

**DECREE LAW NO. 8/2011
OF 16 MARCH**

REGULATES THE INFRASTRUCTURE FUND

Law no. 1/2011 of 14 February, which approves the State Budget for 2011, established the Infrastructure Fund pursuant to article 32 of Law 13/2009 of 21 October (Law on Budget and Financial Management).

This Fund is intended to finance the implementation of a set of infrastructures involving massive investments in multi-annual infrastructural projects that meet the needs of Timor-Leste.

It is a financial instrument that is most appropriate to the multi-annual nature of infrastructural programs and projects to be undertaken in the country, enabling resources, once programmed, not to be restricted or lost to the point of jeopardising the entire project.

In this connection, the Infrastructure Fund allows the State to finance multi-annual capital development projects in a more secure, transparent and accountable manner.

Thus, pursuant to article 115.1^o of the Constitution of the Republic, and to article 9.7 of Law no. 1/2011 of 14 February, the Government enacts the following to have the force of law:

**CHAPTER I
NATURE AND OBJECTIVES**

Article 1
Nature and purpose

1. This Decree-Law shall regulate the Infrastructure Fund, hereinafter referred to in short as Fund.
2. The Fund is intended to finance strategic programs and projects aimed at acquisitions, constructions and development of:
 - a) Road infrastructures, including roads, bridges, ports and airports;
 - b) Power generators and distribution lines;

- c) Telecommunications;
- d) Infrastructure that promote flood protection:
- e) Water treatment facilities and sanitation;
- f) Logistics facilities, including storage infrastructure;
- g) Government buildings, including facilities for health and education;
- h) Other infrastructure that promote strategic development.

Article 2 Objectives

The Fund shall have the following objectives:

- a) To ensure the financing of public investments in infrastructure;
- b) To guarantee security in the negotiation and contracting of multi-annual projects;
- c) To allow the retention of funds at the end of the financial year, with the aim of ensuring the continuity of implementation of multi-annual infrastructural projects, pursuant to article 32.2 of Law no. 13/2009 of 21 October;
- d) To promote transparency and accountability insofar as the execution of the infrastructure programmes and projects financed by the Fund is concerned.

CHAPTER II BOARD OF DIRECTORS

Article 3 Composition

1. The Board of Directors shall be the entity responsible for operations of the Fund.
2. The Board of Directors shall be permanently composed of the Prime Minister, who chairs it, the Minister of Finance and the Minister of Infrastructure.
3. Other members of Government whose functions relate to the programmes and projects to be financed by the Fund shall also be part of the Board of Directors on a temporary basis.

Article 4 Powers

1. The Board of Directors shall, namely, have the following powers:
 - a) To approve and prioritize projects to be financed by the Fund and their respective cost estimates;
 - b) To approve the financing options for each project;
 - c) To coordinate the preparation and approve the proposed budget for the Fund, to be submitted to the Budget Review Committee;
 - d) To authorise the payments to be processed through the Fund;
 - e) To approve the Progress Reports and the Accounting Reports of the Fund.
2. The Board of Directors may delegate to any of its member the powers referred to in the preceding paragraph.

Article 5 Functioning

1. The Board of Directors shall meet whenever convened by its chairperson or by a majority of its members.
2. The Board of Directors shall make decisions by simple majority of members in attendance, with the chairperson having the casting vote.
3. In the absences or impediments of the chairperson, the latter shall designate his or her substitute from among the other members of the Board of Directors Council members.
4. The decisions of the Board of Directors shall be substantiated and minutes thereof shall be drawn up.

Article 6 Technical and administrative support

The Board of Directors shall be supported technically and administratively by the Major Projects Secretariat.

CHAPTER III PROGRAM, PROJECTS AND BUDGETING

Article 7 Infrastructure Programs and Projects

The programs and projects to be financed by the Fund shall be proposed by Ministries or other competent bodies as approved by the Board of Directors of the Fund.

Article 8 Fund budget

The proposed budget of the Fund shall be presented to the National Parliament together with the proposed State Budget, pursuant to Law no. 13/2009 of 21 October on Budget and Financial Management.

Article 9 Receipts and Expenses

1. The following shall revenues of the Fund:
 - a) Budget allocations earmarked annually by the Law approving the State Budget;
 - b) Other revenues allocated by law or contract.
2. All expenses necessary to achieve the purposes of the Fund shall constitute expenses of the Fund.

CHAPTER IV FUND EXECUTION

Article 10 Official account

1. The Fund shall have an official account with a banking institution headquartered in the national territory and to which all revenues of the Fund shall be credited and all expenses of the Fund shall be charged against.
2. The opening of the account referred to in the preceding paragraph shall be authorized by the Minister of Finance.

Article 11
Authorization of expenditure

1. Commitment of expenditures and processing of payments shall only take place following authorization by the Board of Directors to commit expenses through the Fund in the respective fiscal year.
2. Payments to be made by the Fund shall be processed by the Ministry of Finance through the official account.

Article 12
Budget amendments

The Board of Directors shall have the powers to approve budget amendments in allocations for programs and projects within the limits of the Fund's total appropriation as approved by Parliament for their respective goals.

Article 13
Transition balances

The balances established at the end of each financial year shall be retained in the official account of the Fund and shall automatically move to the next year.

Article 14
Accounting records

It shall be incumbent upon the Treasury to ensure the recording of all revenues and expenses of the Fund, according to the classification systems in place.

**CHAPTER V
FINAL PROVISIONS**

Article 15
Control and financial responsibility

The control of the execution of the Fund and the respective financial responsibility shall be subject to the rules contained in Title VI of Law 13/2009 of 21 October on Budget and Financial Management, with the necessary adaptations.

Article 16
Regulation

This law is regulated by ministerial statute of the Prime Minister.

Article 17
Entry into force

This Decree-Law shall enter into force on the day following its publication.

Approved by the Council of Ministers on 19 February 2011

The Prime Minister,
Kay Rala Xanana Gusmão

The Minister of Finance,
Emilia Pires

Promulgated on 14 March 2011

To be published.

The President of the Republic,
Jose Ramos-Horta