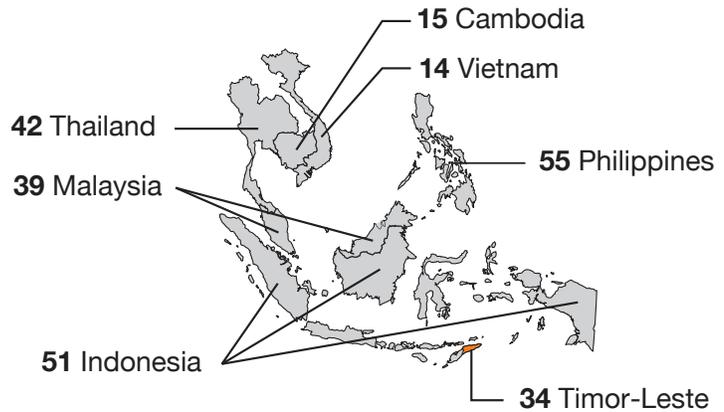
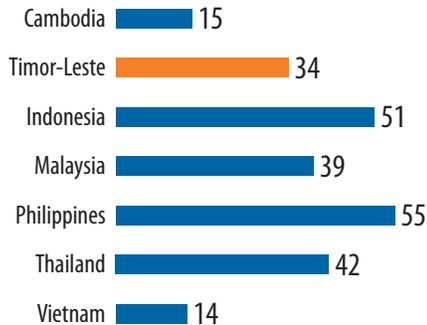




Overall score: **34** (Out of 100) Provides minimal information to the public in its budget documents during the year.

How Does Timor Leste Compare to Its Neighbors?



Key Findings

The scores for 92 questions from the Open Budget Survey 2010 (see text box) are used to compile objective scores and rankings of each country’s relative transparency. These scores constitute the Open Budget Index 2010.

Timor-Leste’s score is 34 out of 100, which is less than the average score of 42 for the 94 countries surveyed. Timor-Leste’s score indicates that the government provides the public with only minimal information on central government’s budget and financial activities during the course of the budget year. This makes it quite difficult for citizens to hold the government accountable for its management of the public’s money.

Information in Public Budget Documents

Adequacy & Availability of Eight Key Budget Documents

Document	Level of Information Grade*	Publication Status
Pre-Budget Statement	E	Produced, Not Published
Executive’s Budget Proposal	C	Published
Enacted Budget	E	Produced, Not Published
Citizens Budget	E	Not Produced
In-Year Reports	C	Published
Mid-Year Review	E	Not Produced
Year-End Report	E	Published
Audit Report	E	Not Produced

* Grades for the comprehensiveness and accessibility of the information provided in each document are calculated from the average scores received on a subset of questions from the Open Budget Survey 2010. An average score between 0-20 (scant information) is graded as E; 21-40 (minimal) is graded as D; 41-60 (some) is graded as C; 61-80 (significant) is graded as B; and 81-100 (extensive) is graded as A.

The **Executive's Budget Proposal** is the government's most important policy instrument. It presents how the government plans to raise revenues and where these funds are allocated, thus transforming policy goals into action. In Timor-Leste the General Budget of the State and State Plan 2009 (Executive's Budget Proposal) does not provide comprehensive details. Major gaps in information in this document are found in the following areas:

The General Budget of the State and State Plan 2009 lacks data on expenditures and revenues for the prior year's budget. Prior-year data are important because they provide a benchmark against which budget proposals can be assessed, while long-term spending projections can yield insights into the feasibility and sustainability of future budget proposals.

It also lacks information on certain fiscal activities that can have a major impact on the government's ability to meet its fiscal and policy goals, including information on extra-budgetary funds, quasi-fiscal activities, tax expenditures, contingent and future liabilities, and financial and other assets. Absent this information, the public does not know the government's complete fiscal position.

A **Pre-Budget Statement** should set forth the broad parameters that will define the government's forthcoming budget. While the Pre-Budget Statement is produced for internal purposes in Timor-Leste, it is not made available to the public.

The **Enacted Budget** becomes a country's law and provides the baseline information for all budget analyses conducted during the budget year. In general terms, the Enacted Budget should provide the public with the data it can use to assess the government's stated policy priorities and hold it to account. Timor-Leste does not publish an Enacted Budget.

A **Citizens Budget** is a nontechnical presentation of a government's budget that is intended to enable the public — including those who are not familiar with public finance — to understand a government's plans. Timor-Leste does not produce a Citizens Budget.

In-Year Reports should provide a snapshot of the budget's effects during the budget year. They allow for comparisons with the enacted budget figures and thus can facilitate adjustments. Timor-Leste's Budget Execution Reports (In-Year Reports) provide comprehensive information.

The **Mid-Year Review** should provide a comprehensive overview of the budget's effects at the mid-point of a budget year and discuss any changes in economic assumptions that affect approved budget policies. Information in this report allows the government, legislature, and the public to identify whether or not adjustments related to revenues, expenditures, or borrowing should be made for the remainder of the budget year. Timor-Leste does not produce a Mid-Year Review.

The **Year-End Report** compares the actual budget execution to the Enacted Budget. Year-End

OPEN BUDGET SURVEY 2010

Timór-Leste

The International Budget Partnership's Open Budget Survey assesses the availability in each country assessed of eight key budget documents, as well as the comprehensiveness of the data contained in these documents. The Survey also examines the extent of effective oversight provided by legislatures and supreme audit institutions (SAI), as well as the opportunities available to the public to participate in national budget decision-making processes.

Research to complete this country's Open Budget Survey was undertaken by:

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Reports can inform policymakers on tax policies, debt requirements, and major expenditure priorities, facilitating adjustments for upcoming budget years. Timor-Leste's Year-End Report consists of the Annual Report as well as a signed Financial Statement from the Ministry of Finance. However, these documents lack comprehensiveness because they do not explain the differences between the enacted levels and the actual outcomes for expenditures and revenues.

The **Audit Report** is an evaluation of the government's accounts by the country's supreme audit institution (SAI). It reports whether the government has raised revenues and spent national revenue in line with the authorized budget, whether the government's bookkeeping is balanced and accurate and whether there were problems in the management of public funds. Timor-Leste does not produce an Audit Report.

Public Participation and Institutions of Accountability

Beyond improving the availability and comprehensiveness of key budget documents, there are other ways in which Timor-Leste's budget process can be made more open. These include ensuring the existence of a strong legislature and SAI that provide effective budget oversight, and providing greater opportunities for public engagement in the budget process.

Are oversight bodies effective in their budget role?

Oversight Institution	Strength**
Legislature	Weak
SAI	Weak

** Legislature and SAI strengths are calculated from the average scores received for a subset of questions from the Open Budget Survey 2010. An average score between 0-33 is graded as weak, 34-66 as moderate, and 67-100 as strong.

1. According to the Open Budget Survey 2010, budget oversight provided by Timor-Leste's legislature is inadequate because it does not:
 2. have sufficient time to discuss and approve a budget; and
 3. hold open budget discussions at which the public can testify.

According to the Open Budget Survey 2010, Timor-Leste has not established a SAI and presently state finances are audited by an external accounting firm.

Recommendations

Timor-Leste should:

- publish budget documents that are already being produced — the Pre-Budget Statement and the Enacted Budget -- on the government's website;
- begin to produce and publish a Citizens Budget and Mid-Year Review;
- improve the comprehensiveness of the Executive's Budget Proposal;
- provide opportunities for the public to testify at legislative hearings on the budget;
- increase the powers of the legislature to provide more comprehensive oversight not only when the budget is being approved but also during the budget execution period; and
- establish a supreme audit institution that produces and publishes timely and comprehensive audit reports.