

Table 1. East Timor: Key Economic Indicators, 1997 - 2002

	1997	1998	Est. 1999	Proj. 2000	Proj. 2001	Proj. 2002
GDP (in millions of U.S. dollars) 1/	383	375	228	263	303	350
	(Percentage change)					
Real GDP growth	4	-2	-38	15	15	15
Inflation rate (CPI, Dili, based on U.S. dollar prices)	...	...	...	...	3	3
	(In percent of GDP)					
Consumption	71.9	74.4	93.2	113.5	111.3	101.2
Investment	52.9	47.0	28.1	38.1	43.4	32.2
Domestic Saving	28.1	25.6	6.8	-13.5	-11.3	-1.2
External Savings	24.8	21.4	21.4	51.6	54.7	33.4
	(In percent of GDP)					
Money and credit						
Broad money	41.2	38.7	29.9 2/	...	...	...
Currency	6.1	4.5	5.9 2/	...	...	...
Demand deposits	8.6	6.4	6.7 2/	5.2 3/	...	...
Quasi money	26.5	27.8	17.3 2/	...	...	...
Domestic assets (net)	37.1	36.8	26.1 2/	...	...	...
Interest rates (percent)	19.8	38.5	36.0 2/	...	...	...
	(In millions of U.S. dollars)					
Exports	48	56	45	16	25	48
Imports 4/	142	135	82	126	152	141
	(In percent of GDP)					
Fiscal Year 5/	1997/98	1998/99	1999/2000 Budget 6/	2000/01 Quarter 1	2000/01 Nov. Rev.	2001/02 Nov. Rev.
	(In percent of GDP)					
Fiscal balances						
Revenues	8.1	8.2	6.0	3.6	8.7	7.7
Recurrent expenditures	13.0	14.6	12.9	4.7	15.8	14.0
Capital expenditures and net lending	61.8	22.5	29.5	6.3	47.8	28.5
Overall balance (deficit)	-66.7	-28.8	-36.4	-7.4	-54.9	-34.8

Sources: Indonesian authorities and IMF staff estimates.

1/ GDP in U.S. dollars was calculated using 1996 as the base year and assuming a constant Purchasing Power Parity exchange rate.

2/ Figures shown are for end-September.

3/ As of end June. Excludes deposits held by residents in Indonesian banks previously operating in East Timor.

4/ Includes imports through foreign aid, excludes projected UNTAET and OCHA imports in 1999, 2000, and 2001.

5/ The fiscal year under Indonesia was from April 1 to March 31. There is no data on the actual execution of the 1999/2000 budget.

6/ Original Indonesian provincial budget for East Timor.

Table 2. East Timor: Fiscal Accounts of the Consolidated Fund for East Timor (CFET)

(In millions of U.S. dollars unless otherwise indicated)

	2000 (H1)		2000 / 01				2001 / 02		2002 / 03	
	Prel.		Jul./Sep.		FY		Original	Nov. Rev.	Original	Nov. Rev.
	Budget	Act.	Pro-rata	Act.	Budget	Nov. Rev.				
Revenue	4.3	3.7	4.3	2.6	17.0	25.1	30.0	26.0	40.0	25.0
Direct taxes	0.5	0.0	0.3	0.1	1.0	2.1	...	3.0	...	3.0
Indirect taxes	1.8	1.6	2.5	2.4	10.0	12.0	...	14.0	...	14.0
Border taxes	...	1.6	1.8	2.2	7.0	10.0	...	12.0	...	12.0
Service tax	...	0.0	0.8	0.1	3.0	2.0	...	2.0	...	2.0
Non tax (charges and user fees)	2.0	0.1	1.0	0.1	4.0	4.0	...	4.0	...	4.0
Interest (on CFA assets)	...	...	...	...	...	1.0	...	1.0	...	1.0
Timor Gap 1/	...	2.0	0.5	0.0	2.0	6.0	...	4.0	...	3.0
Expenditure	36.0	10.0	15.2	3.5	59.2	60.8	55.3	57.0	56.8	58.6
Recurrent expenditure 2/	30.0	10.0	11.4	3.4	43.6	45.5	45.6	47.3	47.6	49.3
Wages and salaries	2.7	...	4.1	3.1	14.3	16.5	...	17.7	...	19.1
Goods and services	0.3	...	7.2	0.3	27.3	29.0	...	29.6	...	30.2
Other	7.0	...	...	...	2.0	0.0	...	...	...	...
Capital expenditure	6.0	0.0	3.8	0.1	15.6	15.3	9.8	9.8	9.3	9.3
Net lending ('+' = increase)	...	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance (revenue minus expenditure)	-31.7	-6.3	-10.9	-0.9	-42.2	-35.7	-25.3	-31.0	-16.8	-33.6
Non-grant financing ('-' = increase)	...	-3.6	...	-8.1	-1.0	-6.7	1.8	-1.8	-0.8	-2.9
Change in CFA claims on CPO	...	-1.6	...	-2.5	-1.0	-2.7	1.8	2.2	-0.8	0.1
Change in UNOPS account	...	...	...	-5.7	0.0	0.0	0.0	0.0	0.0	0.0
Change in Timor Gap account 3/	...	-2.0	...	0.0	0.0	-4.0	...	-4.0	...	-3.0
Balance to be financed by grants	...	-9.9	...	-9.0	-43.2	-42.3	-23.5	-32.9	-17.7	-36.5
Grant financing (flows) 4/	...	9.9	...	8.6	28.4	42.3	...	...	...	...
Previous contributions to the UNTF	...	9.9	...	8.6	28.4	28.4	...	...	...	...
Additional contributions	...	...	...	...	...	14.0	...	...	...	...
Statistical discrepancy ('-' = float)	...	...	...	-0.5	...	...	...	...	...	...
Financing gap	...	...	...	...	14.8	0.0	23.5	32.9	17.7	36.5
<i>Memorandum items:</i>										
Total contributions to UNTF	...	39.6	...	40.6	...	55.4	55.4	55.4	55.4	55.4
CFET assets (end-period)	...	33.3	...	33.9	...	10.3	2.5	12.2	3.3	15.1
CFA claims on CPO	...	1.6	...	4.1	...	4.3	2.5	2.2	3.3	2.1
UNTF balance (New York)	...	29.7	...	22.1	...	0.0	0.0	0.0	0.0	0.0
UNOPS balance 5/	...	0.0	...	5.7	...	0.0	0.0	0.0	0.0	0.0
Timor Gap account 3/	...	2.0	...	2.0	...	6.0	...	10.0	...	13.0
Number of public servants	...	...	...	5,969	9,035	11,182	10,035	11,399	10,035	11,899
Average monthly wage (U.S. dollars)	...	...	...	172	132	123	...	129	...	134
Fiscal sustainability										
Gap in percent of total revenue	...	...	...	...	32.7	0.0	78.3	126.4	44.1	146.0
Gap in percent of total expenditure	...	...	...	...	25.0	0.0	42.5	57.6	31.1	62.3
Grants in percent of total revenue	...	72.9	...	76.8	62.5	62.8	...	...	...	...
Recurrent expenditure in percent of total expenditure	...	100.0	...	97.5	73.6	74.9	82.4	82.9	83.7	84.1
Capital expenditure in percent of total expenditure	...	0.0	...	2.5	26.4	25.1	17.6	17.1	16.3	15.9

Sources: Central Fiscal Authority; and Fund staff estimates.

1/ Timor Gap revenue consists of 2/3 royalties and 1/3 taxes. A cabinet decision holds that any revenue exceeding \$2m in FY 00/01 would not be used for budget support until a policy decision is taken by an independent government regarding the use of this revenue.

2/ H1 2000 includes \$4m expenditure authorized, but not yet paid for by UNOPS.

3/ The policy on the use of Timor gap resources for budget support beyond FY 00/01 needs to be clarified. The figures shown in this table assume the confirmation of the cabinet decision made in July 2000.

4/ For FY 00/01 assumes that all pledges in the Donors' Meeting in Lisbon will be disbursed.

5/ The CFA has decided to count the first UNOPS tranche of \$4m notionally against H1-2000.

Table 3. East Timor: Expenditure Priorities (CFET Budget), FY 2000/01

	Original	November	Change in Expenditure Shares	
	Budget	Revision	In percentage points	In percent of original share
	(1)	(2)	(2)-(1)	(2/1)
Infrastructure	28.5	30.1	1.6	5.5
<i>Of which: Power</i>	13.2	17.6	4.5	33.8
Education	23.1	22.0	-1.0	-4.4
Health	12.7	11.3	-1.3	-10.6
Agriculture	1.2	0.9	-0.3	-23.0
Private sector support	1.1	0.4	-0.7	-60.3
Judiciary, law enforcement, and security	16.7	16.9	0.2	1.0
Public administration	12.1	17.5	5.3	44.0
Contingency	4.6	0.8	-3.8	-82.2
Memorandum item:				
Total expenditure (in millions of U.S. dollars)	59.2	60.8	...	...

Sources: Central Fiscal Authority; and Fund staff estimates.

Table 4. East Timor: Combined Sources Budget 1/
(In millions of U.S. dollars unless otherwise indicated)

	2000 (H1)		2000/01		2001/02	2002/03	
	Prel.	Act.	Jul./Sept.	FY		Proj.	Proj.
	Budget		Act.	Budget	Nov. Rev.		
Revenue (CFET)	4.3	3.7	2.6	17.0	25.1	26.0	25.0
Tax	2.3	1.6	2.5	11.0	14.1	17.0	17.0
Non-tax	2.0	0.1	0.1	4.0	5.0	5.0	5.0
Timor Gap 2/	...	2.0	0.0	2.0	6.0	4.0	3.0
Expenditure	68.2	30.1	7.1	171.8	175.8	136.1	115.7
Recurrent (CFET)	30.0	10.0	3.4	43.6	45.5	47.3	49.3
Capital	38.2	20.2	3.7	128.2	130.3	88.8	66.4
CFET	6.0	0.0	0.1	15.6	15.3	9.8	9.3
TFET	32.2	2.6	3.6	69.1	56.2	63.5	51.8
UNTAET 3/	...	3.0	...	2.5	13.5	...	...
Others 3/	...	14.6	...	41.0	45.3	15.5	5.3
Net lending	0.0	0.2	0.8	0.0	7.3	7.5	1.8
TFET	...	0.2	0.8	...	7.3	7.5	1.8
Others	...	...	...	...	...	...	...
Balance	-63.9	-26.7	-5.3	-154.8	-157.9	-117.5	-92.5
Statistical discrepancy	...	...	-0.5	...	...	...	...
Non-grant financing ('1' = increase)	...	-3.6	-8.1	-1.0	-6.7	-1.8	-2.9
Change in CFA claims on CPO	...	-1.6	-2.5	-1.0	-2.7	2.2	0.1
Change in UNOPS account	...	...	-5.7	0.0	0.0	0.0	0.0
Change in Timor Gap account 4/	...	-2.0	0.0	0.0	-4.0	-4.0	-3.0
Balance to be financed by grants	-63.9	-30.3	-13.0	-155.8	-164.6	-119.4	-95.4
Grant financing (flows)	...	15.7	13.0	141.0	164.6	86.5	58.9
UNTF	...	9.9	8.6	28.4	42.3	0.0	0.0
TFET	...	2.8	4.4	69.1	63.5	71.0	53.6
UNTAET 3/	...	3.0	...	2.5	13.5	...	...
Others 3/	...	0.0	...	41.0	45.3	15.5	5.3
Financing gap	...	...	...	14.8	0.0	32.9	36.5
Memorandum items:							
Fiscal sustainability							
Gap in percent of expenditure	...	...	...	-8.6	0.0	-24.2	-31.6
Grants in percent of revenue (including grants)	...	81.0	83.3	89.2	86.8	...	...
Recurrent expenditure in percent of expenditure	44.0	33.0	48.3	25.4	25.9	34.7	42.6

Sources: Central Fiscal Authority, Donor Coordination Unit, World Bank, UNTAET; and Fund staff estimates.

1/ The consolidated public sector includes the Consolidated Fund for East Timor (CFET), the Trust Fund for East Timor (TFET), expenditure funded by bilateral donors, and selected items from the UNTAET assessed contribution budget.

2/ Timor Gap revenue consists of 2/3 royalties and 1/3 taxes. A cabinet decision holds that any revenue exceeding \$2m in FY 00/01 would not be used for budget support until a policy decision is taken by an independent government regarding the use of this revenue.

3/ Includes only items considered as being of a quasi-fiscal nature which would be continued by an East Timorese government. Information for the outer years reflects current planning only. Actual expenditure and grant-financing is likely to be higher.

4/ The policy on the use of Timor gap resources for budget support beyond FY 00/01 needs to be clarified. The figures shown in this table assume the confirmation of the cabinet decision made in July 2000.

Table 5. East Timor: Balance of Payments, 1995–2002

	1995	1996	1997	1998	Est. 1999	Proj. 2000	Proj. 2001	Proj. 2002
(In millions of U.S. dollars)								
Current account including official transfers	-18	-21	-21	-14	-4	-136	-166	-117
Current account excluding official transfers	-106	-123	-128	-109	-53	-136	-166	-117
Net exports of goods and services	-106	-123	-128	-109	-53	-136	-166	-117
Exports of goods and services	34	41	48	56	46	25	35	56
Imports of goods and services	140	164	176	166	98	160	200	173
Foreign-aid related 1/	70	82	86	77	40	106	143	107
East Timor budget	67	78	81	71	34	53	86	74
Other foreign aid	4	4	5	5	6	53	57	32
Other imports of goods and services 2/	70	83	90	89	58	54	57	66
Trade Balance	-78	-91	-94	-79	-37	-110	-127	-93
Exports of goods	34	41	48	56	45	16	25	48
Imports of goods	112	132	142	135	82	126	152	141
Foreign aid related	44	51	53	47	24	72	96	76
Other imports	68	81	89	88	58	54	57	65
Services (net)	-28	-33	-33	-30	-15	-26	-39	-24
<i>Of which</i> : Aid-related services payments	-27	-31	-32	-29	-15	-34	-47	-31
Private transfers	0	0	0	0	0	0	0	0
Official transfers	87	102	106	95	49	0	0	0
<i>Of which</i> : East Timor budget	83	97	101	89	43	0	0	0
Capital account	18	21	21	14	4	136	151	91
Official transfers (net inflow from UNTAET and humanitarian aid)	...	...	...	...	11	31	19	0
Trust Fund for East Timor	...	...	...	...	...	24	78	62
UN Trust Fund	...	...	...	...	...	50	6	0
Bilateral sources	...	...	...	...	...	61	72	39
Other capital flows and errors and omissions	18	21	21	14	-7	-30	-23	-10
Commercial banks 3/	0	0	0	10	-3	-15	-11	-5
Other short term 4/	0	0	0	0	0	-15	-11	-5
Errors and omissions	18	21	21	5	-4	0	0	0
Overall balance	0	0	0	0	0	0	-14	-26
Financing gap	0	0	0	0	0	0	14	26
(In percent of GDP, unless otherwise noted)								
Memorandum items:								
GDP current prices, U.S. dollar ml, CPP adjusted	315.0	367.9	383.5	375.2	228.0	262.8	303.1	349.4
Current account balance excluding official transfers	-33.6	-33.5	-33.3	-29.1	-23.1	-51.7	-54.7	-33.4
Current account balance including official transfers	-5.9	-5.8	-5.5	-3.8	-1.7	-51.7	-54.7	-33.4
Merchandise exports	10.9	11.2	12.6	15.0	19.7	6.1	8.3	13.7
Merchandise imports	35.6	35.8	37.1	36.1	36.1	47.8	50.2	40.3
<i>Of which</i> : Foreign-aid related	...	...	...	...	10.7	27.3	31.6	21.6

Sources: Data provided by UNTAET, Indonesian authorities; and Fund staff estimates.

1/ Assumes that 5 percent of the OCHA-led humanitarian aid and 6 percent of the UNTAET budget is spent locally.

2/ Assumes that half of the net foreign exchange gain from foreign aid transfers is spent by the private sector on imports.

3/ Assumes that one-quarter of the net foreign exchange gain from local spending of foreign aid is saved as bank deposits held by the private sector.

4/ Assumes that one-quarter of the net foreign exchange gain from local spending of foreign aid is hoarded as cash by the private sector.