



OVERVIEW OF PUBLIC FINANCIAL MANAGEMENT REFORM STRATEGY 2022-2027

Timor-Leste Ministry of Finance

Outline

- **BACKGROUND**
- **REFORM COMPONENTS**
- **SEQUENCING OF PRIORITIES**
- **TECHNICAL ASSISTANCE MAPPING**
- **CHALLENGES**
- **NEXT STEP**

Background

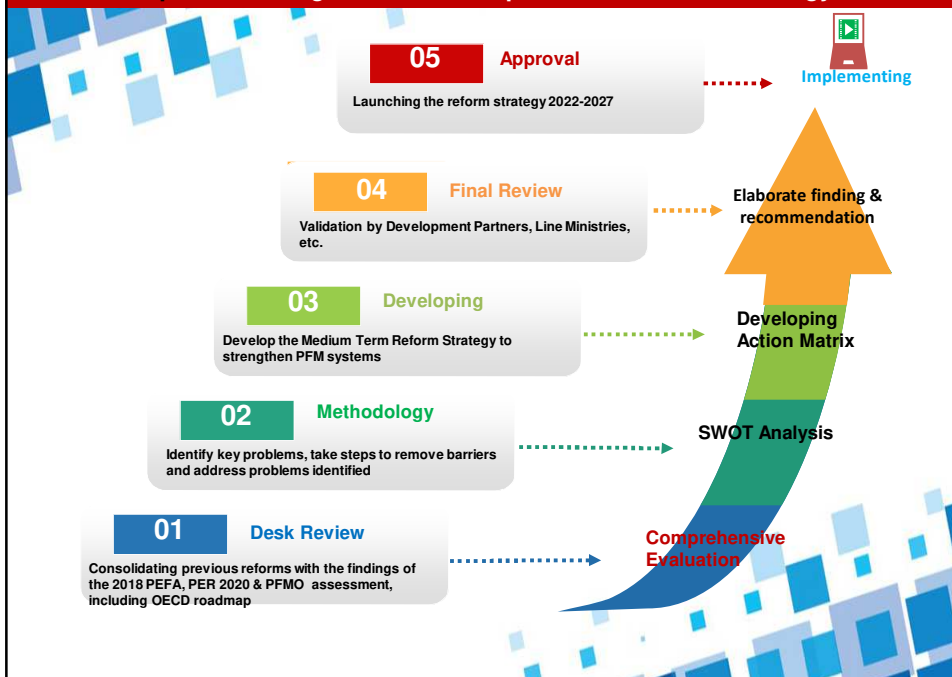
PFM Reform Goals

The Ministry of Finance has a strong commitment to strengthening Public Finance Management at all levels of government to ensure efficient, effective and accountable use of public resources as a basis for improving service delivery.

Goals:

- Strengthen fiscal strategy, enhance resource mobilization, improve planning and budgeting, improve budget execution and strengthen accounting & reporting systems;
- Improve the effectiveness and efficiency of managing non-financial assets in accordance with international standards.

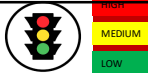
Reform Components - Stages in the development of the reform strategy



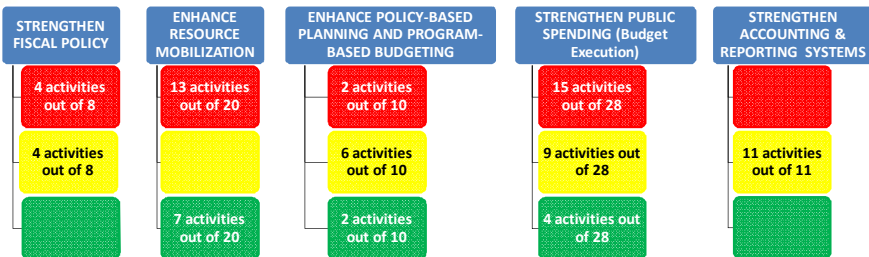
Reform Components - Key Components of the PFM Reform



Priorities Sequencing



HIGH
MEDIUM
LOW



Notes:

- High priorities are 34 out of 76
- Medium priorities are 30 out of 76
- Low priorities are 13 out of 76

Technical Assistance Mapping			
PFMR Code	Components (C) and Sub-components (SC)	Presently Available TA (including proposed)	Possible Future TA (in addition to existing)
C-1	STRENGTHEN FISCAL POLICY		
SC-1.1	Strengthen Fiscal Framework (<i>Legal framework & Systems</i>)	WB/ OECD (DFAT), EU, IMF	IMF/WB/EU
SC-1.2	Develop & Strengthen MTEF (<i>Legal framework, systems &HR</i>)	WB, OECD (DFAT)/EU	IMF
SC-1.3	Develop & Strengthen Fiscal Risk Management (<i>Legal Framework & Systems</i>)		WB, OECD (DFAT) / EU
C-2	ENHANCE RESOURCE MOBILIZATION		
SC-2.1	Continue Strengthen Tax Administration & Customs (<i>Legal Framework, Infrastructures, Systems & HR</i>)	EU/ IMF	EU / IMF
SC-2.2	Improve Debt Management, PPP & Aid Policy (<i>Legal framework, HR & Systems</i>)		IMF
SC-2.3	Strengthen PF Administration (<i>Investment Policy</i>)		
C-3	ENHANCE POLICY-BASED PLANNING AND PROGRAM-BASED BUDGETING		
SC-3.1	Improve resource constrained planning, and budget formulation including program-based budgeting (<i>Legal framework & Systems</i>)	EU	EU
SC-3.2	Strengthening Public Investment Management (<i>Legal framework & Systems</i>)		
SC-3.3	Strengthen Local Government PFM systems (<i>Legal framework & Systems</i>)	EU	EU

Technical Assistance Mapping			
PFMR Code	Components (C) and Sub-components (SC)	Presently Available TA (including proposed)	Possible Future TA (in addition to existing)
C-4	STRENGTHEN OF PUBLIC SPENDING (Budget Execution)		
SC-4.1	Improve of Quality Budget Execution (<i>Cash Management, Treasury Systems, Legal Frameworks, Procedures, etc.</i>)	WB, OECD (DFAT)	WB, OECD (DFAT) / IMF
SC-4.2	Strengthen of Public Procurement & Public Contract Management (<i>Legal framework &HR</i>)	WB / EU	WB / EU
SC-4.3	Strengthen Asset Management Operations (<i>Legal Framework, Infrastructures & HR</i>)		
SC-4.4	Strengthen PFM Capacity Building (<i>Systems, legal framework &HR</i>)	EU	EU
SC-4.5	Improve Quality of IT Systems (IFMIS) (<i>Systems, legal framework &HR</i>)	EU	EU
SC-4.6	Transform the DG Statistic as a Public Institution (<i>Legal framework, Infrastructures & HR</i>)	ABS (DFAT)	
C-5	STRENGTHEN ACCOUNTING & REPORTING SYSTEMS		
SC-5.1	Improve Quality of Accounting and Reporting (<i>Legal Framework, Systems & HR</i>)		
SC-5.2	Strengthen of Internal Audit Function (<i>Legal Framework, Systems & HR</i>)	EU	
-	External Audit	ADB, SAI-Portugal	
-	Implementation of PFM Reform Strategy	EU	IMF / EU

The Challenges Going Forward

- Lack of technical expertise and capacity constraints to successfully implementing the reform;
- Currently no coordination mechanism between MF, DPs and other stakeholders in monitoring the progress of the PFM reform;

Next Steps

- Recruitment of highly qualified professionals to key positions (Senior PFM Adviser) to drive the Reform agenda timely;
- Establish a clear mechanism to oversight and/or monitor the implementation progress between MoF & DPs;
- Coordination on DPs supports that should be aligned with the PFM Reform;
- Development of the Annual Action Plan by each lead unit against the PFM reform strategy;
- Socialization of the PFM Reform Strategy to the key ministries and government agencies;
- Establish and maximize the functions of the PFM reform Secretariat;
- Strengthen MoF's internal capabilities through capacity building.