

Financing development has always been a challenge for the majority of the developing countries. Among the several ways that external financing sources can assume, for the least developed countries (LDC) and in average, Official Development Aid (ODA) is the main external inflow. At the same time, many of those countries have a natural resources-based economy, a situation that allows them to assure a share of their own income in hard currency.

East Timor is an LDC, and became independent in 2002. Looking at domestic and external financing sources, the former means oil and gas export revenue (and a non-renewable commodity) and the latter is ODA, but it is by no means the main external inflow. In this context, how important are the sources of financing, both in relative and absolute terms? How important are the other forms of external financing sources, such as foreign direct investment (FDI), remittances or loans? And looking at East Timor's future, are they stable and guaranteed?

In general, annual value of ODA depends on the needs of the recipient country. However, and sometimes mainly, donors' different motivations and interests are the key explanation factor. As ODA is so meaningfully to East Timor, it is unavoidable to take a close insight on it in the period between 2012 and 2018.

In this dissertation we analyze the main bilateral and multilateral donors, i.e., Australia, Japan, Portugal and the United States of America, and the European Union, the United Nations or the Asian Bank of Development. For example, while Australia chooses to give assistance to geographically close countries, Portugal tends to give more to former colonies, while the United States of America and Japan have more geopolitical motivations.

On the other hand, oil and gas fields in East Timor's territorial waters are explored by multinationals companies and the country receives an income according the agreements with those companies. And oil price is volatile and a non-renewable commodity. To prevent instability and financial losses, East Timor government set up a Petroleum Fund in 2005 as a Sovereign Wealth Fund. The idea is to ensure that future generations might beneficiate from this income.

This work will comparatively analyze the sources of external financing sources *vis-à-vis* the oil revenue and the factors that might influence East Timor's ODA. Thus,

the main research question of this dissertation is to discuss the role of those financing sources and, particularly, ODA and oil as a reliable source in assuring the economic and social future development in East Timor. The dissertation is structured in four sections. Following an Introduction, Section 1 briefly presents a review of the literature on donors' motivations and interests. The next section makes a brief political and economic overview of the country. Section 3 deals with financing development in East Timor while Section 4 discuss the question presented as the objective of this work. The dissertation ends with a Conclusion.