relacionadas com o funcionamento da administração do Estado, mas sim fazer face às despesas relacionadas com o investimento do país, preenchendo o critério exigido pela Lei do Fundo Petrolífero, no sentido de o aplicar para satisfazer as necessidades da geração atual e das gerações vindouras.

Excelência,

O levantamento acima do Rendimento Sustentável Estimado do Fundo de Petróleo, que se submete à consideração, visa sobretudo continuar a financiar o programa de desenvolvimento de infraestruturas e de capacitação humana, bem como implementar medidas de recuperação económica em resultado da crise mundial que eclodiu em 2020 em resultado da pandemia da COVID-19.

O projeto de desenvolvimento nacional envolve a construção de infraestrutura rodoviária para aproximar as populações dos serviços públicos e promover o desenvolvimento económico das zonas rurais e o transporte de mercadorias. Deste modo, irá continuar o investimento na construção e reabilitação de estradas através do Fundo das Infraestruturas.

Irá, também, prosseguir o investimento em projetos de construção e recuperação da rede de distribuição de água, eletricidade e saneamento em todo o território nacional, os quais irão beneficiar da recente criação das empresas públicas de eletricidade e de água que permitirão implementar uma gestão mais profissional a esta área com óbvios benefícios para os cidadãos.

Vamos continuar o esforço de capacitação dos trabalhadores e jovens timorenses através da organização de ações de formação profissional e da atribuição de bolsas de estudo pelo Fundo de Desenvolvimento do Capital Humano, bem como através da criação de uma linha de crédito para Universidades privadas.

Serão implementadas várias medidas de recuperação económica constantes do Plano de Recuperação Económica redigido pelo grupo de trabalho criado para o efeito, que ajudarão a população a resistir aos efeitos da crise mundial e ajudarão a relançar o crescimento económico e o desenvolvimento.

Palácio do Governo

Avenida Marginal

Dili, Timor-Leste

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Gabinete do
Primeiro-Ministro

O Governo reconhece que o levantamento acima do Rendimento Sustentável Estimado para financiar o Orçamento Geral do Estado deve ser feito como último recurso, pelo que estão a ser postas em prática uma série de reformas estratégicas (Reforma da Gestão das Finanças Públicas, Reforma da Administração Pública, Reforma da Gestão do Património do Estado, entre outras) que, por um lado, contribuirão para reduzir as despesas correntes e, por outro, aumentarão as receitas tributárias e diversificarão as fontes de financiamento do Orçamento Geral do Estado. Aliás, a própria proposta de lei do Orçamento Geral do Estado para 2021 prevê um agravamento de impostos para as bebidas alcoólicas que contribuirá para o aumento das receitas não petrolíferas.

Excelência,

Com base nos fundamentos acima apresentados, submete-se à consideração do Parlamento Nacional a aprovação do levantamento que excede os 3% do Rendimento Sustentável Estimado.

Neste sentido, 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», exigido pela alínea b) do 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 previsto na alínea c) do mesmo artigo.

Ciente da atenção, merecimento e aceitação de Sua Excelência, Senhor Presidente, aproveito o ensejo para apresentar os protestos da minha mais elevada consideração.



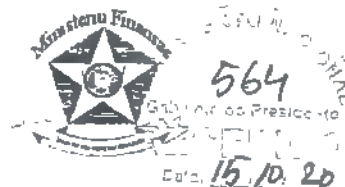
Taur Matan Ruak

Primeiro-Ministro

4.2 ESI Report: Requirement for Transfer from the Petroleum Fund for the 2021 ESI



República Democrática de Timor-Leste
Ministério das Finanças
Gabinete do Ministro



564

15.10.20

15:30

N.º 149 /VIII/GM-MF/2020-10

Díli, 14 de outubro de 2020

Excelentíssimo

Senhor Primeiro-Ministro

Taur Matan Ruak

Assunto: Estimativa do rendimento sustentável no ano orçamental no qual a transferência é feita e no ano orçamental precedente

Excelência,

Nos termos previstos nas alíneas a) e b) do artigo 8.º da Lei do Fundo Petrolífero, aprovada pela Lei n.º 9/2005, de 3 de agosto, e alterada pela Lei n.º 12/2011, de 28 de setembro, apresenta-se *infra* o cálculo do rendimento sustentável para o ano orçamental de 2021 e no ano orçamental precedente.

	Montante
Estimativa do Rendimento Sustentável para o ano orçamental de 2021	US \$547,9 milhões
Estimativa do Rendimento Sustentável para o ano orçamental precedente (2020)	US \$544,4 milhões

O Rendimento Sustentável Estimado é calculado segundo as regras definidas no Anexo 1 à Lei do Fundo Petrolífero.

O Orçamento Geral do Estado para 2021 inclui uma análise da metodologia na qual se baseiam os cálculos do Rendimento Sustentável Estimado.

De acordo com a alínea c) do artigo 8.º da Lei do Fundo Petrolífero, o Auditor Independente deverá certificar o montante do Rendimento Sustentável Estimado, pelo que se junta, em anexo, o relatório de certificação.

Sem mais assunto de momento, aceite os protestos da minha mais elevada estima e consideração.



Vice Ministra e Ministra das Finanças em Exercício

H.E. Sara Lobo Brites
Vise Ministra e Ministra das Finanças em exercício
Torre do Ministério das Finanças, 10.º andar
Aitarak-Laran
Dili, Timor-Leste

14 de outubro de 2020

RELATÓRIO INDEPENDENTE DE GARANTIA DE FIABILIDADE SOBRE O RENDIMENTO SUSTENTÁVEL ESTIMADO PARA O MINISTÉRIO DAS FINANÇAS, REPÚBLICA DEMOCRÁTICA DE TIMOR-LESTE

Fomos contratados pelo Ministério das Finanças, de acordo com o Artigo 8 (c) da Lei do Fundo Petrolífero (Lei n.º 9/2005, de 3 de agosto, alterada pela Lei n.º 12/2011, de 28 de setembro) da República Democrática de Timor-Leste, ("a Lei") para a realização de um trabalho de garantia de fiabilidade com segurança razoável em relação ao cumprimento pelo Ministério das Finanças do cálculo do Rendimento Sustentável Estimado ("RSE") para o ano fiscal a findar em 31 de dezembro de 2021, de acordo com os parágrafos II e III do Anexo 1 alterado da Lei do Fundo Petrolífero (Lei n.º 9/2005, Alteração 1, n.º 12/2011) da República Democrática de Timor-Leste ("Anexo 1").

Responsabilidade do Ministério das Finanças pelo Cálculo do Rendimento Sustentável Estimado

O Ministério das Finanças é responsável por:

- cálculo do RSE para o ano fiscal a findar em 31 de dezembro de 2021 em cumprimento com o Anexo 1 da Lei;
- confirmar que a mensuração ou avaliação dos pressupostos subjacentes ao suporte do cálculo cumprem com as disposições do Anexo 1 (IV) e (V) da Lei e que todas as matérias relevantes são refletidas no cálculo;
- desenhar, implementar e manter um sistema de controlo interno que assegure que o cálculo do RSE é apropriadamente preparado de acordo com o Anexo 1 da Lei.

Independência e Controlo de Qualidade

Cumprimos com os requisitos de independência e outros requisitos éticos relevantes relativos aos trabalhos de garantia de fiabilidade, que se baseiam em princípios fundamentais de integridade, objetividade, competência profissional e diligência, confidencialidade e comportamento profissional.

Aplicamos a Norma de Auditoria ISQC 1 *Controlo de Qualidade para Empresas que Realizam Auditorias e Revisões de Demonstrações Financeiras e Outros Trabalhos de Garantia de Fiabilidade e Serviços Relacionados* e, como tal, mantemos um sistema de controlo de qualidade, incluindo políticas e procedimentos documentados relativos ao cumprimento dos requisitos éticos, normas profissionais e requisitos legais e regulatórios aplicáveis.

Responsabilidades do prestador de serviços do relatório de garantia de fiabilidade

A nossa responsabilidade é expressar uma opinião sobre se o Ministério das Finanças cumpriu, em todos os aspetos materiais, com os parágrafos II e III do Anexo 1 da Lei no cálculo do RSE para o ano fiscal a findar em 31 de dezembro de 2021, com base nos procedimentos executados e nas provas obtidas. O nosso trabalho de garantia de

fiabilidade foi realizado de acordo com a Norma Internacional sobre Trabalhos de Garantia de Fiabilidade ISAE 3000 (Revista) *Trabalhos de Garantia de Fiabilidade que Não Sejam Auditorias ou Revisões de Informação Financeira Histórica*, emitida pelo *International Auditing and Assurance Standards Board*. Esta norma exige que o trabalho seja planeado e executado para obter uma garantia razoável de fiabilidade de que o Ministério das Finanças cumpriu os parágrafos II e III do Anexo 1 da Lei. A natureza, o tempo e a extensão dos procedimentos seleccionados dependem do nosso julgamento profissional, incluindo a avaliação dos riscos de distorção material no cálculo do RSE. Ao fazer essas avaliações de risco, consideramos o controlo interno relevante para a preparação do Cálculo do RSE. Um trabalho de garantia razoável de fiabilidade consiste principalmente em indagações ao pessoal relevante, inspeção documental e obtenção e revisão do cálculo do Rendimento Sustentável Estimado.

Entendemos que a prova obtida é suficiente e apropriada para proporcionar uma base para a nossa conclusão.

Limitações inerentes

O Ministério das Finanças prepara o Cálculo do RSE com base nos pressupostos subjacentes de acordo com as disposições do Anexo 1 (IV) e (V) da Lei. Alguns desses pressupostos têm por base informação previsional fornecida ou obtida junto de terceiros (por exemplo, produção real e prevista e custos reais e orçamentados, através de informação fornecida pela Autoridade Nacional do Petróleo de Timor-Leste) e o nosso contrato não se estende à verificação da exatidão, plenitude ou validade das informações de terceiros.

Segurança razoável é um nível elevado de segurança, mas não absoluto. A segurança absoluta é muito raramente alcançável como resultado de fatores tais como: o uso de testes seletivos, as limitações inerentes do controlo interno, o facto de que muitas das provas disponíveis para a Deloitte serem persuasivas em vez de conclusivas e o uso de julgamento profissional na recolha e avaliação de provas e na formação de conclusões com base nessas provas.

Limitação de uso

Este relatório é feito exclusivamente para o Ministério das Finanças de acordo com a nossa carta de contratação datada de 1 de julho de 2020, com o objetivo de expressar uma opinião se o cálculo do Ministério das Finanças do Rendimento Sustentável Estimado para o ano fiscal a findar em 31 de dezembro de 2021 foi cumprido, em todos os aspetos materiais, com os parágrafos II e III do Anexo 1 da Lei. Renunciamos a qualquer responsabilidade a quem tenha acesso a este relatório ou a qualquer pessoa que não seja o Ministério das Finanças ou para qualquer propósito diferente daquele para o qual foi preparado.

Conclusão

Em nossa opinião, o Ministério das Finanças cumpriu, em todos os aspetos materiais, com os parágrafos II e III do Anexo 1 da Lei no cálculo do Rendimento Sustentável Estimado para o ano fiscal a findar em 31 de dezembro de 2021. O cálculo apresenta um Rendimento Sustentável Estimado de 547,9 milhões de dólares americanos.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Cheryl Crase
Partner
Contabilista Certificado
Darwin, 14 de outubro de 2020

4.3 ESI Report: Transfers from the Petroleum Fund in Excess of ESI 2021



N.º: _____ /VIII/GM-MF/2020-10

Díli, 14 de outubro de 2020

Excelentíssimo

Senhor Primeiro-Ministro

Taur Matan Ruak

Assunto: Estimativa do montante em que ficará reduzido o Rendimento Sustentável Estimado nos exercícios orçamentais subsequentes

Excelência,

Nos termos previstos na alínea b) do artigo 9.º da Lei do Fundo Petrolífero, aprovada pela Lei n.º 9/2005, de 3 de agosto, e alterada pela Lei n.º 12/2011, de 28 de setembro, apresenta-se *infra* a redução do Rendimento Sustentável Estimado para os anos orçamentais a partir de 2021, em resultado da inscrição na proposta de lei do Orçamento Geral do Estado para 2021 de uma transferência do Fundo Petrolífero no valor de US \$ 1.377.6 milhões, montante que excede o valor do Rendimento Sustentável Estimado:

Ano orçamental	Valor do RSE nos anos orçamentais seguintes caso, em 2021, seja feito um levantamento igual ao RSE (milhões de USD)	Valor do RSE nos anos orçamentais seguintes caso, em 2021, seja feito um levantamento superior ao RSE (milhões de USD)
2022	551.9	526.6
2023	556.0	530.5
2024	560.2	534.4
2025	564.3	538.4
2026	568.5	542.4
2027	572.8	546.4
2028	577.0	550.5
2029	581.3	554.6
2030	585.6	558.7
2031	590.0	562.9

Os cálculos foram realizados por técnicos especialistas do Ministério das Finanças, com base nas regras definidas no Anexo 1 à Lei do Fundo Petrolífero.

De acordo com a alínea c) do artigo 9.º da Lei do Fundo Petrolífero, o Auditor Independente deverá certificar as estimativas da redução do Rendimento Sustentável Estimado, pelo que se junta, em anexo, o relatório de certificação.

Sem mais assunto de momento, aceite os protestos da minha mais elevada estima e consideração.

Com os melhores cumprimentos,

Sara Lobo Brites

Vice Ministra e Ministra das Finanças em Exercício

H.E. Sara Lobo Brites
Vise Ministra e Ministra das Finanças em exercício
Torre do Ministério das Finanças, 10.º andar
Aitarak-Laran
Díli, Timor-Leste

14 de outubro de 2020

Relatório de Conclusões Factuais relativas à redução estimada no Rendimento Sustentável Estimado (Artigo 9.º)

De acordo com a carta de contratação do Cálculo do Rendimento Sustentável Estimado, datada de 1 de julho de 2020, executámos determinados procedimentos acordados unicamente com o objetivo de emitir um relatório ao Governo da República Democrática de Timor-Leste, em conformidade com a alínea c) do Artigo 9º, da Lei 9/2005, de 3 de agosto, da Lei do Fundo Petrolífero, conforme alterada pela Lei 12/2011, de 28 de setembro, Primeira Emenda à Lei do Fundo Petrolífero. O nosso trabalho foi executado de acordo com a Norma Internacional de Serviços Relacionados (ISRS) 4400, Trabalhos para Executar Procedimentos Acordados com Respeito a Informação Financeira. O presente relatório deve ser lido em conjunto com a nossa carta de contratação, a qual estabelece a base sobre a qual o nosso trabalho foi executado.

Âmbito do trabalho e declaração de responsabilidade

A pedido de V. Exas. e conforme acordado, executámos os procedimentos identificados na tabela abaixo. O âmbito do nosso trabalho limitou-se exclusivamente àqueles procedimentos. V. Exas. são responsáveis por determinar se o âmbito do nosso trabalho é suficiente para os vossos objetivos e não prestamos quaisquer representações quanto à suficiência destes procedimentos para os vossos objetivos. Caso tivéssemos executado procedimentos adicionais, outras matérias poderiam ter chegado ao nosso conhecimento que seriam reportadas a V. Exas..

O presente relatório não deve dispensar quaisquer outras indagações e procedimentos que possam ser necessários para satisfazer os requisitos dos destinatários do relatório.

Os procedimentos executados não constituíram uma revisão ou auditoria de qualquer tipo e não expressámos qualquer opinião ou conclusões com base nos procedimentos executados. Não submetemos a informação incluída no presente relatório ou que nos foi fornecida pelo Ministério das Finanças a procedimentos de conferência e verificação, exceto na extensão expressamente mencionada abaixo. Esta é uma prática normal ao executar procedimentos de âmbito limitado, que contrasta significativamente com, por exemplo, uma auditoria. Os procedimentos executados não foram desenhados com o intuito de identificar fraude ou representação incorretas por parte do Ministério das Finanças. Consequentemente, não podemos aceitar responsabilidades pela deteção de fraude (quer por parte da administração, quer por parte de entidades externas) ou de representações incorretas por parte da administração do Ministério das Finanças.

O presente relatório destina-se exclusivamente ao vosso uso e com o objetivo único de satisfazer os requisitos da alínea c) do Artigo 9º, da Lei 9/2005, de 3 de agosto, da Lei do Fundo Petrolífero, conforme alterada pela Lei 12/2011, de 28 de setembro, Primeira Emenda à Lei do Fundo Petrolífero. O nosso relatório não pode ser usado para qualquer outra finalidade, citado ou referido em qualquer documento, copiado ou disponibilizado (no todo ou em parte) a qualquer outra pessoa sem o nosso consentimento prévio por escrito. Não aceitamos qualquer dever, responsabilidade ou obrigação perante outros em resultado do presente relatório ou deste trabalho.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organisation"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

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Procedimentos e Situações Identificadas

Procedimentos Executados	Conclusões Factuais
1. Obtenção dos cálculos subjacentes que suportam o relatório do Governo a ser fornecido ao Parlamento nos termos do artigo 9 (b).	1. Os cálculos subjacentes que suportam o relatório do Governo a ser fornecido ao Parlamento nos termos do artigo 9 (b) foram obtidos junto do Ministro das Finanças em 14 de outubro de 2020.
2. Reconciliação da metodologia de cálculo do Rendimento Sustentável Estimado com o Orçamento do Ano Fiscal de 2021, tal como previamente obtido pela Deloitte.	2. A metodologia de cálculo foi reconciliada com o cálculo do Rendimento Sustentável Estimado, utilizado para o Orçamento do Ano Fiscal de 2021, tal como previamente obtido pela Deloitte.
3. Obtenção do valor proposto da transferência do Governo, que consiste num valor em excesso do Rendimento Sustentável Estimado calculado pelo Governo para efeitos do Orçamento do Ano Fiscal de 2021 e reconciliação do valor com o cálculo subjacente atualizado, que incorpora a transferência do Governo proposta.	3. O Ministério das Finanças comunicou à Deloitte uma transferência do Governo no montante de 1.377,6 milhões de dólares norte americanos, constatando-se que excede o Rendimento Sustentável Estimado de 547,9 milhões de dólares norte americanos, tal como previamente calculado pelo Governo para efeitos do Orçamento do Ano Fiscal de 2021, em 829,7 milhões de dólares norte americanos. O valor de 1.377,6 milhões de dólares norte americanos foi incorporado no cálculo subjacente atualizado.
4. Re-execução do cálculo da estimativa de redução do Rendimento Sustentável Estimado para os anos fiscais iniciados em 1 de janeiro de 2022, que resulta da proposta de transferência do Governo pelo Fundo Petrolífero no ano fiscal de 2021.	4. O cálculo da estimativa de redução do Rendimento Sustentável Estimado para os anos fiscais a iniciar em 1 de janeiro de 2022 foi executado sem exceções. A redução estimada no Rendimento Sustentável Estimado em cada ano futuro entre 2022 e 2031 variou entre 25,4 milhões de dólares norte americanos e 27,1 milhões de dólares norte americanos ao longo do período, conforme estabelecido no Anexo A.
5. Fornecimento de um relatório ao Governo em conformidade com a Lei 9/2005, Lei do Fundo Petrolífero, tal como alterada pela Lei 12/2011, Primeira Emenda à Lei do Fundo Petrolífero.	5. O presente relatório.

Atenciosamente,

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU


Cheryl Crase
Partner
Contabilista Certificado
Darwin, 14 de outubro de 2020

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ANEXO A

Pagamentos futuros projetados

Conforme requerido na alínea b) do artigo 9º, a tabela abaixo evidencia a redução do Rendimento Sustentável Estimado para os anos fiscais a iniciar em 2022, em resultado da transferência proposta pelo Fundo Petrolífero de um valor em excesso do Rendimento Sustentável Estimado em 2021:

Ano Fiscal	Reembolsos do Rendimento Sustentável Estimado em 2021	
	547,9 milhões de dólares norte americanos	1.377,6 milhões de dólares norte americanos
2022	551,9	526,6
2023	556,0	530,5
2024	560,2	534,4
2025	564,3	538,4
2026	568,5	542,4
2027	572,8	546,4
2028	577,0	550,5
2029	581,3	554,6
2030	585,6	558,7
2031	590,0	562,9



República Democrática de Timor-Leste

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



MINISTRY OF FINANCE

Torre Ministerio das Finanças, Aitarak-Laran , Díli, Timor-Leste

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