

**First 100 Days
In Office
Accomplishment
Report**



**Prepared by
The Ministry of Finance
November 2007**

the first 100 days Ministry of Finance

In the first 100 days, the Ministry of Finance of the IV Constitutional Government has:



- Endorsed the change of the start of the financial year observed by the Government to follow that of a Calendar Year, beginning 01 January 2008 to the National Parliament. The law on the change of the Government's financial year was approved by the National Parliament on 18 September 2007 and was promulgated by the President of the Republic on the same date.



- Established a modest Transitional Budget up to the end of December 2007, to bridge the required spending to run the new Government. The Government's Transition Budget, totalling to **USD 116,409,000**, was approved by the National Parliament on 08 October 2007 and was promulgated by the President of the Republic on 10 October 2007.



- To ensure efficient and effective execution of the Transition Budget, the MOF established a Transitional Budget Procurement Unit. As of 26 November 2007, 66 % of the Transitional Budget has been executed.



- With assistance from the IMF and the UNDP, initiated a consultative process with the Private Sector, the Civil Society, Religious Groups, Political Parties and other stakeholders, to design a Tax Policy Reform for use in the country. The Tax Policy Reform, when implemented

on 2008, is expected to facilitate investment and job creation; reduce the tax burden on wage earners and consumers, especially the poorest; lower compliance costs and minimize evasion; and, maintain systems so that additional revenue can be raised if required in the future. The resulting Tax Reform will sharply reduce burden on direct and indirect taxes, and will make most income earners entirely exempted from paying taxes. The reform will also result in a much simplified tax administration and will complement other efforts to improve the business environment. Consumers shall also experience lower market prices.



- Established a Working Group on the Petroleum Fund to advise the Minister of Finance Petroleum Fund on how best to optimize the investment potential of the Fund.



- Introduced a cash-basis budgeting across all ministries and agencies of the State.



- Started the formal budget process for the 2008 State Budget focused on expenditure priorities set out by the Council of Ministers. The 2008 State Budget is expected to be submitted to the National Parliament, for deliberations, by 30 November 2007. Priorities for expenditures under the 2008 Budget, as set out by the Council of Ministers include the improvement of the current level of basic infrastructure; return the nation to stability; address the socio-economic challenges faced by the victims of the 2006 crisis and the most vulnerable groups; improve human and institutional capacity; and de-concentrate and decentralize government systems and procedures.



- Took immediate action to address the **\$118 million** financial obligations inherited from the previous administration, carried-over since 2003. As of this writing, this outstanding obligation is now reduced to **USD68 million** .



- Resumed the regular monthly policy dialogue with the Development Partners of the Government, including that of the NGOs and the Civil Society. The monthly meeting with both groups happens every last Wednesday of the month.



- Signed a Memorandum of Understanding (MOU) with the European Commission (EC)-PALOP countries for a cooperation on Governance-based initiatives in the amount of 2.5 million Euros.



- Appointed a Program Implementation Officer (PIO) for the multi-donor capacity-building project, Public Financial Management Capacity Building Program (PFMCBP).



- Initiated the conduct of a review of the Customs services, with support from the World Bank, the New Zealand Government and the UN Conference on Trade and Development (UNCTAD). A diagnostic mission, composed of representatives of these institutions is in Dili from 26 November to 19 December 2007. Principally, the mission will deliver a “Reform and Modernization Strategy and Implementation Plan” for the Customs Service, based on the outcome of the current situation and performance analysis of the Customs Service.



- Established a vehicle utilization policy for approval by the Council of Ministers, to guide the acquisition and usage of government-owned vehicles.



- Signed a Memorandum of Understanding with the Church on public grants to support Government’s initiative to alleviate the plight of the Timorese in areas not reached by the Government.



- Engaged international audits to review contracts and transactions entered into which are part of the carry-overs.



- Paid Government debts incurred by the previous Government.



- Paid the pension of the former members of the Parliament and the Government pursuant to the Pension Law that was enacted by the previous administration.



- Restored the subsidy to public servants.



- Currently in the process of formulating the Organic Law of the Ministry taking into account the planned reforms that will be introduced beginning 2008.



- Established a Media unit within the Ministry to assist in the effort to disseminate to the wider public its workings and activities, for clarity and better appreciation.



- Institutionalized internal communication and sharing of information among its directorates and divisions.



- Collected tax in the amount of US\$139 million from July to November 2007. The total tax collection comprised of US\$3,805,824 from Domestic Revenue and US\$153,556,530 from Petroleum tax.



- Produced a new Chart of Account (*Rubrica de Despescas*).



- Produced a Quarter Report on the “*Duadecimo*” Budget Execution covering the period, July-December 2007.



- Completed the adjustments for the Supplementary Budget in the Complete Human Resource Information System (CHRIS) during a training in Australia.



- Produced the “Authority of Advise/Instruction and Expenditures” within the FreeBalance Accounting System.



- Completed the registration of one petroleum-based Company, ENI Timor-Leste S.P.A. (PSC Area 2).