



Ministry of Finance

2016 ANNUAL
REPORT

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Message



Santina JRF Viegas Cardoso
Minister

The year 2016 saw another fulfilling year for the Ministry of Finance (MoF). Coming off from a change in its leadership in February 2015, the Ministry persevered to sustain the gains from the reforms that it started in prior years.

Three (3) initiatives linked to the Ministry of Finance took a center focus this year, namely the Performance Management Reform (PMR), the Fiscal Reform (FR) and the Program-based Budgeting (PB).

The PMR commenced the institutionalization of a merit-based selection process within MoF including the base-lining of the PFM competencies among individuals engaged in public financial-related functions. The FR on the other hand, focused on the tax and customs services, and reviewed policy framework as well as fiscal legislation which have an impact on the revenue generating capacity of the Government, including staff competencies in administering the country's tax system. Meanwhile, the PB, with a mandate emanating from Decree Law 25/2015, aimed to link spending with outcomes and required line ministries to allocate each of their line-item expenses to a particular programme and activity to better monitor Ministry and Government performance.

The year 2016 also saw the adoption of a new Organic Law for the Ministry which came about following a thorough review of its mandate big and small, in achieving what we have now in the Ministry. A special mention is in order for the commendable team work played by our Managers - from our energetic Vice-Minister down to the General-Directors, National Directors, Unit Coordinators and Chiefs: your collective action ensured that our work in the Ministry were efficiently delivered – and with utmost professionalism.

Congratulations to all!

Executive Summary

The Ministry of Finance (MoF) is the body responsible for drafting, executing, coordinating and assessing the policies defined and approved by the Council of Ministers, for the areas of annual monitoring of budget and finance. It tracks and manages public finance expenses, which is necessary to ensure the efficient execution of Government policies.

After the formation of the new Government in February 2015, the MoF undertook a process of restructuring which led to the enactment of a new Organic Law. Responsibilities were shifted and new functions were created, all with the ultimate aim to improve MoF's service delivery and management of the public resource.

The 5 Year-Plan, which was formulated in 2015, set the base for the progression and on efforts poured into delivering better public services in 2016. Linked on its Strategic Plan, 2011 – 2030, the MoF 5-year plan has since provided a basis for the planning and monitoring of the Ministry's activities.

In 2016, focused was given on improving the core functions of the MoF, including – but not limited to - the budget planning, execution and monitoring process, the development of financial management systems, the sharing of accurate and timely financial data to all stakeholders through a transparent information framework, decentralization of functions to municipalities and autonomous agencies, and the improvement of both management practices and staff capacity. Similarly, the MoF continued in its pursuit to implement reforms in the area of public financial management (PFM) which included further enhancement of the Financial Management Information System (FMIS) used by the Government, the design of more efficient processes around expenditure execution, devolution of more responsibility and access to financial resources by line Ministries, among

others. These PFM reforms required the focus of MoF efforts to shift from the design and implementation, to training and institutionalization.

Similarly, the year 2016 also saw the implementation of a series of landmark initiatives linked to the Ministry, namely, the Performance Management, Fiscal System and Program Budgeting. These initiatives inscribe itself within the MoF's strategic framework plan as well as in the VI Constitutional Government's Programme on Macroeconomic Stability and Good Governance in the Public Sector.

This Annual Report highlights and summarizes the main activities of the Ministry of Finance that were undertaken in 2016.



2016 Economic and Financial Highlights

International Economy

The IMF is expecting global growth in 2016 to be at 3.1%¹, slightly weaker than the 3.2% witness in 2015, following the gradual recovery in oil and financial markets in the early part of 2016. While emerging markets and developing economies are expected to recover and normalize out to 2017, growth in most advanced economies remains slow. The growth picture in the emerging markets and developing economies remains diverse, but is overall projected to remain constant across 2015 and 2016 at 4.1%, before increasing more strongly in 2017 to 4.5%.²

Looking at international price levels, global inflation is projected to remain stable at 2.8%³ in 2016. Inflation in advanced economies is projected to increase slowly from 0.3% in 2015 to 0.7% in 2016 but remaining below most central bank targets, mostly as a result of the continued decline in oil prices. In contrast, commodity-exporting emerging market and

¹ IMF WEO January 2017

² Ibid

³ IMF WEO October 2016

developing economies continue to adapt to the decline in commodity prices; inflation is expected to fall to 4.5% in 2016, from 4.7%⁴ in 2015.



Domestic Economy

Gross Domestic Product

The latest actual GDP figures available for Timor-Leste are for 2014⁵; in this year, total real GDP in Timor-Leste decreased by 27.8% to \$3,033 million (in constant 2010 prices). The large decrease is attributed to the decline in the oil sector (39.9%), which dominates the economy as the volume of oil extracted decreased significantly across the year from 65.4 million barrels to 44.9 million barrels. However, given the relatively small level of employment in the oil sector, total GDP is not the best measure of economic performance for Timor-Leste. Instead, it is more useful to monitor economic performance using non-oil GDP together with a wide variety of other indicators relating to the non-oil economy. This approach provides a more accurate indication of the real impact of changes in the economy on the people of Timor-Leste.

In 2014, non-oil GDP growth significantly increased to 5.9%, up from 2.8% in 2013. The high level of economic growth witnessed in 2014 is the result of a combination of strong growth in private sector investment, household consumption and increases in Government capital expenditure, associated with the frontloading policy. Household consumption increased by 9.8%, and was aided by the low inflationary environment. This suggests that living standards continue to increase in Timor-Leste. The 17.3% growth in private sector investment shows that, in line with the Strategic Development Plan (SDP) and the frontloading policy, strong progress is being made in

⁴ IMF WEO January 2017

⁵ GDS (2016), Table 2.1, Timor-Leste National Accounts, 2000-2014

Inflation

In 2016, the inflation decreased to an average of -1.3%, leading Timor-Leste to experience deflation. This situation is the result of a strong dollar; the level of global prices for food and oil is the main reason for the low inflation rate in Timor. This price decrease in Timor is consistent with the strategy of the Government for poverty reduction, and provides the consumers and businesses ability to consume/buy more. This trend has stopped as inflation in December went back to 0.0%.

Employment

According to the Business Activity Index (BAS) 2014 (the latest available data), there were 62,200 people formally employed in Timor-Leste businesses in 2014. This represented an 8% increase since 2013. The construction sector is the main contributor to the increase in

formal sector employment, with formal construction jobs increasing by 23% between 2013 and 2014. The construction sector is the largest employer, responsible for almost one quarter of all formal sector employment.

Within the public sector, more recent data is available, with the number of Public Civil Servants reaching 36,635 in 2016. This figure represents



only a small increase (1%) on the 2015 figure, with the overall size of the government remaining fairly constant.

Government Finances

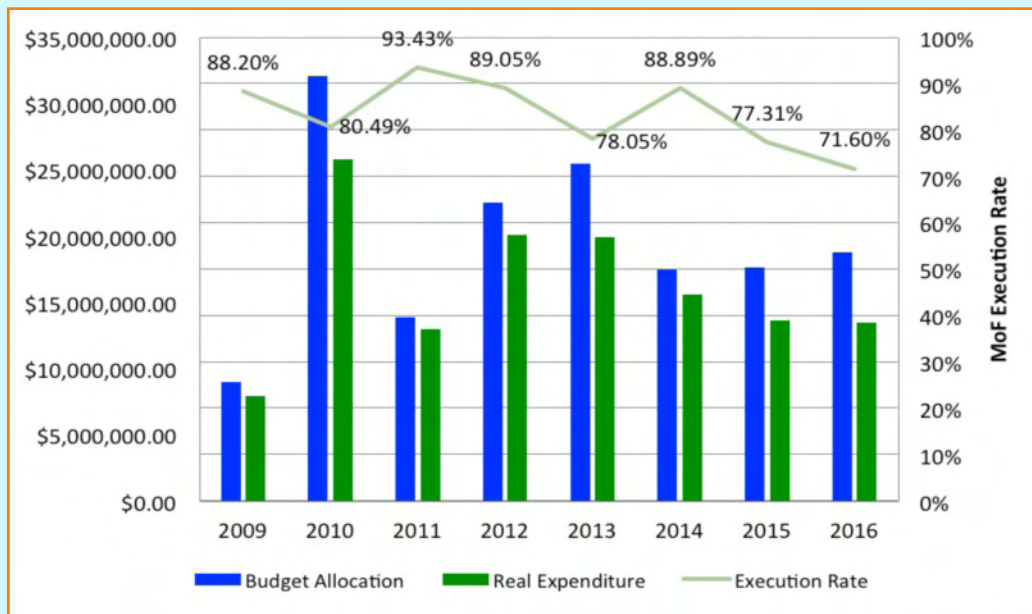
The Government remains committed to ensuring spending on policies which lead to high quality, inclusive economic growth, fiscal sustainability and effective implementation of ongoing infrastructure projects. It is committed to further increase domestic revenue, which rose by 16.3% in nominal terms in 2016 to \$198m. Domestic revenues make up the second largest source of Government funding after petroleum revenues and consist primarily of taxes, fees and charges, in particular revenue from EDTL, Government rice sales and autonomous agency revenues. These revenues are projected to increase steadily in the medium term as the Government becomes less dependent on petroleum revenues.



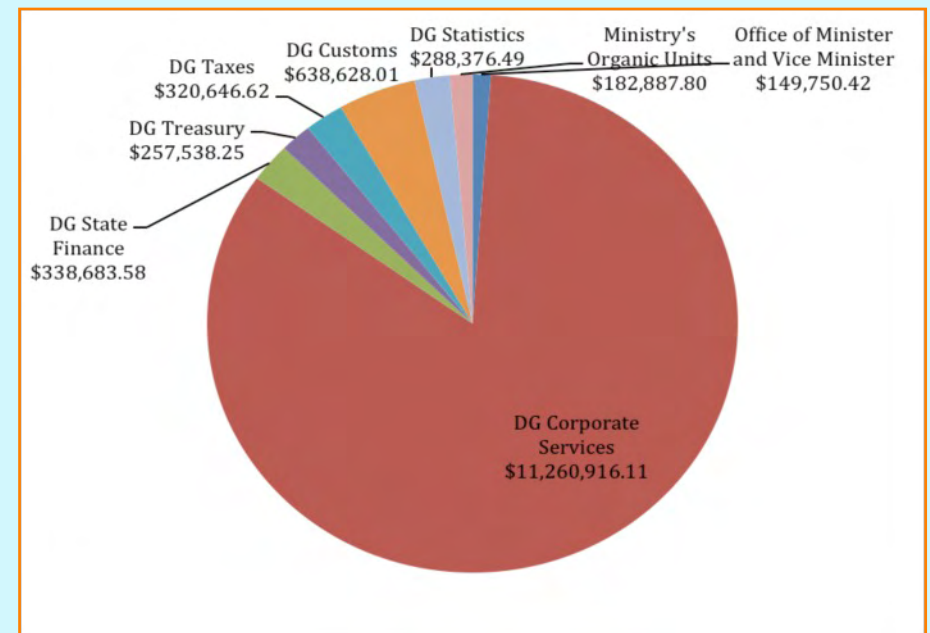
2016 MoF Budget Execution

Historically, overall execution in the Ministry of Finance has been low, primarily due to low rates of execution in the Salaries & Wages category. Whilst the data indicates that the execution rate in the MoF has decreased to 71.60% since 2015, it should be noted that the data for 2016 used in this report is not final, and this value is likely to be an underestimate of actual execution.

Graph 6 shows both the absolute level of spending and the rate of budget execution in the Ministry of Finance since 2009.



MoF Budget Expenditure by General Directorates, in 2016



DG Corporate Services is the central directorate of the MoF, and is responsible for managing the purchase of Goods & Services in the Ministry, as well as the core functioning of the MoF as a whole. Hence, as in previous years, it is the highest spending directorate by far. The high proportion of the budget spent by DG Corporate Services is a normal occurrence and this is not problematic for the MoF.

Given the size of the 2016 State Budget after rectification, which made it larger than any Budget Timor-Leste's history, the MoF is pleased that the overall rate of Budget Execution was relatively high, at 83.4%. Given the especially large size of the budget for Capital and Development in 2016, the MoF is particularly satisfied that the execution rate in this category increased from its value in 2015.

Whilst the rate of execution for the MoF as an individual ministry was lower than previous years, the MoF believes that this is understandable given the number of unusual challenges presented in 2016, as well as the ongoing work on the Budget Reform. In the long run, the MoF continues to work and reform in an effort to improve the execution and efficiency of State Expenditure further still.

As in 2016, the MoF will continue to work with UPMA to ensure that the budget is more closely linked to the national plan through a successful Program Budgeting program.

Item Code	Budget Item	Budget 2016 (\$'000)	Budget 2016 after virements (\$'000)	Actual Cash Expense (\$'000)	Outstanding Commitment / Obligation (\$'000)
61	Ministry of Finance Expenses	18,915	18,915	13,317	1,933
600	Salary	3,443	3,443	2,218	-
610	Overtime	586	586	189	-
615	Allowances	-	44	44	-
620	Local Travel	363	363	216	-
625	Overseas Travel	270	270	256	6
630	Training & Workshop	-	0	104	2
640	Utilities	809	809	862	229
645	Rental of Property	20	20	99	34
650	Vehicle Operation Fuel	373	200	255	-
651	Vehicle Maintenance	316	166	166	27
652	Vehicle Rental, Insurance & Service	-	-	-	-
660	Office Stationary & Supplies	450	450	648	5
670	Operational material & supplies	-	-	8	-
680	Fuel for generators	249	249	80	-
690	Maintenance of Equip & Building	2,457	2,457	1,300	321
700	Operational Expenses	311	271	657	10
705	Professional Services	5,946	5,923	3,930	321
706	Translation Services	439	439	138	47
710	Other miscellaneous services	2,203	2,182	1,822	343
740	Petty Cash	-	-	-	-
810	Purchase of Vehicles	622	721	159	557
820	EDP Equipment	14	147	163	4
830	Security Equipment	1	1	-	-
840	Communication Equipment	3	116	-	5
850	Other miscellaneous equipment	4	11	-	21
860	Furniture & Fittings	1	7	-	2
870	Office equipment	34	36	-	-
890	Water Equipment	-	-	-	-

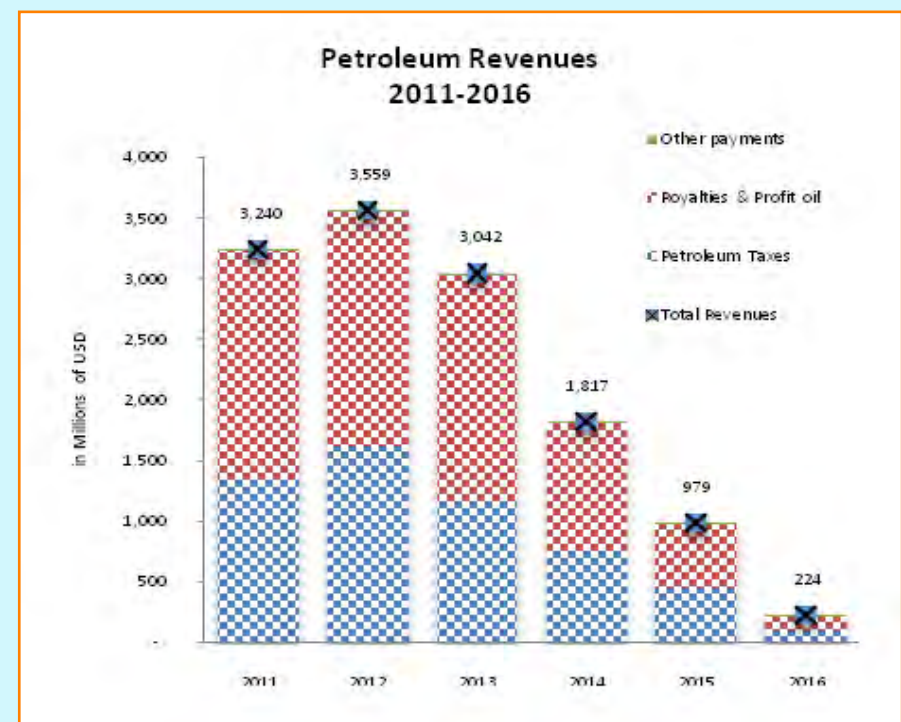
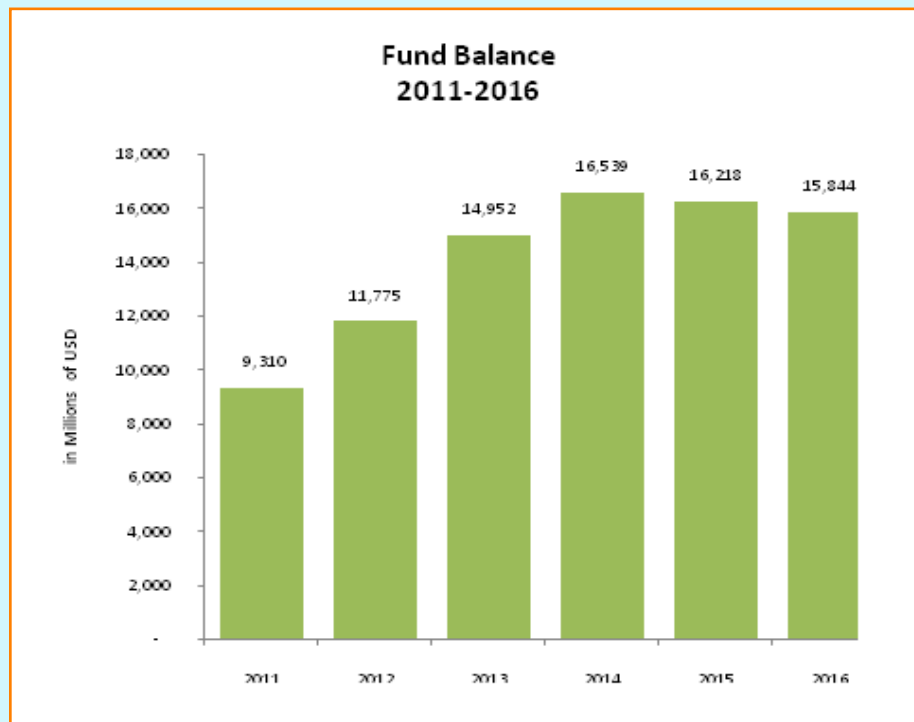
Source: Budget Book 4a / Budget Control Summary Report for fiscal year 2016 extracted from Free Balance on 23/3/2017

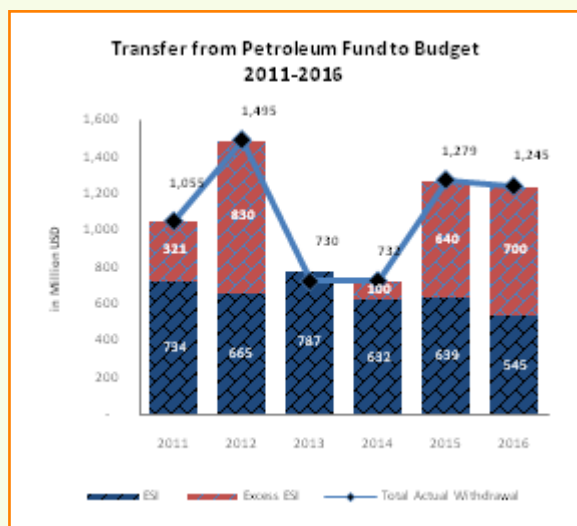
Petroleum Fund Performance

The Petroleum Fund was established under the provision of the PF Law No. 9/2015, as amended by the Law No. 12/2012 to fulfill the constitutional requirement set by Article 139 of the Constitution of the Republic that mandates a fair and equitable use of the natural resources in accordance with national interest. And that the income derived from the exploitation of these resources should lead to the establishment of a mandatory financial reserve.

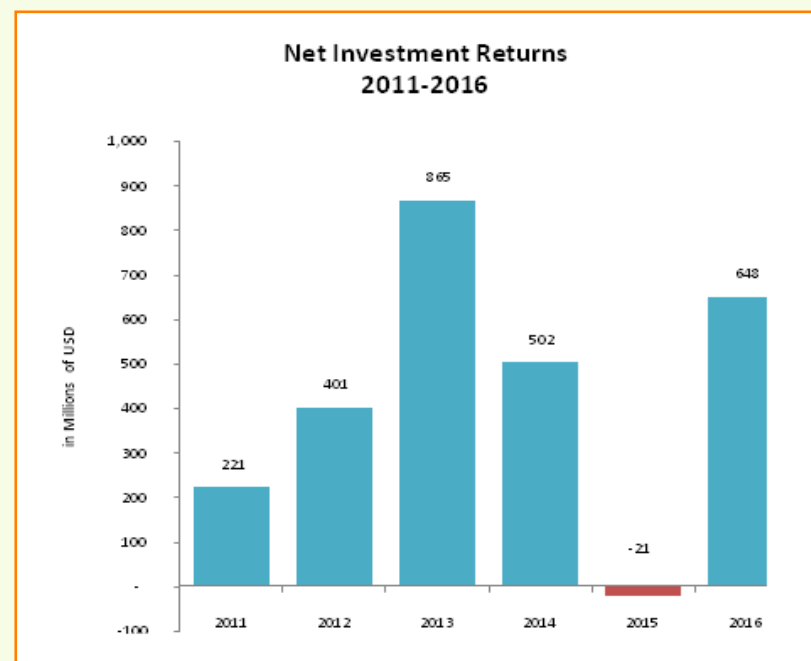
Highlights of the Petroleum Fund for 2016

- **Petroleum Fund Balance** is affected by three factors; a) petroleum revenues, b) net investment return, and c) withdrawals.
- In 2016 the Fund's value was increased by petroleum revenues (\$224 million) and investment returns (\$648 million), while \$1,245 million was withdrawn from the Fund in 2016. This resulted in the Fund's balance falling to US\$ 15.8 billion at the end of 2016. This is US\$ 373.2million lower compared to US\$16.2 at the beginning of the year.





Source: Petroleum Fund Administration Unit, MoF



- Petroleum revenue** inflows for the period 1 January to 31 December 2016 amounted to US\$ 223.9 million, comprising of US\$ 90.5 million in petroleum taxes, US\$ 127.1 million in royalties and profit oil/gas, and US\$ 6.2 million in other petroleum revenues. The falling oil price and declining production saw petroleum revenues fall to about one quarter of the revenue in 2015.
- Net Investment Return** as of December 2016 was US\$ 647.7 million, adding up to a total of \$US 3.2 billion net income since the inception of the Petroleum Fund.

Returns, as of Dec 2016	Weight (%)	Market Values (\$ billions)	Return in 2016 (%)	Return since inception (%)
Total Petroleum Fund Portfolio	100.00%	15.8	4.7%	3.9%
International Fixed Interest Portfolio (Bonds)	60%	9.5	2.4%	2.7%
International Equity Portfolio	40%	6.3	8.1%	9.0%

Source: PF Performance Report for December 2016, BCTL

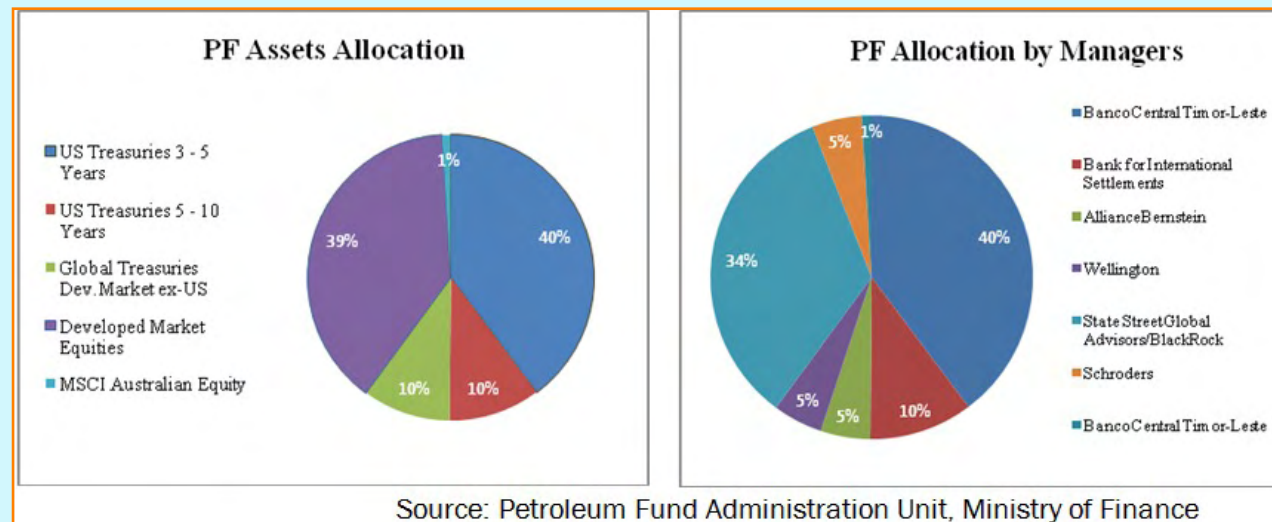
The net investment nominal return for 2016 was 4.7 per cent. Economic and political uncertainty in the first half saw sovereign bonds outperform. The outlook improved in the second half and equities recovered. The overall performance of the bond portfolio was 2.4 percent and the equity portfolio returned 8.1 percent during 2016. Since inception the annualized nominal return of the total Fund was 3.9 per cent.

- **Total Withdrawals** from the Petroleum Fund to the Treasury Account (CFET) in 2016 was US\$ 1,245. This is about US\$ 700 million above the Estimated Sustainable Income (ESI) for 2016. From the Fund's inception to the end of 2016, the Government has withdrawn a total amount of about US\$ 8.5 billion.

Petroleum Fund Investment Policy

The Petroleum Fund investment policy is based on the asset allocation and risk limits as defined in the Petroleum Fund Law as amended in September 2011. It is designed to generate an annual return that exceeds inflation by 3 percent over the long-run.

Figures below shows the Fund's strategic asset allocations by asset classes and manager structure as of December 2016.



- The Fund's assets are invested in fixed income/bonds (60 percent) and in global equity markets (40 percent). Around 75 percent of the Fund's assets are invested in the USA.
- The fixed income portfolio is composed of US Treasury bonds with maturities of 3-5 years (40 percent) managed by the BCTL and 10 percent in US Treasury with maturities of 5-10 years managed by the Bank for International Settlement (BIS).
- 10 percent of the Fund was allocated to Non-US Sovereign Bonds as of August 2013. This mandate invests in investment grade government bonds of developed countries such as the UK, Germany, Japan, Canada and Australia. The primary objective of this mandate was to diversify and reduce the Petroleum Fund's concentration in US Treasuries. This is equally managed by Wellington and Alliance Bernstein.
- The equity portfolio allocation was reached in June 2014. The portfolio, which is benchmarked to MSCI World-excluding Australia, is managed by Schroders (5%), SSGA and BlackRock (17% each). In June 2016, the Minister of Finance approved the recommendation from the Investment Advisory Board (IAB) for BCTL to expand its operation by passively managing the MSCI Australian index, which represents about 1 percent of the Fund's investment. The mandate was implemented in July 2016.

Equity portfolio was diversified across more than 1,000 companies at the end of 2016.

- In 2016, there were four major works related to the Fund's investment strategy:
 1. An independent review of the BCTL's preparedness to internally manage equities;
 2. The decision to diversify the equity portfolio by introducing an equity factor mandate;
 3. A review of the Fund's asset allocation and objectives in light of changes in the Fund's environment (declining petroleum revenues; projection of continued, higher future withdrawals; and an associated shortened investment horizon);
 4. Liquidity management to match withdrawals to finance the State Budget.

Information Session

The PFAU together with the IAB and BCTL organized a series of information sessions to the members of the VI Constitutional Government, members of the National Parliament, representatives of civil society and university students and General Directors and National Directors of the public service in 2016.

The main objectives of these information sessions were to share with the participants the important role played by the Petroleum Fund in the Timor-Leste national development process and issues faced by the Fund. Two main topics were discussed; (1) update on the Petroleum Fund investment strategy and performance and (2) revisiting the Fund's investment strategy and objectives in light of a declining Fund balance.



Customs Service Performance

Legal Framework

The new customs code was completed, compiling the 6 existing Decree-Laws that regulate customs service. It was approved by the Council of Ministers and is currently awaiting promulgation by the President. The organic structure for the Customs Authority is also awaiting promulgation. The draft Harmonised System Code 2007-2017 is being finalised in order to be submitted to the Council of Ministers for review and approval.

Flow charts, SOPs and policies were drafted in order to implement the new code once it is promulgated and entered into force. Policies and procedures, as well as control and reporting methodologies and methods, were drafted for establishing the Heineken brewery.

Human Resources

Training to Customs staff was provided in the areas of tariffs and valuation, risk management, intelligence, inspection and several others. Current Customs brokers who meet the requirements set by law and comply with the recommendations by the World Customs Organisation are being formalised and made official. National and international trainers provided training to Customs brokers, so as to ensure that the customs code is implemented in a responsible manner.



The evaluation record was launched in February 2016. The pilot focused on three official brokers, namely SVD, LEA and Naroman, who have large client numbers. The implementation met with significant success, with the Private Sector stating that this new process truly makes trade easier. The justification for reengineering the programme concerns the time release study (TRS), which featured an improvement from 2015 (4.19 days in the green channel and 5.27 days in the red channel) to 2016 (1.37 days in the green channel and 2.27 days in the red channel).

In terms of cooperation with donors, Directorate General of Customs (DGC) received support from the International Finance Corporation (IFC) for training and the drafting of the new Customs Code and Harmonised System Code. The World Customs Organisation also assisted DGC in building the capacity of its human resources. The WCO also sent a mission to Timor-Leste in order to discuss and identify capacity building needs and to draft plans and set priorities to meet those needs.

Also in 2016, the DGC conducted an official visit to Bea Cukai (Customs) in Indonesia and sought to explore opportunities and to discuss possible bilateral cooperation between the two Customs Administrations in the areas of capacity building, human resources, training maritime patrols, including the respective training packages, land border cooperation, and others. The visit was very productive and both parties are presently drafting a protocol in their respective areas prior to formal discussions and negotiations leading to the signing of the protocols.

System

Presently, the DGC uses ASYCUDA ++ (A++). However, an agreement was signed with the Ministry of Finance in July 2013, supported by UNCTAD, seeking to design a Pilot Programme for upgrading A++ into ASYCUDA World (AW). The programme is divided in three stages; 1) Prototype; 2) Implementation; and 3) Roll out. The prototype was 95% completed, featuring visits by 3 missions that completed their reports containing implementation recommendations. Training on the manifest was provided to the project's National Team, Customs Brokers and Shipping Agencies.

AW will start to be implemented on 1 April 2017.

Infrastructure

In order to facilitate customs clearance and trade, the government created the necessary conditions enabling A++ and subsequently AW to work effectively at the Port, Airport, Dry Port and Land Borders. The government also invested in the new Tibar Port through a PPP (Public Private Partnership), signed a contract with *Bolloré Transport & Logistics*, the company which won the contract to build the Tibar Port, in order for them to start construction work in October 2017. Additionally, the Ministry of Finance also signed a contract with *Bernabad*, the *Architecture and Urban Planning firm that was awarded the tender for the engineering design of the Customs House in Dili*, in order to start the design for the Customs House. All these investments seek to create conditions for providing services, facilitate trade, increase revenue and prepare Timor-Leste's membership in ASEAN.

The reforms carried out at the DGC which focused on the four pillars of harmonising Customs Decree-Laws, reengineering the programme, modernising the customs process, implementing the AW pilot, developing human resources through national and international training actions provided by other members from Regional Customs Organisation, Oceania and the World Customs Organisation, yielded positive results.

Such positive result can be seen by comparing the outcome of the TRS with that of the previous years. Indeed, Customs recorded a steady increase in revenue, particularly in 2016. More precisely, Customs collected a total of 77.4M, which represents 10M more than in the previous year. This figure includes the Special Zone for Social Market Economy (ZEEMS, in Portuguese) of the Autonomous Region of Oecusse.



Revenue Collection Performance

The Directorate General for Revenue (DGR) is mandated to manage and administer the collection of taxes such as Income tax, Services tax, Wages tax and some other types of taxes and other financial contributions destined to increase Timor-Leste's revenue.

Domestic Revenue:

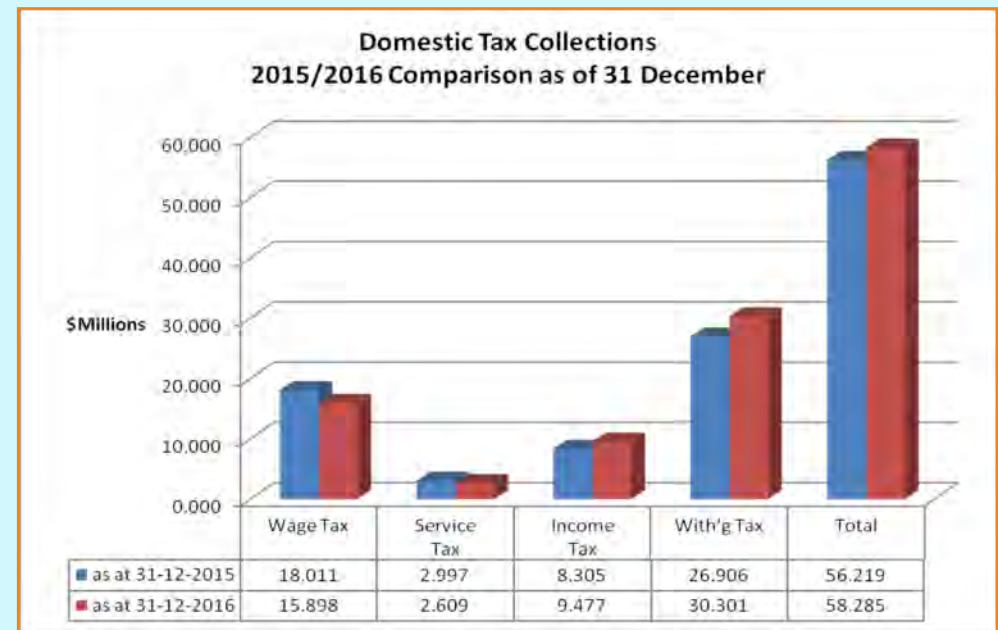
As shown on the left side of the bar chart, the overall total collection from Domestic Revenue in 2016 tax year has increased from US\$ 56.216 million to US\$ 58.285 million comparing to the previous tax year. This amount is expected to increase once Domestic taxpayers will pay the residual Annual Income Tax at the end of March 2017. This increment of 3.5% regarding the 2016 collection figures is a result of the changes made to the organic of the DGR structure which led to a more effective management of revenue administration with specific focus on the tax collection enforcement of domestic taxpayers' debts.

Routine Tasks:

- a. **Taxpayer Re-registration** – During 2016 tax period, the DGR's registration department continually conducted re-registration processes regarding new and existing taxpayers which resulted in the registration of 24,363 active taxpayers (green flags) and 46,312 inactive taxpayers (red flags).
- b. **Accounting** – During 2016 tax year, the accounting department of both National Directorates (Petroleum and Domestic) processed, captured and reconciled tax payments in the total amount of U\$ 87.424 million regarding Petroleum Revenue and U\$ 58.285 million regarding Domestic Revenue.
- c. **Audit** – Within the 2016 fiscal year, DGR concluded through its Audit Unit 13 Tax Audits which resulted in: 7 tax assessments issued in result of audits carried out by Local auditors and of 6 assessments issued in result of audits carried out by Moore Stephen (external auditor) in relation to Domestic taxpayers. In relation to Petroleum taxpayers, the audit activity is still being conducted by CRA due to the complexity of oil and gas transactions.
- d. **Appeals** – In relation to the 80 tax appeals submitted by taxpayers in 2015: 30 cases are closed, 19 withdrew, 29 are still being analysed and 2 cases are in the process of being finalized.

During 2016 tax period, 29 tax appeals were submitted by taxpayers: 12 cases are closed, 3 withdrew, 13 are still being analysed and 1 case is in the process of being finalized.

- e. **Collection** – The tax revenue collection budget for 2016 tax period derived from two sources as set out in details below:



Petroleum and Minerals Revenue

As seen on the right side of the bar chart, approximately US\$ 87.424 million were collected from petroleum tax revenue during the period of January to December 2016. The overall total Petroleum collection figures have decreased from US\$ 461.203 million to US\$ 87.424 million comparing to the previous tax year. The 81% collection decline in 2016 is a result of the globally decline in oil price and the assessment of the actual income tax liability of some contractors which revealed itself to be lower than the estimated income tax liability regarding 2014 and 2015 tax year. Such assessment (which determined that the contractors made tax overpayments) resulted in tax credits which had to be granted to the contractors.

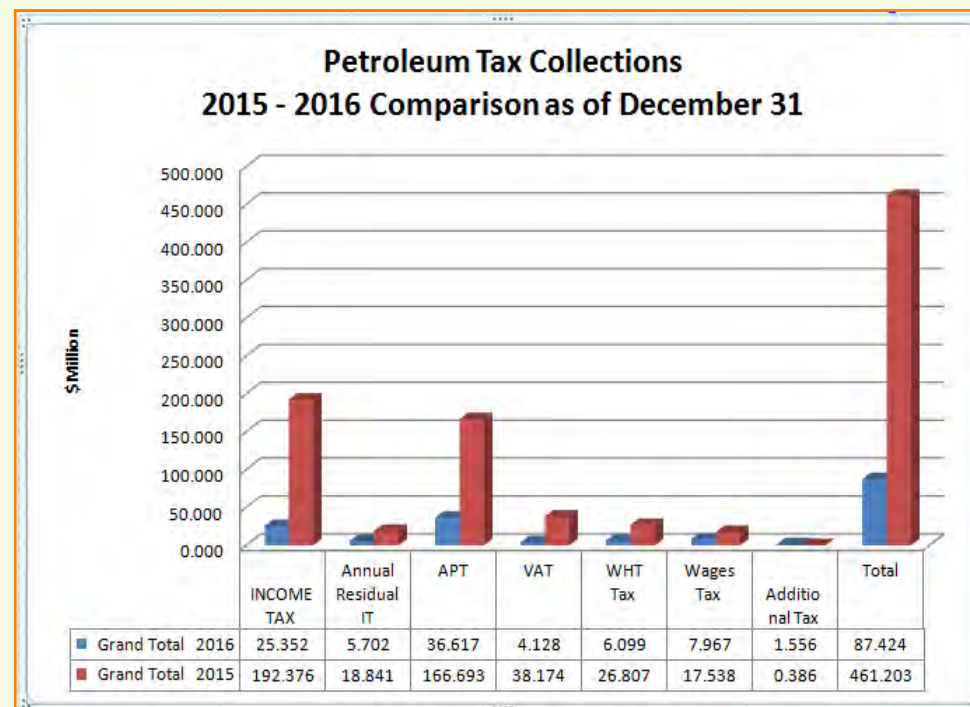
Consequently, the contractors offset those 2014 and 2015 tax credits against their 2016 Income tax liabilities. This offset situation may continue to occur in 2017 tax year, since some of the contractors' overpayments have not been totally offset yet.

Fiscal Reform

Fiscal Reform has been defined as one of the priority programs of the VI Constitutional Government. Since the inception of the Fiscal Reform Commission (FRC) in the early part of 2015, DGR has involved and taken part in the process of such reform by contributing with its technical opinion on the weaknesses of the tax administration system and on the loopholes of the existing tax laws and regulations. As such, DGR has taken part in the process to amend the Taxes and Duties Act (TDA) approved by Decree Law No. 08/2008, to create a new Tax Procedure Code (currently regulated by UNTAET Regulation 2000/18) and to create the new VAT Law which will then replace the Services tax.

During 2016 fiscal year, DGR has conducted several main programs/activities in order to support the targets of the Fiscal Reform Commission, such as:

- Implementation of the changes made by the DGR's new organic structure which resulted from MoF's new Organic Law (Decree Law No. 38/2015, 7 October);
- Participation on the meetings, presentations and discussion of the policy for the new proposed TDA and VAT Law, contributing with its technical opinion and know how information during the process of drafting of the abovementioned laws;



- Feedbacks, comments and suggestions to the improvement of the new proposed TDA draft.
- Participation and contributions for the designing of the Strategic Plan in order to improve the efficiency and effectiveness of tax administration system.

For more on the Fiscal Reform, see *A Note on other MoF Initiatives Undertaken in 2016* section in the Report.

Treasury Work Highlights

During 2016, the Directorate General of Treasury (DGT) has effectively performed its mandated functions by assigning responsibility to National Directorates for the following operational areas:

- **National Directorate of Payments** – to manage all payment, payroll and advances functions for Whole of Government
- **National Directorate of Accounting and Financial Regulations** – to handle financial reporting, establish and provide compliance of financial regulations, cash & debt management and supervision of autonomous agencies
- **National Directorate of Financial Deconcentration** – to manage and guide the gradual hand over of financial management and reporting responsibility to the district level through the creation of District Treasuries, while supporting the distribution of social welfare and grant payments nationwide.

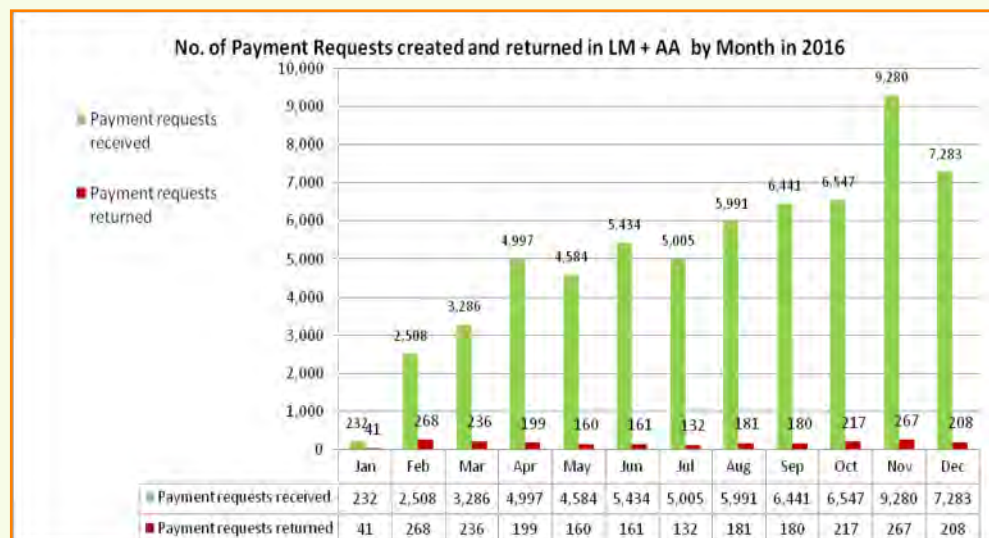
National Directorate of Payments

Key Activities of the National Directorate of Payments were:

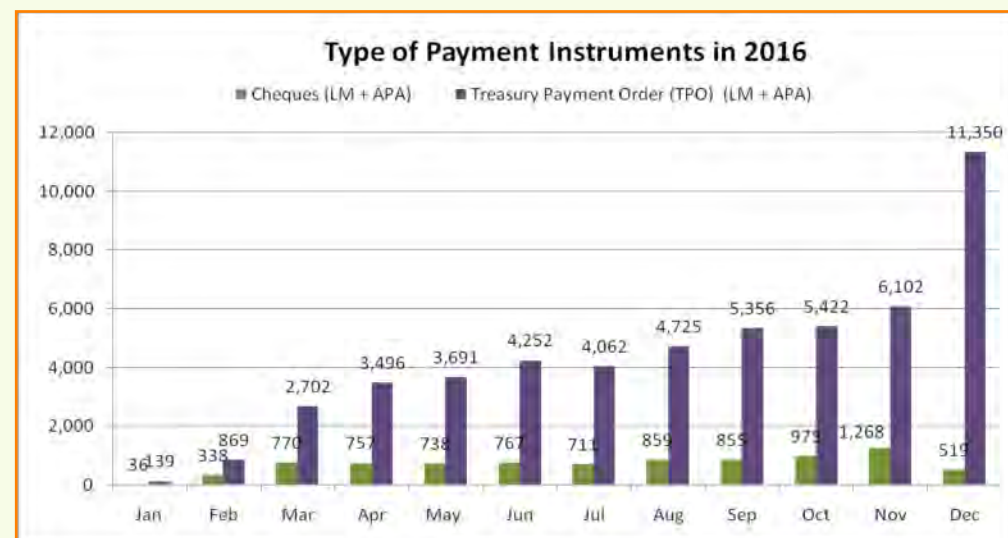
Activity	Volume
Permanent Staff paid through payroll	33,385
Casual Staff paid through payroll	5,725
Payroll variations processed	112,396
Veterans paid	27,742
Elderly & invalids paid	94,723
Members of national Parliament paid through payroll	60
Members of Government paid through payroll	37
Pension holders including public servants paid by Payroll	909
Payment requests processed	61,588
Cheques & treasury payment orders (TPOs) issued on payment requests	60,759



While payroll, social benefit and pension payments are processed and paid on a regular basis during the year, the processing of Line Ministries and Autonomous Agencies' payment requests tends to increase dramatically in the final quarter of the year as illustrated in the graph below:



In 2016, 100% of Procurement Payments, 100% of Social Benefit payments and 98.82% of Payroll payments were processed through TPOs. As of this writing, 4.37% of payments, mainly direct and advance payments are made through cheques as illustrated in the graph below:



The goal of the National Directorate of Payments is to fully replace cheques with Treasury Payment Orders (TPOs) as payments being made to the right vendor through electronic TPOs and less risk of loss come with higher level of security. The next stage is to increase TPO coverage for direct and advance payments.

Some of the key reforms and improvements in the National Directorate of Payments in 2016 include the following:

1. Payment procedures trainings were delivered to all Autonomous Agencies (AA) In January 2016 for the decentralization of payment functions to AA.
2. Expense Voucher (EV) creation procedure training was delivered to all Line Ministries (LM) in February 2016 for the decentralization of EV creation function to all LM.
3. Complete payment functions were decentralized to all Autonomous Agencies on 1 February 2016.
4. The EV creation function was decentralized to all line ministries and agencies on 1 February 2016.
5. The MoF IS unit, FreeBalance team and DG Treasury team provided continuous technical supports and assistance to all line ministries and autonomous agencies for the successful implementation of the decentralization of payment processes and EV creation. As instructed by the Prime Minister, Fact, Figures and Issues of Payment Monitoring in 2015 were presented to the Council of Ministers Meeting on 9 March 2016.
6. The Advance Payment Management Department of the National Directorate of Payment (DNP) provided on-the-job trainings to the Autonomous Agencies on how to prepare and approve Journal Vouchers of 2016 Advance payment Acquittal Reports in the GRP/FreeBalance system.
7. The Treasury Payment Monitoring Report for the month of March, June and September 2016 in English, Tetun and Portuguese were distributed to all Members of Government through the Media Office of the Prime Minister's Office.
8. The Payroll Department of Treasury has provided Payroll Data Entry Function on-the-job training to the five Pilot Ministries and Autonomous Agencies in August and September 2016.

1. The National Directorate of Payments delivered the following functional procedure trainings to the Finance staff of the Municipalities in August 2016 as part of the preparation of payment function decentralization to (12) Municipalities:
 - Payment procedures
 - Advance payment and acquittal report procedures
 - Payroll procedures
2. The submission of 2016 Payment Requests (PRT) was closed on 16 December 2016, but based on the approval by the Prime Minister's office, PRT functions for some line ministers were reopened from time-to-time until 31 December 2016. All 2016 Accounts were successfully closed on 31 December 2016.

National Directorate of Accounting and Financial Regulations

Key activities performed by the Directorate and achievements in 2016 include the following:

- Preparation and submission of quarterly Budget Execution Reports to Members of Government and National Parliament in accordance with existing Legal Requirements
- Regular meetings with the Central Bank of Timor-Leste to ensure payments are processed promptly, revenues are correctly coded and cash balances in CFET, Infrastructure and Human Capital Funds are adequate but not excessive.
- Decentralization of Public Financial Management to 32 Autonomous Agencies
- Monitoring visits to Autonomous Agencies and a Monitoring Report was produced and sent to all Autonomous Agencies and Tutelage Ministries
- Training on accounting and reporting was provided to all Autonomous Agencies and Municipalities prior to PFM decentralization.
- Advisory role provided timely and adequately to all Line Ministries and Autonomous Agencies.
- Development of Financial Regulations in relation to Treasury, Budget, Asset Management and Financial Reporting to provide legal backing to Treasury operations and governance controls as detailed in the Treasury Manual. A draft Treasury Manual is available and planned to be socialized to Government Institutions in the following fiscal year.
- Bank reconciliation of all government account was performed in a timely manner.
- 90% of all loan transactions (ADB, WB & JICA) for the FY 2016 recorded into the FreeBalance system & Treasury DMU excel file.
- All loan withdrawal applications (WB, ADB & JICA) for the FY 2016 were submitted by MPS & PMU verified, approved and sent back to PMU & to the lenders.
- Cash flow forecast for fiscal year 2016 was prepared on a monthly basis in the cash flow Forecast records.
- Actual cash flow movement was updated on a monthly basis in the cash flow Forecast records.
- In collaboration with PPPLU, The Escrow Account agreement was successfully negotiated and signed by both MoF and Bollore.
- Prepared and sent out to the UOB Singapore, PPPLU & Bollore the instruction for Fixed Deposit Placement Escrow account Schedules.



National Directorate of Financial Deconcentration

Highlights of the activities of the Directorate during 2016 have been:

- In March 2016, in cooperation with the Information Systems unit (IS Unit), logistics, and National Directorate of Budget (NDB), NDFD completed the municipalities system analysis (identified Human Resources, operational system management of financial information should be efficiency, space for work-station), identified policies and procedures as Standard Operating Procedures (SOPs), and completed an Readiness Assesment report for 11 Municipalities.
- In May 2016, in cooperation with PFMCBC, NDFD completed the first diagnostic tests in numeracy for 315 staff MoF from municipalities and the results were presented and recommended to the Ministry of State Administration to select competent staff to assume the responsability of operating the GRP system and PFM tasks.
- In November 2016, NDFD coordinated with PFMCBC to complete the second phrase of the basic numeracy tests, for the MoF staff and Line Ministry in 12 Municipalities.
- In August 2016, NDFD coordinated with ISU-MoF to provide training to MoF and MAE staff in 12 municipalities in the following areas:
 - Financial Module
 - Procurement and Contract Management Module
 - Treasury Management Module
 - Payment procedures
 - Advance payment and acquittal procedures
 - Payroll procedures
 - Revenue management, bank reconciliation, accounting and reporting Procedures.
- NDFD represented the MoF as a permanent program working group (PPWG) for decentralization
- NDFD created a chapter for the municipalities in the 2016 Treasury Manual.
- NDFD finalized and completed the Readiness Report 2016



The main activity for the preparation and implementation of the decentralization policy was completed in 2016. NDFD also completed assesments on the Government's decision to change its policy regarding the establishment of a treasury in all municipalities. Meanwhile, the first training for the municipalities was conducted in 2016 and the second stage will be performed between January and February 2017. Also in 2017, NDFD / DG/T is focused on providing assistance to the MoF staff in the Municipalities through monitoring, looking directly into the execution process at the municipal level. In 2016, DGT also performed assessment in all the Autonomous Agency to measure their ability in budget execution, after that MoF and APA's staffs attended training at the MoF.

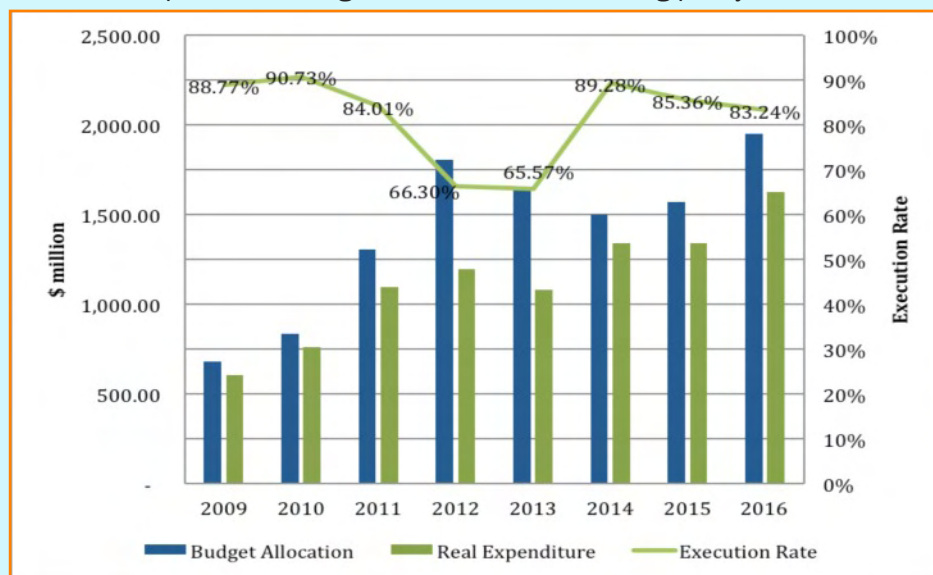
State Finance Performance

This summary report reflects the planned activities of the four (4) national directorates (DN Economic Policy, DN Whole of Government, DN Budget, and DN State Assets Monitoring and Management), which compose the Directorate General of State Finance, in the year 2016. Each national directorate describes briefly their results and findings, the challenges they encountered, the best alternative they found to resolve the problems that arose, and the recommendations that were made accordingly.

DN Budget

The MoF is responsible for monitoring overall state expenditure, and for providing more detailed analysis of individual State Institutions every quarter. Following this, the Ministry informs institutions on their rate of budget execution among other things, in order to ensure that State Institutions have the chance to adjust execution rates accordingly.

Graph 1 shows the execution of the General State Budget from 2009 to 2016, both in absolute terms and as a proportion of the overall budget. It shows that the State Budget for 2016 was higher than it has been at any point over the last eight years. This was due to the Rectification Budget that was passed in 2016, and the pursuit of the government's front-loading policy.



Graph 1- General State Budget Execution, 2009-2016

Through the Budget Journey

The MoF is responsible for the monitoring of public finance expenses, which is necessary to ensure the efficient execution of Government policies.

Formulation of the General State Budget

Article 145 line 1 of the Constitution of the Democratic Republic of Timor-Leste states that it is the responsibility of the Government to prepare the General State Budget which can subsequently be approved by the National Parliament. The Government, through the Ministry of Finance, is responsible for the preparation of the General State Budget – and any Rectification Budget – which is then considered by the Budget Review Committee. The final proposal is then submitted to the Council of Ministers for approval. The steps for the formulation of the General State Budget are as follows:

Preparation Phase

Between March and May, the Ministry of Finance coordinates with all relevant institutions to gather data and information, in order to calculate the fiscal envelope that will be considered by the Minister of Finance and presented to the Government Members during the *Jornadas Orcamentais* (formerly known as the “Yellow Road Workshop”).

During May and July, the Council of Ministers holds an extraordinary meeting to consider the fiscal envelope and national priorities. Over the same period, the Ministry of Finance delivers the relevant fiscal envelope to State Institutions so that they can prepare their budget submissions, supported by technical staff from the Ministry of Finance. Based on the analysis of the budget submissions, the Ministry of Finance then produces a green book (“Pasta Verde”) that is used to assist the Budget Review Committee during budget consideration.

Consideration Phase

Between August and October, the Budget Review Committee holds discussions with the State Institutions on the proposed budget in order to agree the final General State Budget. From these discussions, the Ministry of Finance prepares the Budget Law, the Justification paper, and all the relevant Budget Books that are submitted to the Council of Ministers for consideration and approval. Over this period, the Ministry of Finance is responsible for the quality control, translation and printing of documents.

Approval Phase

Between October and December, the Government presents and submits the General State Budget documents – budget law, justification paper, and Budget Books 1-6 – to the National Parliament. National Parliament Commission C then determines the timetable for the Government's budget presentation. According to this timetable, government members are presented at the plenary to debate the General State Budget in both general and specific terms. There is also a meeting between the legal and executive parties to reach a consensus and subsequently obtain budget approval. Once the budget is approved, the government technical team and Commission C make any necessary adjustments, either on numbers or text, to the general state budget law, prior to submission to the President of Republic for promulgation.

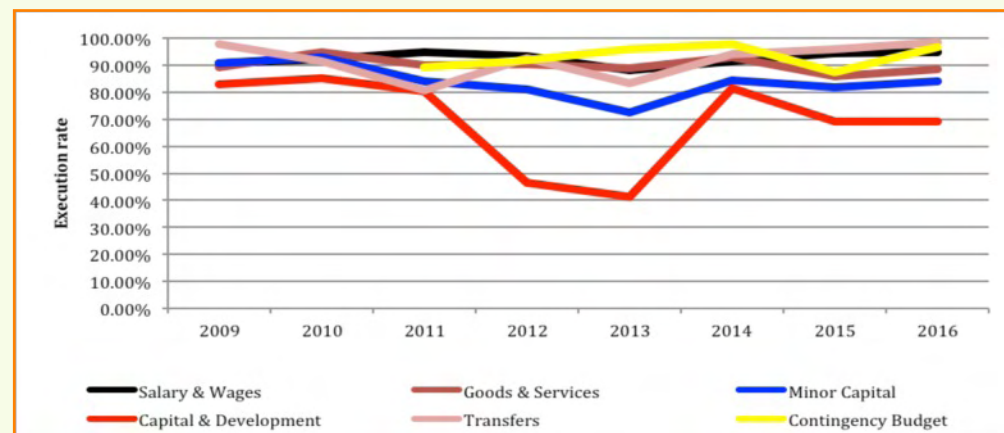
Despite the large size of the 2016 budget, the execution rate remained high, at 83.24%. Whilst this represented a slight decrease from the rate of 85.36% observed in 2015, that rate was achieved with a relatively smaller overall budget allocation. In comparison to the second and third largest previous budgets – 2012 and 2013 – when the execution rate was only around 66%, 2016's execution rate is impressive.

The Graph below presents General Budget Execution by Category from 2012 to 2016. This shows that most money has been spent on Capital & Development over the last 5 years, with Goods & Services just below this. The high level of capital expenditure is in line with the government's front-loading policy and reflects the need to invest in basic infrastructure.



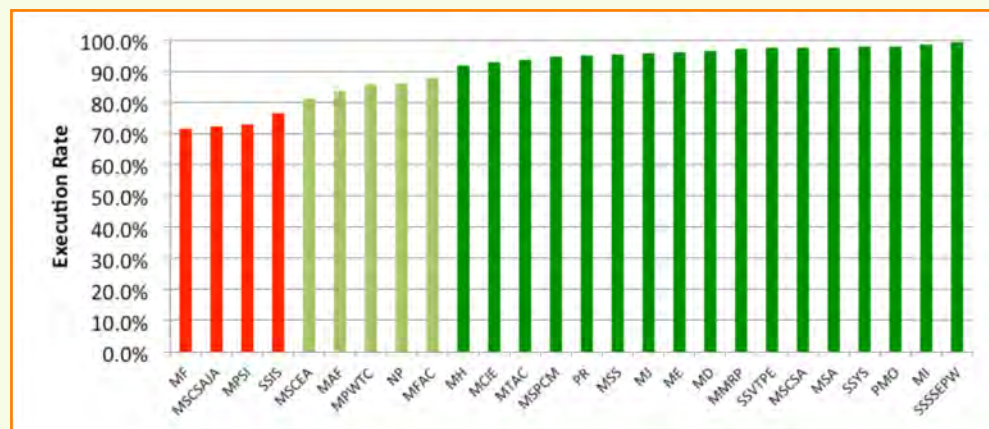
Graph: General State Budget Execution by Category, 2012-2016

Despite a high absolute level of spending, the execution rate for Capital & Development has consistently been lower than any other category, as shown in Graph 3. Given that the 2016 budget allocation for Capital & Development more than doubled from 2015, the MoF is pleased that its execution rate increased slightly this year, to 69.08%.



Graph: Execution rate by category, 2009-2016

The Graph below shows the 2016 overall annual execution rate for all 19 Line Ministries, as well as 4 State Secretariats, the Office of the Prime Minister, the Office of the President, and National Parliament.

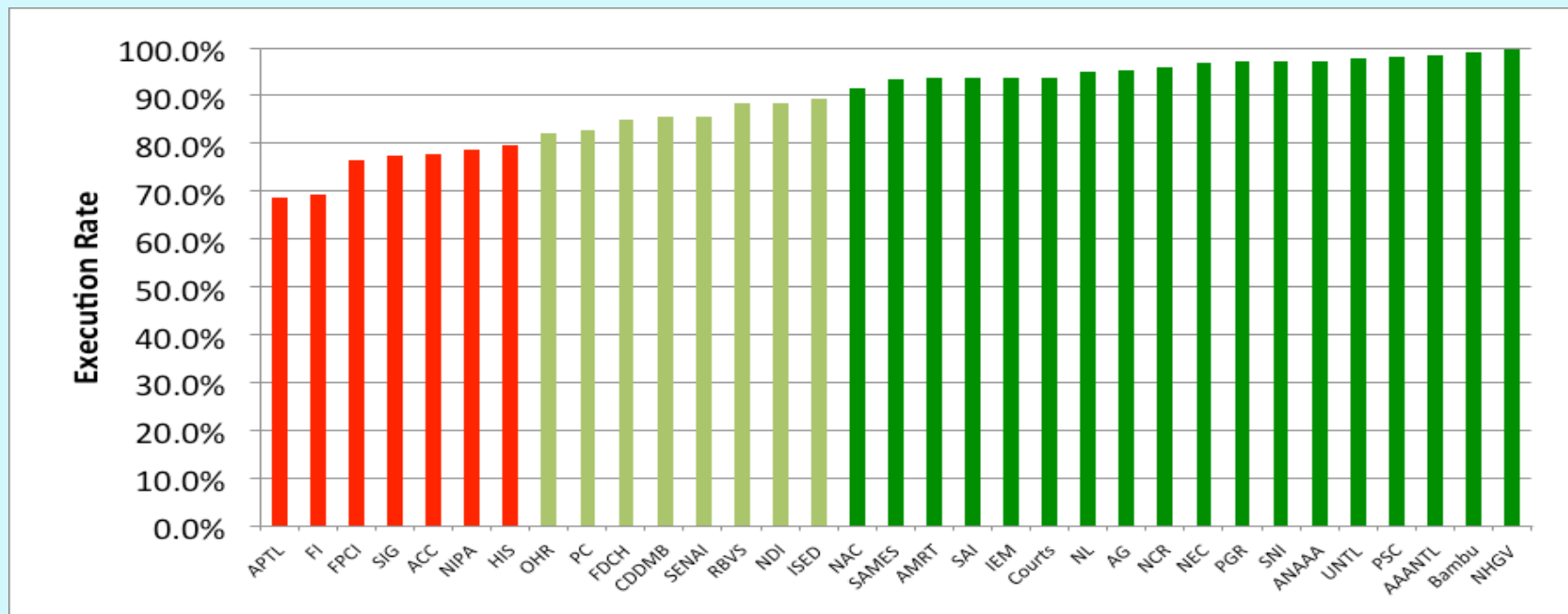


Graph: Budget Execution for Line Ministries, State Secretariats, Office of PM, Office of President, and National Parliament, 2016



Whilst four institutions attained an execution rate of 70%-80%, the rate of execution across the board was generally impressive, with 17 institutions spending more than 90% of their budget allocation throughout the year.

The Graph below shows the execution rate for the 33 remaining government entities and autonomous agencies.



Graph: Budget Execution for Autonomous Agencies, 2016

The execution rates from the remaining public entities were also positive, with the majority of institutions achieving an execution rate over 90%, and only 7 entities spending less than 80% of their budget allocation.

DN Economic Policy

The main results achieved by DNPE according to the service plan and program for 2016 are demonstrated by the Key Performance Indicators (KPI). The present document only presents the key achievements of DNPE in 2016.

In 2016, DNPE continued to make effective contribution to the preparations of the General State Budget, most notably in assisting in the organization of the Budget Journey, the preparation of Budget Book 1 and through participation in budgetary discussions and debates. Furthermore, DNPE has taken on a greater role in assessing investments in Timor-Leste, broadening its capabilities to conduct Cost Benefit Analysis, ensuring well informed decision making.

The IMF Article IV mission for 2016 ran smoothly; with the support of DNPE, the IMF mission team was able to meet with Ministers, senior officials, Members of Parliament and development partners, publishing their report in June 2016.

In 2016, DNPE started producing bi-annual updates on the international economy, alongside the routine quarterly inflation bulletins and fiscal bulletins on the “General Financial Statistics (GFS)” and “Chart of Accounts (COA)”, illustrating the growing capacity of the Directorate. This can also be shown through the development of Debt Sustainability Analysis within the Directorate, enabling the Ministry of Finance to accurately assess and monitor debt levels in Timor-Leste. Non-oil GDP and revenue forecasts were once again produced by DNPE and included within Budget Book 1.

Throughout 2016, DNPE worked with the Directorate General of Statistics to quality assure the poverty statistics from the Timor-Leste Standards of Living Survey (TLSLS) and ensure timely publication. DNPE also developed a new tool for monitoring Timor-Leste’s position in international indices including Doing Business, Human Development Index and Global Competitiveness Index, to ensure that the Ministry is monitoring progress on an international scale.

WHOLE OF GOVERNMENT NATIONAL DIRECTORATE.

National Directorate of Whole of government's Roles is defined by the decree Law no. 44/2012 as follows:

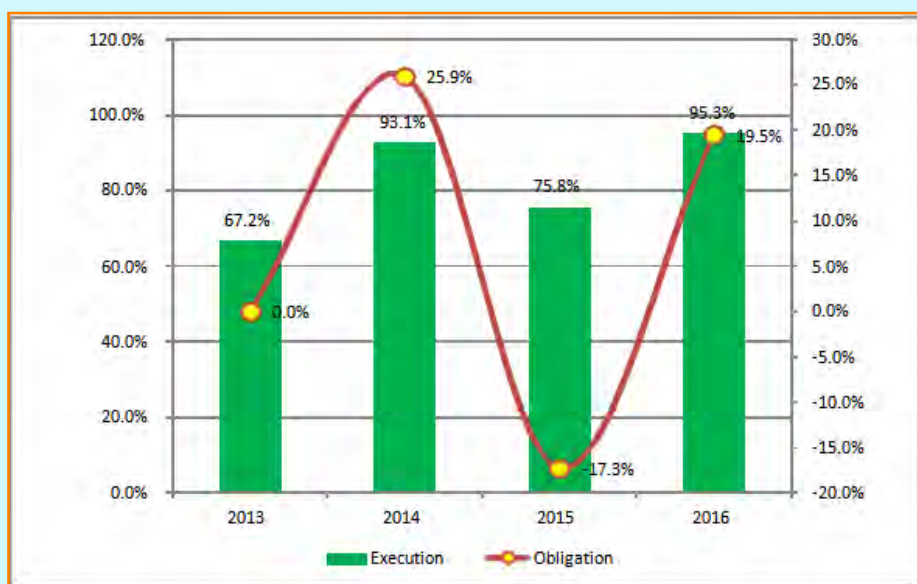
- (a) Manage the handling of proceedings for the attribution of monthly pensions and other benefits to holders and former holders of sovereignty bodies until actual payment;
- (b) Monitor the requests by the further Ministries and Secretaries of State concerning transfers from the State General Budget (SGB)’s contingency reserve;
- (c) Manage the other monies inscribed in the SGB and allocated to the Whole of Government, including, inter alia, goods procured for all public entities, payment of memberships in international organizations and conduct of external audits.

The table on the right presents the execution percentage for each budget item.

Num	Budget Item	Category	2013	2014	2015	2016
1	Contrapartidas	BS	98%	91.2%	54.5%	78%
2	Auditoria Externa	BS	99.3%	80.9%	68.8%	82%
3	Reserva Contingência	BS	79.3%	98.6%	76.8%	100%
4	Quotas Membro Instituições Internacionais	BS	22.5%	93.1%	33.5%	66%
5	Pensoes Ex-Titulares e Ex-Membros OS	TP	93.4%	55.0%	62.9%	95%
6	Serviços Postu Integradu Fronteira	BS/KM	7.4%	75.3%	70.9%	60.8%
7	Kontribuisaun Instituisaun Karakter Sosial	TP	97.9%	37.5%	81.1%	0%
8	Provisao para G7+	TP	87.3%	100.0%	100.0%	100%
9	Provizaun ba Telekomunikasaun Liberalizasaun	BS	0%	0.0%	0.0%	0%
10	Sevisus Registraun no Verifikasaun Empresarial	BS	0%	30.7%	0.0%	0%
11	Provizaun ba Impaktu Regime Espesial	BS	0%	0.0%	0.0%	0%
12	Sekretariadu Grandes Projetos	BS	0%	89.1%	0.0%	0%
13	Provisao para Servicos Legais	BS	100%	99.8%	97.9%	99%
14	ACTL	BS	100%	0.0%	0.0%	0%
15	ARAEAO no ZEESM	TP	0%	0.0%	0.0%	100%
16	Pensoes do Regime Contributivo	TP	0%	0.0%	0.0%	100%
17	CPLP	BS	0%	96.0%	48.3%	36%
18	Apoio Financeiru Internacional	TP/Kont	0%	83.9%	100.0%	64.5%
19	Programa Estatistika	BS	0%	93.2%	91.5%	79%
20	Diagnostikus Rekursus Humanos	BS	0%	0.0%	17.8%	0%
21	Fiskal and Macroeconomic Legislation Debate	BS	0%	0.0%	9.4%	0%
22	Reforma Fiscal, Reforma Jestaun Dezempeñu no Reforma Desempenho Orsamentu	BS/KM	0%	0.0%	0.0%	36%
23	Capitalização BCTL	TP	0%	100.0%	100.0%	100%
24	Provizaun Casa de Saber	TP	0%	0.0%	0.0%	0%
25	Provizaun Sentru Paz no Rekonsiliaasaun	TP	0%	0.0%	0.0%	0%
26	Provizaun do Konseihu Veteranus	BS	0%	0.0%	0.0%	0%
27	Parcerias Publicas Privadas e Empréstimos	BS	0%	0.0%	59.2%	74%
28	Offina de Manutenção de Veiculos do Governo	BS/KM	0%	0.0%	35.1%	79.1%
29	Provizaun ba Operasaun Estabilidade	BS	0%	0.0%	75.7%	0.0%
30	Desalfandega Rápido	BS	0%	0.0%	0.0%	100%
31	Capitalização BNCTL	TP	0%	100.0%	0.0%	100%
32	Governo Electronico ICT	BS/KM	0%	0.0%	0.0%	44.8%
33	ASEAN	BS	0%	0.0%	0.0%	100%
34	Eleicao em São Tomé e Príncipe	TP	0%	0.0%	0.0%	91%
35	Pagamentu de Empréstimos	TP	0%	0.0%	0.0%	100%
36	Campanha Sensibilizacao Internacional	BS	0%	0.0%	0.0%	95%
37	Aquisicao Edificio Embaixada em Singapura	TP/Kont	0%	0.0%	0.0%	91.7%
Total execution			67.2%	93.1%	75.8%	95.3%

Based on the above table, we can note that the capacity of budget execution during the period 2013-2016 reached 60% - 100%, which shows good commitment and efforts of the resources to achieve this result, in spite of the lack of human resources in WoG. The budget items which have shown progress in this period are for instance External Audit, Pensions Ex- Holders, g7+, Legal Services, International Financial Support and BCTL/BNCTL, including all the institutions that have just recently been integrated in 2016 with a very good performance in the execution.

The following table shows that over the period 2013-2016, the year 2016 demonstrated particularly good performance (see the table below).



DN State Assets Monitoring and Management

According to the Ministerial Decree n° 38/2015, DNMGPPE mandate encompasses the following responsibilities:

- Draft, monitor and evaluate the implementation of policies, procedures for managing State movable assets
- Provide technical assistance to the implementation of policies and procedures for managing State moveable assets
- Ensure the economic value and dispose of State moveable assets
- Ensure and control the quality of maintenance and monitoring of reports on the use of fuel by State vehicles

- Any others given to it by law or determined by hierarchic superior

The DNMGPPE activities observed the principles of good State Assets Management which comprises the following tasks:

- Management of Pool Cars;
- Inventory and Registration;
- State Vehicles Management including national vehicle workshop;
- Monitoring, Decentralisation and Inspection;
- State Asset Disposal Management.

According to Decree Law no. 32/2011 and Ministerial Diploma No. 15/2012 the above tasks were decentralized to Line Ministries and Institutions for direct management, and in 2016 according to Decree Law no. 03/2016 has extended of decentralization to 12 Municipality with the exception of the State Assets Disposal Management which continues to be the sole responsibility of the Ministry of Finance.

Highlights for 2016:

The main results achieved by DNMGPPE according to its service plan and program for 2016 are demonstrated by its Key Performance Indicators (KPI). However this report presents a highlight of the main services delivered with the relevant results achieved:

1. Inventory and Registration

- 2016 market was an important phase for DNMGPPE, which has successfully completed of data collection and identification for decentralization of state assets to the 12 municipalities, following the decree law 03/2016
- DNMGPPE reported quarterly update on movable state assets

2. Disposal Management

In 2016, DNMGPPE successfully implemented movable Assets disposal with 158 vehicle units submitted for auction via internal and public, along with 227 motorcycle units, other equipment and scrap metal. The total value of the auction was US\$ 634,379.50. As of this writing, DNMGPPE is preparing another auction of over 200 items for public bidding.

- State Vehicles Management (including national vehicle workshop)*
 - In 2016, the national vehicle workshop clients were 12 Line Ministries with a total of 849 vehicles;

- Assessment of workshop performance after 2 years of operations found that the workshop decreased maintenance costs by 40% compared to the previous year;
- The total number of vehicles submitted for pre-inspection (diagnosis) was 1,251 units; 705 units vehicles were recommended to private workshop and the services completed by National Workshop covered 546, or 45% from total vehicles submitted;
- Developed new structure, procedures and policy for the National Workshop, aimed to have the workshop become an autonomous agency, following the strategic plan which has been developed;
- In coordination with PNTL and DNTT, DNMGPE continued to monitor State Vehicles movement;
- Reviewed and analysed Quarterly Trip Ticket reports from Line Ministries and Institutions;
- Managed the pool of vehicles during National and International events. Total events which were served in 2016 were 52 events with involving a total of 270 support vehicles provided.

a. *Legislation Review*

The DMNGPE during the year 2016 was subjected to a change in management. Because of this a full review of all processes and procedures has been in progress. A further assessment is in progress, looking into all asset management procedures and re-alignment of responsibilities with regards to decentralization from the DNMGPE to all the GoTL entities. A draft decree law has been drawn up and the different stakeholders' input is currently being sorted.

A full Asset Management operations manual and GoTL Asset Management guidelines is in the process of being written, which will detail processes and procedures to be followed in areas which include asset management registration, data collection, procedures, or inventory management. Once the manual is completed and finalized, training modules will be prepared for all the asset management disciplines and the first phase of implementation will commence. Sustainable mechanisms will also be put in place along with performance monitoring.

b. *Training on State Assets Management*

In 2016, DNMGPE delivered regular training sessions to all managers and logistic officials, approximately 150 staff from Line Ministries and Institutions. The Training program was on Assets Management and covered the tasks of

Inventory Management, Registration & Identification Management, Maintenance and Repairs Management, and State Assets Disposable Management. Other trainings covered topics like FreeBalance Asset Module (Data Entering, Manager and Disposal Data Entering Manager). These training are part of a training refreshment package after decentralization which was previously delivered to Line Ministries and Institutions in 2011.

c. *Some challenges encountered:*

1. Harmonization Linked to FreeBalance software is required. DNMGPE aims to have system configured and ready in 2017;
2. State income progress of asset disposal has achieved over \$600 thousand in 2016;
3. Quarterly compliance reports with analysis on operational expenses from LMs which was one of the bigger challenges due to lack of awareness, therefore, Strong policy to be required as a mandatory to follow;
4. Initially, the functionality of the asset management component of the FreeBalance software was assessed and was found wanting;
5. A draft decree law has been drawn up and stakeholders' inputs are being sorted out.



Statistics Highlights

The Directorate-General of Statistics (DGS) is responsible for drafting, coordinating and producing the official statistics of the State. This includes the drafting, promotion and socialization of policies, strategies, procedures and standards concerning the country's official statistics, the management of national official statistics, the provision of reports, clarifications and training on the country's official statistics to all stakeholders, and the management of the integrity and confidentiality of every national statistical database.

National Directorate of Methodology and Data Collection

- Launched the 2014 Timor-Leste Living Standard Survey (the Hotel Timor, May 2016). Worked together with the World Bank and DN Economic Policies to prepare and design the layout of the report, finalize its publication and carry out the public report launch.
- Launched the 2015 Timor-Leste Population and Housing Censuses National Priorities Table Report, which provided information on population, administrative division, religion, citizenship, language, civil status, internal migration, outside citizenship (diaspora), demographic division and economy activities including education, labor force, disability, household residence characteristic, goods for wealth, agriculture, information about fertility and mortality. It also provided specific information about all suco (442) in Timor-Leste territory with age group characteristics at the suco level (children school attendance, labor force condition, housing condition, and agriculture situation).
- Launched the third 2016 Timor-Leste Demographic and Health Survey (16 September to 22 December 2016). It covered the preparation and design of the instruments for the survey and the elaboration, translation and review with all entities of the instruments for the survey with relevant institutions. Staff from DGS undertook with ICF- Macro International a "training of trainer" (TOT) from Ministry of Health and General Directorate of Statistics, field staff (enumerators) was recruited to carry out the data collection.
- Participated in a Technical Programme Co-operation between DGE and the Ministry of Solidarity Social (MSS), for an evaluation programme on subsidy for elderly and disabled (in coordination with MU and DN System and Reporting). DGS worked together with MSS to prepare the questionnaire and funding for the implementation of the program. A sample evaluation of the support program was prepared; a three-day training was organized for a group of enumerators, composed of agents from the social services of municipalities. This was followed by a data collection to allow for the program

evaluation of the support to elders and the persons with disabilities in the municipalities.



- Capacity Building Program with Portuguese Speaking Countries – Comunidade dos Países de Língua Portuguesa (CPLP) and Portuguese-speaking African countries (PALOP). It included a sharing of experiences with other Lusophone countries from the African continent (CPLP) on how to implement Classification of Individual Consumption by Purpose (CCIO) and Classification of Economic Activities (CAE). Work was also done on the classification that started on the CAE-Timor-Leste and the CCIO-Timor-Leste. An explanation note was drafted for the CAE, and the structure of the

classification of the CCI0 was partially designed.

National Directorate of Economic and Social Statistics

- In Economic Statistics, NDESS developed a series of Standard Operational Procedures (SOPs) for Business Activities Survey, Consumer Price Index and Hotels, published CPI figure and Trade Statistics, Monthly and Annual, Conducted data confrontation /quality control, finalized the 2015 Business Activities Survey (BAS 2015) report, supplied the data Statistics Business entities to providers for final review, and identified and established coordination with the institutions (hotel/motel) that provided accommodation, and compiled the 2015 Hotels data.
- In Social Statistics, NDESS designed an instrument for statistics data collection on administrative crime. It identified and established coordination with entities/line ministries that produced administrative data on Statistics crime, and compiled the 2015 Crime Statistics report.
- In National Account, NDESS developed an SOP for National Account, compiled Government Finance Statistics (GFS) data source, Transparency Portal, and finalized the 2015 National Account Report.
- **Capacity Building Program**
In country, the capacity building program included technical training on the instruments used in data collection to Statistics officers from all Municipalities, training to staff enumerators on the technical knowledge and tools used in Business Statistics data collection, and technical training to Municipalities Chief who from administrative areas selected as in the sample for hotels data collection. Additionally, on-Job training on technical skills for national account compilation was provided to staff, and coaching was provided



(INEP)

- Training on National Transfer Account in Kathmandu, Nepal, sponsored by the United Nations Populations Fund (UNFPA)
- Training on Sustainable Developments Goals (SDGs) in Chiba, Japan, sponsored by UNSIAP/JICA



by the Australia Bureau Statistics (ABS) to CPI staff, BAS staff and National Statistics staff.

Overseas, it included

- CPI Training in Canberra-Australia, sponsored by Australia Bureau of Statistics (ABS)
- BAS Training in Melbourne and Darwin - Australia, sponsored by Australia Bureau of Statistics (ABS)
- Crime Statistics Training in South Korea, sponsored by South Korean Crime Institute.
- Statistics Trade training in Bangkok-Thailand, sponsored by UNESCAP regional office
- Training on ISIC (International Statistics Industry and Classification), in Lisbon, Portugal, sponsored by the Institute of Statistics Portugal

National Directorate of System and Report
On the Census Population and Housing 2015, NDSR finalized the Census Priority, finalized the Census Fo Fila Fali Report 2015 on 442 Sucos, conducted an evaluation of the Program for the Support of the Elderly and Disabled Survey, prepared a Sample for the Evaluation of The Program for the Support of the Elderly and Disabled Survey 2016 by with DNMRD. Conducted data collection process for the evaluation of The Program for the Support of the Elderly and Disabled Survey in 13 Municipality by staff statistics office in Municipality with DNMRD, and finalized the Program Design for data entry for the Elderly and Disabled Survey 2016. In addition, NDSR also took part to the activities related to Technical Programme Co-operation between DGE and the Ministry of Solidarity Social (MSS), along with MU and NDMDC.



National Directorate of Cartography
Program Implemented included the installment of GPS coordinate data of PES and GIS Data Cleaning, compared the data geo-referenced Census 2015

with PES 2015. Provided health map for Ministry of Health to support Ministerial four years plan, through joint work with UNFPA Timor Leste. NDC supported and delineated sub-villages administrative boundaries in Municipality of Aileu, the program being in close collaboration with the Ministry of State and Administration (ESTATAL). The Directorate also supported and designed enumeration maps for implementation of the 2016 Timor-Leste Demographic Health Surveys, offered services to respective line ministries and stakeholders to design maps and support the implementation of the program in the country.

The directorate's activities also included a series of Training Programs, including training on map reading for enumerators in the project of Demographic Health Surveys in Timor Leste, training on familiarizing using global positioning system in defining the target for business activities surveys and training on map reading and global positioning system (GPS) for GDS staff in the project of delineation administrative boundary in Timor Leste.

National Directorate Administration for Statistics

The directorate finalized payments and report budgets for routine activities and research, and other activities that occurred in 2016, including the budget to support the development of business partners' activities.

Administration tasks involved – among other things - filed documents, registered in-coming and out-going letters, undertook conservation or filed the annual documents through proper divider and folder, the disclosure of documents

related to the activities of each Directorate, with the Line Ministries, including the International Agency, and the organization of launching events for the Census Results, the Result of poverty, or the world Statistics day.

Human Resource activities covered the promotion and facilitation of training for staff in the team area, and other training to contribute to increase the capability and knowledge. Preserved and organized the data-base of permanent Staff, temporary staff, National and international Advisor, Junior Professional. NDAS maintained close cooperation with other line Ministry, to describe the FDCH Survey and Evaluation Research Grants or subsidy for Elderly in Timor-Leste 2016. Statistical capacity and capability programs, were organized in close coordination with the Australia Bureau Statistics, and with the UN agency for capacity building program training in Country and overseas including training in UNSIAP and UNESCAP.

Municipal Unit of Statistics

- **Consumer Price Index –** MU implemented data collection for weekly and Monthly price in six municipalities (Bobonaro, Baucau, Ermera, Covalima, Ainaro, Oecusse and Dili). It also undertook Civil Registration and Vital Statistics (CRVS). The CRVS 2016 questionnaire were reviewed with the DNMRD. The data dissemination for CRVS 2015 will be held in all municipalities.
- **Timor-Leste in figures and Municipalities in Numbers -** MU led the coordination work, data collection, compilation of administrative data obtained from line ministries that exist in each Municipalities, for publication. It worked also together with DNSR regarding the data dissemination for Timor-Leste and municipalities in number for 2015 which will be held in all municipalities. Additionally, MU conducted the Business Activity Survey which was implemented in all municipalities by collecting the data for BAS 2015, and supported DNCE on Survey village mapping in the municipality of Aileu during three months (May, June and July 2016).



Corporate Services Achievements

According to the MoF's Organic Law, the Directorate-General of Corporative Services "provides technical and administrative support to the Minister and Vice-Minister, to the Directorate-Generals and to the further MoF services in the areas of general and financial administration, procurement and public recruitment, logistical resources, documents and archive".

National Directorate of General Administration

The directorate activities included the management of water supply and catering services. An SOP for VIP and Non-VIP was established and implemented over 2016. Another aspect of the unit's work was related to translation services. These were well implemented in cooperation with service providers such as ETDA, Omni-tradus and freelance translators. DNGA also provided interpreters for PFM CBC and others. A car pool was successfully implemented, despite the lack of vehicles and drivers.

Challenges encountered include the lack of cooperation from some work units in the nomination of their focal point for the SOP work, which caused delay in the inventory of SOPs, guidelines and Manuals.

Finance Unit

Payments in 2016 showed great progress. The unit covered 672 requests, which were paid through Direct payment, Procurement, and Salary and Wages, for a total amount of \$ 5,410,184.87. Payment rejects have been reduced significantly; for instance from August to December, only 22 payments were rejected by Treasury.

Additionally, the budget execution reached 71% of \$18.915 million as of 31st December 2016, within only three and a half month period. Similarly, all Cash Advance reports were submitted to Treasury, and there was no outstanding report from the MoF.



The main challenges encountered include the lack of qualified staff. Also, a reform of the payment system that was implemented in July – August has impacted on the execution timeline.

National Directorate of Logistic and Maintenance

In 2016, the Maintenance services covered building maintenance – for the DGS building, the DGR at Obrigado Barack and the DN Asset, as well as in the districts.

The planned maintenance of non-Toyota vehicles was not implemented due to time constraint, while 134 motorbikes out of 247 motorbikes were maintained or fixed successfully.

Finally, the generator at the main MoF Building, and the generator at the new MoF building were successfully repaired and are now fully operational. Similarly, a number of ACs across the Ministry and photocopier and printers were successfully fixed at relatively lower costs.

Regarding supplies, ATK, computers (54 PCs, 30 Laptop and 5 printers were distributed to DGs and the staff). On the fuel, this was regularly supplied to the satisfaction of the work units.

National Directorate of Procurement

The Procurement process for DGCS MoF included:

- One stage – 263 processes for Goods, Services and Works



- Two stage – 23 processes for Services
- Single Source – 2 processes.

The Procurement Process for WOG included:

- One Stage – 271 Process
- Two Stage – 4 Process
- Single Source – 70 Process

The main challenge was the lack of staff (number and qualified staff), which slightly impacted the procurement process. The lack of qualified contractors/suppliers also significantly impacted the quality of tender documents. Likewise, the difficulty to coordinate with some suppliers influenced the delay in some projects.

National Directorate of Records Management and Archives

The Ministry of Finance Archives Centre has now been operating for nearly two years. Records are transferred to it when they are no longer needed in work units for day-to-day business. Comprehensive review of the filing, classification, retention and disposal were undertaken. The number of work units managing electronic documents have increased, and the management of documents in both hard copies and electronic version have started across the ministry, according to standard established by DNRMA, in order to reduce duplication and facilitate disposal of documents.

During 2016, records management focal points in work units received regular training, news and information about records and archives management. Considerable effort has gone into the managed transfer of records to this high-density, managed storage facility, ensuring that records can be located if required for business or other purposes (e.g. Anti-corruption Commission, audit). Standards of boxing and listing records have improved over the year and documents can now be more quickly and reliably found by Archives Centre staff.



Planning & Performance Evaluation Highlights

The PBPEO – which was previously known as Planning and Performance Monitoring Office - is in charge of overseeing the planning, budgeting and performance evaluation process of the Ministry of Finance. Given that mandate, PBPEO monitors the institutional performance and budget execution processes of the Ministry. Additionally, PBPEO ensures an effective coordination with the Ministry's own Development Partners including the provision of quality technical assistance to facilitate the achievement of the MoF goals.

The PBPEO also coordinates the preparation of the MoF Annual Action Plan (AAP). Each unit is in charge of setting its own activities and indicators to match the Key Performance Indicators (KPIs) defined by the 5 Year Rolling Plan. One of PBPEO's roles is to make sure that all of the activities are in line with the MoF strategic framework set by the 5 Year Plan, which is itself integrated in the MoF Strategic Plan (SP), 2011-2030. Similarly, the PBPEO coordinates the reporting on and monitoring of the performances of the various work units of the MoF. The process of strategic planning is a dynamic one. Objectives and activities have to be updated in a regular manner, which requires having always a good understanding of the current situation and priorities. For that reason, it is crucial to keep track of the progress that have already been made, in order to adjust the objectives as needed and make informed decision when updating the goals.

In 2016, the Annual Action Plan for 2017 was completed in June, regrouping all of the activities of the MoF under 10 different programmes, all covering the various aspects of the Ministry's work. Through a consultation process with the other work-units, PBPEO reviewed the planning framework for the year 2016, extended the 5 Year plan for an additional year, and made sure that its planned activities and objectives were still relevant for 2017. Also in 2016, the PBPEO was made responsible for the preparation – and finalization of the 2016 MoF Procurement Plan and the WoG Procurement Plan, in close coordination with all work units. With the approval of the Procurement Plans, PBPEO prepared the specifications for all approved procurements. Alongside with the Corporate Services, PBPEO had to monitor all progress of procurement and use this information to monitor the Budget Execu-

tion. Additionally, PBPEO coordinated the preparation of the MoF Budget for 2017, which was derived from the AAP 2017. This involved holding workshops with all MoF work units and relevant advisers, the preparation and distribution of Budget Costing templates, as well as the conduct of market surveys for vehicles, office equipment, supplies etc. to obtain accurate costing for the Budget. The PBPEO also anchored the work to produce the MoF's Quarterly Reports on the progress of each planned activities for the year. These quarterly reports were subsequently submitted to the UPMA for integration into the Government report that goes to the National Parliament.

Other reports issued and produced by PBPEO in 2016 include the following:

- a. **MoF Budget execution report** which is produced every quarter. The PBPEO also monitored and produced a Cash Advance Report.
- b. **Procurement Report**, in close coordination with the DN Procurement-DGCS. All throughout the year, PBPEO monitored the progress of procurement, developed specifications as needed, and reviewed the implementation of the plan. This information then was used for the monitoring of the Budget Execution.
- c. **MoF's 2011-2015 Achievement Report.** Initiated by the Office of the PM, this report accounted for the contribution of the MoF in the progress achieved on the Government's Strategic Development Plan, covering the period from 2011 to 2015.

As one of its functions, the PBPEO coordinated the conduct of assessments and monitoring reports, undertaken both internally and in conjunction with





independent validators, in 2016. Results of these assessments were subsequently shared to all concerned stakeholders. Two independent performance validators came to the MoF in November 2016 to conduct an annual Performance

Assessment of the Ministry of Finance's progress against its Strategic Plan. They focused their assessment on some key performance indicators (KPIs), and collected data from self-assessments completed by all work-units and from interviews conducted with each the teams. The evaluation report is expected to be shared to the MoF during the first quarter of 2017.

The PBPEO also ensured that proper financial resources are accessed in view of achieving the goals of the MoF, through effective coordination with MoF's own Development Partners. In 2016, PBPEO, on behalf of the MoF, sustained regular

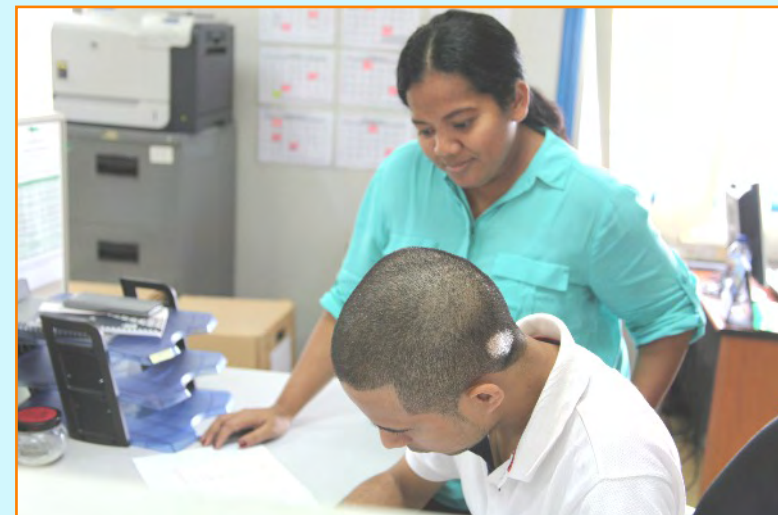
interaction with two (2) of its development partners supporting the Direct Budget Support (DBS) program, namely Australia (DFAT) and the European Union (EU). The PBPEO also met and liaised with other potential partners, like the World Bank, and explored their possible participation in the DBS program.

The year 2016 also saw the termination of the Australian DBS programme with the MoF. This came about following a failed mid-year assessment of the MoF's activities was conducted by DFAT in 2015 in which no agreement was reached between both parties on the outcomes to be looked at, and that the indicators to be validated were only selected by the Australian government side. As a result of that disagreement in approach, and based solely on its own findings, DFAT considered that no budget support could be provided to the MoF for the year 2016. By mid-2016, after no agreement was reached on the proposed changes in the

performance management system process, the Australian Government made its decision and informed the MoF that they were ending the DBS agreement.

Despite the exit of Australia's support to the MoF's DBS, the EU committed to continue with its support under its upcoming EDF 11 Programme for Timor-Leste, where it earmarked a 5-year programme to support the PFM Reform being advanced by the MoF, beginning in 2017.

Also in 2016, the PBPEO has taken an active role in the implementation of the Performance Management Reform (PMR), one of the initiatives implemented in the MoF. The PMR aimed to put in place a system for an efficient, effective and responsible delivery of the Government and Ministry priorities and improved institutional, team and individual performance. For more



on the

Human Resources Highlights

The Human Resources Unit (HRU) is in charge of implementing human resource management in the MoF. In addition, and following on the internal consultations on the Ministry of Finance's Organic Law under the VI Constitutional Government, the Minister established the Performance Management Reform (PMR) Task Force to lead the processes.

The PMR Task Force undertook analysis of the current capacity of the staff of the Ministry and the development of a range of human resources development strategies to address the structural change, which includes the development of PFM and related competency standards. It went on to address issues related to the management of the workforce and its capacity development requirements (for more information about the role of HRU with the PMR, see *A Note on the MoF Reforms Undertaken in 2016*, p. 61).

In order to execute the objectives mentioned in the PMR and to achieve the HRU's 5-year results, the unit's structure was reviewed and updated with 3 main focus areas; Legislation, Policies, SOPs and Manual Development; Human Resources Management; and Human Resource Development.

A. Legislation, Policies, SOPs and Manual Development

1. Review and update Ministerial Guidelines in line with Government Decree No. 6/2015

Effective January 2016, the new Government Decree on Fixed-Term Contracts came into force within government entities requiring all national and international TA and recent graduates to be considered fixed-term employees with similar benefits to civil servants (except 13th month salary and leave without pay for study purposes). This therefore required the HRU unit to review the Ministerial Guidelines for compliance with the new Government Decree for the Minister's approval.



The implementation of the Gov Decree created an opportunity to review and simplify the current employment contracts. Legal Unit has provided advice to HRU to finalize the templates for effective management of:

- a) Fixed-term contract - Technical Assistance (national and international contractors and advisers; recent-graduates)
- b) Fixed-term contract – Returning Scholars (taking out “supersede prior arrangements” and in line with “bond”)
- c) Consultant contract – Service Delivery (for short-term and long term standing contracts for inputs based technical assistance)

2. Special Career Regime (SCR) for PFM Professionals

In order to attract and retain competent PFM professionals, HRU alongside with the Legal Unit, PFM CBC and the Civil Service Commission (CSC) drafted a Decree Law for Special Career Regime for PFM professionals. The draft Decree Law has been discussed with legal advisor at PMO and Senior Legal Adviser in the CSC with significant inputs being provided through meetings and discussions. In order to effectively implement the regime within an agreed cost management structure that ensures long term sustainability of the SCR, HRU requested for a financial impact study from the ND Political Economy within MoF.

This study was being concluded in December 2016 and will form part of the discussions for the approval of the SCR by the Council of Ministers. A subsidiary Diploma Ministerial on Competency Based Assessment and Certification has also been finalized by PFM CBC.

In line with the SCR and the Diploma Ministerial, PFM CBC, as of this writing, was in the process of reviewing DL No. 7/2015 on Competency Standards to include 4 levels of technical competency rather than the current 3 levels. This revision plays a critical role in the implementation of SCR and finalization of Job Descriptions, merit based transition and assessment.

3. Merit and Equal Opportunity Policy

HRU is committed to creating an inclusive working environment to maximize the potential of all staff by providing equal opportunities in all aspects of employment and avoiding unlawful discrimination at work. In 2016, HRU has started to develop a Merit and Equal Opportunity policy that is still at the draft stage, with the aim to promote equality for all, prevent any form of discrimination and foster good relations between different people in the work place. The CSC has demonstrated interest in gender sensitive policies and welcomed this MoF Policy as an example that could be implemented within the whole of the Civil Service.

B. Human Resource Management

1. Recruitment and Selection

a. Merit based recruitment and selection process for Managers positions – 51 positions (PMR Activity)



Started in late 2015 and early 2016, HRU alongside with Civil Service Commission carried out merit based recruitment and selection process for 51 manager positions following the newly approved Organic Law of Ministry of Finance. This merit based selection process was opened to all public servants within the Ministry of Finance.

From the 51 positions being recruited only 24 positions were successfully filled-in. In order to fill-in the remaining vacant positions, the Minister requested CSC to temporarily nominate managers through interim nomination “*nomeação em substituição*” provisions. All these new managers were sworn in on July 1st, 2016 and appointed for an initial period of 6 months.

The merit-based selection process for the management positions was the first to be conducted in the Ministry of Finance and proved the Ministry’s efforts to improve efficiency and effectiveness in the spirit of Performance Management Reform (PMR).

b. Recruitment and Selection of contractors

Following the Government Decree no. 6/2015 on recruitment of fixed term contractors, a Permanent Commission for Recruitment of Contractors (PCRC) was established where HRU Coordinator was



nominated as the head of the Commission. Since the establishment of the PCRC, all TORs, recruitment and selection reports, probation report, and performance evaluation of Contractors were verified by the PCRC prior to approval by the Minister.

2. Human Resource Administration

In the area of HR Administration, the HRU has achieved significant milestones as follows:

- HR has developed several SOPs and system which contributed to effective HR services delivery. An SoP on Salary Payment which mapped the payment workflow and introduced timelines for DN Payroll, DGCS and DGT to streamline the salary payment process was developed.
- New Overtime Request template that complies with the legislation and linked to the budget. This template has been socialized and implemented along with the new monitoring system that allows HRU to track monthly trends of the overtime requests made by individuals and work units.
- A Customer Service Survey is under development and will be implemented in May 2017.
- 2 HR staff have now access to GRP system that enables HRU to monitor payment of salaries and provide timely advice & information using

FreeBalance system to all TAs with regards to the status of their salary payment.

- A master list of fixed term contractors and casuals was developed and updated for joint use with TACO in order to monitor TAs performance and capacity building initiatives.
- TAs reporting templates have been revised and updated in cooperation with TACO. These templates include: 360 degree performance appraisals, Quarterly Report, Annual Work Plan, Probation Report, and End of Assignment Reports. These new templates will allow TACO to obtain quality data for TA monitoring.

C. Human Resources Development

1. Task Analysis to support the development of the Workforce Plan and Job Descriptions (PMR activity)

Following the approval of the New Organic Law for MoF and the need to develop Diploma Ministerial for each work unit, HRU conducted a comprehensive functional task analysis from March to June 2016 to identify tasks and jobs needed in the Ministry, the required technical competencies and Workforce Plan required to perform the identified tasks and jobs.

The process involved extensive consultation meetings, brainstorming and discussions with all managers, national and international contractors and core



staff to analyze and identify all functional tasks required for each work unit to achieve the 5 year planned results.

HRU worked in close partnership with MoF managers to achieve this activity, as managers had a clear understanding of the work unit tasks that needed to be performed in order to achieve the MoF 5 Year Plan. It was found that there is a need to have more management and leadership tasks across work units in the DG's and DN's Offices.

An analysis of all the tasks required for each work unit was then clustered, i.e jobs of similar skills, functional content and complexity were then benchmarked against relevant International Standards Classification of Occupations (namely ILO and ABS). HRU identified Job groups, skill level descriptions and Job families needed in the MoF work units to implement the identified tasks. This was the basis of the development of job descriptions for all the jobs identified from the task analysis.

An analysis on the Workforce Plan indicated that 80% of current WFP are Civil Servants, 6% are temporary staff, 6% are Junior Professional and 7% are TA (International and National Advisers). The proposed 5 Year WFP is to completely have 95% Competent Civil Servants based on the assumption of achieving the 5 Year Results and the implementation of SCR assuming that all JPs and NCs will be absorbed as Civil Servants. The task analysis report and proposed WFP report was presented to the PMR Task Force and subsequently submitted to the Minister for approval.

On the job descriptions, these were initially drafted by the managers and HRU ensured that the roles were clearly defined and that key aspects of the job were accurately reflected (quality control). Job descriptions are an essential management tool that describe the duties and responsibilities involved in the jobs/positions, the skills required to perform those tasks, the performance indicators and the reporting relationships, therefore managers and coordinators were trained to ensure future development of quality job descriptions by the managers. HRU worked in close partnership with all managers and ensured their final review and approval.

Due to the concurrent Fiscal Reform in the Directorate General of Customs and Revenue and the anticipated significant changes to the structure and the jobs in

these two General Directorates, the JDs will be part of the deliverables for proposed jobs.

2. Result-Based Performance Management (RBPM) System

The need for RBPM for PFM professionals has been incorporated into the draft SCR and stresses the need to evaluate these professionals with a different set of qualitative criteria. This process also took into consideration the team performance management results based on KPIs. MoF together with the CSC agreed on how that could be consistent to all the PFM professionals in the whole government through the adoption of a Diploma Ministerial when the approval of the SCR is achieved.

The RBPM system is in its development stage and HRU is working with PBPEO and TACU to ensure that it is an integrated system.

3. Training and Development (ICBP)

The SoP for the implementation of the MoF Staff Capacity Building Plans has been developed to ensure a systematic and transparent process linking the Individual Capacity Building Plan (ICBP) to work unit's Capacity Building Plan and the MoF's Annual Capacity Building Plan.



Information Systems and Processes

Timor-Leste has successfully undertaken a wide range of reforms in the area of public financial management. These reforms include a new organizational structure for the Ministry, the design of more efficient process around expenditure execution, to devolve more responsibility and access to financial resources to line Ministries and to encapsulate all of this via the upgrade of the Financial Management Information System (FMIS). These reforms needed to be embedded and institutionalized, which required the focus of MoF efforts to be shifted from the design and implementation, into training and institutionalization.

Given that the IFMIS Unit was new and had incorporated existing MoF teams such as IT and FMIS as well as added new elements, it was important for everyone in the Unit to understand where they 'fitted in' and what part of the overall team their role belonged to. It is expected that this will help IFMISU to deliver a better service to its clients in the line Ministries, in the long-term.

Development during the year 2016:

- *MoF Organization – defined the structure of the Unit; attributed roles and responsibility; organized the teams and operationalized the activities*

A draft organic structure was developed for IFMISU and this was linked into job descriptions and the annual action plan of Government. Sustainability of the services were also critical components of the IFMISU team work, by building government capacity to ensure long-term sustainability through training, systems and processes. The staffing of FMIS was increased to six (6) full-time dedicated resources comprising of nine (9) civil servants specializing in Helpdesk, Network Admin, System Admin, Financials, Procurement and Contract Management modules, two (3) national advisers dedicated to providing training and support, three (3) graduates and three (3) international advisers.

- *Operational - Continued the ongoing process of upgrade, developed and enhanced the GRP in line with the FPM requirements of the Government; Started the activity for backup plan for the MoF systems*

The Office of IFMISU is without doubt the most crucial IS service provider within the Government. By necessity, IFMISU is the most sophisticated, updated, complex, state-of-the-art computer systems in the entire Government of Timor-Leste.



IFMISU provides the following operational IT services to the MoF directorates and Units:

- Delivery and support to all Ministry mission critical systems (e.g. applications SIGTAS, SERVE, GRP, ASYCUDA, PB, Transparency Portals, Manager Dashboard, Document Management);
- Control and maintenance Ministry mission critical database applications;
- Control and maintenance all system management & system integration;
- Control and maintenance database backups;
- Control and maintenance network equipment's and services;
- Control and maintenance Ministry data centre facilities;
- Helpdesk support to approximately 800 Government users;
- Email, file and print sharing service;
- Organizes formal specialized short course and on-the-job training.

In 2016, the IFMISU focused on the implementation and roll-out of the Autonomous Agencies, Expense Voucher (EV) creation decentralization, Contract Management module and to further strengthen the Line Ministries with dedicated decentralization training and direct support.

Also in 2016, IFMISU kicked off its new data center project. The data center includes a brand new network, virtualized server environments and a Virtual Desktop Infrastructure (VDI). All these were deployed using the latest state-of-the-art technology that will easily allow the Ministry to scale up in the event that they decide to share this infrastructure with other line ministries or to lease space to third parties. For the end user experience, IFMISU has started to deploy state-of-the-art network and voice equipment into the new MoF building, including IP phones, where currently the users have no internal telephone system in the workplace. In addition, voice mail and an interactive voice response (IVR) system to help facilitate call routing and response will also be deployed in the new MoF building.

Accomplishments

The IFMISU made significant progress in terms of all aspects of its requirements as specified in the MoF annual action plan. In terms of operational IT support, the IFMISU is currently responsible for:

- a. 27 physical server servers with virtualization for 99 % around 50 servers;
- b. Total 40 physical CPUs and 576 Gb of Memory;
- c. The virtual servers use the local storage in total of 10 Tb.

Some achievements are highlighted below:

- The Ministry information system has service level uptime of 95%;
- Implemented new technology infrastructure to improve systems back-up and storage and to strengthen the security and reliability of priority systems;
- Implemented new MPLS sites to strengthen the access and reliability of priority systems;
- Developed staff-training program tailored against these new technology infrastructure which was managed by the team of both national, international advisors and independent software vendors' consultants;
- Continued provision of support to all core clients and applications.

For the Government Resource Planning system (GRP), decentralization training continued to be one of the key activities for the IFMISU team in 2016. IFMISU also provided support to Government initiatives to decentralize financial management functions to Line Ministries, including core functions like Procurement and

Assets Management as well as Budgeting, Commitments/Obligations and Purchasing. Detailed listings of training and number of users trained in 2016 are shown below:

GRP Training	Total
All institutions	21
All participant	135
Male	66
Female	69

In Aug 2016, IFMISU also commenced to implement the Government decision on municipalities. To sustain the government's objective, IFMISU identified technical requirements, technical support and services, and licenses required for the 12 municipalities on their access to the sole GRP system.

Challenges and Lessons Learned

The level of sophistication of IFMISU is the result of the initial design and the security requirements of the Government itself. As a result, the level of Information Systems sophistication required that some aspects of the technical service provision shall rely on software vendors, due to limited internal capacity. Nevertheless, an intensive and vigorous formal and on-the-job training of the (national) IT staff currently on board was launched during the year. Despite the excellent response from local staff, there remains a need for national and international advisers to continue performing in-line positions and simultaneously teach fundamentals, transfer technology awareness, build operational capacity and assist the staff in maintaining the Ministry's Information Systems.

2016 was considered a successful year for IFMISU in terms of establishing the Ministry's new data center and the training of its staff. The Unit provided critical support to MoF's applications such as ASYCUDA and SIGTAS. Of equal importance was the continued development and roll-out to the Autonomous Agencies.

To achieve this with limited staff has meant a reliance on external technical assistance (TAs). But at the same time, IFMISU gained significant progress in terms of recruiting more highly qualified national staff and also up scaling the skills of the existing staff. Finally, achieving this whilst continuing to improve, devolve and train line Ministries on the use of the GRP / FMIS will remain significant in the years to come.

Legislative Work Highlights

The Legal Office provides legal advisory in the area of public finance management and pursues the following tasks: 1) Drafting and socialising public finance legislation and regulations; 2) Providing legal advisory to the Ministry of Finance; 3) Drafting and/or revising contracts and international agreements and/or treaties with financial implications, in coordination with the relevant entities; 4) Providing technical capacity building on public finance management legal obligations; and, 5) Any other tasks attributed by law or assigned by the hierarchic superior.

In 2016, the Legal Office completed the following activities:

- Drafting and socialising legislation:
- Socialising the Government Decree on the Execution of the SGB 2016;
- Altering the Government Decree on the Execution of the SGB 2016;
- Drafting the Law on the Rectification Budget 2016;
- Drafting the Law on the SGB 2017;
- Drafting the Government Decree on the Execution of the SGB 2017;
- Drafting the Decree-Law on the Thirteenth Salary;
- Drafting the Government Decree on Supplementary Pay to Staff Allocated to the State General Budget 2017 Process and Closing the State Account in 2016;
- Ministerial Diploma on each area of Public Finance Management;
- Provided Legal Opinion on the following issues:
 - Appeal against the fine levied on ANL Timor, Unip. Lda in March by the National Directorate of Operations;
 - Government Decree approving the voter registration form templates;
 - Request for additional budget for APORITIL, IP in fiscal year 2016;
 - Government Decree approving the voter registration schedule;
 - Submission of the IGE internal regulation for presentation, signing and publication in the Diary of the Republic;



- Request for legal opinion on investigation report no. 02/GIA-MF/2016;
- Approval request concerning the proposed advance for the school meal programme;
- Administrative and financial autonomy of the Technical Secretariat for Electoral Administration;
- Justification for payment to the F-FDTL;
- Request for payment concerning the supervision contract for the new airport in Oecusse Ambeno;
- Approval request concerning the proposed advance for rice transports;
- Justification for single source contracting of the company providing military equipment;
- Agreement between the Government of the DRTL and the International Cooperation Agency on the reallocation of the Ferry terminal in the Dili Port;
- Justification for single source contracting of the company providing military equipment;
- Approval request concerning the proposed advance for the "Serimónias Nacionais to'os Escolar" activity;
- Implementation of the bankruptcy system and of the Law on Competition;
- Alteration of Decree-Law no. 35/2012 of 18 July on the Business and Verification Services (SERVE) and of the Decree-Law on the Code of Business Registration (Decree-Law no. 7/2006 of 1 March);
- Decree-Law Establishing Authority for Conducting Economic and Food Security Inspections;

- Decree-Law Approving the Curriculum of the National Programme of Equivalence to Basic Education;
- Joint Ministerial Diploma on fees for the Press Council;
- Decree-Law transforming RTTL into a Public Company;
- Private Investment Law and Commercial Law;
- Public Procurement Law. The Legal Office also provided several pieces of advice ranging from revenue collection, budget preparation, budget execution as well as state account monitoring and reporting;
- Request for Legal Opinion or Recommendation;
- Alteration to Decree-Law no. 33/2014 of 3 December – Institute for Research, Development, Training and Promotion of Bamboo;
- Referral of the legal opinion by SEPFOPE concerning memorandum no. 100/GJ-MF/2016;
- Justification for providing public subsidies to the Plastic Waste Recycling Industry;
- Bill approving the 3rd alteration to Law no. 6/2006 of 28 December (Law on the Election of the National Parliament);
- Bill approving the 5th alteration to Law no. 7/2006 of 26 December (Law on the Election of the President of the Republic) and request for a legal opinion by the Legal Unit of the MoF;
- Bill on the regime for determining the categories of population groups;
- Revenues by SERVE – Business Registration and Verification Service;
- Request for approving the advance for the check-up by the Minister of Education in Singapore;
- Legal Memo on the execution of the VGF under the Tibar Bay concession Agreement; (11) Revenues by SERVE;
- Asked authorization to use the cash Advance in 2016, to execute the activities for overseas travel in January of 2017;
- Trainers of cash advance Payment ;
- official opening of the Institute of social security accounts and transfers to the State budget 2016 to each institutions ;
- request for authorization to use APORTIL budget for salaries and wages and Overtime for the fiscal year 2016 to pay the members of the Council of Administration;
- authorization request for the payment of the rural employment program (REP);
- Payment aid cost MOSS;



- Additional payments to support the costs of Mr. Emanuelde Jesus da Costa and Ms. Atanasia G.S.D.R. Pires to attend the International Conference in New York from 29 August until 4th November 2016;
- Request process for the payments of pension to the CNE;
- Public Subsidies Justification for CAFE which will be transferred only once when at level 100%;
- Transferred civil servants from one division to other division ;
- request for single source observations;
- Request for reimbursement concerning the gall bladder and appendicitis operation on the Vice Minister of Public Works, Transports and Communications;
- Pedidu pagamentu ba SAMES ne'ebe fornese ona ai-moruk ba F-FDTL;
- (47) Justification for translation services.

- Contract:
 - Drafting standard Fixed-Term Contract form;
 - Reviewing and altering contracts, in collaboration with the DPMU.
- Others:
 - drafting dispatches and varied letters;
 - drafting the Legal Office manual;
 - taking part in various meetings.

Internal Audit Performance

As defined by the Ministry of Finance (MF) Organic Law, Decree-Law no. 38/2015, the Office of Internal Audit (GAI) has four main competencies:

- **Advisory Services to the MF and the Government** in the area of internal audit, governance, risk management and internal control;
- **Internal audit services to the MF** performed through risk based internal audits in Ministry and other agencies using public funds, with emphasis on assessment of internal controls;
- **Investigation services to the MF** performed internally and by request of the Minister;
- **External audit and stakeholders' coordination services** through a focal point activity between the MF and the external auditors activities, especially Câmara de Contas.

In 2016, GAI-MF has four staff allocated as internal auditors to the four competencies; one staff allocated to administrative tasks, the chief of the GAI and a TA supporting the staff and the development of the four GAI-MF's competencies. In addition, one TA's contract was not extended during end of second quarter 2016 which created a gap between the planned objectives and the real conditions to achieve those objectives. This amount of staff limits the number of audits to be performed during the year, as well as the accomplishment of the other three core competencies of the Office.

Taking into account the abovementioned competencies, GAI-MF's activity in 2016 can be summarized as follows:

Internal Audit

During 2016, GAI-MF executed 4 Audits focused on assessing internal controls of cash advances processes. The executed audits were:

- **Audit cash advances in DG Treasury when processing advances to Line Ministries and Agencies:** Our overall opinion on this audit was that the internal control system required improvements. One of the most critical findings was the lack of effective controls and non-compliance in the part of the advances and acquittal process that is carried out in LMs and agencies, which

indicated that the ultimate accountability lies with the Treasury, which should detect all errors and reject any requests for transfers or payments that are not in full compliance with relevant legal framework.

- **Audit to cash advances in DG Corporate Services:** The audit team's opinion, as a result of the work performed, is that the internal control system required improvements. One of the most critical findings was the type of expenses executed through cash advance and petty cash, namely the purchase of goods and services, which for a better value-for-money, should be done by using a procurement process.

- **Audit to cash advances in Embassy of Jakarta**

- **Audit to cash advances in Consulate of Bali**

As a result of the work performed in Jakarta and Bali, the audit team considered that the control system related to executing embassy/consulate cash advances requires improvements. It is important to mention that the responsibility of few findings of both audits does not lie on the diplomatic missions but, instead, on a ministerial level, like the MoF and the Ministry of Foreign Affairs and Cooperation (MFAC).



Advisory Services

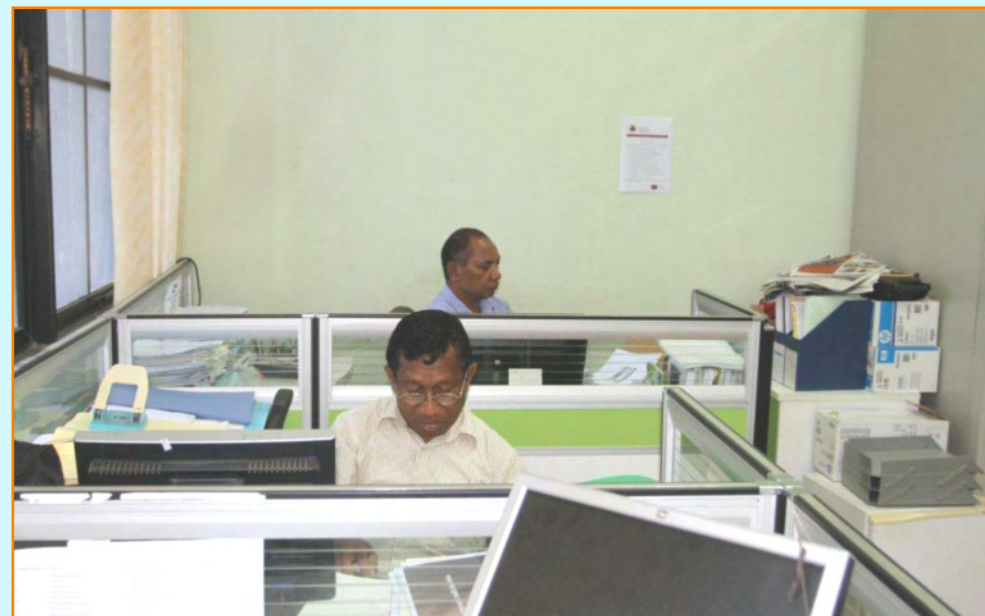
In respect to advisory services, it is important to mention that these services were not usually planned, since they are normally requested by the Management or by

the decision of the Chief of Internal Audit, taking into account the result of an audit or an investigation. GAI during 2016 executed 5 advisory engagements which were:

- **Materiality:** The main objective of this engagement was to present a set of rules, namely the quantification of the materiality in terms of the necessity to justify the State Budget execution per appropriation category level. The report was presented to DG Treasury, which converted it to a Directive form and presented and approved by Minister.
- **External audit internal procedures:** These procedures were written in order to define the role of the units directly related with any external audit engagement contracted by the MoF. This advice was considered by DG Treasury and the Minister and was transformed to a Directive approved by the Minister.
- **Reporting channel:** The report contains the procedures for the reporting of misconduct, mismanagement and fraud, but also the responsibilities of managers and also internal audit which, in the first stage of the implementation if decided by Minister, will be the owner of the reporting channel.
- **Revenue collection internal controls:** The main objective of this engagement was to provide DG Treasury with a basis to design, implement and manage the internal controls for the part of the process which DG Treasury is accountable for. Also, the advisory service afforded DG Treasury to develop guidelines with internal controls and to present it to the Management of the entities that collect money for the State in order for them to design, implement and manage the internal controls for the part of the process which they are accountable for. The report was sent to Minister and to DG Treasury but GAI never received any feedback in respect to the actions taken.
- **Accounts Payable internal controls:** Like the case of the Revenue Collection report, this report was intended to provide DG Treasury with information to implement internal controls and to produce guidelines to be sent to the LMs and agencies in order for them to implement internal controls. The report was sent to Minister and to DG Treasury but GAI never received any feedback in respect to the actions taken.

Investigations

During 2016, GAI-MF performed seven investigations, six of which were completed and the investigation report issued to Minister. The remaining investigation is still ongoing, with the report under review.



Below are the list of the performed Investigations in 2016:

- Stolen goods in the National Directorate of Supply and Asset Management
- Complain from MoF staff on requesting of changing his individual bank account in payroll
- Rental Customs' facilities in Maliana
- X-Ray machine in Customs Batugade-Maliana
- Complain from Obrigado Computers firm
- Influence motorcycle maintenance tender
- Boat procurement leakage (ongoing engagement)

External audit and stakeholders' coordination services (Focal Point)

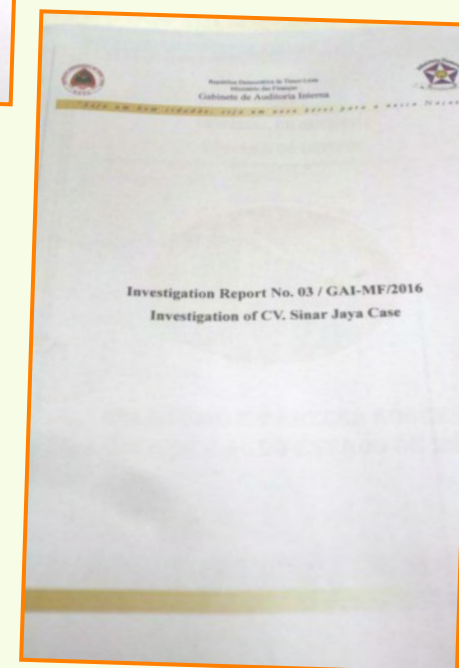
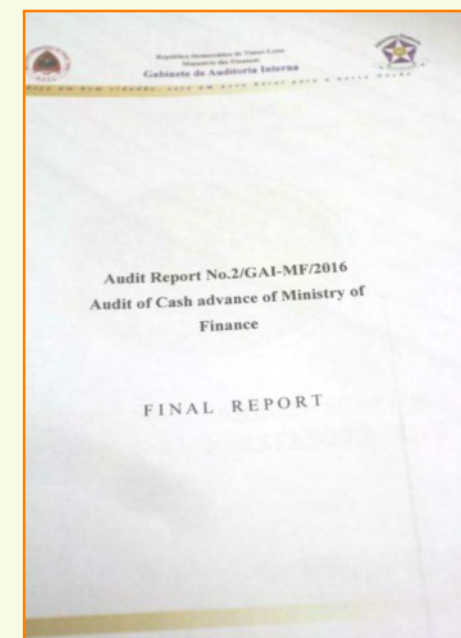
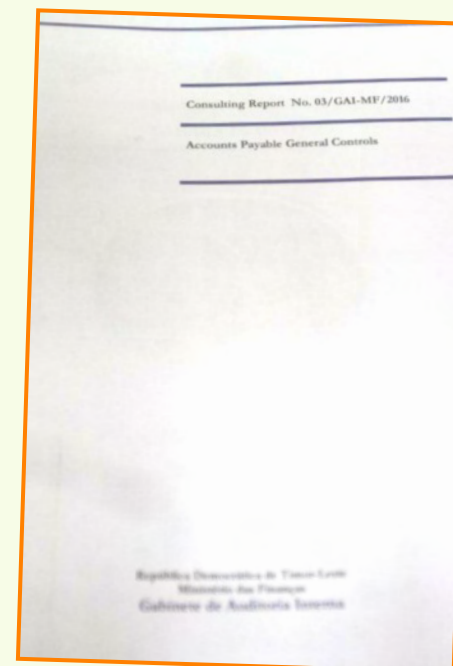
The focal point competency verified an improvement of the procedures during 2016. In the middle of the year, procedures and guidelines were written and implemented, and sent to the owners of Câmara de Contas' recommendations. Currently, it was established that, during the year, GAI-MF executed four follow-ups on the recommendations, producing the same number of reports to be presented to Minister. The first follow-up meetings, related to the third quarter of 2016, took place in October and the report presented to Minister on the same month.

Other Tasks

Besides the four main competencies, GAI-MF has produced several internal documentations as follows:

- a) Internal audit charter, which is subject to approval of the Ministerial Diploma of Offices and Units of MoF
- b) Internal audit code of ethics.
- c) Dropbox guidelines: a dropbox was created by and for GAI-MF to assist the team on their work, if working in different locations.
- d) Interview guidelines: document produced to guide the internal auditors when performing interviews.
- e) Report guidelines: document produced to guide the internal auditors when writing a report.
- f) Focal Point guidelines: document produced to guide the internal auditors, but also the owners of the recommendations, on the activities inherent to this competency.
- g) SOPs for the focal point competency: first set of SOPs of the GAI-MF.
- h) Working papers policy: rules defined for the production and maintenance of working papers.
- i) Competency standards for the internal audit professional levels were updated.

GA-MF has also produced the draft Internal Audit Decree-Law, which when approved and published, will define and establish the legal framework for the internal audit function in Timor-Leste.



Technical Assistance Coordination Highlights

The Technical Assistance Coordination Office (TACO) is responsible for the coordination of all capacity building actions within the Public Service to ensure that they are aligned to the Government needs, priorities and contribute to the increased utilisation of Technical Assistance (TA) for knowledge transfer to the public servants.

TACO has the following attributes:

- Develop and promote the implementation of policies, standards, strategies and procedures for effective and efficient use of the national and international TA.
- Establish and maintain an up to date TA Database to enable the analysis of the links between the competency gaps and the TA investment and Government priorities.
- Analyse TA knowledge transfer initiatives that contribute to the competency development of the Public Service staff.
- Develop reports and advice to the Government and Development Partners on emerging issues related to the needs of capacity building.
- Monitor and evaluate the overall performance results of TA in capacity building initiatives.

TACO will implement its role in coordination with the TACU (Technical Assistance Coordination Unit) within each Ministry. Each Ministry must establish its own TACU function. Although the management of the Government TA program is largely devolved to HRU in the individual Ministries, ministry-wide policies and procedures governing the financing, planning, implementation, monitoring, evaluation, and reporting are coordinated, developed and analysed by TACU.

TACO's coordinator was only appointed in July 2016 and the priority then was to have the Office established and ensure all its Policies and Procedures were developed in anticipation for the pilot work in the Ministry of Finance during the first quarter of 2017. It is expected that this will then gradually be implemented in four other Line Ministries in 2017.

Key activities performed by the Office and achievements during the year include:

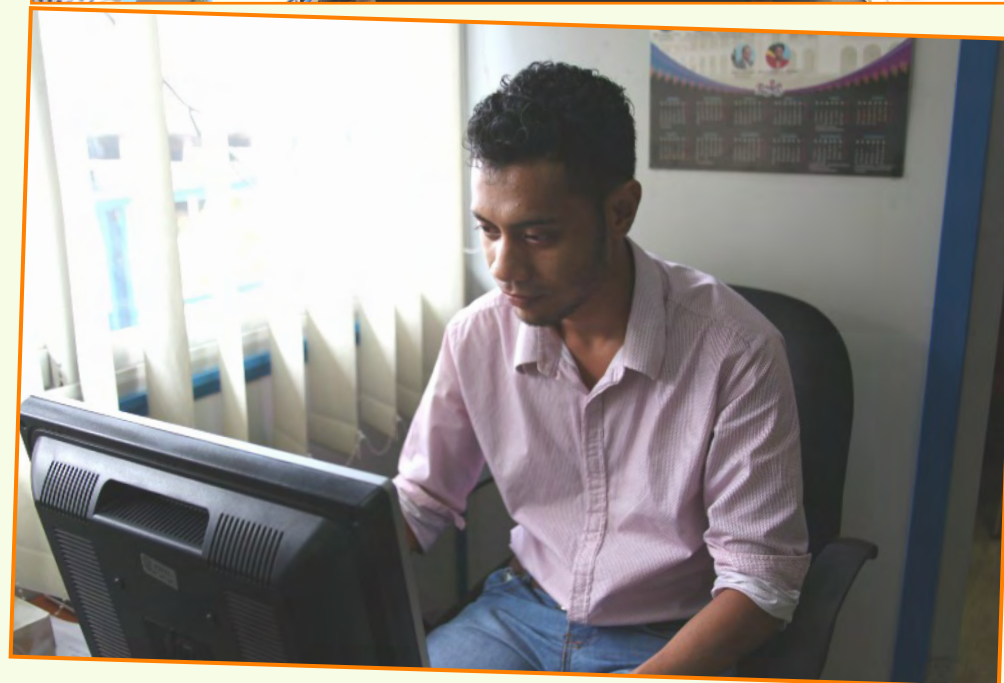
- Development of the 5 Year Plan
- Development of the Annual Action Plan (AAP)
- Development the 2017 Procurement Plan
- Development of Excel database for the TAs
- Development the TOR for the PMIS database
- Development of the Workforce Plan
- Development of the Job Descriptions
- Development of the Tasks Analysis
- Recruitment of the Staff
- Drafting the Standard Operating Procedure (SOP) for TA Work plan and counterparts Capacity Building plan
- Drafting of various SOPs: SOP for TA Quarterly Progress Report; SOP for TA End of Assignment Report; SOP for TA Performance Appraisal Report; SOP for TA 360-Degree Performance Appraisal; SOP for TA Probation Assessment Report; SOP for TA Induction and Orientation Information.
- Implementation of Performance Evaluation of All TAs



The challenges faced by the Office included a delay between the initial plan and the implementation of the Guidelines piloted with the Ministry of Finance. The lessons learned included the revision of the guidelines as well as the hiring of the staff.

As a new Office and capacity is being developed using the resources available, some of the plans that have been formulated and on which work has started in 2016 and which will continue into 2017 include the following:

- Revise the Operational guidelines and updated in line with lessons learned
- Prepare Procedures to manage and report on non-compliance of Government entities
- Develop SOP for Records to manage the documentation to be provided to TACO and minimise duplication and manage confidentiality
- Develop Communication Strategy to target sharing of information and awareness building
- Develop Network with government institutions to facilitate data collection and build awareness of their obligations
- Pilot Database in targeted government entities to facilitate more effective analysis and reporting of TAs
- Develop SOP on checking the integrity of the data presented by government institutions
- Prepare Analytical reports on targeted Ministries and trends
- Develop the lessons learned paper from Pilot methodology with MOF
- Develop Plan for the incremental coverage of all government institutions over the 5 year period
- Develop IWPs and ICBPs for all TACO staff



PFM Training Highlights

The Public Finance Management Capacity Building Centre (PFMCBC) under the MoF is mandated to provide support to the management of continuous and differentiated training activities for staff of the MoF and further State services and bodies with competences in Public Finance Management. Decree Law No 7 2015 gives the mandate to PFMCBC to provide diagnostic testing for all PFM professionals across the government. Results of the diagnostic test provide PFMCBC with baseline data to organize capacity development activities for PFM professionals.

All the PFM professionals are subject for certification to work in the area. In order to facilitate this certification process, PFMCBC is currently developing the Competency Based Assessment (CBA) mechanism that is aligned to the Competency Standards for PFM. PFM Competency Standards were produced with the goal of establishing a framework of competencies required for each person working in the PFM profession in Timor-Leste. This new framework allows a systematic approach to identifying required PFM competencies contextualized to the needs of public sector environment Timor-Leste. The current PFM Competency standards describe Skills, Knowledge and Attributes that are required at each level.

PFM DIAGNOSTIC TESTING

PFM diagnostic testing has been administered to registered PFM professionals around the country, including PFM staff at Municipal level from June 2015 to November 2016. Approximately 2,600 people were tested under various areas such as Fundamental Areas, General Areas, PFM core functions, PFM Specialized areas, PFM supporting functions and Information Technology. The methodology of the testing involves: **13 SOPs, Test Construction Process, Induction and Registration for Test Process.**

PFM professionals were tested on three different levels (management based approach):

- Level 3: for DG/DN or equivalent
- Level 2: for chief of department/section or equivalent
- Level 1: staff

The results of the tests for the period June – September 2015 have already been sent to each institution and also have been presented at the Council of Ministers. Since then, requests to test PFM professionals have become frequent. PFMCBC organized a series of follow up tests in 2016 to staff at the central level as well as with the staff at the Municipal level. The results of the tests were classified into 5 categories.

Below is the graphical presentation of the scoring based on color classification:

Dark Green (Verde Tuan)	80% - 100%	This group has good capacity and training is not necessary – however, it is available to them if they require it.
Light green (Verde Naroman)	60% - 79%	This group has sufficient capacity. Some training is still needed in order to reach maximum standard.
Yellow (Kinur)	40% - 59%	This group has some capacity, but needs some development to reach minimum standards.
Pink (Kor de Roza)	20% - 39%	This group has capacity that requires extensive development to reach minimum standards.
Red (Mean)	0% - 19%	This group has very limited capacity.

The result of the test will be used as basis for capacity development program in PFM area. Thus, people who were tested will receive training based on the needs. Generally, the test result show that the current PFM professionals require capacity development as most result demonstrated that more people have scored under top 2 and 3 categories. This also suggest that there are sufficient prospect for PFM professionals, however programs for capacity development need to be implemented in order to help the prospects ones move one or two step forward to reach the standard category.

PFM TRAINING MANAGEMENT

Since 2016, PFMCBC has been developing the training curriculum for PFM in 7 areas, which also includes Numeracy. With support from the Procurement Unit, four (4) potential Partnership Training Service Providers (PTSP) were selected to provide continuous and differentiated training in PFM for all the PFM Professionals that obtained LIGHT GREEN and YELLOW in their diagnostic test

results. These PTSP are currently receiving TOT prior to the delivery of training that is planned to commence in March 2017.

The first four (4) critical areas to be delivered are: Numeracy, Procurement, Budgeting and Payment. The other areas, namely Assets Management, Accounting, Internal Audit and Planning will be prioritized for June 2017.

In total, there are 1,661 PFM Professionals targeted to receive trainings in PFM and will be the subject for certification in late 2017.

Among the results achieved in the PFM Diagnostic Testing:

- The initial objective of the PFM Diagnostic testing was to evaluate and assess the current knowledge of PFM Professionals across organs and institutions of the state of their current role to be categorized as competent and work in the area of PFM as Professionals. This can only be achieved once a professional obtain a score of 80% (Dark Green) in their area of expertise and certified.
- The findings of the diagnostic testing identified that there were four (4) critical areas in PFM which require further attention and capacity building. These areas are: *Numeracy, Budgeting, Procurement and Payments*
- All the PFM Professionals are going to be certified once they have reached the minimum requirements established by PFM CBC and are assessed through CBA (Competency Based Assessment).



PPP and Loans Highlights

The Government has made tremendous progress in the infrastructure development in recent years. The Strategic Development Plan (SDP) emphasized infrastructure development as a key driver of economic growth and poverty reduction. The Ministry of Finance through the PPP and Loans Unit fully supports the implementation of the SDP programs through the development of PPP programs as well as on and the loan programs.

The infrastructure programs implemented through PPP modalities would require careful screening of projects and choices of funding modalities. This process is expected to attract private investment to Timor-Leste to boost economic growth, while exploring and accessing the expertise and technology of private firms in providing better services to the public, extracting long-term value-for-money through appropriate risk transfer to the private sector over the life of the project – from design/ construction to operations/ maintenance.

Public debt is one of the important instruments to bridge not only the technical and management expertise but also to address the financing gaps faced by the government in the development of its strategic infrastructure. Prudent utilization of loan funds is expected to stimulate economic activities and will lead to higher economic growth, which in turn will add to the capacity to service and repay the debt itself. The external borrowing program offers an alternative source of financing to the Government at less cost than using budget from the Petroleum Fund to finance construction of key and strategic infrastructures.

As of December 2016, the external loans mobilized by the PPPLU include the following:

- ADB - LN 2857/LN 2858: Dili - Liquica & Tibar-Gleno Roads;
- ADB -LN 3181: Tasitolu-Tibar 4-Lane Road;
- ADB -LN 3020/ LN 3021: Manatuto-Natarbora Road;
- ADB -LN 3341/LN3342: Baucau - Lautem, Maubara - Karimbala, Atabae - Motain Road and LN 3456 for the Manatuto-Baucau road;
- World Bank -IDA CR 5303, WB LN 8290: Aileu - Ainaro Road;
- JICA -TLS-P1: Dili - Manatuto Road, and;
- China EXIM Bank -PBC No.2015 [3] Total No. 345: Dili Drainage.

Timor-Leste's total external loans with the lenders amounted to USD370.43 million. The PPPLU is continuously exploring other potential lenders with better

terms and conditions of loans. To assess the status and efficiency of the implementation of the loan-funded projects, a Mid-term Review was undertaken and PPP-LU is currently following up on the recommendations of the Consultant that will further improve areas of debt management.

Apart from loan programs, the PPP and Loans Unit undertook parallel due diligence tasks to prepare itself for possible engagement into a Public-Private Partnership, which is considered a potential path in bridging technical as well as



The Future Tibar Bay Port (Timor Port S.A)

The PPP modality chosen for Tibar Bay Port was a 30-year concession, including the design, partial financing, construction, operation and maintenance of the port infrastructure. The infrastructure must include the following:

- Berth with 630m length, capable of anchoring at the same time two vessels with a capacity of 3,500-4,000 TEU (Twenty-foot equivalent unit (Panamax).
- Entry channel with 200m width and minimum depth of 20m.
- 600m diameter ship maneuvering basin inside the bay with minimum depth of 20m, container parking terminal to be built in two phases with a final capacity between 500,000 to 600,000 TEUs.
- buildings and facilities necessary and appropriate equipment for ship/shore container transfers and also for container stacking and stack /road vehicle transfers.

Milestones achieved for the project as of December 2016 are highlighted on the tables at the right.



Milestone Attained By The Grantor	Date
Procurement and Negotiation	
Bidding documents received by NPC	23 September 2015
Announcement of winner (Bollere)	11 November 2015
Announcement of Intent to Award	15 January 2016
Negotiation of Concession Agreement	3-5 February , 9-11 March 20-23 April 2016
Concession Agreement agreed by both parties	May 2016
Signing of the Concession Agreement	03 June 2016
Audit Court Approval of the Concession Agreement	29 July 2016
Effectiveness Date	10 August 2016
Specific Decree Law for the Port Regime	
CoM Approval	24 November 2015
Promulgation by the President of RDTL	28 December 2015
Resettlement Action Plan	
Public Consultation on the Draft SIA/RAP Resettlement compensation	19 September 2016
Payment of compensation	November 2016
Establishment of Project Management Unit	
Finalization of Structure, Terms of Reference and Budget	October 2016
Recruitment Process	December 2016
ESCROW Account	
Arrangement with the selected bank to fund the VGF (Viability Gap Funding)	Signed on 28 November 2016, Government and UOB Singapore; VGF transferred to UOB in December 2016

Milestones Attained By The Timor Port S.A.	Date
Studies and Design	
Front End Engineering Design (FEED)	Preparatory works completed December 2016
Recruitment of Independent Engineer	
Preparation of Terms of Reference for Independent Engineer (Joint Effort by the Grantor and Concessionaire)	Finalization on process with the Grantor, NPC, IFC and HPC
Environmental Impact Statement	
Inception Report prepared and presented	7 October 2016
Final Draft of EIS	Expected in 1st Quarter 2017

Aid Coordination & Partnerships Highlights

In 2016, the Development Management Partnership Unit (DPMU) continued to strengthen Timor-Leste's management of its development assistance. Along with the regular work of ensuring proper coordination of development partnerships and ensuring the reliability and use of the Aid Transparency Portal, DPMU has made a concerted effort to strengthen relationships with line ministries to ensure MoF's central role in the management of external assistance. More importantly, DPMU spearheaded the development of an Aid Effectiveness Management Policy that will serve to clearly define roles, responsibilities, and procedures of effective development partnership management.

External Assistance Coordination

DPMU monitors and coordinates external assistance provided extended by both bilateral and multi-lateral Development Partners to Timor-Leste. Actual grant disbursements to Timor-Leste in 2015 were US\$ 222.7 million out of US\$ 165.5 committed. A significant downward trend in grants occurred between 2014 and 2015, US\$ 262.9 million and US\$ 222.7 million respectively. This is due to several reasons, 1) differing spending trends that stem from the use of different fiscal years, 2) many programs concluded within these two years, 3) decreased donor spending is a natural part of the positive development process as the country becomes more self-reliant and moves away from reliance on external assistance.

At the technical level, DPMU (i) reviewed and finalised grant agreements, (ii) facilitated joint formulations and review of Development Partner's Country Assistance Strategy/Programmes, (iii) facilitated bilateral policy dialogues with Government and development partners, and (iv) coordinated development partners' programmes and projects.

Improving Aid Effectiveness

DPMU is tasked with improving development partnership management in accordance with the New Deal for Engagement in Fragile States, which is a guiding principle of the peacebuilding and state building in Timor-Leste. Emphasis was given to ensure Government's ownership and leadership in development and alignment of development partners' assistance with the Strategic Development Plan 2011-2030. In this regard, regular dialogue was carried out through Quarterly Development Partners Meetings (QDPM) and the annual Timor-Leste Development Partners' Meeting (TLDPM), which are important venues to increase the effectiveness of coordination among all development partners.

In 2016, DPMU provided support to Line Ministries in their negotiation and formulation of grant agreements and helped review aid modalities. Furthermore,

DPMU consulted with the Government and development partners on the draft Aid Effectiveness Management Policy, which is expected to be endorsed by the Government in 2017.

Aid Transparency

2016 also saw the improvement of the Aid Transparency

Portal in several areas. These improvements allowed for more detailed and meaningful analysis to identify trends and gaps in development assistance. For example, a funding flows tracker was added to the system to identify which organizations are receiving the funds directly from donors, so that relationships among donors, implementing agencies, and Government entities can be more clearly identified. The continued upgrading of the Aid Transparency Portal and improvement of collected data has not only made the DPMU more effective, but has also made aid data available to the public.

Likewise, DPMU has continued to support line ministries and development partners by providing up-to-date disbursement data. This includes producing the annual Development Cooperation Report, which details Development Partners' aid profile, including which Line Ministries are recipients of their programs. In addition, DPMU produces the Annual Budget Book 5, which includes forward looking donor disbursement information to better inform the yearly Governmental budgeting process.



A Note on other MoF Initiatives Undertaken in 2016

2016 saw the implementation of new initiatives linked to the Ministry of Finance, namely, the Performance Management Reform, Fiscal Reform and the Program Budgeting. A brief description of these initiatives are

The Performance Management Reform

The internal consultations on the Ministry of Finance's Organic Law under the VI Constitutional Government resulted in its third re-structuring. The Minister established the Performance Management Reform (PMR) Task Force to lead the processes. The PMR Task Force progressively identified the required results and refined the proposed structure in a way that enhanced delivery of PFM and related services, accountability and transparency. This new structure formed the basis of the revised Organic Law and is being further developed through Diplomas Ministerial for each MoF work units. The PMR Concept developed an integrated approach that connects institutional to individual performance through planning and monitoring results, workforce planning, and competency development and testing, training and development and assessment of the impact of technical assistance.

These included an analysis of the current capacity of the staff of the Ministry and the development of a range of human resource strategies to address the structural change, the management of the workforce and the capacity development requirements. The broad basis of the consultations within the Ministry ensured that the ideas for improvement came from all levels within MoF and was not simply a top-down approach. This involved extensive in-depth brainstorming exercises and engagement with all work units at MoF, where all levels of management and staff contributed with ideas for organizational development while ensuring compliance with relevant laws.

The objective of the Performance Management Reform is to put in place a system for an efficient, effective and responsible delivery of the Government and Ministry priorities and improved institutional, team and individual performance. The integrated strategy is being implemented to deliver a range of reforms including the following:

- establish tools and procedures to facilitate understanding, compliance and monitoring of compliance with the legislative framework and Standard Operating Procedures;

Finance, namely, the Performance Management Reform, initiatives are



- improve longer term, medium term and short term planning, linking MoF objectives at the various levels, i.e. organizational objectives connected to team objectives and further to individual work priorities. These were monitored by measureable and realistic performance indicators with an increased focus on institutional performance;
- improve strategic human resource management systems and performance management through diagnosis analyses that target capacity building gaps and training needs;
- develop the Ministry's Workforce Plan, update staffing profiles, create job descriptions and contribute to the review of related legislative and procedures;
- Improve development policies, systems and procedures targeting attraction and retention of competent PFM professionals and supporting specialist areas within the Public Administration through the development of the Special Career Regime for PFM Professionals;
- create the organisational structure of the Ministry in a way that increases transparency, probity and accountability and eliminates risks

- develop the existing level of PFM competencies by adopting Competency Standards and administering diagnostic tests and assessments, conducted by PFM CBC. PFM CBC was responsible to identify the different competency levels of the current job holders and plan for targeted training and other initiatives aiming to develop Individual staff capacity building, addressing competency gaps and training needs;
- develop the PFM Special Career Regime and procedures of its implementation;

The PMR Task Force progressively identified the required results and refined the proposed structure in a way that enhanced delivery of PFM and related services, accountability and transparency. This structure then formed the basis of the Organic Law and is being further developed through Diplomas Ministerial for each MoF work units.

The PMR Concept developed an integrated approach that connects institutional and individual performance through planning, monitoring and results, workforce planning, competencies and testing, training and development and assessment of the impact of technical assistance.

The Fiscal Reform

The Fiscal Reform Commission is a technical body established by the Sixth Constitutional Government of Timor-Leste, Resolution no. 26/2015, and mandated with assessing all current and new forms of revenue. Improving government service delivery is a key priority of the Fiscal Reform Commission who will work with relevant government agencies to guide and implement the reforms. The Fiscal Reform aims to ensure the fiscal sustainability of Timor-Leste in the medium and long term by achieving a balance between State expenditures and revenues.

As such, and within the Ministry of Finance, the Fiscal Reform is the sum of two separate but interrelated reform processes, each with its own set of goals: Tax and Customs Reform, and Public Expenditure Reform.

The work is multi-faceted. Work has commenced with studies looking at the policy framework for non-tax revenue (fees and charges) including for electricity and water. These are key issues for poverty as well as fiscal sustainability and so careful analysis needs to be done before changes are made. The FRC has also acknowledged that the area of fees and charges is less about money as it is about services, and sustainable systems that are cost effective for the government.

The main focus of the FRC is directed at tax and customs reform. As already noted, tax and customs are areas of relative under-investment. The FRC's first priority is to examine the tax base and identify potential increases in, as well as new sources of, future revenue. Studies into tax incentives and the sustainability/effectiveness of the Investment Law are already under way. A review of tax policy has been initiated to identify the gaps in the tax system. Drafting of a framework for introduction of a Value Added Tax (VAT) has begun with a target of introducing the new tax by 2019.



Changes in tax policy will be backed up with more investment in the capacity of the Government to administer the tax system. The Government is seeking to reverse the past under-investment. Customs will also see more investment with the integration of policy and coordination in customs a priority. This work is being done internally, with the FRC using its own resources from the national budget. The allocation of resources from the budget is a clear indicator of the strong political will and commitment behind the reforms.

These fiscal reforms will require significant investment in public sector reform and a focus on critical institutions like the General Directorates of Revenue and Customs. The capacity of staff is still quite low and a long term commitment to effectively targeted management and operational (competency based) training is needed and is planned through the capacity building component of the Ministry's Performance Management Reform (PMR). Sequencing will be very important. Currently, the Commission is developing plans for restructuring institutions under

the Organic Law; a long term training strategy that combines formal study and on the job training; and, a legislative agenda and the Ministry's workforce planning strategy that will see new people recruited through merit based selection.

The Program-based Budgeting

In 2015, determined to ensure that the budget of the State is invested in order to benefit the population and ensure an efficient and fair provision of public services, the VI Constitutional Government significantly changed direction and enacted Decree Law 22/2015. The law promulgated a process of planning, budgeting, monitoring and evaluation, in order to ensure the results with real impact on the life of the population. It also advanced the link between the plan and the budget, the link between public spending and related public services, the monitoring and evaluation of results accompanied by the definition of responsibilities, as well as through the improvement of mid-term budgeting Term structure, an organized structure of priorities and the guarantee of fiscal sustainability.

While the law recognized that the Ministry of Finance maintains its central role in the design, implementation, coordination and evaluation of the policy defined and approved by the Council of Ministers in the area of annual monitoring of the budget and finances, DL 22/2015 made program budgeting the central approach of the national budget and created a new body under the direct supervision of the Prime Minister's Office, the Unit for Planning, Monitoring and Evaluation (UPMA). UPMA was tasked to coordinate, organize and supervise the planning, monitoring and evaluation process of the policies and programs of the entire Government and the General State Budget, in coordination with all governmental bodies.

This reform aims to better monitor Ministry and Government performance by linking spending with outcomes. This is achieved by requiring Line Ministries to allocate each of their line-item expenses to a particular programme and activity, the outcomes of which can then be directly monitored by the UPMA. More significantly, this meant that Ministries can be held accountable for their spending and efficiency in a way that was not possible before when monitoring the budget execution was the only performance indicator used. And this will allow government to have more informed discussions when they are analysing Ministry performance and allocating budget in future years.

Some key changes undertaken by the MoF in support of this budget reform can be divided into three areas: budgeting systems; planning and monitoring; and coordination.

In 2016, the MoF was required to fully evaluate its Financial Management Information System (FreeBalance), in order to evaluate its compatibility with program budgeting. Having completed the evaluation, the MoF identified and costed all the changes required to the FreeBalance system, and these have subsequently been implemented. Alongside this, the Chart of Accounts has also been updated within relevant changes made at the Program, Sub-program and Activity Level. New codes have also been created for the programmatic structure.

With regards to Planning and Monitoring, the MoF worked with and supported UPMA's efforts to ensure performance indicators are properly linked to the SDP and SDGs. The MoF has also had several discussions with UPMA to ensure that the rollout of program budgeting runs smoothly across all ministries and agencies.

In terms of coordination, the MoF worked with UPMA to ensure that LMs are trained on how to complete their costing templates, and how to submit their budgets programmatically. In 2016, 10 Line Ministries and 15 Autonomous Agencies submitted their budgets programmatically, with technical assistance provided by the MoF in liaison with UPMA. In preparation for the full rollout of Program Budgeting that is planned to take place in 2017, the MoF has worked with UPMA on planning how the remaining agencies will be trained, and how the overall program budgeting structure can be streamlined.

This major reform meant that many of the flagship reforms set out in the MoF Strategic Plan needed to be revisited, effectively stalling a number important foundation level reforms such as the introduction of a medium-term expenditure framework based on forward estimates of costed new and existing policy. An important aspect of the team based performance management approach is getting the sequencing of reform activities right, something covered in more detail in a further section of the assessment.

Annexes

2016 Summary of Activities Undertaken

The following Table was extracted from 2016 MoF's Annual Performance Report (Draft version February 2017, unpublished) conducted by Independent Performance Validators Andrew Laing and Vincent Ashcroft. It provides a summary description of key achievements made by each MoF work-team in 2016.

Team	Achievement
GENERAL DIRECTORATE OF CORPORATE SERVICES	Full utilization of the contracts module is now routine and e-Procurement is producing MoF reports - generally complete and in a timely fashion.
Office of the DG	Developing strategies to increase teamwork and effective communication
DN General Administration	Correspondence registration system now operational - tracking 100 items per day.
DN Logistics and Maintenance	Assets inventory routinely reviewed and is up to date
DN Records Management Unit	Rules and procedures developed for records management and good progress on transferring inactive records
DN Procurement	Good progress in applying procurement standards (2005) and e-Procurement is producing MoF reports - generally complete and timely.
Contract Management Unit	Full utilization of the contracts module is now routine and quarterly contracts status report is now routine
Special Projects Unit	Did not participate
Finance Unit	Good progress in dealing with: i) arrears and tracking invoices - MoF is setting the benchmark for other agencies; ii) Monthly bank reconciliations done on time and to standard - but only for EU special account; and iii) improving procedures to clear cash advances routinely.
GENERAL DIRECTORATE OF STATE FINANCE	Team is taking on the challenge of implementing controversial budgeting policies and loss of autonomy and has adopted a proactive approach to dealing with implementation challenges
Office of the DG	Team is taking on the challenge of implementing controversial budgeting policies and loss of autonomy and has adopted a proactive approach to dealing with implementation challenges
DN Assets Management	Update on Decree Law on Asset Management completed, with plans to update the movable assets manual progressing and vehicle maintenance workshop extended to 12 line agencies, with plans developing to establish it as an autonomous agency.
DN Whole of Government	Quarterly WoG execution reports for the Minister's Office are now being done routinely and are being used for performance dialogue with agencies and contingency reserve usage data is provided to Treasury for consolidated financial statements.
DN Budget	Budget preparation delivered using very little technical assistance and briefing notes were prepared on the financial implications of draft legislation (career regime and municipality structures)
DN Economic Policy	Fiscal sustainability analysis completed with support from the ADB and quarterly fiscal bulletins produced in broad compliance GFS economic and COFOG standards for classification and presentation. Core products are routine: i) Preparation of budget papers and Q&A; ii) revenue forecasting; iii) estimates of long-term liabilities; iv) national accounts review; v) inflation forecasting; and v) IMR Article IV preparations.
GENERAL DIRECTORATE OF REVENUE	Excellent process in reforming tax legislation and positive results are expected to be seen with next PEFA and TADAT diagnostics. Also good progress on raising revenue and improving tax payer compliance. Targets met for non-lodgements

Team	Achievement
	with data tracked routinely through SIGTAS.
Office of the DG	Excellent process in reforming tax legislation and positive results are expected to be seen with next PEFA and TADAT diagnostics.
DN Accounting & Collections for Petroleum & Mineral Revenue	Good progress on raising revenue and improving tax payer compliance - 12 out of the 15 majors are under review with assistance from CRA
DN Accounting & Collections for Domestic Revenue	Targets met for non-lodgements with data tracked routinely through SIGTAS and good progress on Tax Clearance Certificates - with clearance of tax arrears (or agreed repayment schedule) now triggering issuance of TCC, and routine systems for reconciliation of tax assessments, tax payment, and transfers.
DN Domestic Taxpayers Information	Workshops held for entities requiring registrations in Dili and all 12 Districts and some progress has been made in promoting tax compliance through use of standard advertising strategies (billboards, media etc.).
DN Petroleum and Minerals Taxpayers Information	56% of queries handled within the 5 day self-imposed benchmark (straightforward - not requiring legal interpretation) and seminars on tax issues and recent developments conducted with stakeholders in partnership with EITI and ANP.
Audit Unit	Annual Audit Plan Developed around 59 companies for self-reliance audit, with 10 majors audit under support from contracted audit firm
Tax Debt Recovery Unit	Annual tax debt recovery plan in place and a tax recovery repayment plan was agreed with one tax payer. Another is in the process of investigation.
Appeal Office	Good progress in establishing a DG level Appeal Office
GENERAL DIRECTORATE OF CUSTOMS	Arusha Declaration adopted, ASYCUDA World Development phase near completion and team is on track to improve clearance times while not reducing revenue.
Office of the DGC	Arusha Declaration adopted, ASYCUDA World Development phase near completion and Customs Procedures Code approved
National-Directorate of Operations	On track to improve clearance times while not reducing revenue: Current clearance times based on Asycuda ++: 60% are within 2 days. And 30% in 1 day. Risk based audits being undertaken to ensure valuations are accurate.
National-Directorate of Compliance	Nearly 100% of cargo manifest lodging processed electronically and the Harmonised Tariff System (HS2012) preparations complete
National-Directorate of Risk Management	Strengthened relations with the WCO Regional Intelligence Liaison Office (for risk improvement in the region). Results include drug seizures that were assisted through the RILO network.
National-Directorate of Administration	Airport, port and border x-rays are all working well
National-Directorate of Internal & Ethical Audit Unit	New DG did not participate
National-Directorate of Legal Advisory Unit	New DG did not participate
National-Directorate Policy and Procedure Unit	New DG did not participate
GENERAL DIRECTORATE OF	In 2016, Statistics Timor-Leste continued to rise to the high ratings under the

Team	Achievement
STATISTICS	World Bank Statistical Capacity Indicator, smooth transition from former DG to new leadership arrangements, and key surveys on track.
Office of the DG	In 2016, Statistics Timor-Leste continued to rise to the high ratings under the World Bank Statistical Capacity Indicator (66.7). Smooth transition from former DG to new leadership arrangements. Progress in drafting the new statistics law to be consistent with the Convention on the Elimination of Discrimination against Women (CEDAW).
DN Economic & Social Statistics	National Accounts statistics and Consumers Price Index produced and reports prepared and reviewed for quality and validity
DN Systems & Reports	Stats own server is progressing and should be operational by the end of the year, all stats available in Excel except Census 2015. Census publications produced on time.
DN Statistical Administration	Manuals and SOPS for the General Directorate of Statistics progressing
DN Statistical Mapping	Maps, charts, illustrations and layouts designed and produced for 11 indicators up to the level of Sucos.
DN Methodology and Data Collection	New procedures and rules developed for collecting and managing statistical data in accordance with international best practice and key surveys on track including health survey, Vital Stats.
Municipal Statistical Unit	Reliable and timely collection and distribution of information, data and reports to and from Municipalities and DNS
GENERAL DIRECTORATE OF TREASURY	Payment processes are now quicker with a big drop in complaints on payment delays, payment processes being decentralized through phases and payments systems now have been decentralized to all autonomous agencies. Team is also taking on the challenge of assisting municipalities to become autonomous in their financial operations.
Office of the DG	New DG - did not score
National Directorate Of Payments	Payment processes are now quicker with a big drop in complaints on payment delays, payment processes being decentralized through phases. Payments systems now have been decentralized to all autonomous agencies, and good progress in streamlining and devolving payroll controls.
DN Financial Decentralisation	Team is taking on the challenge of assisting municipalities to become autonomous in their financial operations, and is working on a municipality chapter for the Treasury Manual.
National Directorate of Accounting and Financial Regulation	Unaudited Statements submitted to National Parliament and SAO by PMO via treasury. Audit responsibilities are new. Treasury Policies and Procedures Manual drafted, together with guidelines to assist line Ministries understand and implement new policies and procedures. Register of Liabilities and Contingent Liabilities in place and will be included in notes to the financial statements (and possibly in the budget papers in due course).
STRATEGIC AND ANALYTICAL AREA (OFFICES AND UNITS)	Outstanding progress in pursuing systems to improve individual and team performance and developing the PFM Certification Policy Framework and PFM competency standards. EV Module upgraded and establishment of sub-accounts for autonomous agencies and contract management workflow process updated

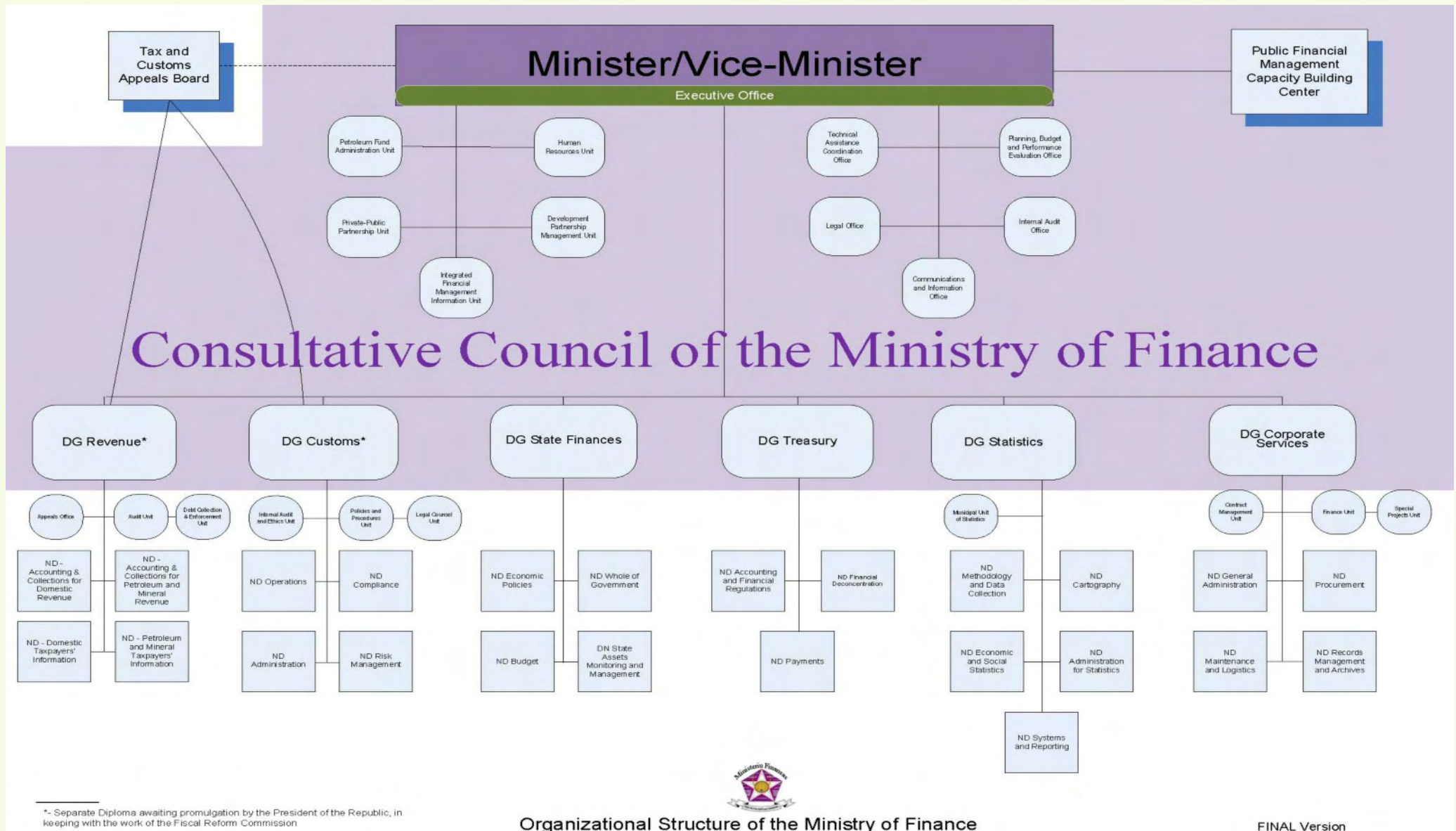
Team	Achievement
LEGAL OFFICE	Legal Office Manual completed with all procedures. Management of requests for legal opinion and the PFM legislative program is improving
MINISTER'S EXECUTIVE OFFICE	Minister's schedules and commitments calendar maintained and the tracking system for all Ministerial Correspondences is working well, as are CCFM systems.
TECHNICAL ASSISTANCE COORDINATION OFFICE	TACO Office operational and concept paper for operational guidelines in compliance with the Government Decree No. 6/2015 and related laws, policies / SOPs. Simple pilot database developed to facilitate effective analysis and reporting in MoF.
COMMUNICATION AND INFORMATION OFFICE	CIO DG appointed with CIO procedures under development
PLANNING, BUDGET AND PERFORMANCE EVALUATION OFFICE	Team-based performance management successfully kept on life-support, budget and procurement deliverables produced on time and to a good standard, and in-year reporting done on time and to standard
PETROLEUM FUND ADMINISTRATION UNIT	ESI model developed, maintained and documented, Investment review completed on time, and good quality research undertaken and high international grades remain for administration of wealth fund
PUBLIC PRIVATE PARTNERSHIPS UNIT	Good progress in establishing escrow account and implementing the resettlement Plan for the Tibar Bay Port, routine reports produced on PPP and public debt and there has been good progress on procurement of Debt Management Software
DEVELOPMENT PARTNERS MANAGEMENT UNIT	New Deal and Fragility Assessment progressing, good progress in the review differences in reported aid data among different aid datasets, and donor scorecard produced for the updating of the ATP
HUMAN RESOURCES UNIT	Outstanding progress in pursuing systems to improve individual and team performance, good progress on merit based recruitment - strong evidence that the institutional culture has changed significantly, Equal Opportunity and Affirmative Action Policy progressing, and legal requirements for Results Based Performance Management (RBPM) have been considered within the context of the Career Regime.
INTEGRATED FINANCIAL MANAGEMENT INFORMATION SYSTEM UNIT	EV Module upgraded and successful establishment of sub-accounts for autonomous agencies and contract management workflow process were updated. Team has delivered results under highly challenging environment - with multiple stakeholders driving potentially divergent agendas.
PUBLIC FINANCIAL MANAGEMENT CAPACITY BUILDING CENTRE	Outstanding progress in developing the PFM Certification Policy Framework and development of the PFM competency standards. SOPs prepared on security and confidentiality of all processes relating to testing.
OFFICE OF INTERNAL AUDIT	Audits delivered consistent with the annual Internal audit plan, Internal Audit Law drafted and submitted to Minister for approval, and regulatory and professional framework developed and internal audit competency standards upgraded.

Annexes

List of External Audits Undertaken (Deloitte)

List of Audits Undertaken for MoF by External Auditors - 2016			
Engagement Name	Status	Date Opened	Date Closed
Audit of Petroleum Fund of Timor Leste Y/E 31 December 2015	Closed	Nov 2015	May 2016
Audit of ESI Computation - Rectification Budget 2016	Closed	June 2016	June 2016
Audit of ESI Computation - Budget 2017	Closed	Oct 2016	Oct 2016
Six Monthly Audit of Petroleum Fund to June 2016	Closed	August 2016	Oct 2016
List of Reviews Undertaken for MoF by External Consultants – 2016			
Engagement Name	Status	Date Opened	Date Closed
Mid Term Review of Loans and Loan Funded Projects	Closed	July 2016	Dec. 2016
Review of Selected Autonomous Agencies	Closed	Sept 2016	Dec. 2016
Review of Work Undertaken by FreeBalance	Closed	Sept. 2016	Dec. 2016
Statement of User Requirements for FMIS	Closed	Sept. 2016	Dec. 2016

MoF's Organizational Structure





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