



Timor-Leste

Index Assessment

PALOP-TL E-BUDGET
TRANSPARENCY INDEX

PRO PALOP - TL SAI (PHASE II)

2021



TIMOR-LESTE HAS AN OVERALL SCORE OF 43 POINTS, RANKING FIFTH AND BELOW THE PALOP-TL AVERAGE OF 51 POINTS.

The Budget Reporting Dimension points out that the country prepares and publishes all documents except the Year-End Report. Regarding the publication deadline, the country scored highest on the Promulgated Budget (PB), Execution Reports (BERs) for the 1st and 3rd quarter. They were published in less than 1 month after the reported period. The 2nd and 4th quarter BERs receive part of the score, since they are over 1 month but within the 3 scoring months in the methodology. It is important that these documents are made available to the public as soon as possible, to reduce the asymmetry of information between government and society about the public budget.

Regarding the information quality dimension, the absence of functional classification for expenditures in the PB stands out. In the BER the country provides the data by function but not by sub-function. As Timor-Leste does not produce the Year-End Report, it did not receive a score for the quality analysis of this report, which contributes to its low performance in the index.

The country does not provide databases in open format containing the mentioned classifications about expenditures and revenues.

More details and references about the results of the evaluation in the following sections.

► A BRIEF NOTE ABOUT THE INDEX

The index assesses the ability of countries to provide the budget data of public interest that feeds this platform: the approved allocations and the execution of expenditures according to functional and organic classification, and of revenues according to economic classification. The budget reports responsible for providing this information are: Promulgated Budget (PB), Execution Reports (BER) and Year-End Reports (YER).

The Index evaluates three dimensions: **(1) budget reports; and (2) information quality; (3) open data**. The first assesses whether the source reports of the information that feeds the platform are prepared and published. The second assesses whether or not the country makes such data available. The third assesses whether the required information is available in open-format databases.

More details on the rationale for the paper and the scoring system can be found in the Methodology document.

► DIMENSION 1 - BUDGET REPORTS:

Evaluated documents: 2020 Promulgated Budget; 2020 Execution Reports; 2019 Year-End Report.

► PROMULGATED BUDGET (2020)

Prepared: Yes

Document Name: 2020 State Budget

Approved by the parliament on: October 1, 2020

Source: <https://www.gpm.gov.tl/pt/kaleidoskopiu-tinan-2020-kona-ba-s-e-primeiru-ministru-taur-matan-ruak/#.YO2mbBNKgI>

Promulgated on: October 19, 2020

Source: Law No. 10 /2020 of October 19 published in the official gazette

Address: http://www.mj.gov.tl/jornal/public/docs/2020/serie_1/SERIE_I_NO_42_A.pdf

Publication timing: Less than 1 month after the reported period

► BUDGET REPORTS (2020)

Periodicity: Quarterly

First Quarter

Prepared: Yes

Document Name: 2020 Financial Year - First Quarter Budget Execution Report

Source: <https://www.mof.gov.tl/wp-content/uploads/2020/04/Relatorio-Execucao-Orcamento-Primeiro-Trimestre-2020.pdf>

Publication: between 03/31/2020 and 04/30/2020

How the period was identified: Neither the website nor the document gives the publication date. Using the method “javascript: alert(document.last modified)”¹ it is possible to identify that the last modification on the page displaying the document was 04/30/2020. This path is only possible because the site structure generates a web address to display each report. Thus, the update date most likely refers to the upload of the document. It can be assumed then, that the document was published on the website sometime between 03/31/2020 (end of the first quarter to which the report refers) and 04/30/2020.

Publication timing: Less than 1 month after the reported period

¹ Access the console of the page where the report is displayed. To do this, type F12 or “Alt + Command + J”. In the console area, type This will indicate the last modification date on the page “javascript: alert(document.last modified)” and the date of the last update will be displayed.

Second Quarter

Document Name: 2020 Financial Year - Second Quarter Budget Execution Report.

Source: https://www.mof.gov.tl/wp-content/uploads/2020/09/Relat%C3%B3rio-Execucao-Orcamento-Segundo-Trimestre-AF-2020_Vers%C3%A3o_Final.pdf

Publication: between 06/31/2020 and 09/15/2020.

How the period was identified: Neither the website nor the document gives the publication date. The method “javascript: alert(document.last modified)” was used, as further described in the definition of the publication period for the first quarter execution report.

Publication timing: It is not possible to identify. No later than 3 months after the reported period.

Third Quarter

Document Name: 2020 Financial Year - Third Quarter Budget Execution Report.

Source: <https://www.mof.gov.tl/wp-content/uploads/2020/10/Relat%C3%B3rio-Execucao-Orcamento-Terceiro-Trimestre-AF-2020.pdf>

Publication: between 09/31/2020 and 10/19/2020.

How the period was identified: Neither the website nor the document gives the publication date. The method “javascript: alert(document.last modified)” was used, as further described in the definition of the publication period for the first quarter execution report.

Publication timing: Less than one month after the reported period.

Fourth Quarter

Document Name: 2020 Financial Year - Fourth Quarter Budget Execution Report.

Source: https://www.mof.gov.tl/wp-content/uploads/2021/03/Relat%C3%B3rio-Execucao-Orcamento-Quarto-Trimestre-AF-2020_Versaun-Final_2.pdf

Publication: between 12/31/2020 and 03/14/2021.

How the period was identified: Neither the website nor the document gives the publication date. The method “javascript: alert(document.last modified)” was used, as further described in the definition of the publication period for the first quarter execution report.

Publication timing: It is not possible to identify exactly but it is less than 3 months after the reported period.

► YEAR-END REPORT (2019)

Not prepared.

► DIMENSION 2 - INFORMATION QUALITY:

► PROMULGATED BUDGET (2020)

- **Expenditure by Functional classification not available:** The document “2020 State Budget - Budgetary Overview - Book 1” presents a graph on page 19, “Figure 7: Comparison of Expenditure in 2018, SB for 2019 and proposed SB for 2020 by COFOG sector,” where allocations would be available for the first level. However, the data appears overlapped, so it is not possible to read it clearly. Therefore, the country does not score on this indicator.
- **Expenditure by Organic classification in 2 levels:** In the 2020 State Budget, Table II “State Budget Allocations for 2020”.
- **Revenue by Economic classification in 2 levels:** In the document “State Budget 2020 - Budgetary Overview - Book 1” on pages 20 through 36, the Ministry indicates the expected revenue sources.
 - *Note: The presentation of the data is spread over several different tables, each referring to a part of the revenues. The absence of a table consolidating the data makes data extraction difficult.*
- **Revenue Score Weighting:** 100%. The revenues appear sufficiently detailed.



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► BUDGET EXECUTION REPORTS

- **Expenditure by Functional classification in 1 level:** In the BER, in the table “Statement 3 - Cash Expenditure by function”;
- **Expenditure by Organic classification in 2 levels:** In BER, in the table “Line Ministries, Autonomous Services & Autonomous Entities Without Own Revenues and Municipalities”
- **Revenue by Economic Category in 2 levels:** In the BER, in the table “Statement 1 - Revenue Summary (\$'000)”.
 - *Note: Unlike in the Promulgated Budget, in the BER there is a table consolidating the revenues.*
- **Revenue Score Weighting:** 100%. The revenues appear sufficiently detailed.

► YEAR-END REPORT

- **Not prepared.**

► DIMENSION 3 - OPEN DATA:

The country does not provide databases in open format containing the mentioned data about expenditures and revenues.

The data obtained for the platform was extracted from the .pdf reports. The following problem regarding the presentation of tables in reports is worth noting:

- **(1)** The format of the file containing the table with the approved allocations by entity makes **data extraction difficult**.

This is because the table is horizontal and also because of the horizontal and vertical guides that structure the document. These tabs are invisible but can be noticed when selecting specific values from the table.

See: Table II of the State Budget - Budgetary Overview.

- **(2)** The country **does not provide the organic classification codes, nor does it provide the revenue codes by nature**.

These are essential to enable the visualization in historical series of the budgets. This is because the name of the headings may vary with regard to spacing, accents, name changes, acronyms, and so on. The codes are more specific and assertive to identify the same agency over time. For this reason, it is recommended that the codes be included in the tables.

- **(3)** The figures in the table with the approved allocations by entity are **rounded in thousands of dollars**.

When passing each value to units of account, the sum of each of the administrative structures that comprise the entity often does not equal that reported in the entity total line. If there were some other source with the detailed values, there would be no problem in rounding off for better organization of the information in the table. But since this is the only source, it is important that it is as detailed as possible.

See: Table II of the State Budget - 2020 Budget Overview.

► **(4) The data regarding Timor-Leste's Revenues are presented throughout several sections and different tables in the Promulgated Budget. To analyze them, it is necessary to consolidate all the information (which can be in text, such as the interest section for example, and tables).**

Two main problems complicate the process: the tables are in different units of magnitude; and it is not clear which items make up the final value of the country's income. It is recommended that the Ministry of Finance consolidate the information into a single table.

See: State Budget - 2020 Budgetary Overview, pgs 20-36.

► **(5) In the Execution Reports the country presents another structuring of Revenue categories and subcategories that have no parallel in the way it is published in the SB.**

This is a problem because it limits the population's ability to follow the full cycle. Ideally, the classification structure should be maintained throughout the reports.

See: State Budget - 2020 Budget Overview, pgs 20-36; and in the Fourth Quarter Budget Execution Report, in Statement 1 - Revenue Summary (\$'000) 2019 Fiscal Year 4th Quarter.

