

# **“Beyond ICT for Development: Telecommunication as a leading sector for non-oil State revenue Collection”**

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# Timor-Leste: Geographical Location



Total Population: 1,167,242 (2015 census)

# Background of Timor-Leste: Land, Sea and its People



# Telecommunications (ICT) in Timor-Leste: 2003-2012

Monopoly regime – BOT (Build, Operate, Transfer)  
Contract

- ❑ Single operator: Timor Telecom (No competition)
- ❑ Relatively expensive services
- ❑ Total Cellular Phone Subscribers: 632,054 (2012)
- ❑ Annual Telco Revenue: 74,594,046.34 (2012)

# Telecommunications (ICT) in Timor-Leste: First Reform: 2012 - 2016

- ❑ DC 15/2012 - Liberalisation of Telecommunications sector
  - Three operators:
    - ✓ Timor Telecom (initially owned by Portugal Telecom)
    - ✓ Telkomcel (owned by Telkomsel – Indonesia) and
    - ✓ Telemor (owned by Viettel – Vietnam)
  
- ❑ Cellular Phone Subscribers (3 operators): 1,335,840 (2015)
  
- ❑ Subscribers to 3G mobile networks (3 operators): 128,036 (2015)
  
- ❑ National Fiber-optic Backbone
  
- ❑ Landline Subscribers: 2,825 (2015)

# Telecommunications (ICT) in Timor-Leste: Positive impacts of Liberalisation

- ❑ Internet users has increased exponentially: 130,000 users (est. 2015)
- ❑ Increased use of ICT to support National Development (ICT4D)

## Government Sector use of ICT

- ✓ Transparency and Accountability - MoF: FMIS (Financial Management Information Systems) - <http://www.transparency.gov.tl/english.html>
- ✓ Education: EMIS (Education Management Information Systems)
- ✓ Public Sector: PMIS (Personnel Management Information Systems)
- ✓ Access to Justice - Justice Sector: CMIS (Case Management Information Systems)

## ICT related Private sector activities:

- ✓ Timor based Software companies
- ✓ ICT services: Trainings, Web services, GPS tracking for vehicles and others

# **Telecommunications (ICT) in Timor-Leste:**

## **Second Reform Initiative: 2016 onward**

- ❑ TL is an oil-dependent country: 90% of its budget is from oil/gas revenues (USD 16.58 B as of March 2016)
- ❑ Reduced Oil/gas Revenues → Double hits:
  - ✓ Depleting Oil/gas Deposits
  - ✓ Falling oil prices and reduced productions
- ❑ Urgent needs for Non-oil State revenues Collections

# Telecommunications (ICT) in Timor-Leste:

## 2016 onward - Beyond ICT for Development

- ❑ Ongoing process:

Legal reforms: Legal framework to allow the Government to start collecting revenues (New Tax Reform Law):

- ✓ Operators' Revenue tax
- ✓ Fees and Charges: numbering, spectrum, Regulatory, Domain (.tl) and others
- ✓ VAT (Value Added Tax)

Revision of the Decree Law 15/2012: Revenue Based National Communications Authority

- ❑ Long-term Investment: International Fiber-Optic Internet Gateway through Indonesia or Australia or Singapore → Est. cost of USD 100m to 300m
  - ✓ More vibrant ICT industry
  - ✓ Increased indirect State revenues
- ❑ **Estimated immediate annual State revenues to be collected: USD 10 M and will continue to grow in the future**



# Potential Constraints/Challenges:

- ❑ Relatively small telecommunications market: 1,1 M population
- ❑ Demands for tax breaks from businesses
- ❑ Low level income → increased taxes means increased pressure

Thank you  
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