



TIMOR-LESTE STRATEGIC DEVELOPMENT PLAN 2011 - 2030

VERSION SUBMITTED TO THE NATIONAL PARLIAMENT

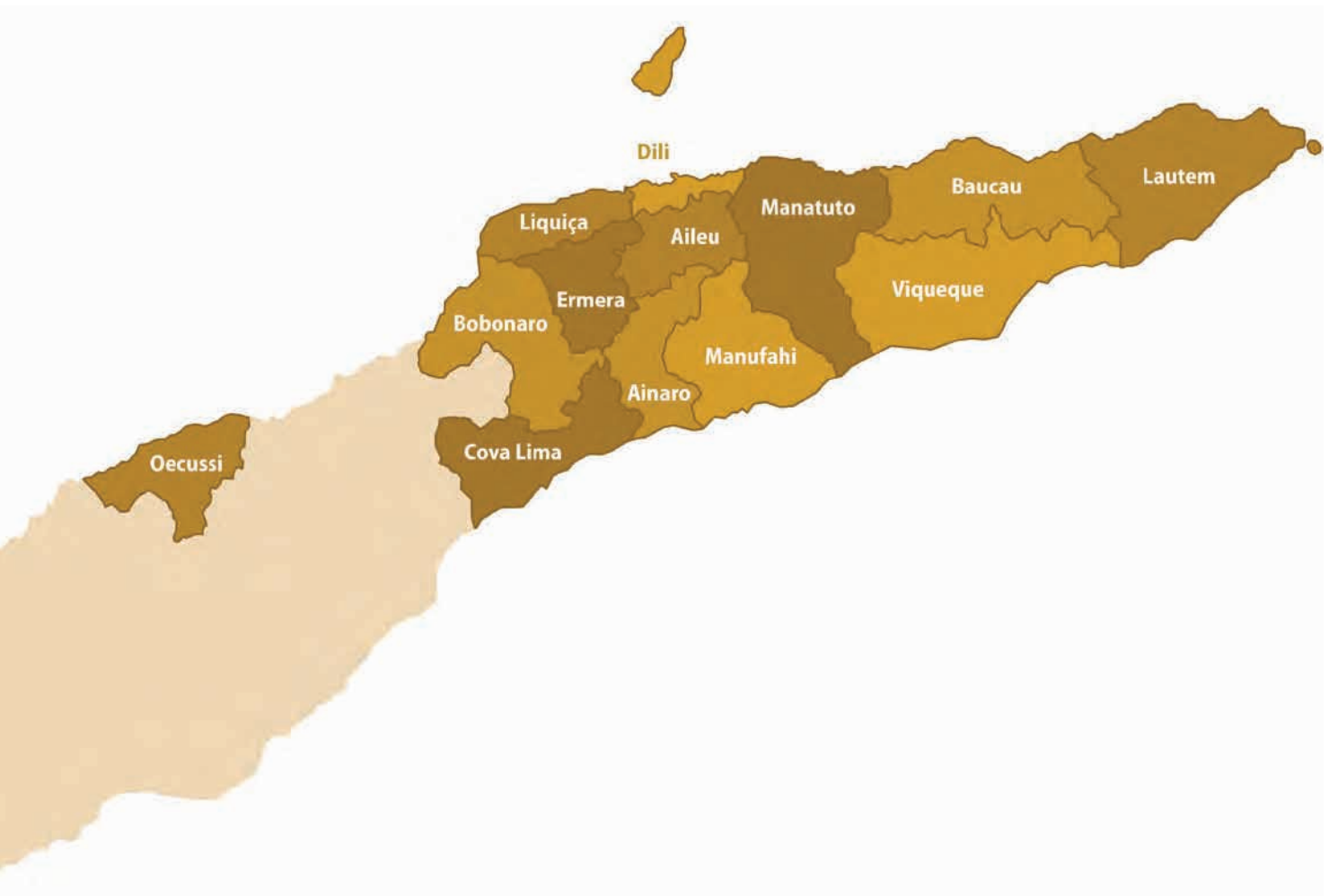




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DISTRICT MAP OF TIMOR-LESTE 2011



Source: UNDP

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PART

1

INTRODUCTION



The Timor-Leste Strategic Development Plan is a twenty year vision that reflects the aspirations of the Timorese people to create a prosperous and strong nation.

PART 1 INTRODUCTION

The Timor-Leste Strategic Development Plan is a twenty year vision that reflects the aspirations of the Timorese people to create a prosperous and strong nation. The plan has been developed to inspire change, to support bold collective action and to plan for a better future.

OVERVIEW

The Strategic Development Plan provides a vision for Timor-Leste that builds on the foundations we have laid down since 2002. It is informed by, and incorporates, the vision of the Timorese people in 'Timor-Leste 2020, Our Nation Our Future' which formed the basis of the 2002 National Development Plan. It also reflects the views of the thousands of Timorese people who contributed to the national consultation on the Summary Strategic Development Plan, From Conflict to Prosperity, in 2010.

Ongoing consultation and the participation and solidarity of the Timorese people will be vital to the successful implementation of the Strategic Development Plan.

Since independence in 2002, Timor-Leste's social and economic policies have focused on alleviating poverty to address the immediate needs of our people, consolidating security and stability, and providing a foundation for nationhood through building institutions of State. This ongoing process of peace building and state building has been necessary to create a base from which Timor-Leste can address our people's health and education needs and work towards the elimination of extreme poverty. While it normally takes post-conflict countries at least ten to 15 years to recover stability, Timor-Leste has achieved a safe and secure environment in less than a decade. We now have the benefits of peace, stability and a growing economy as we continue to build our nation.

In the last three years, Timor-Leste has experienced double-digit economic growth and a general improvement in people's welfare. Sector reforms and significant investments in the economy have taken place and the development of the oil and gas sector has begun. Our successes so far are due to the resilience of our people. It was our strong sense of self-determination that drove us to achieve independence after 400 years of colonisation and 24 years of occupation.

The same self-determination should now be applied to implementing the vision of the Timorese people through the Strategic Development Plan. Four key attributes of our nation mean that we are well placed to achieve our vision: political will, economic potential, national integration and a dynamic population.

Political will: The Timorese people have shown remarkable resilience and dedication to their nation. In the pursuit of independence we acted with courage, determination and creativity and suffered greatly to achieve our dream. The same characteristics that allowed us to gain independence can be harnessed to achieve our dream of a prosperous and modern nation. The Strategic Development Plan will help by building a shared purpose and setting out a framework to create a strong sense of national commitment and determination.

Economic potential: Timor-Leste has valuable natural resources, including one of the world's most vital commodities, petroleum. The development of the petroleum sector can help to secure the foundations of a sustainable and vibrant economy. The revenue from the sector can be invested in education and health services for families and in helping farmers to increase their productivity so that our agriculture sector becomes a leading driver of private sector jobs. This revenue can also help to fund the infrastructure necessary to build a diversified economy and transform our country into a modern nation. Timor-Leste can also take advantage of our location in East Asia, a powerhouse of the world economy. In the Asian century, and close to emerging economic giants, Timor-Leste is well positioned to trade and partner with our neighbours to achieve rapid and unprecedented economic growth.

National integration: National integration: Timor-Leste is a small country with a land size of about 15,000 km² and a population of 1,066,409. This makes Timor-Leste well placed to establish effective connections across our population, between our urban and rural areas, and between our government and our people – helping us to quickly achieve national integration and rapid economic development. Connecting our people with each other and to the world is a central objective of the Strategic Development Plan. Improved telecommunications, roads, ports and airports will be necessary to achieve strong economic growth and improve human development. Part of the strategy will also involve supporting the development of regional growth corridors and measured urbanisation to achieve a balance between rural and urban living.

Dynamism: Timor-Leste is a young country with a young population. Over half of our population is under the age of 19. While this creates challenges, it also provides enormous opportunities for our emerging nation. Over the next decades, our young generation will become the greater part of our workforce and will respond to new opportunities with dynamism, creativity and enthusiasm. As this new generation masters new technologies and joins our workforce, they will drive economic growth and development.

B A C K G R O U N D

The strategies and actions set out in the Strategic Development Plan aim to transition Timor-Leste from a low income to upper middle income country, with a healthy, well educated and safe population by 2030. This objective reflects the aspirations of the Timorese people as expressed during an extensive national consultation in 2010 and builds on the 2002 National Development Plan and 'Timor-Leste 2020, Our Nation Our Future'.

The vision in the 2002 National Development Plan and 'Timor-Leste 2020, Our Nation Our Future' is just as relevant today. The 2002 National Development Plan envisaged that by 2020:

- Timor-Leste will be a prosperous society with adequate food, shelter and clothing for all people.
- People will be literate, knowledgeable and skilled. They will be healthy and live long, productive lives. They will actively participate in economic, social and political development, promoting social equality and national unity.

- People will no longer be isolated, because there will be good roads, transport, electricity and communications in the towns and villages in all regions of the country.
- Production and employment will increase in all sectors – agriculture, fisheries and forestry.
- Living standards and services will improve for all Timorese.

In summary, the 2002 National Development Plan aimed to reduce poverty in every district in Timor-Leste, promote fair and just economic growth, and provide a good quality of education, health and life for every citizen. It set out implementation strategies for the next five years and invited review in five years. Nearly ten years have passed since the National Development Plan was drafted. Now, it is appropriate to build on the work undertaken in 2002 and again look to the future to present the best policies to advance our country.

A summary Strategic Development Plan, *From Conflict to Prosperity*, was released in April 2010. This was the basis for community consultations in all 65 sub-districts across Timor-Leste. The feedback from those consultations has been incorporated into the Strategic Development Plan. Strategic plans for individual sectors across government have also informed the Strategic Development Plan and will be used to guide the plan's implementation.

Timor-Leste's Strategic Development Plan is an integrated package of strategic policies to be implemented in the short-term (one to five years), in the medium term (five to ten years) and in the long-term (ten to 20 years). It is aligned with the United Nations' Millennium Development Goals, but it is more than a set of targets. It is about setting out a pathway to long-term, sustainable, inclusive development in Timor-Leste.

The plan aims to develop core infrastructure, human resources and the strength of our society, and to encourage the growth of private sector jobs in strategic industry sectors – a broad based agriculture sector, a thriving tourism industry and downstream industries in the oil and gas sector.

The Strategic Development Plan sets out what needs to be done to achieve the collective vision of the Timorese people for a peaceful and prosperous nation in 2030. The plan necessarily includes assumptions about prospects for the petroleum sector and growth rates in the oil and non-oil economy. However, as noted in the 2002 National Development Plan: 'a plan that is forced into a budget is not a plan at all, but an allocation process'. The planning process for the Strategic Development Plan has not been budget-driven or subordinated to international financial mandates.

The Strategic Development Plan provides a framework for identifying and assessing priorities and a guide to implementing recommended strategies and actions. The newly established National Development Agency will be responsible for providing detailed costing advice on major infrastructure projects to the government of the day, and relevant ministries will provide advice on sector program costings and implementation.

Ultimately, the successful implementation of the Strategic Development Plan will require the active participation of the Timorese people. This is more likely to come about if there is public trust in the government executing the plan. Therefore, building trust in our institutions of government is a major focus of the plan.

STRATEGIC DEVELOPMENT PLAN

The Strategic Development Plan covers three key areas: social capital, infrastructure development and economic development. Following this introduction, the second part focuses on our nation's social capital and on building a healthy and educated society to address the social needs of our people and promote human development. The third part will ensure that our nation has the core and productive infrastructure needed to build a sustainable, growing and connected nation. The fourth part covers economic development to achieve a prosperous, modern economy and jobs for our people. These three different aspects of Timor-Leste's development will be built on an effective institutional framework, which is set out in part five, and a strong macroeconomic foundation which is discussed in part 6. Part 7 sets out the conclusion and staging of the Strategic Development Plan to 2030.

PART 1 INTRODUCTION

PART 2 SOCIAL CAPITAL

- Education and Training
- Health
- Social Inclusion
- Environment
- Culture and Heritage

PART 3 INFRASTRUCTURE DEVELOPMENT

- Roads and Bridges
- Water and Sanitation
- Electricity
- Seaports
- Airports
- Telecommunications

PART 4 ECONOMIC DEVELOPMENT

- Rural Development
- Agriculture
- Petroleum
- Tourism
- Private Sector Investment

PART 5 INSTITUTIONAL FRAMEWORK

- Security
- Defence
- Foreign Affairs
- Justice
- Public Sector Management and Good Governance
- National Development Agency / Economic Policy and Investment Agency

PART 6 ECONOMIC CONTEXT AND MACROECONOMIC DIRECTION

PART 7 SUMMARY OF THE STAGING OF THE SDP AND CONCLUSION



PART

2

SOCIAL CAPITAL



The true wealth of any nation is in the strength of its people. Maximising the overall health, education and quality of life of the Timorese people is central to building a fair and progressive nation.

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Timor-Leste is committed to achieving the Millennium Development Goals, which are eight development targets that all United Nations member States are aiming to achieve by 2015. While the goals of the Strategic Development Plan are consistent with the Millennium Development Goals, they are tailored to reflect the unique history, culture and heritage of Timor-Leste. Our goals recognise that nation building and peace building are priorities that must be addressed in order to achieve other social and economic objectives.

In the area of social capital, the Strategic Development Plan seeks to improve the lives of Timorese people – our human capital – by setting out strategies and actions, along with targets, in the critical areas of education, health and social inclusion. The focus given to these areas reflects the priorities of the Timorese people and our understanding that a strong society is a necessary foundation for economic development.

“We need public high schools with free school meals.”

Youth representative, Dom Aleixo sub-district, Dili district, National Consultation, 15 September 2010

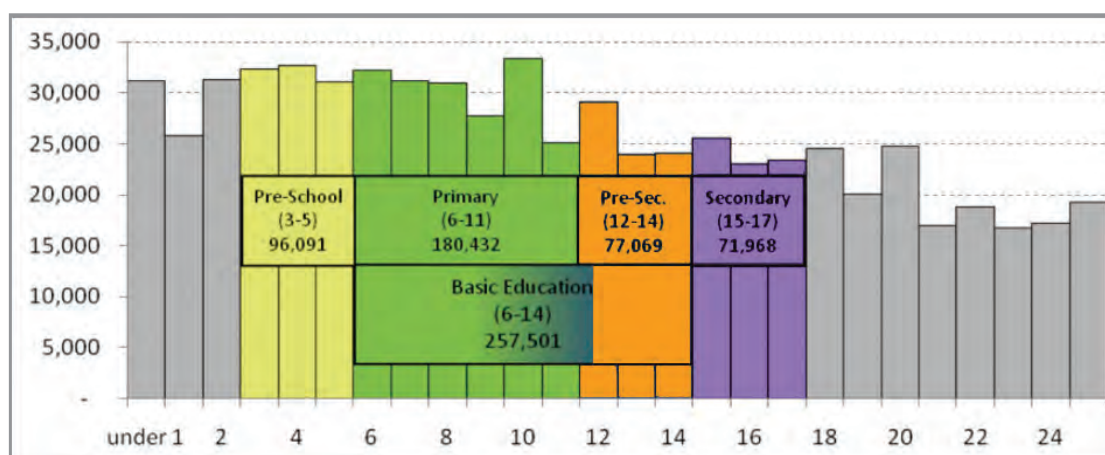
EDUCATION AND TRAINING

OVERVIEW AND CHALLENGES

Education and training are the keys to improving the life opportunities of our people and enabling them to reach their full potential. They are also vital to Timor-Leste’s economic development and growth. Our vision is that all Timorese children should attend school and receive a quality education that gives them the knowledge and skills to lead healthy, productive lives and to actively contribute to our nation’s development.

Our first step in achieving this vision is to remove barriers to access to education, to ensure that the right to education is upheld for all children nationwide. In addition to improving access to education, Timor-Leste has to improve the quality and equity of education so that recognised and measurable learning outcomes are achieved. Both these tasks will require the allocation of substantial resources. We will have to expand investment in our education system to ensure that we have the infrastructure and teaching workforce we need to give all children access to a quality education irrespective of where they live in Timor-Leste.

We face particular challenges in taking these first steps. While our young population offers great opportunities to provide the human capital and dynamic workforce we need to build our emerging nation, it also means that we have to find the resources to support a growing number of students moving through the various stages of our education system.

Figure 1 Student population at 2010

Source: Ministry of Education

The figure above shows that with increasing numbers of students moving through pre-school and primary school, there will be a greater demand in the years ahead for secondary and higher education. Providing the necessary education facilities in terms of both quantity and quality will be a major challenge for Timor-Leste.

In particular, our achievements in improving the number of children enrolled in basic education reveal the urgency in continuing to improve education quality. Increased enrolments require increased resources to maintain and improve quality. If those resources are not forthcoming, the increase in enrolments – while welcome and essential – may come at the expense of educational quality.

We also face significant pressures in improving our educational facilities and infrastructure. In 1999, most education infrastructure in Timor-Leste was destroyed. Since this time, we have invested in building and rehabilitating schools across the country, but there is still a long way to go to provide all schools with modern and adequate classrooms and facilities. The table below sets out our estimated school infrastructure requirements over the next 20 years and shows that building school classrooms and facilities will be a major undertaking for our nation.

Table 1 Estimated school infrastructure needs

	Existing facilities*		Estimate of facilities to be constructed/rehabilitated			
	2011		2015		2030	
	Schools	Classrooms	Schools	Classrooms	Schools	Classrooms
Pre-School	180	2,820	253	758	169	506
Basic	1,309	13,553	502	3,012	335	2,008
Secondary	80	6,400	64	1,280	43	853
Total	1,530	22,773	819	5,050	547	3,367

*70% of existing facilities are in a precarious condition and will require repairs and renovations very shortly

Source: Ministry of Education

STRATEGY AND ACTIONS

We will invest in education and training to ensure that by 2030, the people of Timor-Leste are living in a nation where people are educated and knowledgeable, able to live long and productive lives, and have opportunities to access a quality education that will allow them to participate in the economic, social and political development of our nation. The strategies and actions we take will recognise that attaining our education goals requires a multi-sector approach and that an accessible, quality education system must be supported by a safe and healthy community with improved economic stability for families.

PRE-SCHOOL EDUCATION

Only 11% of Timorese children from three years old to six years old currently attend pre-school. With international research proving that attendance in pre-school education gives children substantial advantages with their later education, we need to increase the number of children attending pre-school to ensure they can make the most of opportunities later in life.

In 1999, there were 3,835 children attending pre-school education in Timor-Leste. The latest data, from the school year 2010/2011, indicates there are now 180 pre-schools (141 standalone pre-schools, with the remaining incorporated into basic schools) attended by 10,159 children and staffed by 238 teachers (often assisted by paraprofessional teaching aides). Enrolment rates are much higher in urban areas than in rural regions. The importance communities place on pre-schools is illustrated by the fact that 140 of the 180 pre-primary schools are community-supported schools.

The quality of our pre-school education is low, with no standard basic curriculum and variable teaching standards. The public sector does not adequately recognise the significant contribution made by communities to early childhood and pre-school services, often through churches and non-government organisations, and does not make sufficient use of the programs developed by communities.

To ensure that Timorese children get a strong start in their education, we will expand and improve pre-school education to provide comprehensive early childhood care and education, especially for our most vulnerable and disadvantaged children. A new educational curriculum will be implemented based on best practice child development programs. To improve access to education, and build a solid foundation for future literacy and numeracy in both Portuguese and Tetun, local languages will be employed as languages of teaching and learning in the first years of basic education, providing a smooth transition to the acquisition of Timor-Leste's official languages, in accordance with the recommendations of the 'Mother Tongue-Based Multilingual Education Policy for Timor-Leste'.

A sufficient number of classrooms will be provided in all areas of the country. Unused classrooms in existing schools will be refurbished and new schools built. By 2015, at least 253 new pre-schools with 758 classrooms will be built and by 2030, an additional 169 pre-schools with a further 506 classrooms will be constructed. These new pre-schools and classrooms will all be properly equipped. Quality teacher training programs will be developed at both pre-service and in-service levels and teachers will be trained in appropriate early childhood learning methodologies.

BASIC EDUCATION

Formerly, the education system in Timor-Leste was organised along a 6-3-3 model: primary education (six years), pre-secondary education (three years) and secondary education (three years). This has changed to a system of compulsory basic education, which encompasses the first nine years of schooling and is followed by three years of secondary education.

Since 1999, Timor-Leste has focused most of its efforts towards primary or basic education and has achieved significant progress, as shown in the table below. The table also illustrates the substantial effort that has gone into re-building the sector since 1999 when there were only 65 Timorese pre-secondary teachers.

Table 2 Progress achieved in basic education, 2000 to 2010

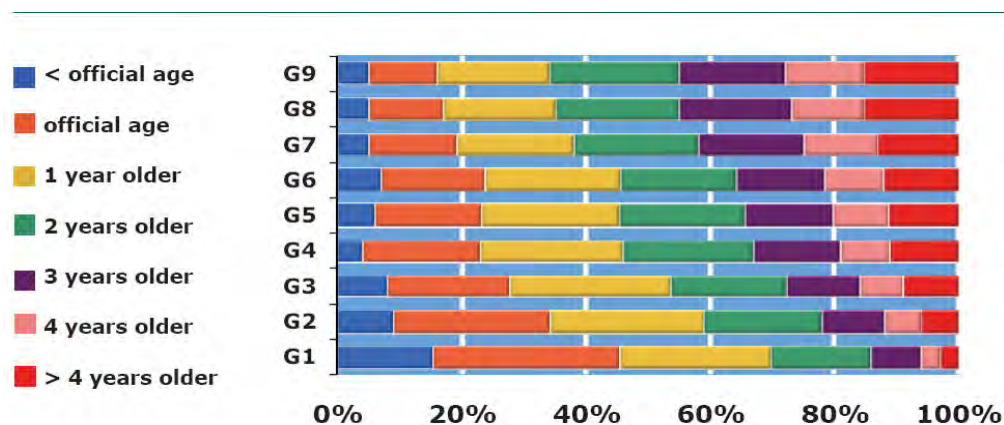
	2000	2010
Students		
Primary students	190,000	229,974
Pre-secondary students	21,810	60,481
Teachers		
Primary school teachers	3,860	7,583
Pre-secondary teachers	65	2,412

Source: Ministry of Education

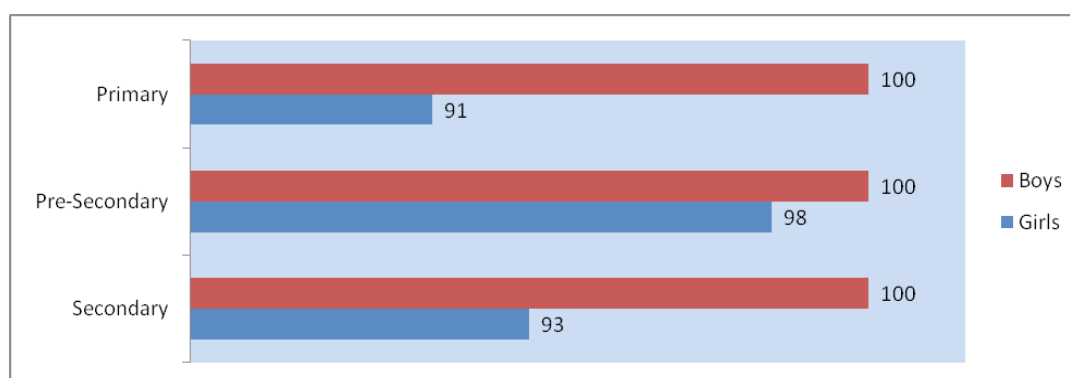
It should also be noted that significant progress has been made in the area of enrolments. Until recently, Timor-Leste was aiming to have 88% of children of the right age enrolled in grades 1 through 6 by 2015. We have already exceeded this figure, with an impressive 90% of children of the right age enrolled in basic education.

Basic education currently faces a number of challenges, including:

- Only 37.5% of students are at the official school age when entering the first grade, meaning that 62.5% of students start school either younger or older than the official school age, with 26% one to two years older, 8.6% three years older and above, and 26.8% younger.

Figure 2 Age distribution in comparison with official age by grade, 2010

- In 2010, less than 54% of six year old children started the first grade of education.
- There are too many children dropping out of school. Over 70% of children leave school before reaching year 9. The highest rate of dropouts occurs in the first two years of primary school.
- Children are taking too long to complete their basic education. It takes 11.2 years on average for a child to complete schooling to grade 6.
- There are more boys than girls in school. For every ten boys enrolled in primary and secondary school, there are nine girls.

Figure 3 Girl to boy ratio in public schools, 2010

Source: Ministry of Education

These challenges are compounded by rapid population growth. With an increasing number of children, it will be necessary to increase enrolment of six year olds by one third over the next five years (from 30,000 in 2011 to 39,000 in 2015) just to keep our enrolment indicators constant. This will create significant future demand for more teachers, classrooms and education spending.

We also face challenges in providing school infrastructure. While the situation has improved in recent years, many schools do not have modern or adequate classrooms and facilities, and a large number of schools do not have reliable water and electricity, making it difficult for them to function properly.

However, despite these challenges, we have made enormous progress in terms of access to basic education and now need to focus on quality of education. The quality of much of the teaching in Timor-Leste remains poor, with an inevitable flow-on effect on student learning. More than 75% of teachers are not qualified to the levels required by law. The curriculum is also inadequate to deal with the development needs of our nation. School administration remains inefficient and does not encourage participation by families or communities.

Over the next two decades, Timor-Leste will continue to build a basic education system that provides universal access and ensures the completion of quality basic education by all children. This includes the enrolment of all children in grade 1 and the graduation of all children at grade 9.

We will undertake significant reform and improvements across our basic education system, including:

- Researching, analysing and addressing the factors hindering school enrolments and causing school drop outs
- Ensuring schools have the buildings and facilities needed to deliver education and respond to the strong population growth of school age children
- Radically improving teaching quality by increasing teacher training through the National Education Training Institute and improved human resources management
- Developing and implementing a modern and relevant curriculum, and making quality teaching and learning materials available for all teachers and students
- Implementing a new, decentralised school management system to ensure that quality education is provided in an efficient, affordable and sustainable manner. This will be based on a cluster system of 202 schools throughout the country. Each cluster will have a main school with satellite schools and the central management will ensure the efficient use of resources in terms of administrative, academic, logistical and human resources needs for the whole cluster. The approach will also encourage participation: an administrative council will be established in each cluster, which will involve local Parent Associations, teachers and students in the overall running of the school.

SECONDARY EDUCATION

Secondary education in Timor-Leste is divided into secondary general and secondary technical schools.

In 2010, the number of students in secondary education (including technical schools) was 40,781, with 2,073 teachers employed across the secondary school system. The private sector is responsible for 31% of total enrolments and 43% in the district of Dili. There are currently 91 secondary schools in Timor-Leste, of which 74 are secondary general (43 public and 31 private) and 17 are secondary technical (12 public and five private).

The number of students graduating from technical schools is currently extremely low, with only 12% of appropriately aged young people finishing their education at these schools.

Table 3 Secondary education in Timor-Leste, 2010

	Secondary general	Secondary technical	Total
Students	35,062	5,719	40,781
Schools	74	17	91
Teachers	1,696	377	2,073

Source: Ministry of Education

Our overall strategy is to ensure that at 15 years of age all students graduating from basic education have access to secondary education. To meet this demand, we will focus on expanding access to secondary education and on providing adequate infrastructure and qualified teachers in secondary schools to improve the learning and skills outcomes of students graduating from this level of education.

We face particular challenges in improving the quality of secondary education. The curriculum is not adequate to serve the developmental needs of Timor-Leste; teacher utilisation is extremely poor, with a very low teacher-student ratio; and teaching quality also remains low, with many teachers lacking fluency in the official languages of instruction.

General secondary education will be directed towards preparing students to pursue tertiary level studies. Technical-professional secondary education will prepare students for entry into the labour market, as well as enabling access to technical higher education and to university education.

The increase in basic education enrolments reveals the urgent need to transform and expand the current secondary education system across the country, particularly to remote areas.

Reform will also require the development of a new curriculum and the improvement of teacher training and teacher qualifications. Wide-ranging changes to technical secondary education will also be necessary to equip students for the Timor-Leste labour market, which is experiencing an acute shortage of skilled and semi-skilled workers capable of coping with the rapid pace of reconstruction.

Specifically, reforms to secondary education will require:

- An increase in the capacity of secondary schools to absorb the much larger number of students graduating from basic education. This will involve the development of a comprehensive plan to meet the infrastructure needs of both secondary general and technical-professional schools. In particular, there will be a need for modern, up-to-date technical schools, which can absorb up to 60% of the secondary school age population
- The replacement of old schools, which are no longer fit for purpose, by modern schools with the capacity to handle larger numbers of students. Centres of technical excellence will be created in a number of regions with courses related to economics, agriculture and engineering, as well as those related to service industries such as tourism and hospitality

- Development of a new curriculum that will focus on developing relevant knowledge, useful capacities and critical intellectual and social skills, and on promoting creativity and problem-solving skills, communication skills and critical thinking. The new technical secondary education curriculum will be based on market needs, with a focus on: (i) agriculture, (ii) applied engineering (mechanical, electrical and electronic) and (iii) services, especially oriented to business management and tourism. It will include formal links with industry and the marketplace to give students direct experience of the workplace both nationally and internationally.

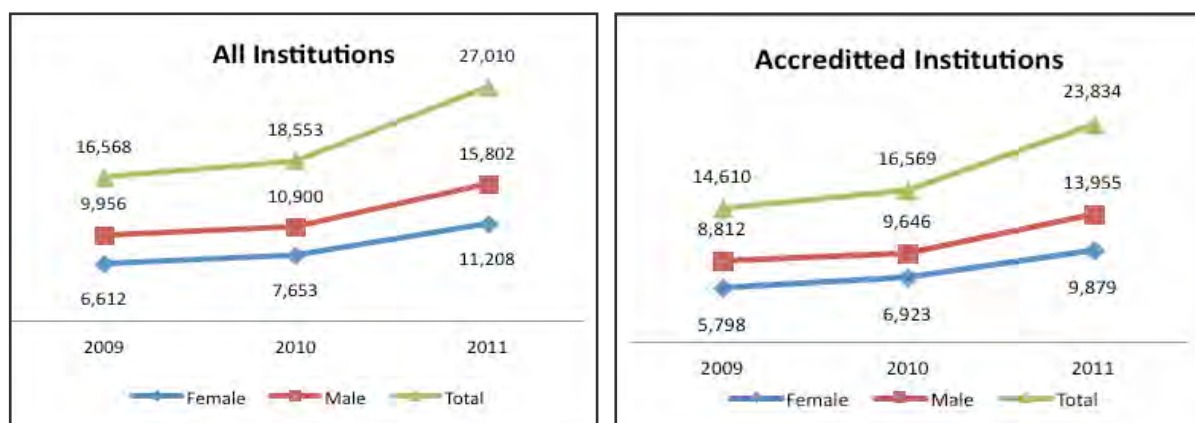
HIGHER EDUCATION

Higher education in Timor-Leste is divided into higher technical education and university education, both of which have been funded to ensure maximum access, equity and quality for students.

Currently, the higher education sector is dealing with a number of critical issues that require a broad and effective approach, including:

- The development and implementation of new regulatory frameworks and funding mechanisms for public and private higher education institutions
- The establishment of a National Qualifications Framework
- Further development of the National Agency For Academic Assessment and Accreditation, which has responsibility for determining standards and criteria for quality assurance of all higher education institutions
- The development of an efficient management system to coordinate all government interventions in higher education and set priority targets and budgets
- The establishment of polytechnics to offer technical higher education that is specific to Timor-Leste's development needs.

Prior to 2004, 17 higher education institutions were in operation with over 13,000 students. At the start of 2011, 11 institutions were operating, nine of which have academic accreditation and about 27,010 students enrolled. Since 2009, female enrolments in higher education have improved by 70%.

Figure 4 Higher education enrolments, 2009 to 2011

Source: Ministry of Education

Timor-Leste's national public university is the Universidade Nacional de Timor-Lorosa'e (UNTL), which was established in 2000. The UNTL serves the national purposes of teaching and conducting research to provide knowledge to the community, promoting freedom of thought and strengthening Timorese culture and democracy. As the only public university in Timor-Leste, a legislative framework has been developed to ensure the UNTL's autonomy.

There are also around ten private higher education institutions in Timor-Leste, which need to improve the quality and relevance of their courses to better meet the social and economic needs of the country. This includes providing more courses directly relevant to the labour market and improving the general development of innovative and entrepreneurial skills.

Table 4 Graduated students (cumulative data up to 2011)

No	Institution	Status	2011		
			Male	Female	Total
1	Universidade Nacional de Timor-Lorosa'e (UNTL)	Accredited	3,529	1,872	5,401
2	Universidade da Paz (UNPAZ)	Accredited	510	351	861
3	Institute of Business (IOB)	Accredited	101	97	198
4	Dili Institute of Technology (DIT)	Accredited	68	47	115
5	Universidade Oriental (UNITAL)	-	147	64	211
6	Universidade Dili (UNDIL)	-	321	236	557
7	Instituto Superior Cristal (ISC)	Accredited	167	81	248
8	East Timor Coffee Academy (ETICA)	Accredited	38	11	49
9	Instituto de Ciências Religiosas "São Tomas de Aquino" (ICR)	Accredited	34	43	77
10	Instituto Profissional de Canossa (IPDC)	Accredited	49	-	49
11	Instituto Católico para Formação de Professores (ICFP)	Accredited	79	150	229
Total			5,043	2,952	7,995

To meet the challenges ahead, Timor-Leste's two higher education branches (technical and university education) will focus on achieving the following objectives:

- Post-secondary technical education will offer specialised applied courses of one or two years, which will aim to develop practical, problem solving abilities while developing broader educational abilities. Courses will be provided at polytechnic institutions or in contracted institutions linked to polytechnics and lead to diploma level qualifications.
- University education will focus on investigating and creating knowledge, which provides a broad scientific, technical and cultural preparation for further study and research, or entry to the labour market. Courses will be provided in universities, institutes or academies and lead to baccalaureate, degree, masters and doctoral qualifications.

To achieve these objectives, we will:

- Implement a strong quality assurance regulatory system through (i) the registration of all national qualifications into the National Qualifications Framework and (ii) the continuing development of the national quality assurance body, the National Agency for Academic Assessment and Accreditation, with responsibility for determining standards and criteria for quality assurance of all higher education courses
- Develop an efficient management system to coordinate government interventions in higher education and set priority targets and budgets
- Establish Polytechnic Institutes, including one for each of our strategic industry sectors. This will include an engineering Polytechnic related to the petroleum industry, to be established in Suai, a service industry Polytechnic to cover tourism and hospitality, to be located in Lospalos and one Polytechnic for agriculture, which will be established on the south coast.

As a critical institution that is fundamental for building our human capital and contributing to our national development, the UNTL will be adequately funded to allow it to effectively perform its functions. The UNTL will be expanded to consist of seven faculties: Agriculture; Engineering, Science and Technology; Medicine and Health Sciences; Economy and Management; Education, Arts and Humanities; Law; and Social Science. To support the critical area of training in engineering, a modern Faculty of Engineering complex will be built at Hera.

We will continue to meet our commitment to develop a quality higher education system that provides services according to internationally recognised quality standards.

Ministry of Social Solidarity signs agreement with UNTL for the creation of a Masters Degree

At the Taibesse Youth Centre on 26 April 2011, the Ministry of Social Solidarity entered into an agreement with UNTL to establish a Masters program to improve the technical skills of public servants who provide social services in Timor-Leste.

The new Masters program will provide training in the design, implementation and monitoring of social security schemes and will include the study of both contributory pension and superannuation funds, as well as distribution regimes. Providing an adequate pension to vulnerable, elderly and retired people that is financially responsible and sustainable is a critical challenge for our nation. With unfunded pension schemes generating unsustainable debt burdens in some countries, it is important that the technical skills and knowledge of our public servants are improved in this area for the benefit of our people and the sustainability of our fiscal policy.

This collaboration between the Ministry of Social Solidarity and the UNTL is a model for future collaboration between higher education institutions and the Government of Timor-Leste to improve human resources in areas critical to national development.

RECURRENT EDUCATION AND LIFE LONG LEARNING

Recurrent education is for people who are above normal school age and did not have opportunities for education at the right age.

Recurrent education incorporates the national literacy campaign program, post-literacy courses and basic education and equivalency programs. As of May 2011, 120,934 students had graduated from the national literacy campaign. The National Equivalence Program provides accelerated learning courses that will give equivalent basic education qualification to those who did not have the opportunity to attend school when they were at the normal age to do so. In 2010, the post-literacy and equivalence programs trained 1,041 students.

The main challenges facing recurrent education are the need to increase the number and quality of classes under the post-literacy program so that gains in literacy are sustained, the need to improve conditions for monitors and teachers and provide better professional development opportunities, and improving coordination between recurrent education program.

Timor-Leste's target to substantially reduce illiteracy by 2015 can be achieved by increasing the present capacity of our existing national literacy programs. Community engagement and support is a critical factor for expansion of these programs. Another key element is the use of distance education methodologies, with the support of quality video materials, classroom monitors and the future use of internet based learning methods. The National Equivalence Program will be enhanced through the creation of 65 Community Learning Centres (one in each sub-district), and the design and implementation of a quality curriculum.

SOCIAL INCLUSION IN THE EDUCATION SYSTEM

We are in the process of developing policies that focus on social inclusion in our education system. Programs such as school grants and the school feeding program are being implemented to ensure that children are not excluded from education on the basis of their economic status. The education system also needs to improve gender equity, which is a particular problem at the tertiary level.

Particular attention will be given to developing strategies and actions to assist girls and boys with disabilities to ensure that they are not disadvantaged in enrolment or in the successful attainment of education at all levels.

Many children are also disadvantaged by the use of languages in schools. Given the diversity of national and local languages in Timor-Leste, the National Education Commission has initiated studies on 'Mother Tongue-Based Multilingual Education for Timor-Leste'. These studies aim to ensure that children are not disadvantaged and that all have equal access to an education, providing a smooth initial transition to the acquisition of Timor-Leste's official languages.

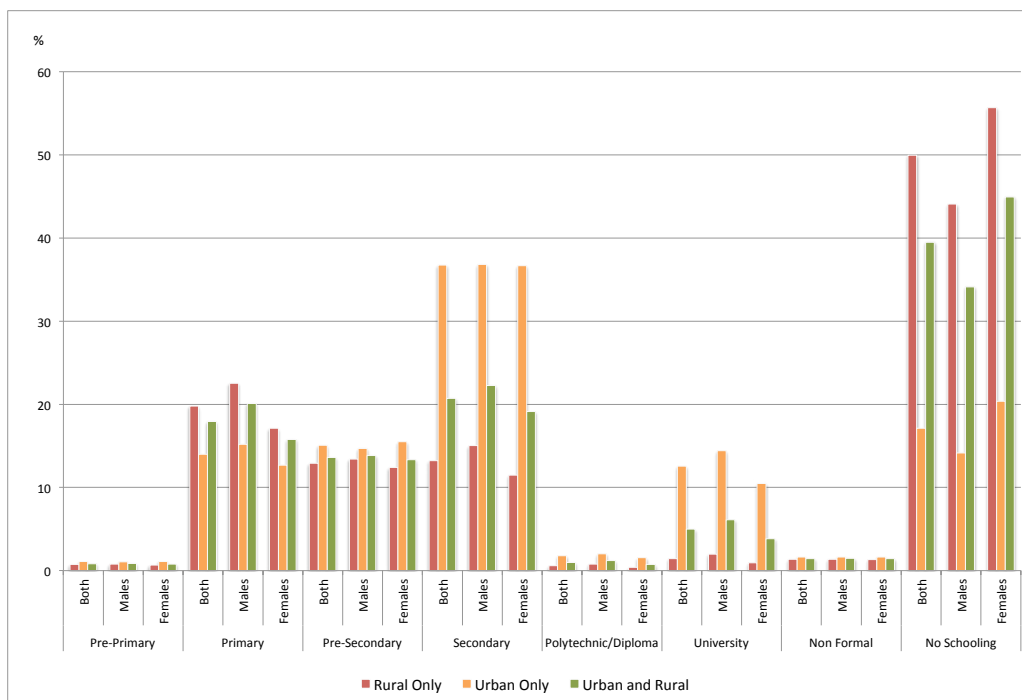
Our first step will be to establish a policy of social inclusion to ensure that our most vulnerable people have a right to education. We will also introduce measures to help children from poorer families to access and continue their education, including further development of the school feeding program. Special measures will be taken to ensure equality of opportunity for girls and to reduce disparity in education outcomes between boys and girls, particularly at secondary and tertiary levels. Access and quality education will be available to all regardless of disability. The use of mother tongues in education will be explored to ensure equality of opportunity, especially in relation to early literacy.

Other actions to address social inclusion more broadly are set out later in this part.

VOCATIONAL EDUCATION AND TRAINING

Around the world, technical and vocational education is seen as important to building the capacity of people to take on new challenges and adapt to changing social and economic circumstances. This is also true for Timor-Leste where we need our people to have the skills necessary to build our nation. During the national consultation on the draft Strategic Development Plan, the need for vocational training was raised in nearly every meeting.

Timor-Leste currently faces critical human resource constraints across most areas of our economy, as well as in government administration. The Timor-Leste Labour Force Survey 2010 shows low levels of education completion in all age groups. Of our population over 15 years old, 40% have not had any education at all and another quarter have not advanced beyond primary school level. This skills shortage will become more problematic as government programs expand in areas such as health, education, petroleum and agriculture, and private sector investment increases. While education and skills gaps will be tackled through reforms to the education system, there is also a need for urgent action to address Timor-Leste's technical skills needs.

Figure 5 Level of education reached by people aged 15 and over

Source: Census 2010

Traditionally, Timor-Leste has had a strong informal training system delivering skills in different industry and community areas. We also have a number of institutions that provide vocational training. The National Centre for Employment and Professional Training at Tibar currently provides a broad range of technical and vocational training programs. In addition, the vocational training centre SENAI-Becora in Dili provides training in areas such as mechanics, carpentry and refrigeration, and also supports the growing need for vocational training. Other important training providers include Don Bosco, the East Timor Development Agency (ETDA) and the Dili Institute of Technology.

“We need sewing machines and training centres to build the capacity and skills of our young women and men.”

Village Chief of Leorema, Bazartete sub-district, Liquiça district, National Consultation, 10 August 2010

However, these current training providers do not have the capacity to provide the extensive and wide ranging vocational training that will be required to develop the highly skilled workforce Timor-Leste needs to build our nation and secure our economic future.

To train our people for the jobs of the future – and to achieve our goal of all Timorese having access to employment and a basic income by 2020 – we will develop a new national training system. This system will enable our people to take advantage of job opportunities in the expanding petroleum, tourism, agriculture and construction industries. Opportunities for training will also be provided to help people to start new enterprises and businesses.

It is important to determine the skills Timor-Leste needs and build a vocational training system to meet these needs. For our nation to be able to provide effective government, develop our industries, provide health and

education services and build modern infrastructure, we need skilled people. Without quality vocational training and a culture of developing our skills, our people will not be able to take up the jobs and business opportunities that emerge from the major projects and new industries that will be established in Timor-Leste.

Vocational training will focus on training a skilled workforce that can respond to the employment and development needs of our nation. To achieve our goals, the following actions will be taken:

- The Timor-Leste training system will continue to be developed and funded.
- A Timor-Leste National Training Commitment will provide training opportunities for all Timorese.
- A National Labour Content Policy will ensure that international and national businesses provide training opportunities.
- Investment will be made in training facilities and people.
- A Technical and Vocational Education and Training Plan will be developed.

Development of a national training system

Raising the standards of skills of our people will raise the standard of living in Timor-Leste. We are already developing a training qualification framework to meet our needs, which is an essential first step in creating national training programs. This framework will be developed further to include:

- National qualifications standards in all major occupations
- National curricula for all registered training programs
- A system to allow registered training providers from the government, community and non-government sectors to deliver accredited training.

It is essential that there is a broad range of public and private training providers to deliver training throughout Timor-Leste. The establishment of large and small, government, community and industry based training providers will be supported. Quality training will be assured through the requirement for trainers to meet national standards for registration and for training to be based on nationally approved curricula. Training providers who do not meet or maintain the high standards required by the registration system will not be eligible for State funding and will not be able to issue national qualifications.

The Timor-Leste National Qualification Framework now being developed will cater for all Timorese and cover skills levels from one to five. As this framework of training, skills and recognition is developed, it will guide future government funding of training to ensure that students progress on integrated pathways from essential workplace organisation and literacy/numeracy skills through to advanced diploma courses for highly skilled trades and professions.

A national qualifications recognition system operating alongside a quality training system will increase our people's skills and improve their participation in international business projects, as well as their opportunities for employment in major infrastructure and petroleum projects.

National Training Commitment

The National Parliament recently approved a Timor-Leste National Training Commitment package, which will commence in 2012. Each year, this Commitment will provide structured and approved training to 8,400 young people aged from 16 to 18, school leavers and other people requiring training to give them the skills they need to get a job or start their own business. These training places will be targeted to meet priorities for skills in industry in our communities and our districts.

By 2015, 50% of all school graduates who do not enter work or continue with education after completing school will be enrolled in training provided under the Commitment.

The Commitment will have two streams. The first will be the National Training Ticket, which will provide fully funded training for one year and be delivered by a registered training organisation in a classroom or workshop setting. In addition to this classroom and workshop training, students may also be placed in a business to undertake unpaid work experience.

The second stream will be the National Traineeship Program, which will provide students with a combination of classroom and workshop training and industry-based learning and experience. This will introduce on-the-job training to Timorese industry, while at the same time creating a formal entry into employment for Timorese students. Training organisations will be responsible for providing supervision and mentoring to trainees throughout the year, finding and negotiating placements in businesses and monitoring trainees' learning. All successful graduates from the National Traineeship Program will receive a national qualification certificate.

The certificates will cover training across a broad range of skills, including:

- Literacy, numeracy and work readiness
- Petroleum industry
- Building and construction
- Human services and hospitality
- Enterprise and small business
- Public administration.

National Labour Content Policy

The National Labour Content Policy will require all major new businesses to ensure that a minimum percentage of the value of labour in all major projects in Timor-Leste is dedicated to the employment or accredited training of citizens of Timor-Leste.

Timor-Leste will continue to welcome international businesses as partners in the development of our nation and the National Labour Content Policy will set clear and equal ground rules for all our partners. The policy will apply to international businesses operating in Timor-Leste and to all government contracts. The detail of this policy will be developed following consultation with the Timor-Leste Chamber of Commerce and Industry and community organisations. The policy will be informed by similar successful schemes already in practice in some countries.

Investing in training facilities and people

Meeting our nation's training needs over the next 20 years, and implementing the Timor-Leste National Training Commitment, will require training facilities and infrastructure for use by public and private registered training organisations, modern training materials and skilled trainers.

Substantial investment in teaching and learning facilities will be required, with particular attention given to establishing services and facilities in our districts. As a first step, we will invest in infrastructure and people to create a strong foundation for our vocational training sector. This will include:

- Developing qualified and professional trainers
- Developing curricula relevant to industry and student needs
- Embedding training as a core activity of businesses
- Linking businesses to training services.

This work will include establishing an Oil and Gas Training Centre, as well as a range of training programs for industry related services. Centres for Employment and Vocational Guidance will also be established in each district. These centres will encourage young people to enter the labour market, provide career guidance and vocational advice, make referrals to training providers, implement employment programs and promote self-employment by developing entrepreneurship and teaching business skills.

Technical and Vocational Education and Training Plan

To guide the future of the new national training system in Timor-Leste, a Technical and Vocational Education and Training Plan will be developed. The plan will establish objectives and results that can be measured for our technical and vocational education system. It will set out the practical steps we will take to implement a system that meets our nation's long-term needs. The plan will provide a framework and actions to ensure that all members of the community, including women, have access to vocational training and the economic and social opportunities provides.

The plan will be developed in consultation with industry, civil society and the Timorese people. It will guide future expenditure, encourage increased investment in training by employers, determine training centre and infrastructure requirements, and establish a national industry advisory network linking businesses with policy makers, regulators and service providers.

HUMAN CAPITAL DEVELOPMENT FUND

For Timor-Leste to become a successful, healthy, well educated and safe nation we need to invest in our people. Building our human resources is essential to developing the economy and society of our independent nation. This must be a national priority and the necessary funds must be allocated to allow us to secure our collective future.

To emphasise the importance of human resource development to our country and to properly focus on this challenge, the multi-year Human Capital Development Fund was recently approved by the National Parliament. The establishment of the Human Capital Development Fund recognises the need to address this issue through multi-year strategies and with a comprehensive and large scale education and training effort that will extend beyond one budget cycle.

The Fund is a public demonstration of the critical importance of human resource development to the future of Timor-Leste.

The objectives of the Fund are to:

- Ensure the financing of public investment in training and human resource development
- Provide a whole of government and coordinated approach
- Provide certainty in the negotiation and execution of agreements, programs and projects that extend beyond one year
- Promote transparency and accountability through improved systems of reporting for the implementation programs and training projects.

The Fund allows us to pursue a whole of government and coordinated approach to our human resource development by bringing together our collective endeavours and reflecting our commitments in one place. The Fund will support initiatives to build our skills base and also be available to finance all forms of professional development and training. This will allow creative, innovative and diverse approaches to be adopted and for best practices to be demonstrated and replicated. Support provided by the Fund will include domestic and international scholarships, internships, workshops, training programs and other methods of professional development.

The focus of expenditure will be – and must be – the development of the human resources that are required for the economic and social progress of our nation. This will include programs and projects in strategic economic sectors including petroleum, agriculture and tourism, as well as in infrastructure, health, education and public sector management. Support in these areas will ensure that we achieve greater global competitiveness as we undertake regional and economic development. It will also be an investment in our national sovereignty.

The Fund will be managed by a high level board that will examine and consider our national skill gaps and then develop a coordinated and strategic response to addressing these gaps.

In 2011, the budget of the fund is \$25 million. Over the first five years of its operation, the Fund will rise to around \$175 million. As the activities of the Fund progress, we will review and reassess the targeted assistance provided by the Fund to ensure that it is meeting our evolving human resource needs in all key sectors and continues to operate effectively over the long-term. Funding has already been allocated to improve our human resources in health, education, public finance, information technology, petroleum, justice, defence and security.

Through the Human Capital Development Fund, Timor-Leste will be able to work together in a coordinated way to provide education, training and professional development to secure our future.

TARGETS

By 2015:

- At least one half of all Timorese children, boys and girls alike, between three and five years old will be enrolled in and receiving quality pre-school education
- A new national pre-primary school curriculum, with teacher training programs and approved learning guides, will have been developed
- Quality basic education will be available for 93% of Timorese children
- A paradigm shift in the quality and relevance of secondary education will have occurred, allowing students to acquire the practical skills to enter employment or to learn the core scientific-humanistic knowledge needed to continue their studies in higher education
- Illiteracy in all age groups of the population will have been reduced and the introduction of the National Equivalence Program will have been completed, allowing accelerated completion of basic education for all graduates of recurrent education
- A Technical and Vocational Education and Training Plan will have been developed

By 2020:

- The UNTL will have been expanded to seven faculties
- Timor-Leste will have a comprehensive, integrated system of higher education that (i) is regulated by rigorous quality standards for the operation of public and private institutions (ii) provides relevant and quality higher education
- A policy of social inclusion in education will have been developed and implemented
- The new national system of standards, registration and qualifications will be extended to all districts
- A National Training Commitment will have been implemented, providing new training opportunities across Timor-Leste
- A National Labour Content Policy will be in place, ensuring that international and national businesses provide training opportunities
- Significant investment will have been made in building training facilities and in developing human resources in the vocational training sector
- A Centre for Employment and Vocational Guidance will be established in each district to provide employment services and advice
- Comprehensive measures will be in place to ensure the right to education for groups that have been socially marginalised and to allow equity of educational opportunity regardless of ethnicity, language, socioeconomic status, religion, gender, health (HIV), disability or location (urban / rural)
- The training and vocational education system will be providing Timor-Leste with the skilled people we need to continue to build our nation

By 2030:

- All children from the country's 442 sucos will have access to a good quality pre-school or classroom located at a reasonably short distance from their homes
- All children will successfully complete a full course of quality basic education in order to progress to secondary education
- All children will have the opportunity to complete a full course of quality secondary education
- Graduates of the higher education system will have the advanced skills and knowledge needed to analyse, design, build and maintain the social and economic infrastructure of Timor-Leste
- All people who are over normal school age or who have not gone to school will have the opportunity and access to complete both basic and secondary education



HEALTH

OVERVIEW AND CHALLENGES

Good health is essential for a good quality of life. The children of Timor-Leste, in particular, deserve access to good health care, nutritious food, clean drinking water and good sanitation.

Timor-Leste's Constitution embeds medical care as a fundamental right for all citizens and imposes a duty on the government to promote and establish a national health system that is universal, general, free of charge and, as far as possible, decentralised and participatory.

Changes in health indicators over the past ten years show positive signs of progress: 78% of children are now treated for basic illnesses; 86% of mothers now receive some degree of antenatal care; and the incidence of malnourished women has decreased by 29% in the past decade. Millennium Development Goals have been reached for infant and under five mortality rates. Successful treatment of tuberculosis (TB) patients reached 85%; and in 2010, the fertility rate fell to 5.7, a decrease from 7.8 in 2003.

However, chronic malnutrition among children in Timor-Leste is still very high, although the situation is improving. One third of children under the age of five years and one third of all women suffer from anaemia.

While this section of the Strategic Development Plan deals with the delivery of public health and medical services that will directly help to deliver a healthy society, the successful implementation of other sections of the plan will also be necessary to realise our vision for a healthy Timor-Leste.

For example, initiatives in the Agriculture section (Part 4) dealing with food self-sufficiency, increased livestock production and fisheries, will enable more diversified and nutritionally-balanced diets. Infrastructure initiatives such as the provision of electrical systems powered either by renewable energies or from distribution lines direct to houses will reduce lung and chest diseases by reducing pollutants from traditional indoor cooking (Part 3 – Electricity). Proper sanitation will reduce the spread of communicable diseases transferred in waste and improved water supplies will reduce the amount of stomach-borne illnesses and infections (Part 3 – Water and Sanitation). Better housing facilities, lower fertility rates, increased knowledge of family planning, and a decrease in overcrowding in households will reduce transferable and airborne diseases. National integration of roads, telecommunications and access to the internet will provide connectivity to enable more immediate responses to the management of urgent and critical health care issues (Part 3 – Roads and Bridges, Telecommunications).

“We need more medical staff, especially midwives as there is only one in our region.”

*Sub-District Administrator, Lolotoe
Sub-District, National Consultation,
4 August 2010*

The strategies and actions set out below are focused on the health sector and take into account the policy objectives identified in the 2002 National Development Plan and the Millennium Development Goals.

STRATEGY AND ACTIONS

By 2030, Timor-Leste will have a healthier population as a result of comprehensive, high quality health services accessible to all Timorese people. In turn, this will have reduced poverty, raised income levels and improved national productivity.

To achieve this vision, we will take action in three key areas: health services delivery, human resources for health and health infrastructure.

HEALTH SERVICES DELIVERY

Our overarching goals for health service delivery are to:

- Ensure quality primary health care services are accessible to all Timorese
- Focus on the needs of children, women and other vulnerable groups
- Develop a hospital service that is able to respond to our people's need for specialist care.

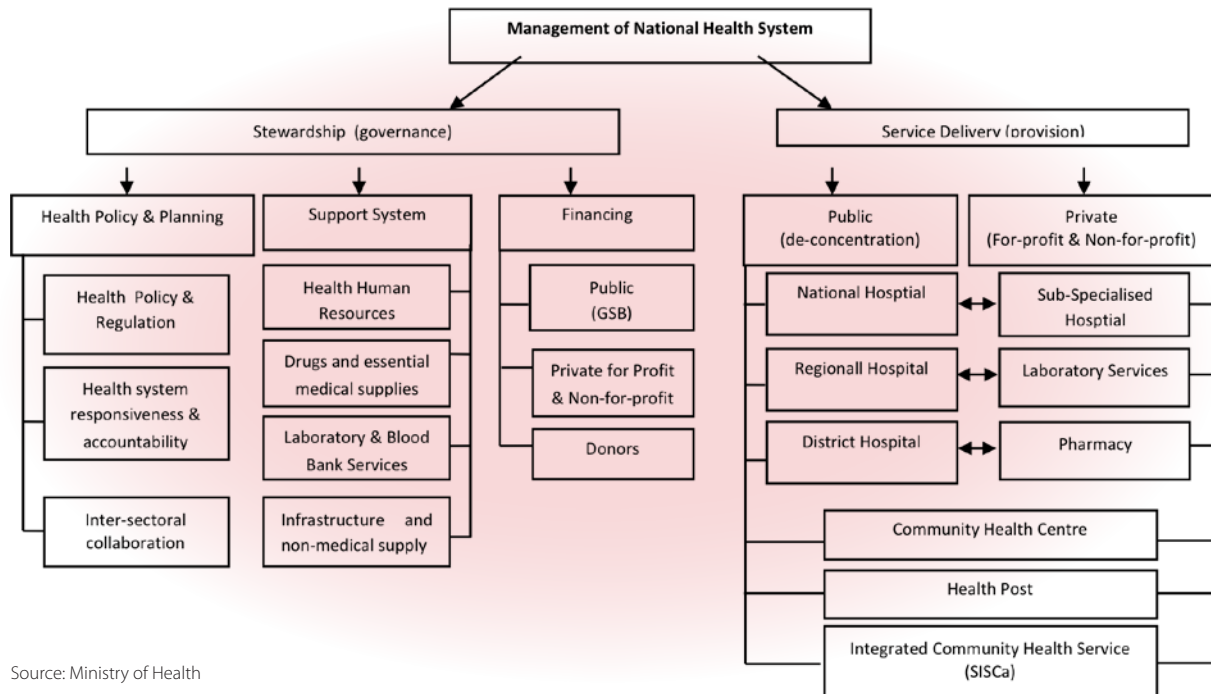
A summary of existing health facilities in Timor-Leste is set out in the table below.

Table 5 Summary of existing health facilities in Timor-Leste

Type/Level	Public	Private	TOTAL
Health Posts	193	0	192
Community Health Centres	66	26	92
Hospitals	6	0	6
Total	265	26	290

Source: Ministry of Health, 2011

To deliver our vision for a healthier Timor-Leste, we will establish clearly defined roles and responsibilities in the health system and an appropriate balance between central governance functions and local service delivery functions. Figure 6 illustrates our model for our national health system.

Figure 6 National health system model

Source: Ministry of Health

Primary health care

For most families in Timor-Leste, their main or first contact with the health system is through primary health care services provided through the District Health Service structure that includes Health Posts, mobile clinics and Community Health Centres. Community based activities consist of Integrated Community Health Services in all villages and mobile services conducted at other sites such as schools and markets.

Health Posts, usually staffed by one nurse and one midwife, provide curative and preventive care and health promotion programs. At sub-district level, Community Health Centres provide a higher level of service than Health Posts, have a wider range of staff and provide technical and managerial support to Health Posts. Community Health Centres provide mobile clinics via motor bike twice a week to remote communities without a Health Post.

Across Timor-Leste, the primary health network provides a Basic Service Package that is comprised of basic curative services, immunisation programs, maternal and child health care, delivery of nutrition programs, tuberculosis follow-up, mental health care support, and health promotion and education. Some Community Health Centres also offer dental services and laboratory testing for antenatal care, malaria and TB.

Primary health care will be reconfigured and reformed over the next ten years. By 2015, sucos with populations between 1,500 to 2,000 located in very remote areas will be serviced by Health Posts delivering a comprehensive package of services.

By 2020, all Health Posts will be staffed by at least one doctor, two nurses and two midwives.

Sub-district health centres will provide care for 5,000 to 15,000 people and manage approximately four Health Posts. Fifty four district health centres will be located in the five districts that do not have hospitals.

Villages more than one hour walking distance from a Health Post will have a local village midwife or community health worker who has been trained by the Ministry of Health. Midwives will be provided with health kits, transportation and incentives for three years to remain resident in villages. Resources will be improved to the level of one health-worker per 2,500 people and include a doctor, family medicine dispensaries and a basic ambulance service.

Hospital and specialist health care

Secondary and tertiary, or specialist, health care is provided by hospitals. Two levels of hospitals provide secondary health care in Timor-Leste. Referral hospitals are located in five regions. These hospitals have Emergency and In-patient departments, are staffed with general practitioners and have specialists in four clinical areas. The National Hospital of Timor-Leste in Dili is the top tier referral facility for specialised services and has links to international hospitals when specialist tertiary health care services are needed. Both the national hospital and referral hospitals provide training facilities for health workers who work at the primary care level. These hospitals also serve as internship centres for all staff up to Medical Officers. Tertiary health care is currently provided overseas as a result of limited technology and lack of available specialists.

By 2020 cardiac, renal and palliative health care services will be available at the National Hospital.

Specialist health care will be the focus of our efforts from 2020 onwards. A specialist hospital will be built in Dili to reduce the need for cancer and other patients requiring specialist treatment to travel overseas.

Specialist hospitals will be built in selected districts and by 2030 there will be district hospital services in all 13 districts. The Suai Hospital will be developed to support the petrochemical industry on the south coast. The National Hospital of Timor-Leste in Dili will be upgraded to a world-class medical facility.

Private sector health care

Private health facilities run by doctors, nurses and midwives, and dentists also play an important role in the development of Timor-Leste's health sector. They are estimated to handle one quarter of basic health service delivery.

The not-for-profit sector also provides health care services. The Café Timor network (Clínica Café Timor), which has its origins in looking after the health care needs of cooperatives established by workers in the coffee industry, operates eight fixed clinics providing services similar to a sub-district Community Health Centre in the public system and 24 mobile clinics involving 74 personnel in five districts and the capital Dili. There are also 32 religious based clinics across the country. Caritas operates 27 clinics spread across the districts, with 125 mainly voluntary medical staff.

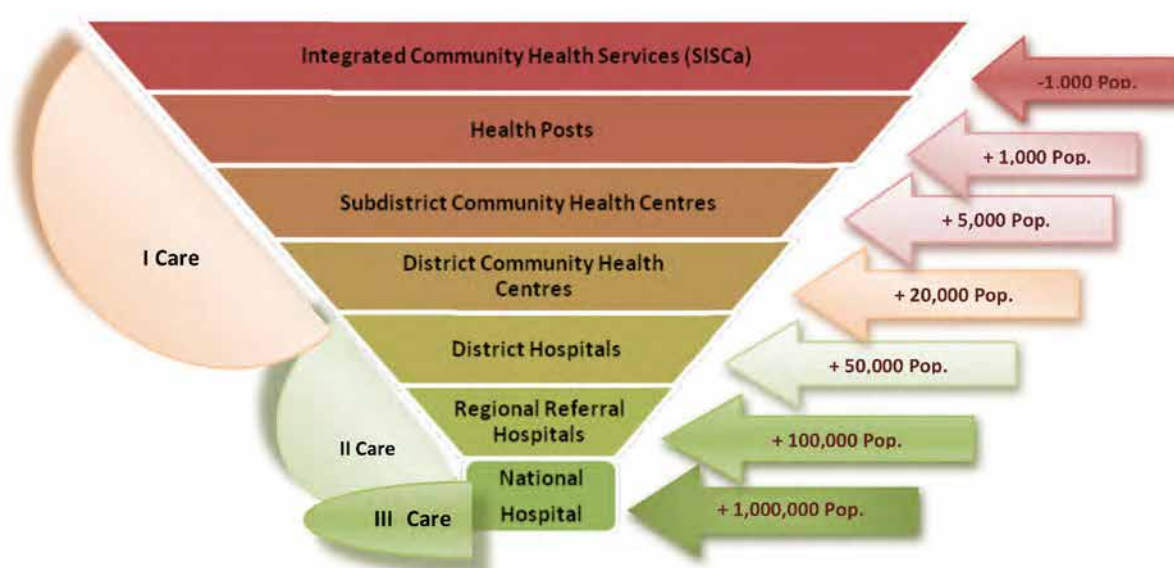
Legislation to regulate the delivery of health services by private providers and the not-for-profit sector will be developed to ensure compliance with the public health care system and to establish appropriate occupational health and safety standards and other compliance regimes.

Pharmacies and other non-specialised retail shops that currently sell medicines to the public, often without a prescription, will be regulated to ensure appropriate standards are met.

The health system will also be strengthened by developing capacity in institutions that support health service management and training and the facilitation of quality care, including SAMES (national drug and medical supply store), referral and emergency systems in humanitarian crises, the national laboratory (which will manage blood supply systems) and the Instituto de Ciências da Saúde (which oversees training institutions).

The diagram below sets out our vision for health services delivery in 2030.

Figure 7 Health service delivery pyramid by 2030



Source: Ministry of Health

Maternal health

To further improve maternal health in Timor-Leste, we will increase access to high quality pre-natal, delivery, post-natal and family planning health services so that by 2015, 70% of pregnant women will receive antenatal care at last four times and 65% of women will have an assisted delivery. We will improve emergency obstetric care through the recognition, early detection and management of obstetric complications at the community and referral level. We will strengthen adolescent reproductive health services and we will empower individuals, families and the community to contribute to the improvement of maternal care and reproductive health services. We will also improve data collection and analysis in relation to maternal health services.

Child health

While there have been significant improvements in our under five mortality rate (which refers to the number of children per 1,000 who died before their fifth birthday) and infant mortality rate (which refers to the number of children per 1,000 who died before their first birthday), we still need to do more to minimise the number of children who die in Timor-Leste.

Our strategy is to improve, expand and maintain the quality and coverage of preventive and curative services to newborns, infants and children in order to reduce infant and child mortality. This will be achieved by developing a comprehensive child health policy, improving the capacity of the health system to support the delivery of integrated, preventive care for newborns, increasing access to and the quality of immunisation services, and improving the referral system in order to better respond to child health needs. Our aim is to achieve 90% immunisation coverage rates for polio, measles, tuberculosis, diphtheria and hepatitis B by 2015.

Nutrition

The nutritional status of children and adults in Timor-Leste remains significantly below acceptable world standards. Findings of the Timor-Leste Demographic and Health Survey and other recent surveys highlight the enormity of the problem of malnutrition in young children and women in particular. For children:

- Almost 45% are underweight-for-age
- 15% are severely underweight-for-age
- Almost 58% of children under five years are stunted
- Almost 33% are severely stunted.

Adequate nutrition in the first years of life is essential for children's physical and mental growth. Children who were malnourished as infants often do not perform as well at school. Overall adult nutritional status is also a concern, especially for women. More than one third of non-pregnant women aged 15 to 49 and a quarter of men aged 15 to 49 are reported to be chronically underweight with Body Mass Indexes below 18.5. Fourteen per cent of women are shorter than 145cm, at which height pregnancy and delivery complication risks increase significantly.

These enormous nutritional challenges facing Timor-Leste require strategies to promote the diversity and consumption of locally produced food. Strategies and actions in the Agriculture section of the Strategic Development Plan address this issue (Part 4). Other strategies include improved mother and child nutrition care practices, improved access to and quality of nutrition services at health facilities and in the community, and nutrition behaviour change programs.

Mental health

Overall, the World Health Organisation estimates that 1% to 2% of the population in any country requires mental health care at any one time. In Timor-Leste, this means that between 11,000 and 22,000 people require mental health assistance. However, given the conflict and trauma associated with our nation's recent history, this number could be much higher. The most common mental health disorders are depression, anxiety and stress disorders. Many sufferers of these disorders do not seek professional care even when it is available. Some less common disorders, such as psychoses, are the most disabling and most sufferers need extensive professional assistance.

In 2009, there were 3,743 mental health patients in Timor-Leste's mental health system, suggesting that many more of our people with mental health disorders may not be receiving adequate care and treatment.

We will adopt a number of strategies to improve mental health services in Timor-Leste, including:

- Improving access to health facilities and treatment for all people with mental illness or epilepsy
- Providing acute care facilities at referral hospitals for mental health patients
- Introducing a comprehensive multi-disciplinary team of psychiatrists, psychiatric nurses, psychologists and mental health technical professionals who are appropriately skilled and have reached specific standards of training
- Increasing community awareness and understanding of mental illness and epilepsy through advocacy, education and promotion.

Dental health

The most common dental health problem in Timor-Leste is the high incidence of decay, also known as caries. In 2009, an estimated 40% of our people had caries. Currently, there are seven dentists and 40 dental nurses in Timor-Leste, with an average of one dental nurse per 27,018 people. Most oral health workers are employed by the government and work in hospitals and health centres spread across the districts.

With treatment of dental problems beyond the capacity of the existing dental health workforce, we will focus on oral health promotion and the prevention of oral diseases, while making emergency dental care available throughout the country.

Eye health

The 2005 Timor-Leste Eye Health Survey of the national population showed that approximately 47,000 people in Timor-Leste over the age of 40 are vision impaired (having worse than 6/18 vision in their 'better' eye). Cataract and refractive error, conditions treatable by surgery or spectacles, caused approximately 90% of vision impairment. To improve eye health, we will strengthen the capacity of our health workers to deliver eye care services and increase community participation in the eye care program through our Integrated Community Health Services.

Control of communicable diseases

In recent years, diseases spread by insects such as mosquitoes or fleas (vector-borne diseases) have emerged as a serious public health problem in countries of the South-East Asia region, including Timor-Leste. Malaria is a major public health problem and the leading cause of morbidity and mortality in Timor-Leste, with approximately 200,000 clinical and confirmed malaria cases and about 20 to 60 deaths per year. The disease burden and economic loss due to the disease is enormous. Between 20% and 40% of all outpatients and 30% of all hospital admissions present with symptomatic malaria. Malaria incidence is high among children under five years, who represent nearly 40% of the total cases.

Malaria control in Timor-Leste has improved, particularly in the last two years. To reduce malaria to a level where it is no longer a major public health problem, we will enhance case management services and improve the early detection and delivery of effective anti-malarial therapies. There will be selective application of vector control measures based on the principles of integrated vector management. There will be a focus on epidemic preparedness and outbreak responses. Research to inform the development of policies to control malaria will also be promoted.

TB is also a public health problem in Timor-Leste. The latest estimates suggest that the incidence of new smear positive TB cases is 145 per 100,000 annually, which is the second highest in the South East Asia region. TB control is a major component of the Basic Services Package delivered through public health care facilities. In 2009, two key global TB control targets were reached: a case detection rate of 75% and a treatment success rate of 85%.

To reduce the transmission of TB and illness and death caused by TB, strategies will be implemented that enhance access to diagnostic and treatment services. Responses to the emerging challenges of Human Immunodeficiency Virus (HIV), TB and Multi-Drug Resistant TB will be scaled-up and systems strengthened to deliver quality, effective services to all tuberculosis patients. Other strategies include undertaking research to collect relevant baseline data and monitoring the efficacy of interventions in local contexts. We will also adopt a partnership approach that will involve all national and international stakeholders working with our national tuberculosis program.

The Timor-Leste National HIV Program provides HIV-related services to high risk groups. HIV counselling and testing, community outreach and socio-economic support are also available to the general population. We will expand strategies to prevent the further spread of HIV infection within vulnerable populations, to limit its spread to the general population and to mitigate the impact on individuals, families and the community.

In March 2011, leprosy was formally declared eradicated as a public health issue in Timor-Leste. While there are still people suffering from leprosy, the rate of prevalence in our population has greatly declined since 2006 when Timor-Leste had a leprosy prevalence rate of 1.89 per 10,000 people. At the end of December 2010, the prevalence rate had dropped to 0.73 per 10,000 – below the World Health Organisation leprosy public health indicator rate of 1 per 10,000 people. To ensure the leprosy rate continues to decline, we will continue to deliver strategies to improve the quality of the national leprosy eradication program and to empower the Timorese community to participate in leprosy eradication activities.

Managing other health needs

The health needs of our elderly and people with disabilities also need to be better managed. The number of Timorese aged over 60 years is expected to increase from 52,950 people in 2005 to 119,150 people in 2030, rising from 5.38% of our population to 6.05%. The majority of our ageing population live in rural areas and have difficulty accessing primary health care due to limited transport options, geographical distance, poor roads, poverty or physical disability. Chronic illness and disability impose high ongoing costs on individuals, families and societies. Poor health reduces the ability of older people to actively participate in and contribute to their families, increasing their isolation and dependence.

We will adopt strategies to deal with the increasing burden of chronic illnesses, such as heart disease, by introducing innovative approaches to disease management, health promotion and disease prevention in the community. We will provide better access to quality age-friendly and old age-specific health services, with a focus on improving the skills of primary health care providers and introducing community service models, such as home care programs. We will also establish an Early Detection of Disability Protocol for children.

HUMAN RESOURCES FOR HEALTH

Professionally trained, committed people will be the key to improving the quality and effectiveness of health services in Timor-Leste.

Despite the extensive medical training program provided by our international partner, Cuba, there is still an overall deficiency of skilled workers in our health sector. Health workers are unevenly distributed between urban and rural areas, and between the public and private sectors. The working environment, with poor equipment, shortages of drugs and irregular supervision, saps staff morale and effectiveness. Low wages in government clinics lead to many health workers supplementing their incomes in private practices outside working hours, especially in urban areas, hampering planning and service delivery. Other challenges include the need to improve the skills and competencies of our nursing service and the impact of management reforms, especially decentralisation, which may change the dynamics in the health labour market.

We will take action to address these challenges and ensure that Timor-Leste has adequate and appropriate human resources to provide the health services our people need. These actions will include strengthening the quality of training and education to meet the needs of our health sector and developing continuing education and in-service training programs.

We will develop and deliver strategies to improve human resources management across our health sector, including workforce planning, equitable recruitment strategies, the development and distribution of an appropriate skills mix and the retention of workers through appropriate incentives and opportunities. Standards and codes of conduct and ethical practices for health care professionals will be developed to ensure that we have a professional health workforce.

HEALTH INFRASTRUCTURE

Much of Timor-Leste's health infrastructure was destroyed during the 1999 crisis. However, investments in health infrastructure and the deployment of health staff since independence have resulted in a functioning health system, with 193 Health Posts, 66 Community Health Centres, five referral hospitals and one national hospital now operating across the nation. Staffing and accommodation are also provided for District Health Offices.

Despite the rehabilitation and construction of health facilities to date, the current status of many health facilities is not adequate to deliver comprehensive health services. Most maternal health clinics and health laboratories require additional space. Many health facilities do not have reliable water and electricity supplies, making it difficult for them to function properly.

We will invest in health facilities to ensure that by 2030 all Timorese people have access to functional, safe, environmentally friendly and sustainable health infrastructure that delivers effective, quality health services. To achieve this goal, we will take action to:

- Expand existing health facilities and services and improve their physical condition
- Increase access to health services through new infrastructure investment in line with identified needs for improving quality of care
- Ensure the availability of appropriate medical equipment at all health care facilities

- Ensure the availability and appropriate management of health transport
- Establish and maintain an ICT network linking the Timor-Leste health system.

The following infrastructure programs will deliver improved health services for the entire population of Timor-Leste:

- Rehabilitation and new Health Posts (including staff housing) – Most of the 193 Health Posts will require radical rehabilitation or a new building. The majority of new posts will be in the same locality as the original; however, due to changes in population, new Health Posts will be needed in under-served areas.
- Rehabilitation and expansion of community health centres (including staff housing) – Some Community Health Centres will require rehabilitation and the majority will require expansion, with new rooms added to existing facilities. All health facilities will need a stable supply of water and electricity.
- Hospitals upgrade and expansion – The existing hospital configuration plan will be revised, taking increased service quantity and improved quality into account. The five existing referral hospitals and the National Hospital will be expanded to respond to the expected increase in service levels.
- Expanded and improved training capacity – Training facilities for all staff categories, including doctors, nurses, midwives and other allied health professionals, will be increased and improved. This will include medical and allied health services university courses.
- Communications systems (including radio and internet connections) – All health facilities will have proper communications systems for timely patient referral systems and the transfer of management data. This will require the installation of communications equipment at central, district and health facility levels.
- Improved ambulance/transport in the health sector – The ambulance fleet will be expanded and well maintained.

TARGETS

By 2015:

- Sucos with a population between 1,500 and 2,000 located in very remote areas will be serviced by Health Posts delivering a comprehensive package of services
- The delivery of health services by private providers and the not-for-profit sector will be fully regulated and be in compliance with the public health care system
- 70% of pregnant women will receive antenatal care at least four times
- 65% of women will have an assisted delivery
- 90% of children will be immunized against polio, measles, tuberculosis, diphtheria and hepatitis B
- There will be increased awareness of HIV/AIDS, tuberculosis and malaria and other vector-borne diseases
- 80% of malaria outbreaks will be controlled
- 90% of Ministry of Health buildings will have access to electricity, water and basic sanitation

By 2020:

- All Health Posts will be staffed by at least one doctor, two nurses and two midwives
- There will be a Health Post for every 1,000 to 5,000 people
- Sub-district health centres will provide care for 5,000 to 15,000 people and manage approximately four Health Posts
- Villages more than one hour walking distance from a Health Post will have a local village midwife or community health worker who has been trained by the Ministry of Health
- Cardiac, renal and palliative health care services will be available at the National Hospital
- Fifty four district health centres will be located in the five districts that do not have hospitals
- Focus will shift from primary care to the delivery of specialist health care

By 2030:

- There will be a district hospital in all 13 districts
- There will be a specialist hospital in Dili
- 100% of health facilities will be fully equipped and staffed for management of chronic diseases
- 100% of health services will be delivered from infrastructure that is functional, safe, environmentally friendly and sustainable
- There will be comprehensive high quality health services accessible to all Timorese people



S O C I A L I N C L U S I O N

OVERVIEW AND CHALLENGES

Since independence in 2002, successive governments in Timor-Leste have made assisting the poor and vulnerable in our society a national priority.

While almost every second person in Timor-Leste still lives below the poverty line, modest subsidies and other in-kind support to our most vulnerable people have dramatically improved the lives of many families. In the longer term, access to education and employment will be the stepping stones that lead to economic independence.

In the short-term, it is vital that Timor-Leste continues to support our children, women at risk of abuse, poor families, the elderly and other vulnerable groups. It is also appropriate that the nation provides for those who fought so long and hard for our independence: our veterans and their families require appropriate recognition and financial assistance.

Despite our fragility, we have made significant gains in social inclusion. The political crisis of 2006 displaced thousands of people, but most have now returned to their homes and communities. The large camps for Internally Displaced People are closed and payments to displaced people and petitioners have been disbursed. Pensions to veterans, the elderly and disabled, and female-headed poor households, are being provided. This pension scheme constitutes a major pillar of our social assistance framework. Together, we have continued to build social cohesion and taken steps to protect our most vulnerable citizens.

The challenge for Timor-Leste is to ensure that our vulnerable people are supported while, at the same time, we develop policies that mean there are less people dependent upon the State for support in the future.

STRATEGY AND ACTIONS

As a nation, we will endeavour to support our most vulnerable people and ensure they can fulfil their potential. Meeting this commitment poses many financial, social and cultural challenges for Timor-Leste, but we recognise that one of the features of a strong, cohesive and progressive nation is its capacity to protect the rights and interests of its most vulnerable citizens.

SOCIAL SECURITY AND RETIREMENT INCOMES

The Constitution of Timor-Leste gives all citizens the right to security and social assistance and imposes an obligation on the State to promote an economically sustainable social security system.

A social security system provides a guaranteed income and support for citizens when they are unable to work. Since 2008, all citizens of Timor-Leste over 60 years of age or with a proven inability to work are entitled to a benefit of \$30 per month.

“We want our pensions so that we can have a decent life and send our children to school.”

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Widow, Lolotoe sub-district, Maliana district, National Consultation, 24 July 2010

Table 6 Benefits paid under Decree-Law No. 19/2008 Allowance for the Elderly and Disabled

Year	Number of beneficiaries	Budget impact
2008	66,799	\$16.03 million
2009	72,675	\$17.8 million
2010	86,977	\$30.79 million
2011	89,230*	\$31.61 million

*Provisional data

Source: Ministry of Social Solidarity, 2011

Benefits are also paid to veterans, the chronically sick and to vulnerable women and poor families.

A transitional regime for social security is being implemented that will guarantee the basic social protection needs of civil servants and their dependent family members. This regime will be expanded into a universal contributory social security system to ensure that all workers and their dependent family members (in both the public and private sectors) are guaranteed a pension in case of retirement, disability or death.

Over the next five years, a universal system of financial support for Timorese citizens beyond working age will be introduced based upon two tiers:

- A basic minimum level of support provided by the State
- Additional income in retirement through a system of working life contributions on behalf of those in paid employment and the pooled investment of these funds on behalf of each worker.

This system will eventually cover public and private sector employees and will be a single centralised system to achieve economies of scale. The system will be a fully funded system with a dedicated sum from government and employer contributions.

To ensure good governance and transparency, a centralised fund will be established and administered by independent trustees to maximise the long-term returns, while simultaneously maximising the fund's long-term savings and the nation's investment pool. Fund administration will include an efficient system for the collection of contributions and payment of benefits. In time, the fund will be an important component in assisting with the development of Timor-Leste's financial sector and underwriting investment opportunities.

VULNERABLE CHILDREN

Our children are our future and it is vitally important that we ensure that all Timorese children are protected from violence, neglect and abuse. Strategies to protect vulnerable children include:

- Strengthening mechanisms and referral systems to implement the Child Protection Policy
- Establishing effective monitoring and evaluation systems for child protection

- Continuing to educate communities – families, neighbours, schools, churches and caregivers – about child rights and the ‘Safe Home’ concept, especially for girls and children with disabilities
- Continuing to educate communities about the need to eradicate practices such as child marriages, using children for domestic chores, child labour, neglect, domestic violence, sexual abuse and trafficking
- Implementing a Law on Orphan Care and Adoption
- Continuing to rehabilitate street children
- Establishing and operating a 24-hour, seven days a week ‘child line’ with toll-free access to report child abuse
- Establishing a child-friendly complaints system across the country
- Improving prison conditions for juvenile prisoners
- Encouraging children’s involvement in national and international sports and cultural events and activities.

“We want to go to school so one day we can be somebody.”

Primary school student, Quelicai sub-district, Baucau district, National Consultation, 26 April 2010

VULNERABLE PEOPLE AND FAMILIES

Many families in Timor-Leste still find it a daily struggle just to survive. A crop failure or difficult weather can lead to near starvation for many families, who are left with no choice but to rely upon assistance from the community and the State. Strategies to protect vulnerable families include:

- Improving cooperation between government agencies to make sure that vulnerable families get the support they need when they are hit by natural or human-made disasters
- Building strong capabilities in all districts to manage responses to and recovery from disasters
- Strengthening base level humanitarian and social assistance processes
- Developing an assistance package for vulnerable families that provides a social safety net covering health, education, housing and employment opportunities.

Groups of vulnerable people, including people with disabilities, also face many difficulties and obstacles in achieving their full potential, earning an income and participating in community life. Strategies to improve the lives and wellbeing of vulnerable people include:

- Creating a framework for protecting the rights of people with disabilities and providing base level support services for people with disabilities and their families

- Continuing to develop and deliver innovative support programs for people with chronic diseases
- Establishing base level services for the rehabilitation and reintegration of prisoners
- Developing a policy framework to establish cooperatives with vulnerable people to create employment, income and training opportunities
- Enhancing capabilities across the country to provide quality base level services for vulnerable people.

“We want to be treated equally.”

*Nurse, Zumalai sub-district, Suai district,
National Consultation, 17 July 2010*

GENDER EQUALITY

For Timor-Leste to reach its full potential, our sons and daughters must be able to participate equally in our society. Traditionally, men and women have had different roles; however, the Timor-Leste Constitution makes it clear that men and women must be treated equally in all aspects of life. The Constitution also guarantees protection against discrimination based on sex and equality of rights and obligations in familial, political, economic, social and cultural life.

Timor-Leste’s commitment to and progress in gender equality is reflected in the strong ratio of girls to boys in primary school and the proportion of women in the National Parliament, armed forces and the police, which is among the highest in the world.

However, traditional gender biases affect all aspects of life in Timor-Leste. Adult female illiteracy rates are higher than men’s and more men are in higher education (83 women for every 100 men). While some progress has been made, adult female illiteracy still stands at 32%, compared to 21% for men. While female representation on Suco Councils is relatively high (due to a quota which says that two out of five council representatives must be women), only 2% of Suco Council Chiefs are women.

Fertility rates are still among the highest in the world and, while health statistics are improving, too many Timorese women still die in childbirth. Our Maternal Mortality Rate remains one of the highest in the world, with 42% of all deaths of women aged 15 to 49 related to pregnancy.

Nearly 40% of women in Timor-Leste over the age of 15 have experienced physical violence. Of women who have been married, 34% have experienced physical violence from their husbands and many have not been able to obtain justice and redress for their grievances.

Since independence, serious efforts have been made to address these gender inequalities through policy reform, legislation, institutional mechanisms and public awareness campaigns.

Milestones in legislation were the Law Against Domestic Violence, changes to the Electoral Law to increase the number of women candidates for the National Parliament and a Resolution to officially support the designation of Gender Focal Points in ministries and local administrations.

Combating domestic violence

Domestic violence is the most common form of gender-based violence reported to the police in Timor-Leste. A baseline study in two Timorese districts, published in 2009, found that domestic violence was a 'normal' occurrence for many Timorese women. It further revealed that many people viewed domestic violence as a private or family matter. To address this problem, in 2009 domestic violence was entered in the penal code, making it a punishable crime for the first time.

Importantly, domestic violence is classified as a public crime, which means people other than the victim have the power to report incidents of domestic violence to the police.

The recognition of domestic violence as a crime made it possible for the National Parliament to pass a long-awaited Law Against Domestic Violence in May 2010. The new law has three objectives:

- Prevention of domestic violence
- Protection from domestic violence
- Assistance to domestic violence survivors.

Under Article 2 of the new law, domestic violence means physical violence, sexual violence, psychological violence and economic intimidation. This includes threats such as intimidating acts, bodily offenses, aggression, coercion, harassment or deprivation of freedom.

The new law places a legal obligation upon public legal services to:

- Provide legal counselling
- Report to police and public prosecutors any occurrences of domestic violence
- Advise victims, witnesses and families on the progress of judicial proceedings
- Contact relevant community groups to assist survivors of domestic violence
- Monitor the treatment given by police, prosecution service and the courts
- Monitor domestic violence cases.

The new law mandates training and information sessions for Chefes de Suco and Chefes de Aldeia.

There are already support centres where victims can report domestic violence in four districts: Dili, Cova Lima, Oe-Cusse Ambeno and Baucau. Under the new law, similar centres will be opened in all districts.

Our vision is that in 2030 Timor-Leste will be a gender-fair society where human dignity and women's rights are valued, protected and promoted by our laws and culture. To achieve this vision, we will adopt the following strategies:

- Gender mainstreaming will be promoted across government in policies, programs, processes and budgets.
- There will be gender responsive policies and laws at national and local levels.
- Gender awareness raising strategies will be developed for schools and vocational education and training institutes, as well as for the general public.
- Basic level services to protect women from risk will be improved.
- Mechanisms to provide financial support to women leading households will be strengthened.

- Policies and frameworks will be developed to empower women socially and economically through various livelihood support measures.
- Education programs will be introduced to promote the retention of girls at higher levels, particularly at the secondary and tertiary levels.
- More women will be employed across the civil service and in senior civil service positions.
- Policies, training and leadership programs will be developed to support women in taking on decision-making roles in the public and private sectors.
- Reproductive health programs will be scaled-up throughout the country.
- A national zero-tolerance policy for violence in schools and homes will be introduced.

These actions acknowledge that women in our nation are making an enormous contribution to our communities, farming sector, economy and homes – without proper recognition and often with inadequate support. We must all work to change our mentalities and ensure that equal opportunities and rights are provided to our girls and women.

VETERANS

We owe the freedom of our people, and the sovereignty of our nation, to the sacrifices of the Combatants of National Liberation and the martyrs who fell to make possible our dream of independence.

The Constitution of Timor-Leste states in section 11 that:

The Democratic Republic of Timor-Leste acknowledges and values the secular resistance of the Maubere People against foreign domination and the contribution of all those who fought for national independence.

The Constitution states further in this section that:

The State shall ensure special protection to war-disabled, orphans and other dependents of those who dedicated their lives to the struggle for independence and national sovereignty, and shall protect all those who participated in the resistance against foreign occupation.

We must recognise our national heroes, preserve and celebrate the memory of their struggle and provide for their support. We must never forget their sacrifice.

Regrettably, many of our national heroes and their families continue to face difficulty and live in vulnerable circumstances that detract from their dignity. This lessens all our dignity.

As a nation, we are honouring our past and our veterans. We have inaugurated the Garden of Heroes in Metinaro as a national memorial and place of reflection. We have also opened and are expanding the Timorese Resistance Archive and Museum. The State has established a register of former combatants of armed resistance and we are providing a level of social protection through the payment of pensions to veterans and their families. Timor-Leste has undertaken great effort to meet our duty and comply with the provisions of the Constitution. But we must do more.

We will continue to provide official recognition to our veterans through the award of medals to the Combatants of National Liberation.

We will also continue to provide social protection and pensions to our veterans and their families. This includes a system of allocation of scholarships to children of Martyrs and Combatants of the National Liberation covering all levels of education, from basic schooling to university. We will provide the opportunity for veterans to gain skills and employment so that they can be an integral part of our economic and social life. We will also continue to provide veterans with the opportunity to undertake small projects that contribute to the development of our nation.

Importantly, we must never lose sight of our history and we will continue to research and honour the struggle for national liberation. In this way, we also celebrate and salute our heroes for their sacrifice and achievement.

YOUTH AND SPORTS

Timor-Leste's young people are our nation's future leaders. They will re-shape Timor-Leste and contribute to the transformation of our society and economy. We must do all we can to support our youth and provide them with the opportunities they need to gain the experiences, skills and values to participate fully in our nation's future.

Timor-Leste is a young nation: just under one fifth of our population is aged between 15 and 24 years. Our young people experience high rates of unemployment and many that do have work are engaged in unskilled jobs or precarious employment situations. In today's globally connected society, our youth are aware of the opportunities the world presents to young people and many feel they are missing out on these opportunities in Timor-Leste.

Our vision is for our youth to achieve their potential as healthy, educated and ethical citizens and as leaders who are proud to be Timorese. To help achieve this vision, we will implement a comprehensive strategy for our youth that includes:

- Establishing a Youth Fund to fund projects and programs that support our young people and their development
- Supporting the establishment of Youth Associations
- Continuing to promote the Youth Parliament (Parlamento Foin Sae'e nian)
- Building a National Youth Centre in Dili
- Developing and running Leadership Training Camps to promote physical fitness, management skills, conflict resolution and civic values
- Improving existing Youth Centres and constructing multipurpose Youth Centres in all districts to provide training in areas such as languages, technology, art, music, sports and civic education.

We will also implement a Timor-Leste Youth and Sport Strategic Plan, which will promote sport as a way to support character building and advance the values of cooperation, fitness and team work. The plan will focus on developing sport as an important part of young people's lives, engaging them in social relationships, dialogue

tolerance, ethics and democratic values. The plan will also use sporting activities as a basis to engage young people in education and training activities.

More broadly, we recognise the power of sport to bring people together: from grassroots activities in villages through to national and international sporting events. While supporting local sporting activities, we will also encourage, promote and fund the creation of national teams in a number of sports, with the aim of supporting the development of a strong national Identity for Timor-Leste.

Tour de Timor



The Tour de Timor is becoming a significant annual event on the professional cycling calendar, as well as a memorable experience for visitors to Timor-Leste. The Tour de Timor is a week long international mountain bike race that winds through Timor-Leste, giving riders and their support crews a special insight into our unique environment, people and culture while providing a tough and challenging route through varied terrain.

The Tour includes smooth seaside rides, steep mountain climbs, rocky descents, spectacular views and riding conditions that range from modern bitumen roads to gravel trails and dirt mountain bike tracks. The Tour enjoys strong local support, with thousands of Timorese turning out every day to welcome and cheer on the riders.

An initiative of Timor-Leste's President, His Excellency José Ramos-Horta, the first Tour de Timor took place in August 2009. More than 250 cyclists from 15 countries competed in the race, which covered 450 km over five days. Over 100 registered media representatives reported on the event. In 2010, more than 350 riders took part in the tour, which again lasted five days and covered more than 420 km.

Local participation is a highlight and a feature of the Tour de Timor. In 2009, 25 local Timorese riders participated in the event, representing their country for the first time. In 2010, this increased to 75 local riders. Timorese people are engaged in organising the event, supporting the athletes along the route and providing facilities in towns where the Tour stops overnight. The 'Festival of Peace' involves children and young people in cultural activities at the end of each stage of the Tour.

Riders and crews participating in the 2009 and 2010 Tours spoke of an unforgettable and rewarding time in Timor-Leste, with highlights including the warm welcome they received in towns and villages along the route. With continuing strong support from international riders, it is clear that the Tour de Timor has already secured its place as one of the most memorable – and toughest – mountain bike races in the world and is set to make a major contribution to Timor-Leste's tourism industry for many years to come.

We will also:

- Support and develop human resources in the areas of sport facilities management, the training and development of athletes, team management and event management
- Support community and student participation in sports activities through community and school clubs, and community and school based sports events
- Encourage and promote sports tourism, including extreme sports and maritime sports

- Focus on developing sports that are popular in Timor-Leste, such as martial arts and football
- Develop football, including establishing football leagues followed by a full national football league, in partnership with South Korea, the Asian Football Confederation, Football Federation Australia and the Real Madrid Foundation
- Rehabilitate sports infrastructure and build new facilities, including constructing multipurpose gyms in each district and rehabilitating the Dili Stadium and the Gymnasium Complex.

TARGETS

By 2015:

- A universal contributory social security system will be in place that guarantees all Timorese workers a pension
- A Law on Orphan Care and Adoption will be operational, along with other measures to support vulnerable children
- 40% more children with disabilities will be in basic education
- A social safety net package for vulnerable families will have been developed
- A comprehensive program of State assistance will continue to ensure that veterans are living with dignity and economic security, and that their children have opportunities to succeed in the nation their parents fought to liberate
- A revised 'gender-friendly' curricula will be embedded at all levels of Timor-Leste's education system
- A Youth Fund will have been established and will be providing support for projects that support young people and their development

By 2020:

- The proportion of women in the civil service and in the National Parliament will have reached at least one third
- 75% of Timorese girls will be completing a full course of quality Basic Education
- The State will continue to expand the programs and projects that support and honour our veterans and their families
- Extensive research of the history of the struggle for national liberation will be preserved and celebrated by our people
- A National Youth Centre will have been constructed in Dili and multipurpose Youth Centres will be operational in rural areas

By 2030:

- Timor-Leste will be a gender-fair society where human dignity and women's rights are valued, protected and promoted by our laws and culture

ENVIRONMENT

OVERVIEW AND CHALLENGES

The people of Timor-Leste have a strong relationship with the natural environment. For generations, our ancestors depended on the environment for food, clothing, building materials and everything else essential for life. We lived in harmony with the environment using it sustainably to support our families.

But during the long period of colonialism and occupation, the exploitation and destruction of the environment was extreme. Forests were over-logged or burnt leading to landslides, chronic erosion, threats to wildlife and decreases in food sources. This has caused additional hardship for the many people living in rural areas who still rely on forests for food, fuel, medicines and building materials.

Air pollution, particularly in Dili, is a growing challenge with emissions from cars and motor scooters contributing to already poor air conditions as a result of smoke from household and forest fires. Women and children, who breathe in polluted air while cooking, are particularly at risk of lung and respiratory diseases. Recent assessments have concluded that 90% of households use firewood for cooking.

Climate change, and the risk of more extreme weather and rising sea levels, presents serious environmental challenges for Timor-Leste.

Since independence in 2002, Timor-Leste has been addressing these environment challenges. Article 61 of the Constitution of Timor-Leste states that:

- *Everyone has the right to a humane, healthy and ecologically balanced environment and the duty to protect it and improve it for the benefit of the future generations.*
- *The State shall recognise the need to preserve and rationalise natural resources.*
- *The State should promote actions aimed at protecting the environment and safeguarding the sustainable development of the economy.*

The natural resources section of the Constitution also requires us to take care of the environment. Section 139(3) states that “the exploitation of the natural resources shall preserve the ecological balance and prevent destruction of ecosystems”.

Now that the foundations of a new state have been established and we are on a path to peace, stability and food security, we have the opportunity to put strategies in place to meet our obligations under the Constitution to protect our environment and ensure that Timor-Leste’s environmental resources are sustainably managed.

There is now an urgent need to renew and review the key laws and regulations related to the environment in Timor-Leste today.

“We need strong laws to protect our forests from illegal logging and other damage.”

*Student, Maliana, National Consultation,
11 August 2010*

Timor-Leste has ratified the United Nations Framework to Combat Climate Change, the Kyoto Protocol, the United Nations Convention for Biodiversity, the United Nations Convention to Combat Desertification, the Vienna Convention for the protection of the ozone layer and the Montreal Protocol for the reduction of substances that destroy the ozone layer. As a result, national programs in land and sea management, biodiversity conservation, climate change adaptation and climate change mitigation (including access to renewable and efficient energy supplies) are being developed.

STRATEGY AND ACTIONS

In 2002, Timor-Leste supported the World Conservation and Environmental Development Conference's definition of sustainability: that 'sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs'. This definition guides our development today and into the future.

To achieve our broad vision of Timor-Leste in 2030 as an upper middle income country where extreme poverty has been eradicated, we will take action to manage our natural resources and our environment sustainably. We will renew the strong bond between Timorese people and the environment and continue to recognise that our successful development will depend on the health of our forests, rivers, the sea and our animal life.

The first steps will be to ensure current environmental laws and regulations are enforced and to prepare the comprehensive environmental protection and conservation legislation necessary to meet our constitutional and international obligations.

This will include an Environmental Basic Law that will be the legal framework to protect and conserve the environment and an Environmental Impact Law to ensure environmental approval, monitoring and auditing of proposed activities. It will also be important to integrate environment and natural resource management across government and to improve our institutional and staff capacity in environmental management.

CLIMATE CHANGE

Climate change presents serious environmental and political challenges for Timor-Leste. Rising sea levels will increase the risk of flooding in low-lying coastal villages and the higher risk of floods, forest fires and food shortages as a result of more extreme weather conditions caused by climate change will directly impact on communities in Timor-Leste.

On the political front, while Timor-Leste has ratified the United Nations Framework to Combat Climate Change and the Kyoto Protocol, as a developing nation we want to ensure that Timor-Leste is not constrained or penalised in its development as a result of the past economic growth of our developed neighbours or the present growth of much bigger developing nations.

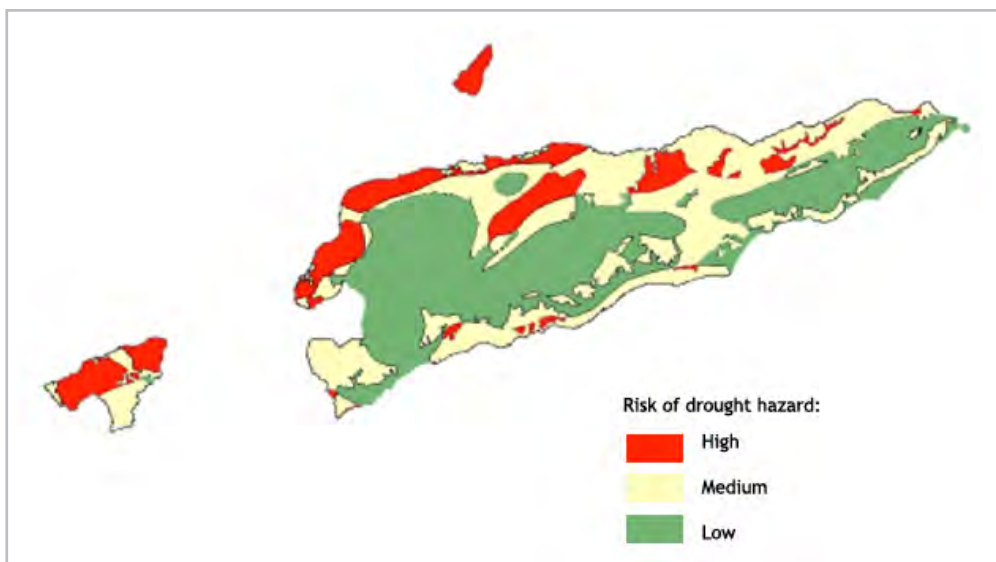
The principle of sustainable development and the imperative to consider the needs of future generations is particularly relevant to the climate change threat as it is our responsibility to ensure that when we make decisions today we are taking into consideration the impact of those decisions on future generations.

Timor-Leste's contribution to the climate change problem is tiny. We are one of the smallest carbon dioxide emitters in the world at an average of 0.02 tonnes per person per year. In contrast, some developed nations have carbon dioxide

emissions around 20 times this amount. However, we cannot put a wall in the sky around Timor-Leste – we are affected by the conduct of our neighbours and every other nation on the planet, so we have to work cooperatively with the rest of the world to reduce emissions.

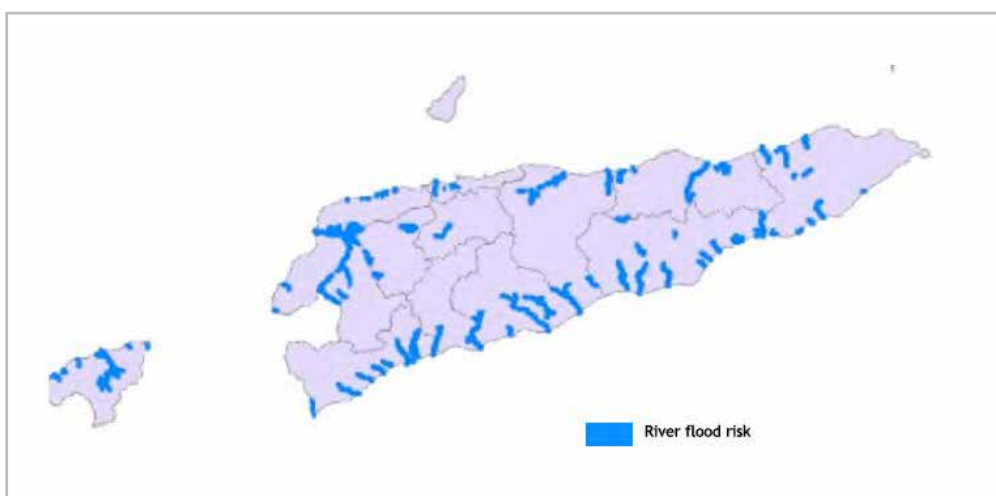
Timor-Leste is vulnerable to climate change and our climate may become hotter and drier in the dry season and increasingly variable. Three natural resources—water, soil, and the coastal zone—are susceptible to changes in climate and sea level rises. Coral reefs are also very sensitive to changes in water temperature and chemical composition. These changes could have consequences for agricultural production, food security and our tourism industry, and increase the risk of natural disasters caused by flooding, drought or landslides. The following maps show the geographical distribution of exposure to drought and floods across Timor-Leste.

Figure 8 Drought hazard, Timor-Leste



Source National Disaster Management Office, 2010

Figure 9 River flood risk, Timor-Leste



Source National Disaster Management Office, 2010

Because we are so vulnerable to the effects of climate change, we will aim to voluntarily reduce our emissions – even though, as a developing country, Timor-Leste is not bound to reduce its greenhouse gases under the United Nations Framework to Combat Climate Change.

We will develop a National Program of Adaptation to Climate Change that will identify national priorities to address climate change adaptation and monitor the implementation of adaptation measures. We will establish a Designated National Authority for the Mechanisms of the Kyoto Protocol so that Timor-Leste can be part of the global carbon market. This market will also allow us to raise income through selling carbon credits from our tree planting industries. The Authority should be operational by 2012.

It will be necessary to implement the multi-lateral environmental agreements that have been ratified by Timor-Leste. This will involve integrating International Agreements into national policies, laws and regulations. Specific regulations will be developed to implement climate change-related agreements and to control ozone-depleting substances.

A National Climate Change Centre will be established by 2015 to conduct research and observation on climate change issues, to ensure data on climate change impacts is being collected and to encourage technology innovation to address climate change adaptation and mitigation. As a small island developing state, Timor-Leste will seek support from developed countries to assist with climate change research, adaptation and mitigation.

FORESTS AND LAND AND SEA CONSERVATION ZONES

The sustainability of Timor-Leste's forests is essential for families who rely on forests for firewood for income generation, for farmers who suffer as a result of erosion caused by deforestation and damage to water catchments, and for all Timorese who value their natural beauty.

Since independence, there have been positive moves to eradicate illegal logging, rehabilitate and conserve forest resources, stabilise forest areas and encourage economic empowerment for communities living in forest areas. However, forest resources are still rapidly depleting due to extensive logging for firewood and agriculture, forest fires, growing demand for land and resources, and increasing exploration and forest conversion. Deforestation is estimated to be occurring at a rate of 1.1% per year. The forest area of Timor-Leste is around 50% of the total land area or around 745,174 hectares. The Millennium Development Goals target of 55% of land covered by forest remains an ambitious target.

Erosion and landslides are also a problem, causing land degradation and damage to water catchments. Much of our indigenous tree stock, including teak, mahogany and sandalwood, has all but disappeared. The result is that Timor-Leste is now facing soil degradation, a decrease in groundwater, threats to wildlife and decreases in food sources.

To reverse this trend, a Forestry Management Plan will be prepared that will promote reforestation and sustainable land management practices in Timor-Leste. A National Bamboo Policy and Marketing Strategy will also be prepared that will include the promotion of bamboo cultivation for reforestation and erosion control purposes. Community-based nurseries will be supported to plant one million trees a year. These three initiatives are discussed in Part 4 – Agriculture, Sustainable Forestry and Wood Products.

The National Planning Framework (see Part 4 – Rural Development) will be used to classify land based on its biodiversity and use, and will include areas for forest covering and other purposes that can help to facilitate the conservation and protection of forest species.

Natural conservation zones, or national parks, aim to protect ecosystems by limiting commercial activity; however, research and education, as well as cultural, tourism and recreation activities are permitted. Timor-Leste's first protected area is Nino Konis Santana National Park, which will be a centrepiece of Timor-Leste's tourism strategy. Areas that are sites of international importance for birds have also been identified in Timor-Leste and will be protected.

Other areas that will be protected in conservation zones are: Tilomar, Ramelau, Fatumasin, Atauro Island-Manucoco, Matebian, Kablake, Builo, Clere River, Lore, Paitchao Mountain and Iralalaro Lake, Jaco Island, Diatuto Mountain, Be Male-Atabae, Maubara, Mak Fahik and Sarim Mountain, Tasitolu, Areia Branca Coast, Curi Mountain and the Irebere and Iliomar Estuary.

To protect and conserve marine biodiversity and our beautiful coral reefs, Timor-Leste will continue to work with Indonesia and other governments in the region that have signed up to the Coral Triangle Initiative to safeguard the region's marine and coastal biological resources for sustainable growth and the prosperity of current and future generations.

A policy for managing watershed areas and coastal zones will be developed that will include strategies to rehabilitate and protect mangroves in coastal areas, regulate sand exploration in various rivers, especially the Comoro River, and create buffer zones on river banks and around dams, lakes and coastlines to aid water resource conservation and floodplain control.

Other actions that will be undertaken to improve sustainable land management, conserve and rehabilitate forests, and develop sustainable forestry practices include:

- Introducing special forestry legislation backed by improved land tenure arrangements
- Undertaking reforestation in all degraded areas, especially in sloping areas surrounding Dili
- Introducing programs to reduce forest or grass burning practices during the dry season
- Replacing firewood use with other energy sources
- Enforcing environmental laws and forest laws to control forest degrading activities.

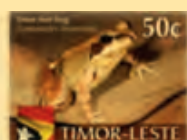
BIODIVERSITY

Biodiversity refers to the variety of life in the world or in a particular habitat or ecosystem. All aspects of our lives, our cultures and our economies are deeply dependent on maintaining the diversity and productivity of the plant and animal communities and ecosystems among which we live. It is our collective responsibility to conserve this biodiversity, which in turn will sustain us.

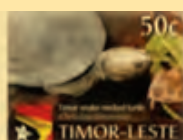
Timor-Leste and neighbouring islands in eastern Indonesia are geographically positioned in one of only 34 'biodiversity hotspots' in the world. This means that we are in a region that has lost at least 70% of its primary vegetation and where at least 0.5% of plant life is unique to the region.

To address the threats to Timor-Leste's biodiversity, a National Biodiversity Strategy and Action Plan will be developed to assess the threats to marine and terrestrial biodiversity and identify strategies to conserve biodiversity. This will include a National Biodiversity Act to regulate the implementation of the action plan.

Biodiversity stamp models for Timor-Leste



Timor Frog
Limnonectes timorensis



Timor Turtle
Chelodina timorensis



Timor Monitor
Varanus timorensis

In recognition of the International Year of Biodiversity in 2010 and to celebrate our country's rich biodiversity, Timor-Leste issued a special series of six stamps depicting examples of our diverse animal life:

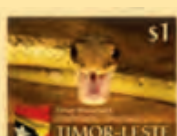
- A Timor River Frog stamp (50 cents)
- A Timor Snake-necked Turtle stamp (50 cents)
- An Island Pitviper stamp (75 cents)
- A Timor Monitor stamp (75 cents)
- A Saltwater Crocodile stamp (1 dollar)
- A Bronzeback Serpent stamp (1 dollar)

The stamps are based on a survey of Timor-Leste's amphibians and reptiles conducted by the Timor Lorosa'e National University in Dili, in partnership with the Victor Valley College, Victorville, California, led by Dr Kaiser, as part of an academic program known as the Tropical Research Initiative. The project was initiated in 2009 to determine the true biodiversity of amphibians and reptiles in Timor-Leste. Fieldwork in 11 of the 13 districts has identified several new species that are currently awaiting a description and cataloguing.

As well as our amphibians and reptiles, Timor-Leste is also home to rare bird life. We have 250 species of birds, including five threatened species: Slaty Cuckoo-dove, Wetar Ground-dove, Timor Green Pigeon, Timor Imperial-pigeon and Iris Lorikeet. Timor-Leste also has rich marine life including whales and dolphins and a broad range of tropical fish species reflecting our position in the South East Asian coral triangle.



Island Pitviper
Cryptelytrops insularis



Timor Bronzeback
Dendrelaphis inornatus timorensis



Saltwater Crocodile
Crocodylus porosus

The National Biodiversity Strategy and Action Plan will be completed by 2012 and implementation will begin in 2013. The Strategy will assess the threats to marine and land biodiversity in the country and identify possible incentives to conserve them. The focus will be on preventing biodiversity loss and ensuring that the country's biological resources are sustainably managed. The following areas will be addressed in the National Biodiversity Strategy and Action Plan: agriculture, grasslands, protected areas, marine and coastal areas, forests and mountains, and inland waters.

A Wildlife Conservation Law will also be developed to protect and conserve wildlife in Timor-Leste.

RENEWABLE ENERGY

Increasing the amount of electricity generated from wind, solar, hydro and other renewable energy sources will contribute to Timor-Leste's climate change adaptation and climate change mitigation efforts and help us meet our obligations under international climate change conventions.

The development of renewable energies in Timor-Leste will also help drive economic growth in rural areas and allow Timor-Leste to embrace new technologies that will make us a model of sustainable development. Strategies and actions to provide at least half of Timor-Leste's energy needs from renewable energy by 2020 are set out in Part 3 - Electricity, Renewable Energy.

POLLUTION CONTROL

Action needs to be taken now to ensure that appropriate regulations are in place to control air, water, soil and noise pollution. We want to ensure that as Timor-Leste's population and economy grows over the next twenty years, we control pollution so that we don't ruin some of the best things about living in Timor-Leste.

We will build human resources capacity in the area of environmental quality control, including methodologies used for environmental tests. This will involve establishing an environmental laboratory to conduct tests and carrying out environmental auditing, monitoring and evaluation of pollution for all activities in all districts.

Environmental studies will be undertaken to find the source of various pollutants. This will include reviewing the activities of hotels, restaurants, workshops, hospitals and markets. Regulations will be introduced so that polluters can be fined for damage caused by their actions.

Air pollution in Dili will be addressed by campaigns to reduce forest fires around the city. Access to more reliable, affordable electricity as a result of the reform of the electricity sector will reduce air pollution from household cooking using firewood (see Part 3 – Electricity). It will also be necessary to develop laws to regulate emissions from vehicles.

Urban waste management guidelines will be introduced based on environmental laws and regulations to set standards for waste treatment in Dili and other main cities. Composting, plastic recycling, paper recycling and glass recycling plants will be encouraged. Household rubbish bins will be provided for waste collection. Heavy oil will be collected by tanks for reuse, recycling or disposal in the regions and in Dili.

A campaign will be run to reduce the amount of plastic bags clogging up our drains and damaging our marine life. This will involve encouraging the use of paper bags as an alternative. There are also plastic bottles clogging our drains and being washed up on otherwise pristine beaches around Timor-Leste. A recycling scheme will be developed for plastic bottles.

PUBLIC AWARENESS RAISING

During the long years of colonialism and occupation, the strong link between the Timorese people and the environment was broken down. Over the next twenty years, we have to rekindle our traditional respect for the environment.

This effort will start in our schools, where students will be taught about the importance of the protection and conservation of the environment. This will give students a better understanding of the environment and they, in turn, will pass this understanding on to their children.

Posters and pamphlets on environmental issues will be distributed to the community.

Information on the environment will also be provided to the public through television and radio. A demonstration 'Green Village' will be established to showcase good environmental practices, including the use of renewal energy, recycling and organic farming techniques.

TARGETS

By 2015:

- An Environmental Basic Law will be the legal framework to protect and conserve the environment
- A Designated National Authority for the Mechanisms of the Kyoto Protocol and a National Climate Change Centre will be operational
- Community based nurseries will be planting one million trees nationwide every year
- A National Biodiversity Law and a Wildlife Conservation Law will protect and conserve biodiversity in Timor-Leste
- Air, noise and soil pollution regulations will be in place
- Vehicle emissions regulations will be in place
- Public awareness of environmental protection will have been enhanced

By 2020:

- 70% of National Adaptation Programs of Actions under the United Nations Framework Convention on Climate Change will have been implemented
- No families in Dili will have to cook with firewood

By 2030:

- Timor-Leste will have an extensive network of land and marine national parks that protect representative samples of our biodiversity

CULTURE AND HERITAGE

OVERVIEW AND CHALLENGES

Timor-Leste has an incredibly rich and diverse cultural heritage.

In each part of our country, there are languages, dances, music and other forms of social and artistic expression that cannot be found anywhere else in the world. We have managed to sustain vibrant and meaningful traditions that date back thousands of years. We are proud of what makes us uniquely Timorese.

To achieve our aim for Timor-Leste to become a prosperous, developed nation by 2030, we will need to encourage our cultural diversity and build respect for our cultural heritage and shared history, while integrating what works for us from other cultures to enrich our own.

Over 70% of Timorese live in rural areas with limited access to information and means of communication. There is still a strong connection between individuals, communities, the environment, history and cultural traditions. Like many cultures in the region, Timorese people share a common set of beliefs and values linked to belonging to a certain place and Uma Lulik (sacred house). Four centuries of Portuguese colonialism, and the trauma of nearly two and a half decades of national resistance to occupation, have given Timorese beliefs a regional and national dimension of their own.

We recognise that if we neglect our cultural and historic roots, and think only of the present and the material aspects of life, we will be overwhelmed by the forces of globalisation and risk losing our unique cultural identity – the very thing we fought so long and hard to preserve.

During the national consultation for the Strategic Development Plan, the need to celebrate and promote our unique culture, and the important role of traditional arts such as tais weaving, pottery and wood carving, was raised in many districts. To protect our identity, we need to encourage and promote Timorese culture and embed the creative arts in our economic development.

Sadly, the violent conflicts of the past have resulted in many sites and objects of cultural significance, cultural records and archives being destroyed or taken out of the country. There are now only around 800 artefacts and cultural objects left in safe storage in Dili.

Since independence in 2002, we have taken steps to encourage and preserve the cultural heritage of Timor-Leste. The National Parliament (Uma Fukun) in Dili has been rehabilitated and its historical significance preserved. The Dare Memorial: Cafe and Museum was opened in April 2010 and the first phase of the Timorese Resistance Archive and Museum was completed in 2005. Since then, hundreds of important documents about the resistance have been digitised and are now available on the internet for anyone to view.

Community Multimedia Centres have been established in Dili and Lospalos to enable communities to access previously unavailable information and networks through the internet.

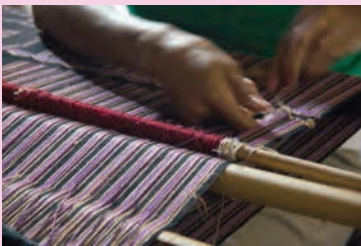
“After ten years of independence attention should be given to culture development because it was culture that gave us independence.”

.....
Atanásio Francisco Tavares, elder representative, Maucatar, National Consultation, 30 July 2010

Over the last two years, a national culture database has been created that records examples of Timorese culture from all the regions of Timor-Leste. Using photography and video, the database has recorded artefacts, architecture, ceremonies, dance, music and details of specific arts and crafts. It also contains historical material and visual records of collections of material about Timor-Leste from around the world.

Timor-Leste is well placed to develop its old and new cultural practices into creative industries that generate income, jobs and export earnings and, at the same time, contribute to community building and cultural diversity. Creative industries span a wide range of practices that are considered part of the creative economy, including weaving, carving, drawing and painting, design, music, acting and all aspects of theatre production, dance, film, radio and television production, writing, publishing and advertising. What these practices have in common is that they involve using creativity and cultural knowledge to generate income and wealth.

The value of the creative industries sectors



On a global level, the creative industries sector currently represents more than 7% of gross world product and is an increasingly important sector in developing nations. For example, Mexico's creative economy is 4.77% of GNP and 11.01% of the labour market and the Philippines is similar at 4.92% and 11.1% respectively. The Chinese government is actively supporting the creative economy because of its unlimited development potential for the growing consumer market, its ability to draw on the nation's deep cultural traditions and because it is a low polluter and high in creating added-value. Other creative economy success stories are India, with its movies and software, the Republic of Korea, with digital animation, and the Nigerian film and video industry.

Timor-Leste has a very substantial and diverse cultural heritage and we are linguistically versatile. We have to increase the national, regional and global visibility of our many traditions and contemporary creative practices, so that the overall image and identity of our nation will be recognised and celebrated. This will contribute to a sense of nationhood and national pride, the development of an export-oriented creative economy and tourism. Our culture gave us our independence and it is our culture that will secure our future.

STRATEGY AND ACTIONS

We will take a number of actions to realise our vision that by 2020 Timor-Leste will have a vibrant creative industries sector that is making a significant contribution to our economy and our sense of national identity. By 2030, we expect our creative industries to employ over 5% of the labour market. Many of these people will be employed in small and medium sized businesses that are stimulating jobs growth in the retail, tourism, hospitality, catering and other service industry areas. Creative industries will also be driving growth in visitor numbers at museums, libraries and galleries, and in the performing arts.

Cultural institutions

Cultural institutions play a key role in the preservation of our nation's past and the promotion of contemporary culture. They are places of learning for students and attract local and international visitors who want to learn about Timorese culture.

The Museum and Cultural Centre of Timor-Leste will be developed to permanently host and interpret key cultural and heritage artefacts in Dili. The centre will hold the geological collection currently on display in the Presidential Palace, the archaeological collection that is now spread around various countries and the ethnographic collection, comprising about 800 pieces, currently in storage in Dili. The Museum and Culture Centre will be designed and built to international standards so that sacred artefacts, paintings, books and other items in the collection will be protected from damage from high humidity, fire or other hazards. This will also be necessary to ensure that the many high value heritage collections being stored in international collections can be returned to Timor-Leste.

The Museum and Cultural Centre will work alongside and develop projects with the Timorese Resistance Archive and Museum. The auditorium and other works planned for Phase 2 of the Resistance Archive and Museum will be completed by 2015.

The National Library and Archives Centre of Timor-Leste will be a high quality institution that will support our education system. The centre will be open to the public and will support a national network of libraries across the country. Three thousand books have already been provided by Portugal's Imprensa Nacional Casa da Moeda and other institutions have offered to provide hundreds of thousands of books, audio and video records. The National Library and Archives Centre will be designed and built to international library standards.

The tens of thousands of examples of Timorese culture from all regions of Timor-Leste already compiled in the national culture database will support the development of the Museum and Cultural Centre and the National Library and Archives Centre.

Regional Cultural Centres will be developed in each district to highlight Timorese music, art and dance and to serve as cultural hubs, showcasing not just regional culture, but also inter-regional cultural expressions. Each regional centres will include a library, a small centre for media and new technology with access to the internet, and meeting rooms and office space. The centres will be developed in degraded buildings with heritage value from the Portuguese period to ensure that architectural heritage is preserved alongside cultural heritage.

The first centre will be developed at Baucau in the old Municipal Market that was built in 1933 and is currently in an advanced state of disrepair. In Oe-Cusse Ambeno, the centre will be located in the former Administration Council building.

Five Regional Cultural Centres will be established by 2015 and there will be at least one centre in each district by 2030.

Rock art of Timor-Leste



Timor-Leste contains some of the richest and most significant rock art in Island South East Asia with more than 30 sites and hundreds of images. Most of the art is in the Nino Konis Santana National Park and dates from around 2,000 to 3,000 years old and some could be up to 12,000 years old. The images include people, animals and boats. There is a rich representation of boats which have played an important part in mythology and ritual in Timor-Leste as well as representing the spread of people and ideas between Asia, Australia, New Guinea and the Pacific regions. In the Lene Hara Cave shellfish, animals bones and stone tools have been excavated that date back 35 000 years.

The technique used was to blow pigment (generally made of red ochre) through bamboo, or directly from the mouth, over the hand, body part or object placed against the rock.

Our learning of this rock art has emerged from years of investigation by Sue O'Connor of the Australian National University. This art is an important part of our culture and with good management and community leadership it can become a showpiece for cultural tourism.

National Academy of Arts and Creative Industries

To support the two new national cultural institutions in Timor-Leste (see above) and the development of the creative economy, a National Academy of Arts and Creative Industries will be established. The Academy will provide integrated support for the creative arts, including training in and the promotion of creative arts. The Academy will also train teachers in the creative arts.

The Academy will focus attention on and celebrate traditional Timorese art forms such as music, dance, art, craft and design. It will also be forward looking and encourage innovative ways to reinterpret traditional art forms.

Timor-Leste has many talented traditional and modern musicians. Traditional music needs to be studied and conserved so that it can form part of the national cultural archive. At the same time, we have an abundance of musical talent that could be developed and could gain international exposure through the 'world music' genre/brand. This would open-up career opportunities for many established and young Timorese musicians.

The Academy will include a School of Music to promote artistic creation in the music sector. The School of Music will operate as a national learning and creative centre, allowing access to music education, the preservation and recording of music traditions, repertoires, songs, dances and instruments, and music research. The Academy will also include a School of Fine Arts, which will be a centre of research for the visual arts in Timor-Leste and a training venue for artists to develop their technical and artistic skills.

Craft

Timor-Leste has a major indigenous style and skills base in weaving tais, ceramics, jewellery, basketry, wood carving, metalwork and leatherwork. Our indigenous craft tradition can provide two vital contributions to the creative economy of Timor-Leste: first, it is the means by which market differentiation from competitor nations can be established; and secondly, it can be deployed as the foundation for craft and design training and education.

There is the potential for innovation and the development of modern, high-quality exportable artefacts.

Representative examples of indigenous Timorese craft from across the nation will be conserved and protected in the new Museum and Cultural Centre of Timor-Leste.

The National Academy of Arts and Creative Industries will provide education and training in craft skills and marketing.

Dance and theatre

Timor-Leste has traditional and modern dance performers whose practice can be developed to make a significant contribution to the tourism industry. While theatre has a small presence in Timor-Leste, it is innovative and explores traditional and modern content. A national theatre and dance company will be established in the medium term to train actors and dancers and provide entertainment opportunities. The company will tour cities in the regions and perform in open-air venues.

Design and cultural heritage

Timor-Leste has developed unique forms of creative expression through design – evident in our architecture, building decoration and traditional dress.

Timor-Leste is very rich in architectural forms that constitute a part of our nation's culture and identity. It is important to preserve our traditional architectural heritage, particularly Uma Lulik – the sacred houses around which much community life revolves. Sacred houses have already been restored in four districts: Lautém, Oecusse Ambeno, Bobonaro and Ainaro. It will also be important to consider traditional architectural forms and concepts when building new infrastructure.

Communities throughout the country will be supported to restore and preserve the rich diversity of forms of traditional architecture in Timor-Leste. A Law on Cultural Heritage will be developed to protect, preserve and enhance cultural heritage. In the medium term, a degree in architecture will be offered at the National University.

Screen culture

There is enormous potential to use new and existing audio-visual technology to increase people's access to cultural facilities available in Dili and to share unique cultural practices across the various regions of Timor-Leste. The gradual spread in coverage of television, radio and other audio-visual communications throughout the country will greatly improve access to culture.

Film is one of the most powerful contemporary art forms with the capacity to reach out to people everywhere regardless of their backgrounds or experiences. It is important that the people of Timor-Leste have the opportunity to see some of the best cinema from around the world. It is just as important that the people of Timor-Leste see and hear their own voices, languages and stories on the screen. Timor-Leste already has the beginnings of a film and television industry. The first feature film written, directed and produced by Timorese is in production in Dili and a growing number of locally produced documentaries are under way. It is also important that there are good facilities at which to view films.

In the short-term, outdoor cinemas will be established at sites around Dili to show films and documentaries from around the world. Outside Dili, the regions will be served by a mobile outdoor cinema program. Assistance will be provided to encourage the growth of a Timor-Leste film and television sector and a feasibility study will be conducted on the viability of a purpose built cinema in Dili.

Cultural tourism

With Timor-Leste's natural beauty, rich history and cultural heritage, there is great potential to develop tourism as a major industry to underpin our economic development. Our traditional culture, the living history in our rural communities, our crafts, music and dance will provide visitors with their most memorable experiences.

Globally, creative industries contribute significantly to the development and success of tourism, projecting and promoting what a nation has to offer tourists. These industries also give context to the tourist experience and increase the income generated by tourism. The Tour de Timor bicycle race is not a success just because it offers riders a challenging mountain bike experience; it is the stopovers in villages and exposure to Timorese culture that makes the ride one of a kind.

The Ramelau Culture Festival held in 2010 celebrated the unique dance traditions of the 13 districts of Timor-Leste and a number of cultural tourism projects are already in development, ranging from a women's four-wheel drive tour of Timor-Leste to the restoration of the Balibo Fort to preserve and showcase our Portuguese heritage and provide accommodation for the increasing number of tourists interested in the political history of the town.

Village based accommodation around the country will also be developed to promote cultural tourism, supported by internet based tourist information. There is also the potential to encourage tourists to undertake religious pilgrimages to locations of significance around Timor-Leste. Other examples of cultural tourism are discussed in Part 4 - Tourism.

Ramelau Culture Festival



The Ramelau Culture Festival in October 2010 was the biggest cultural event held outside Dili and the first cultural festival in Timor-Leste. It was a drawcard for the local community and tourists interested in the culture of Timor-Leste.

The music and dance festival was organised by the President His Excellency José Ramos-Horta as part of his campaign to promote peace and unity in Timor-Leste.

Mount Ramelau is the symbol of pride and unity to the people of Timor-Leste.

The festival brought together examples of the unique culture of each of Timor-Leste's 13 districts. Each district wore their own tais to identify their culture and presented two songs to promote national unity and peace.

TARGETS**By 2015:**

- The Museum and Cultural Centre of Timor-Leste and the National Library and Archives of Timor-Leste will be operational
- Regional Cultural Centres will be located in Baucau, Oe-Cusse Ambeno, Ainaro, Maliana and Atauro
- There will be a regular program of outdoor cinema at sites around Dili and each district will have access to mobile cinemas on at least a monthly basis
- National Academy of Arts and Creative Industries
- There will be appropriate village based accommodation around the country for cultural tourists

By 2020:

- A national theatre and dance company will be established and will be conducting regular tours to the regions
- A degree in architecture will be offered at the National University

By 2030:

- Regional Cultural Centres will be located in all 13 districts
- Around 5% of jobs in Timor-Leste will be in the creative industries sector





PART

3

INFRASTRUCTURE DEVELOPMENT

Timor-Leste will invest in the core and productive infrastructure needed to sustain a growing, productive and connected nation.



PART 3 INFRASTRUCTURE DEVELOPMENT

Timor-Leste currently lacks the core infrastructure necessary to support a modern and productive country in which its people are connected with each other and with the world. A central pillar of the Strategic Development Plan is the building and maintenance of core and productive infrastructure.

While good national infrastructure is essential to Timor-Leste being able to develop economically and socially, the scale and cost of addressing this challenge is large and ongoing. An infrastructure plan is required to set out our priorities, focus our energy and guide our way. The implementation of this plan will not only underpin the growth of our nation, but will also increase productivity, create jobs, particularly in rural areas, and support the development of our private sector.

“The roads need to be repaired so we can get to markets.”

*Mother, Fohorem, Covalima district,
National Consultation, 2 August 2010*

ROADS AND BRIDGES

OVERVIEW AND CHALLENGES

An extensive network of quality and well maintained roads is essential to connect our communities, promote rural development, industry and tourism, and provide access to markets. Roads are the primary mode of transport and allow development and the delivery of resources to urban as well as rural areas. They are critical to most other sectors and support the delivery of community services, health care and education.

Timor-Leste has an extensive system of national, regional and rural roads that provide access to the rural parts of our nation where the majority of the population lives. The network is generally constructed to the Indonesian pavement standard of 4.5 metres width with lined masonry drains and two lane steel truss bridges. The Timor-Leste road network should comprise national roads that link our districts to each other, district roads that link district centres with sub-districts and rural roads that provide access to villages and the more remote areas. There are around 1,426 km of national roads, 869 km of district roads and 3,025 km of rural roads.

The national road network comprises two coastal roads along the north and south coasts and five roads crossing the country and connecting with the two coastal roads. There are around 456 bridges in our road network.

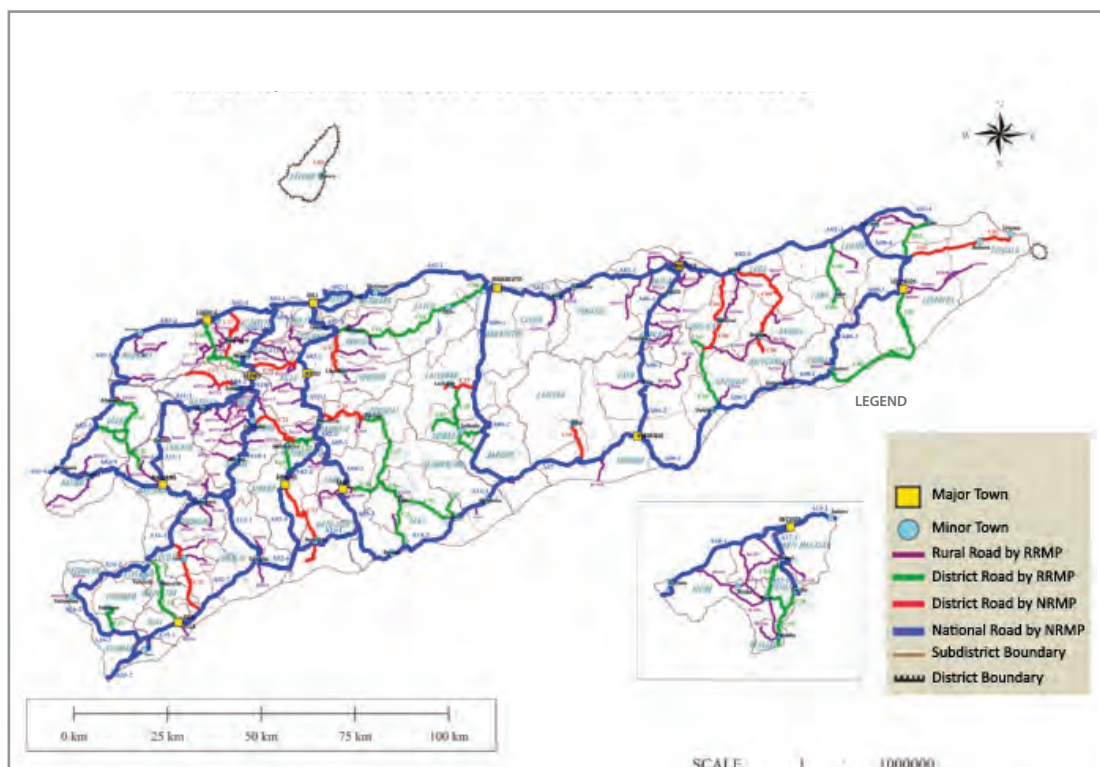
Overall traffic is light with only the northern link between the Indonesian border and Dili, and from Dili to the eastern region, having non-motorcycle traffic above 1,000 vehicles per day. Other roads have non-motorcycle traffic of less than 500 vehicles per day. Traffic levels in Dili are increasing rapidly, resulting in congestion and traffic volumes that will further increase as our economy expands.

The road network is deteriorating, with most roads in poor condition and requiring repair or re-building. Around 90% of national roads are either in poor or very poor condition with only 10% in fair condition. Over 90% of district roads are in poor condition. Road construction and maintenance in the interior of Timor-Leste is particularly challenging due to mountainous terrain and because of high levels of mud and water. As noted above, the average width of the surface pavement of national and regional roads is 4.5 metres which is narrow by international standards. Road alignment generally does not meet necessary standards and construction of road shoulders and drainage is poor.

Further, many parts of the country are regularly isolated by roads and bridges that become impassable when washed away or blocked by landslides and floods. This restricts the ability of people to move and for goods to be transported. It also cuts off parts of the country and constrains regional development. Lack of investment in road maintenance often results in the need for emergency repairs, which is an expensive method of managing a road network.

The poor state of our roads is increasing transport costs and impeding economic growth and the reduction of poverty at national, regional and local levels. Regional agriculture and industrial development are particularly affected by the state of our roads. Poor roads also result in very poor safety for all road users, although low average traffic volumes have helped to limit the number of serious accidents.

Figure 10 Timor-Leste national road network



Source: Asian Development Bank

Given the extent and state of our road infrastructure, our initial priority is to rehabilitate and repair existing roads to maintainable standards to secure the road network currently in place. As the economy expands, investment in new roads will be required.

STRATEGY AND ACTIONS

Timor-Leste will undertake substantial and long-term investment in roads to maintain our current road network, including a major program of road rehabilitation, repair and improvement. New roads will only be built if they serve important economic or social objectives.

A comprehensive and quality road network is required to support equity in national development, facilitate the transport of goods at a reasonable price, allow for the delivery of government services and promote agriculture and the growth of the private sector. Our vision for road infrastructure in Timor-Leste is to:

- Deliver a comprehensive roads maintenance program
- Rehabilitate all existing roads
- Construct new bridges to provide all-weather access on major routes within five years and the remainder of national and district roads by 2030
- Build the road infrastructure required to support the development of the south coast
- Establish national ring road standards and establish a ring road to these standards by 2030.

From 2011 to 2015, we will undertake a major program of road rehabilitation, repair and improvement. The primary strategy will be to repair and then maintain existing roads. This will mean repairing roads to a condition in which they can be maintained, followed by a program of maintenance to prevent deterioration from recurring. Total reconstruction will be required where roads have fallen into complete disrepair. The difficulty and expense of maintaining roads will be significant given the mountainous terrain and tropical climate of Timor-Leste.

The Strategic Development Plan road program will aim to fully rehabilitate all national and district roads to an international standard by 2020. This standard will rehabilitate roads to a width of around 7 metres plus a shoulder and will include drainage and slope protection works to stabilise roads in mountainous areas.

In addition, the Strategic Development Plan road program will rehabilitate all rural roads to a minimum standard by 2015. The rehabilitation of rural roads will not involve the same complexity as national and regional roads. It will include surfacing works using asphaltic material and minor shoulder works, drainage and slope protection. The work will be undertaken by locally based contractors using labour-based equipment, which will generate significant rural and regional employment.

A bridge construction program will also be undertaken. This program will construct and rehabilitate bridges that are in need of replacement or repair. It will involve around 3,200 linear metres of bridges throughout the nation. This work will include the construction of foundation structures, super structures and bridge decks, as well as some protection works on piers and abutments and the construction of approach roads.

The Strategic Development Plan's comprehensive ten year road building program will give certainty and ongoing opportunities to international and national road construction companies to encourage such business to invest and grow in Timor-Leste. This will improve our private sector development and create jobs throughout the nation.



NATIONAL AND REGIONAL ROADS

In delivering the Strategic Development Plan road program, a number of national and district road routes will be given priority and undertaken first. These national priorities are set out below.

Dili – Manatuto – Baucau Road Link

The north coast road from Dili to Manatuto (58 km) and Manatuto to Baucau (60 km) is generally in fair condition but its narrow width, poor alignment and vulnerability to potholes and landslips makes the journey difficult, costly and long. This is a major constraint to rural development and tourism, as well as impeding access to basic services in the east of the country.

The Dili to Baucau road link will be fully upgraded to international standards, including widening where technically feasible. Work will commence in 2012 and will be completed in 2015 at a cost of around \$100 million, with the final amount to be determined following the undertaking of the final design and costing assessment. The work will result in substantial local employment in rural areas.

Once this project commences and progress is reviewed, planning will begin to extend the road work past Baucau to Lospalos and Com.

This road link from Dili to Baucau and then on to Com will become a major tourism corridor and comprise a key section of what will become the Great Northern Coastal Road. The road from Lautem-Moro to Lospalos and to Tutuala/Walu will also be rehabilitated. These roads will provide access to rural feeder roads to support rural and regional development.

Manatuto – Natarbora Road Link

The Manatuto-Natarbora Road (81 km) is a key north south road link. The road is in very poor condition, which is a major barrier to the development of the Manatuto district. The lack of a fast and reliable north south road link is also hindering the development of the south coast.

The Manatuto-Natarbora road link will be fully upgraded to international standards, including widening where technically feasible. This project will cost in excess of \$60 million, with the final amount to be determined following the undertaking of the final design and costing assessment. This project will commence in 2012 and will be completed in 2015.

This road project will provide a critical connection between the north and the south coast. While there are other north south road links through the centre of the nation, these other routes travel through mountainous terrain. While the development of these alternative routes to international standards will be fully examined, it is likely that they would be very expensive due to the need to build bridges and tunnels. Therefore, at least until 2015, it is likely that the upgraded Manatuto-Natarbora road link will be the primary north south link.

Dili – Liquiça – Bobonaro Road Project

This road project will involve the full rehabilitation and installation of an overlay of 230 km of roads from Dili to the Indonesian border at Mota'Ain, as well as Tibar to Maliana via Gleno and additional roads in the Cova Lima district.

Work will commence in 2012 on the Dili to Mota'Ain route, which will become the western part of the Great Northern Coastal Road. This section will promote tourist access and provide the key road and trade link to Indonesia.

The project will also rehabilitate key roads in the western region, providing improved access to services such as education and health. This project will cost around \$82 million. It will commence in 2012 and will be completed by 2014.

Dili – Aileu – Maubisse – Aituto – Ainaro – Cassa

This road project will provide another key north south corridor, opening up access to central Timor-Leste and promoting tourism by providing an improved link to the Maubisse tourist zone. The repair of these roads is also essential to providing access to government services and improving access to education and health. Traversing mountainous terrain, the project will require extensive surveying, planning and costing before it is commenced by 2015.

Suai – Cassa – Hatu Udo – Betano – Natarbora – Viqueque – Beaço

The Suai to Beaço south coast route will be developed to support the growth of the petroleum industry and to open up this coastline to allow economic development and the delivery of social services. This major road project will be undertaken in stages, with each stage being developed according to economic need and the growth of the petroleum industry on the south coast. The project will have commenced by 2015 and will have been completed by 2020.

Pante Makassar – Oesilo | Pante Makassar – Citrana | Oesilo – Tumin

The Oe-Cusse Ambeno district has an area of 815 s km² and a coastline of 48 km. Oe-Cusse Ambeno is divided into four sub-districts, Nitibe, Oesilo, Passabe and Pante Makassar, where the capital is located. As a result of its geographic location and existence as an enclave, there are challenges in providing the people of Oe-Cusse Ambeno with the same access to services that is available in the rest of the country. It is vitally important that Oe-Cusse Ambeno's infrastructure is improved to address the limitations of its location.

Therefore, major road rehabilitation projects will commence in 2011 to be completed in 2012. These projects are: Pante Makassar to Oesilo, Pante Makassar to Citrana and Oesilo to Tumin. All of these major road rehabilitation projects will improve access to services and stimulate economic activity in Oe-Cusse Ambeno.

RURAL ROADS

With over 70% of the population of Timor-Leste living in rural areas, it is critical that the rural road network is improved to link people and communities, encourage agricultural and natural resource development, increase rural incomes and allow for the effective delivery of government services including health care, education and security.

The state of rural roads is generally poor. Survey work indicates that 3.5% are in good condition, 27% in fair condition, 52.7% in bad condition and 16.2% in very bad condition. Roads are generally narrow with no shoulders on many sections, particularly in mountainous areas. Around 40% of rural roads are less than three metres wide, around 50% are between three and five metres wide and around 10% are wider than five metres.

The Strategic Development Plan road program will rehabilitate all rural roads to a minimum standard by 2015. A Rural Roads Master Plan will be developed that will set out a program for the rehabilitation of rural roads over its five year period. Roads that link district centres to sub-district centres will be given the highest priority for repair. These roads tend to carry the highest traffic volumes and are important transport connections.

Because of their importance, the following rural roads will be the first routes to be rehabilitated:

- Suai – Maucatar – Lelas | Cova Lima District
- Maubisse Junction – Hatubuiliku | Ainaro District
- Baqui – Passabe | Oe-Cusse Ambeno District
- Buihamau – Luro – Lautem Junction | Lautem District
- Same Junction – Alas | Manufahi District
- Alas – Turiscai | Manufahi District
- Tilomar – Fohorem | Cova Lima District
- Maliana – Atabae | Bobonaro District
- Uatulari – Laisorolai | Viqueque and Baucau Districts
- Lospalos – Lore – Iliomar | Lautem District
- Com – Trisula | Lautem District
- Laclubar Junction – Soibada | Manatuto District
- Welaluhu – Fatuberliu | Manufahi District
- Turiscai – Soibada – Salau – Manatuto Village | Manatuto and Manufahi Districts
- Salau – Natarbora – Viqueque | Manatuto and Viqueque Districts
- Dotic – Fatuberliu | Manufahi District
- Waudeberek – Alas | Manufahi District
- Manatuto Junction – Laclo – Remexio – Aileu Junction | Manatuto and Aileu Districts
- Beloi – Atauro Villa | Dili District
- Beloi – Biqueli | Dili District

NATIONAL HIGHWAY RING ROAD

The economic and social development of Timor-Leste requires a National Highway Ring Road. This highway will have two lanes in each direction, be capable of taking a full length container at an average speed of 60 km per hour and will provide a ring road around the nation. This highway will be progressively built and the first stage will involve the construction of national roads of only one lane in each direction. During the initial stages, room will be left available for the addition of an extra lane and design, planning and costing for the full highway will be undertaken. The National Highway Ring Road will be completed by 2030.

TARGETS

By 2015:

- The Dili – Manatuto – Baucau Road Link will have been fully upgraded and widened to international standards
- The Manatuto-Natarbora Road Link will have been fully upgraded and widened to international standards
- The Dili – Liquiça – Bobonaro Road links will be fully rehabilitated
- The Pante Makassar – Oesilo | Pante Makassar – Citrana | Oesilo – Tumin Road links will be completed
- All rural roads will have been rehabilitated by locally based contractors
- Road condition monitoring surveys will have been carried out each year on all improved roads to determine maintenance needs
- The plan for a National Ring Road will have been completed

By 2020:

- All national and regional roads will have been fully rehabilitated to international standards
- The Dili – Aileu – Maubisse – Aituto – Ainaro – Cassa rehabilitation project will be completed
- The Suai – Cassa – Hatu Udo –Betano – Natarbora – Viqueque – Beaço rehabilitation project will be completed

By 2030:

- The National Ring Road will have been completed to provide a high standard highway right around the country capable of taking a full length container at an average speed of 60 km per hour
- New bridges will have been constructed to provide all-weather access on all national and district road routes



WATER AND SANITATION

OVERVIEW AND CHALLENGES

A vitally important element in the economic and social development of Timor-Leste – and in the health and wellbeing of our people – is access to safe drinking water and sanitation systems.

Sickness, ill health and poor child development arising from a lack of clean water and sanitation imposes incalculable, but fully avoidable, social and economic costs on the Timorese people.

The economic consequences of poor sanitation on health, welfare services and tourism were the subject of a 2008 study of five neighbouring countries: Timor-Leste, Indonesia, Philippines, Cambodia and Vietnam. This study shows an average loss of 2% of Gross Domestic Product across the five countries that could be recovered through improvements in sanitation alone. In Timor-Leste, this means that poor sanitation is costing us at least US\$11 million every year – and rising as our economy expands.

Other studies have shown that investment in sanitation is an investment in health, education, the environment and poverty reduction. Improved sanitation typically yields about \$9 worth of benefits for every \$1 spent, based on a reduction in direct and indirect health costs, better education, improved water supply and increases in tourism.

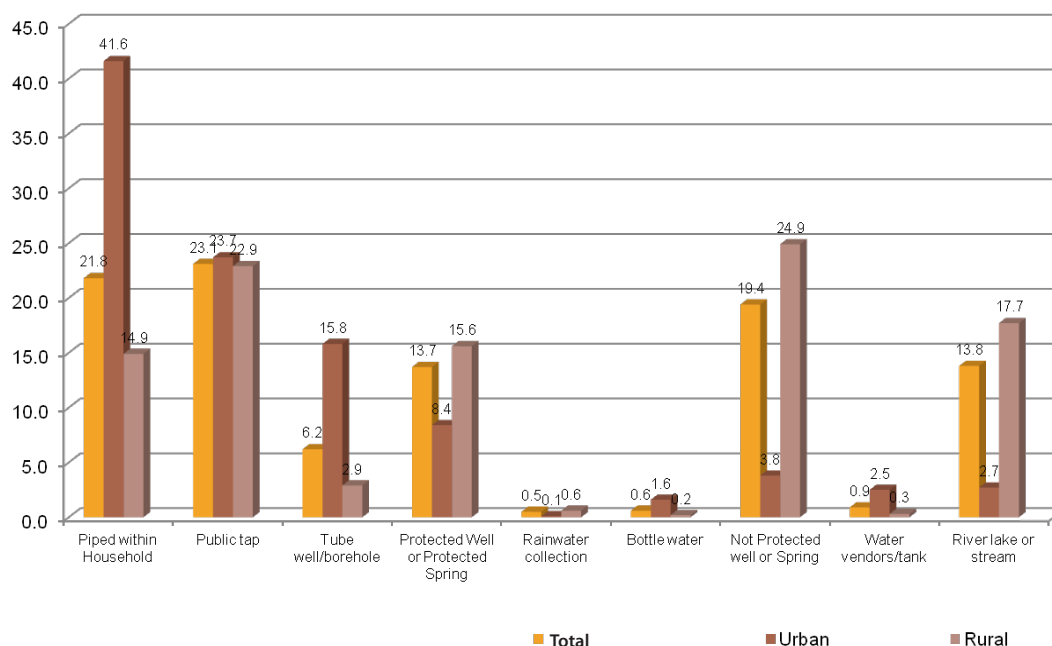
The two most significant causes of infant and child mortality in Timor-Leste – lower respiratory infection and diarrhoeal disease – are directly related to a lack of water supply and poor sanitation and hygiene.

According to the 2010 Census, just over 66% of people in Timor-Leste have access to an improved drinking source (either piped water, protected well or hand pump, tanker or bottled water). In 2001, the household survey reported this figure at 48% — indicating a big improvement over the last nine years. Springs are the main water source for the rural eastern part of the country and the second main source in the rural central and western areas. For more than a third of Timorese families, access to water is ten or more minutes away.

The main source of drinking water in urban areas is from household taps (42%). In rural areas, the main source of drinking water is from a well or spring (25%). Figure 11 shows the breakdown of water sources nationally and in urban and rural areas.

“If we don’t have clean water, how can we improve the lives of our people?”

*Administrator, Turiscai sub-district,
Manufahi district, National Consultation,
14 May 2010*

Figure 11 Main source of drinking water

Source: Census 2011

Water shortages are common in many areas in the dry season. Major supply and sanitation projects have been carried out, but sustaining these projects is often a problem, with many communities having difficulties in operating and maintaining them.

Only 39% of people in Timor-Leste have access to improved sanitation facilities such as a pit latrine with slab, ventilated improved pit latrine or a pour/flush septic tank or pit.

Timor-Leste also has problems with drainage and stormwater pollution in Dili and district centres. Waste and contaminants lie on the streets or in dried-up streams before being carried to the sea with the rain. In Dili during the wet season, many sections of drainage channels become blocked with solid waste, kankung and sediment, leading to flooding and dangerous levels of pollution.

Access to clean water and sanitation is critical to Timor-Leste's future as it will:

- Improve public health
- Create new jobs and encourage rural development
- Make it easier to maintain and sustain our valuable water resources.
- Evenly spread our limited water resources.

STRATEGY AND ACTIONS

We will continue to take action to overcome the many challenges involved in improving access to clean water and sanitation across Timor-Leste, including building a major sewerage collection system in Dili, providing a safe piped 24-hour water supply to households in 12 district centres and installing water systems and community latrines in rural areas as part of the Rural Water Supply and Sanitation Program. Our aim is that by 2030, all citizens in Timor-Leste will have access to clean water and improved sanitation.

CLEAN WATER SUPPLY AND SANITATION IN OUR RURAL AREAS

A clean water supply improves the health of the population and reduces the time taken walking long distances to collect water.

The close connection between water supply and human contamination is highlighted in survey findings that suggest persistently higher rates of childhood mortality and morbidity in rural areas are due, in part, to the close proximity of primitive toilet facilities to household water sources. We need to better protect our children's health by increasing the number and use of latrines in rural communities, penning livestock and educating communities about the need for behavioural change in relation to personal hygiene and issues such as food handling and storage, vermin control, waste disposal, drainage and ventilation. We also need to eliminate breeding habitats for mosquito-borne disease such as malaria, dengue and filariasis.

According to the 2010 Census, 57% of Timor-Leste's rural population has access to improved drinking water and only 25% have access to improved sanitation facilities.

Our aim is to achieve the following Millennium Development Goals by 2020:

- 75% of Timor-Leste's rural population will have access to safe, reliable and sustainable water
- 40% of rural communities will have significantly improved sanitation facilities

To achieve these targets, we will take the following actions as proposed in the Rural Water Supply and Sanitation Program:

- Installation of approximately 400 water systems for 25,000 rural households in the next five years (at 80 systems per year)
- Construction of community owned latrines
- Provision of technical expertise and supervision for communities
- Recruitment of 80 sub-district water and sanitation facilitators for sucos.

We will also make a major investment in rehabilitating and extending irrigation systems and improving water storage in rural areas (see Part 4 – Agriculture).

CLEAN WATER SUPPLY AND SANITATION IN DISTRICT URBAN AREAS

Much of Timor-Leste's urban water and sanitation infrastructure, including pumping stations, transmission pipes, valves and tanks, was damaged or destroyed in 1999. As a result, 96% of urban households outside Dili do not have household access to 24-hour, safe water supplies. Current water sources are also inadequate, mostly untreated and unreliable: only 100 of the country's 400 water stations are functional.

There is extremely limited treatment of drinking water with sand filters operating in a very small number of systems. These supplies cannot serve our current population and additional sources need to be found. The new town area of Baucau needs another water supply urgently.

Our solution is to develop and execute a plan to provide a safe and secure piped 24-hour water supply to urban households in 12 district centres, with priority given to Baucau, Manatuto, Lospalos and Suai, where the situation is critical. To achieve this, we will:

- Develop a District Centres Masterplan to scope solutions and agree on priorities, while giving immediate priority to Manatuto, Lospalos and Suai
- Fix leaks, rehabilitate damaged pipes and make connections legitimate
- Find and secure new water sources
- Construct reservoirs and treatment facilities
- Connect houses to piped water supply.

Poor sanitation is also a problem in district urban areas. There is a lack of wastewater collection and treatment facilities in district centres.

Our objective is to provide 60% of district urban areas with access to appropriate improved sanitation facilities by 2015. The health risks caused by human contact with wastewater in drains will be reduced through minimising the contamination of drains in the first place by collecting raw sewage and septic effluent, treating it and disposing of it safely. We will provide an opportunity for the agricultural use of this treated effluent.

We will improve sanitation in district urban areas by:

- Scoping sewerage solutions as part of the District Centres Masterplan
- Building a sewerage collection system in stages
- Building treatment facilities – starting with lagoons for 5,000 people
- Connecting commercial properties
- Connecting residential septic tank effluent
- Connecting all houses that have flush toilets
- Installing toilet facilities in households where practical
- Building community managed toilet facilities for groups of households.

WATER FOR SCHOOLS PROGRAM

There are about 1,200 schools across the country, 600 of which (mostly rural schools) do not have a safe, piped water supply. Sanitation at schools with no water supply is a serious health risk that threatens the development of our children. Many schools have toilet blocks, but have no water for flushing or washing. Attendance at schools is seriously affected by lack of toilet facilities and this also creates gender inequity as it mostly affects girls. Some schools are on ridges and out of reach of community gravity-fed systems and some community systems do not have the capacity to add the school to the system.

Our objective is to provide clean piped water to all government schools by 2020. This will be achieved by:

- Establishing a Water for Schools program
- Bringing piped water to the boundary of 275 selected schools that are within 500 m of an existing supply over five years to 2015
- For the remaining approximately 300 schools, determining those that do have access to an existing supply within 500 m and supplying those schools with water by 2020
- Developing an alternative strategy for delivering or storing water at the remaining schools in locations that do not have any piped water or where pumping would be required
- Developing alternatives to flush toilets, such as composting, dry or pit latrines, for schools where it is impractical to supply water for flushing.

This program will lead to improved health through better sanitation at all our schools, supporting child development and reducing lifelong health costs to Timor-Leste. There will be increased attendance at schools, particularly for girls, reducing gender inequity in education. It will also allow health and sanitation educational programs to be run at schools so that children bring safe sanitation practices home.

DRAINAGE

Timor-Leste's mountainous terrain and monsoonal climate results in regular flooding and erosion in rural and urban areas. Erosion and flooding are major causes of roads collapsing and being washed away. Road drainage and maintenance is addressed in Part 3 – Infrastructure Development, Roads and Bridges. Erosion and flooding can also lead to landslides that can destroy homes and put families' lives at risk.



Appropriate drainage channels and flood plan management can help to alleviate flooding and erosion. We will undertake necessary engineering survey work to be able to provide local communities with local solutions to drainage problems. Maintenance of existing drains will be key part of these solutions. Other strategies to deal with erosion are discussed in Part 2 – Environment and Part 4 – Agriculture.

A Sanitation and Drainage Masterplan is currently being prepared to provide solutions for Dili's significant drainage problems. Some parts of the city's drainage channels are broken and collapsed. Blocked and broken sections of the drainage channels increase the frequency and significance of flooding during rainfall events, which impacts on economic prosperity. Frequent flooding events in Dili in the wet season result in damage to properties and public health problems. Frequent flooding also results in crucial economic resources being diverted from growth-oriented investments to repair and recovery efforts, and limits urban development. The improved operation and maintenance of the Dili drainage system will result in a cleaner city and reduced flooding.

Disposal of solid waste, excreta (from open defecation) and sullage into Dili's drainage channels can contaminate the water in these channels. Contact with the contaminated water by kankung farmers, children playing in the drainage channels and the general community during flood events creates a public health risk. To address these problems, the Masterplan will develop:

- A drainage system database
- A medium and long-term drainage improvement plan for Dili
- A Drainage Management System, including an ongoing monitoring program
- Operations manuals and maintenance schedules
- A Kankung Management Program
- Support for drainage cleaning and rehabilitation.

CLEAN WATER SUPPLY AND SANITATION IN DILI

The water distribution system does not extend to all households in Dili and many water sources relied upon by families are not treated at all, which leads to sickness and ill health, especially among children. The current water distribution system is in poor repair, which leads to leaks and infiltration of polluted groundwater and sewage. Much drinking water is lost due to illegal connections.

To increase the number of urban households in Dili with sufficient water, we will capture additional sources of water to increase current supplies and treat that water to drinking water standards. This will be achieved by:

- Sourcing and treating new water as required from bores, rivers and other sources
- Constructing new water treatment facilities
- Extending distribution pipework to new service areas
- Connecting additional households to distribution pipework.

There is also a need to rehabilitate the existing water supply system by systematically fixing leaks, repairing faulty pipes, valves and meters, training meter readers and establishing a billing system. Households that are not currently connected to the system will be connected and 150 communal taps will be provided for poorer areas. All connections will be made legal and accountable.

Dili's urban population does not have access to adequate sanitation. Some toilet facilities are shared between three to 15 households. Septic tank effluent flows into open drains and out to the beaches. Children play in these drains and women tend crops up to their waists in sewage. Effluent leaches into the groundwater from which drinking water is drawn. Pathogens in wastewater transmit dysentery, meningitis and other diseases.

Building a major sewerage collection system in Dili will be expensive, but it is unavoidable to reduce health risks and encourage economic development. The Sanitation and Drainage Masterplan currently being prepared will achieve staged improvements to sanitation by:

- Rehabilitating existing sewers and separating sewage from stormwater drainage by building intercepting sewers, mostly along the alignment of and protecting the existing stormwater drainage canals
- Installing example toilet facilities in households and facilitating local treatment
- Building appropriate treatment facilities in a staged way
- Connecting commercial properties first, then residential septic tank effluent followed by all houses that have flush toilets
- Developing options, including building a trunk sewer along the waterfront to take effluent from the intercepting sewers.

The objective of the Masterplan will be to establish a sewerage collection system that covers most of the city. For those areas where direct connection to sewers is impractical, provision will be made for isolated septic tanks and a reliable service to pump them out periodically and, in areas that are not densely populated, to build leach drains.

Initially, all households that can have toilets connected to the existing Dili sewerage system will be connected and other households will have septic tanks or access to community managed toilet facilities. By 2020, there will be appropriate, well operated and maintained, sustainable infrastructure for the collection, treatment and disposal of sewage in Dili.

TARGETS**By 2015:**

- The Millennium Development Goal of 75% of Timor-Leste's rural population having access to safe, reliable and sustainable water will have been exceeded
- Improved sanitation facilities will be available in 60% of district urban areas
- The improved operation and maintenance of the Dili drainage system will result in a cleaner city and reduced flooding

By 2020:

- All government schools will be connected to clean piped water
- There will be appropriate, well operated and maintained, sustainable infrastructure for the collection, treatment and disposal of sewage in Dili
- Drainage will be improved in all districts

By 2030:

- All sub-districts will have improved drainage systems
- All districts and sub-districts will have appropriate sewerage systems

E L E C T R I C I T Y

OVERVIEW AND CHALLENGES

Access to reliable electricity supplies is vital to improve the quality of life in Timor-Leste and to support urban and rural jobs growth and development.

During the almost two and a half decades of occupation, few attempts were made to provide reliable electricity supplies outside Dili. This neglect was compounded in 1999 when much of the basic electricity infrastructure that did exist was destroyed. As a consequence, the electricity sector in Timor-Leste today is inadequate, run down and in urgent need of reform. Only about one third of the population has access to electricity, generally for six hours per day. The central parts of Dili and Baucau have 24-hour access; however, there are still regular outages.

In the home, electricity can be used for cooking, lighting, cooling, televisions, computers, radios, telephones and refrigerators. The social benefits are enormous. For example, access to good lighting allows children to read or study until later in the day and a refrigerator allows the more hygienic storage of food.

The economic benefits resulting from electrification are also very significant. The generation of electricity and its distribution throughout Timor-Leste is necessary for the nation to make the transition from a basic level of development to a modern economy and a healthy and well educated society that is connected internally and with the world. The need for power underpins almost all development endeavours in Timor-Leste and has been identified as a national priority. The Electrification Plan is now integrated into the overall development plans for the nation to establish the long-term energy requirements Timor-Leste needs to build core infrastructure and develop vitally important industries, including the development in the southern region of a refinery, a supply base and an on-shore LNG industry.

The current system in the whole country is composed of about 58 isolated local distribution diesel powered generators that in total produce about 40 MW of electricity.

Electricidade de Timor-Leste is the national electricity agency of Timor-Leste. Funding to the sector is affected by the non-payment of power bills, with around only 40% of commercial customers in Dili paying their accounts.

Community representatives at nearly every public meeting on the draft Strategic Development Plan in 2010 raised the need for reliable, affordable and sustainable electricity.

“The women in our village want solar panels so their children can study at night.”

*Community leader, Laulara sub district,
National Consultation, 20 September 2011*

STRATEGY AND ACTIONS

Access to electricity is a basic right and the foundation for our economic future. We will take action to ensure that by 2015 everyone in Timor-Leste will have access to reliable electricity 24 hours a day. This will be achieved through investment in new power plants and upgraded transmission and distribution systems, along with the rapid expansion of renewable energy systems.

THE NATIONAL ELECTRICITY GRID

The first step towards achieving this goal is already underway. A reliable national electricity generation, transmission and distribution system is currently under construction. The National Electricity Grid is the largest ever infrastructure program in Timor-Leste. It includes:

- Hera Generating Station, generating an average speed of 7 x 17 MW for a total capacity of about 119.5 MW. The plant will include storage facilities for fuel. The station will include a substation that raises the voltage to 150 kV for the purposes of connection with the transmission system. The engines will initially run on light or heavy fuel oil and will be capable of being converted to natural gas. Three of the seven generators will be operating by November 2011. The remaining four units will become operational in early 2012.
- Betano Generating Station, generating an average speed of 8 x 17 MW for a total capacity of about 136.6 MW. The plant will include storage facilities for fuel. The station will include a substation that raises the voltage to 150 kV for the purposes of connection with the transmission system. The engines will initially run on light or heavy fuel oil and will be capable of being converted to natural gas. The plant will be operational in late 2012.
- A 150 kV transmission line of approximately 715 km forming a ring around Timor-Leste. The northern part of the power grid will be completed by November 2011 and the full grid will be completed in the middle of 2012.
- Nine substations to reduce the voltage in district capitals of Timor-Leste. These substations will allow connection to the existing lines of 20 kV distribution.
- A control centre located at the substation of Dili.

These projects are under construction and are creating many direct and indirect jobs, business opportunities and economic growth.

The National Electricity Grid will provide a reliable energy supply to support the development of the south coast and further major infrastructure projects. It will also provide the flexibility to convert to the more environmentally friendly fuel source of natural gas once a domestic supply becomes available. The new power stations will have more than adequate capacity to meet all existing customer demand in Timor-Leste, plus future growth, for many years. The establishment of nine new substations will allow distribution feeders from the sub-stations to reach every corner of the country other than Oe-Cusse Ambeno and Atauro Island. Power generation at Oe-Cusse Ambeno will be subject to a standalone project. Atauro Island will be a priority for renewable energy projects.

Once the new power generation system is operational, the existing district power stations will be shut down.

The expansion of the Comoro Power Plant, now being implemented, will be able to provide a stand-by power reserve for Dili.

The National Electricity Grid project is currently being managed by Electricidade de Timor-Leste. To improve governance arrangements and ensure high level technical skills are available to the people of Timor-Leste, a new management model for Timor-Leste's electricity sector will be introduced by 2012 following consultation with the sector and based on international best practice.



NATURAL GAS

Timor-Leste has access to vast reserves of gas in the Timor Sea. The availability of natural gas for electricity generation has the potential to provide much cheaper and cleaner fuel than liquid fuels. In environmental terms, for the same amount of electricity produced, the carbon emissions from natural gas-generated electricity are considerably lower than from diesel-generated electricity.

A feasibility study will be carried out to assess the long-term prospects of attracting gas processing facilities to Timor-Leste.

RENEWABLE ENERGIES AND THE RURAL ELECTRIFICATION PROGRAM

Parallel to the construction of the National Electricity Grid, a rural electrification program will be implemented with the goal of reducing and improving the living conditions of more remote populations. This program will involve linking sites that already have diesel generators and small local networks to the nationwide network and providing renewable energy supplies to more remote areas unable to access the grid.

Renewable energy supplies have the potential to make a dramatic contribution to economic growth and help to reduce poverty levels in remote rural areas. These supplies will also contribute to Timor-Leste's climate change adaptation and climate change mitigation efforts and help us meet our obligations under international climate change conventions.

By 2020, at least half of Timor-Leste energy needs will be met from renewable energy sources.

The development of renewable energies in Timor-Leste will help drive economic growth and allow Timor-Leste to embrace new technologies that will make us a model of sustainable development.

Population growth and the needs of an expanding economy are likely to increase electricity consumption in Timor-Leste from around 160 GWh currently to 800 GWh by 2020. At least half of these energy needs will be provided by renewable energy sources. Analysis undertaken for the Strategic Development Plan has identified more than 450 MW of potential renewable energy projects spread across the following technologies:

- Hydro (wire-to-water and regulation): 252 MW
- Hydro pumping: 100 MW
- Wind: 72 MW
- Solar: 22 MW
- Biomass / Solid waste: 6 MW.

There is a range of relatively low cost and easy to install solar and wind projects that could be providing 10% of Timor-Leste energy needs by 2012. To drive, coordinate and monitor the implementation of these projects, an Office of Renewable Resources will be established. The office will have responsibility for licensing and monitoring projects, reviewing the legal framework for renewable energy projects and supporting the development of an energy efficiency plan.

The sale of carbon credits will assist the viability of renewable energy projects. The National Development Agency (see Part 5) will be responsible for ensuring the allocation of carbon credits necessary for projects to develop.

Atauro Island and Oe-Cusse Ambeno will be priority areas for renewable energy projects as, for obvious geographic reasons, they will not be able to access the national distribution network.

As noted above, the rural electrification program will target communities in isolated areas that will not be connecting to the national grid in the medium term. About 8,000 families in remote areas already have their supply of energy guaranteed through the use of renewable energy resources; however, there are still around 50,000 families who are not covered by the distribution network and who do not have renewable energy systems.

The rural electrification program will provide financial and technical support to communities to install renewable energy sources on the basis that the project will serve the whole community. In the short-term, the program will encourage rural communities to generate their own electricity production using the most appropriate renewable energy source. In the medium term, communities will be encouraged to sell any excess electricity production to the national electricity network.

Hydroelectric power

Hydroelectric power is generated by using water flows to spin turbines. It is a renewable, non-polluting form of power generation.

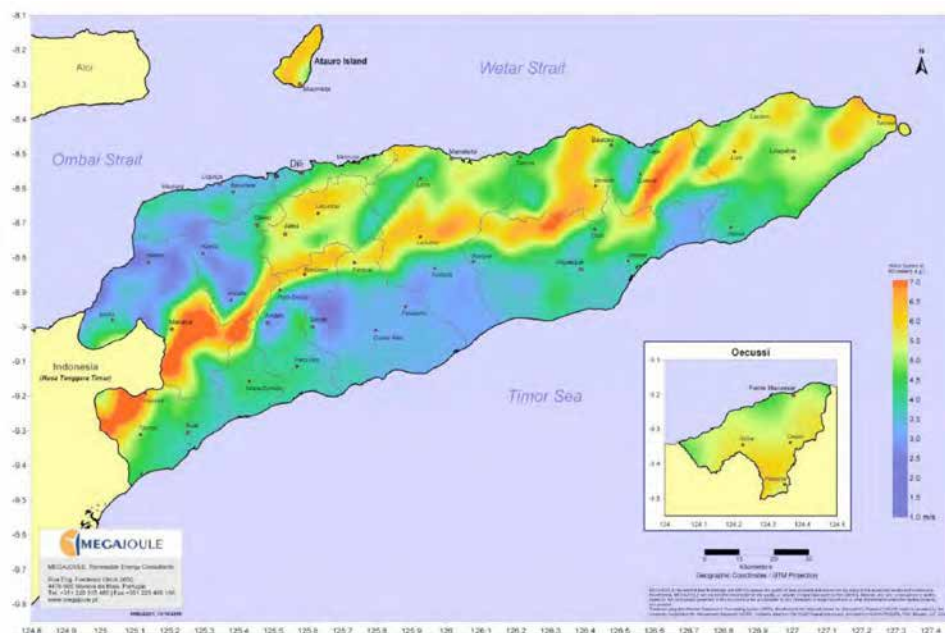
There is potential for mini-hydro projects in Timor-Leste that do not require rivers to be dammed. Instead, these projects divert water from a river to an elevation above the power station and use the falling water to turn a turbine that drives a generator. The water then returns to the river.

While the majority of mini-hydro projects only have access to enough water to provide power during the wet season, they are still economically worthwhile as the savings on the import of fuel will help meet the costs incurred to develop the projects. Construction activity will generate jobs and there are also potential crossover benefits for agriculture.

An analysis of potential hydroelectric sites in Timor-Leste conducted for the Strategic Development Plan identified nearly forty sites that could generate between 1.2 MW and 50 MW. Based on the results of this detailed research and analysis, feasibility studies will be conducted on potential mini-hydro sites throughout Timor-Leste.

Wind power

While lack of wind usually makes wind power unviable in tropical areas, a preliminary survey of potential sites in Timor-Leste has identified a number of areas suitable for wind turbines. The results of an analysis of wind speeds averaged across Timor-Leste are set out in figure 12.

Figure 12 Atlas of annual average wind speed

Source: Electrification Plan of Timor-Leste based on Renewable Energy, 2010

Preliminary analysis has shown that the mountainous areas east of Maliana, and southwest and east of Venilale and Quelicai, stand out as potential areas for wind powered electricity generation. Further testing at five weather stations over a 12 month period and the results of technical computer analysis have revealed Bobonaro and Lariguto as having conditions best suited to wind power. This analysis also took into account factors such as:

- The potential to be integrated into the electricity grid
- The existence of roads and ports to transport large wind turbines
- The capacity to manage the variability and unpredictability of the resource.

Other potential 'windy' areas that will be subject to further analysis are Fatumean (Cova Lima) Aituto (Ainaro) and Lebos (Bobonaro).

The Lariguto wind farm will be constructed and connected within two years to act a model wind farm development.

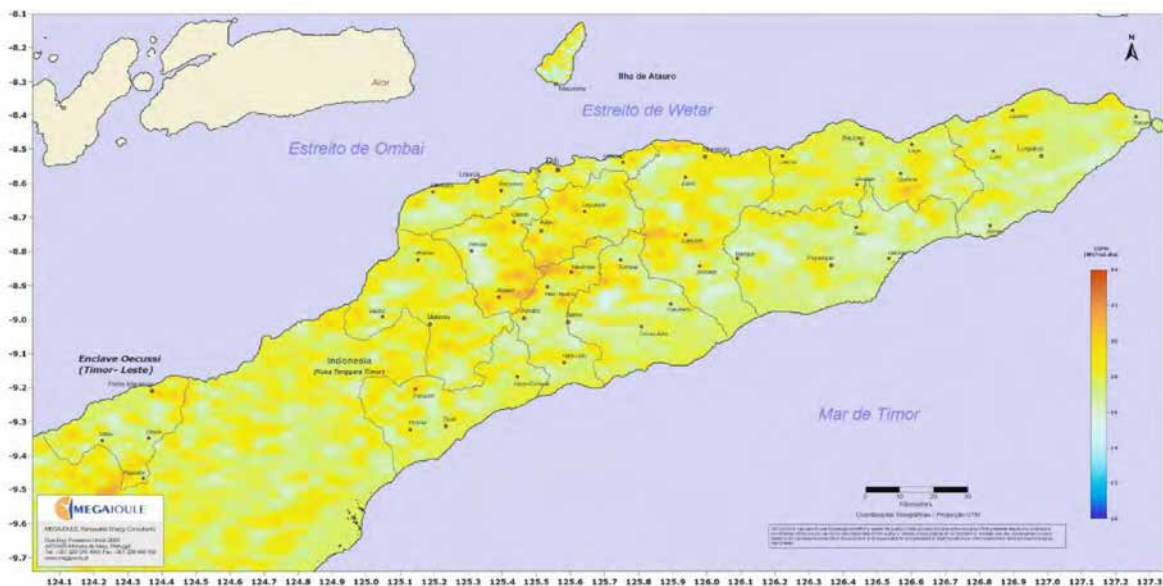
Solar power

Solar power uses heat from the sun to generate electricity using a variety of different technologies. Standalone and single household solar installations will be used to provide electricity in the very remote areas of Timor-Leste with difficult terrain where it will not be possible to access the electricity distribution system.



The figure below shows the results of a survey of rates of daily sunlight across Timor-Leste. The results suggest that the entire territory of Timor-Leste has the potential to successfully generate solar power.

Figure 13 Map of daily sunlight rates across Timor-Leste



Source: Electrification Plan of Timor-Leste based on Renewable Energy, 2010

The rates of actual daily global sunlight in terms of annual average range between 14.85 and 22.33 MJ/m² per day. These rates indicate that the entire territory of Timor-Leste has the potential to successfully generate solar power.

The results of this mapping exercise will be used to identify locations in remote areas that have optimum conditions for the development and construction of solar photovoltaic plants. Factors that will be taken into account include the local terrain, orientation, proximity to the transmission line, accessibility and the density of vegetation. As these solar energy systems are relatively simple to install, members of local communities will be trained to install and maintain them.

A program for solar lighting will be supported, which will provide approximately 100,000 families with access to electric light by 2020.

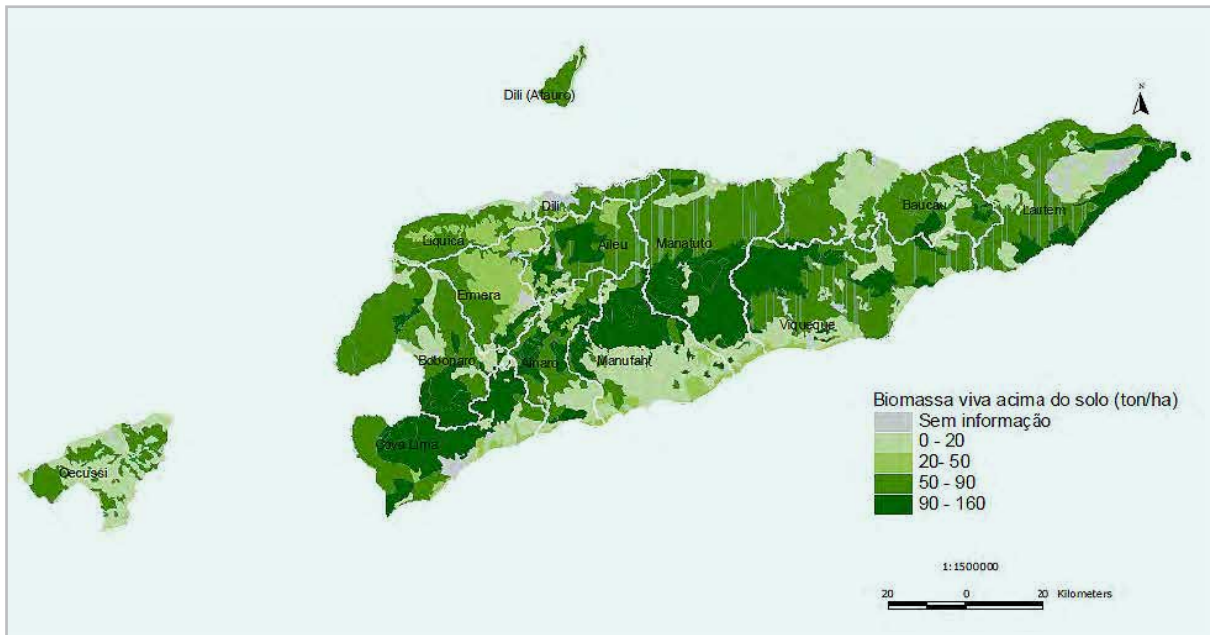
To demonstrate the potential of solar energy, a Solar Centre will be established in Dili by 2015.

Biomass energy

Biomass energy is produced by or from plant or animal waste material. For example, wood becomes a source of biomass energy when it is processed to make wood pellets as fuel for cooking. Farm waste, such as cow manure, can be processed into biomass to form biogas, which can then be bottled and used for cooking or other activities. Crops such as corn and sugarcane can produce ethanol, which can be used to fuel vehicles. Household and industrial rubbish can be processed in specially designed factories to produce electricity.

An analysis conducted for the Strategic Development Plan of the amount of biomass above ground in Timor-Leste found the highest concentration of plant biomass is associated with tropical forests in upland areas and also areas with middle and lower density forest. This analysis also evaluated the type of soil and the local geography. The results are set out in the figure below.

Figure 14 Map of biomass potential



Source: Electrification Plan of Timor-Leste based on Renewable Energy, 2010

The districts of Manatuto, Viqueque and Lautem were identified as having the most potential for the installation of new developments in biomass conversion electricity. Feasibility studies will be conducted on potential projects in these regions.

A feasibility study will also be conducted on the viability of building a thermoelectric power plant to generate electricity from Dili's household and industrial rubbish.

TARGETS

By 2015:

- Everyone in Timor-Leste will have access to reliable electricity 24 hours a day
- Two new power stations will have been constructed in Hera and Betano providing 250 MW of electricity to support social and economic development across Timor-Leste
- A new management model for Timor-Leste's electricity sector will be in place based on international best practice
- The Lariguto wind farm will be constructed as a model wind farm development
- A Solar Centre will be established in Dili to demonstrate the potential of solar energy
- Feasibility studies will have been conducted on the long-term prospects of attracting gas processing facilities to Timor-Leste; on potential mini-hydro sites throughout Timor-Leste; and on the viability of building a thermoelectric power plant to generate electricity from Dili's household and industrial rubbish

By 2020:

- At least half of Timor-Leste's energy needs will be provided by renewable energy sources
- Approximately 100,000 families will have access to solar powered electric light

By 2030:

- All households in Timor-Leste will have access to electricity either by the conventional expansion of the electricity system or through the use of renewable energy



SEA PORTS

OVERVIEW AND CHALLENGES

The expansion of the Timor-Leste economy and the increased demand created by the Strategic Development Plan infrastructure program will generate an urgent need for greater sea port capacity on both the north and the south coasts. Seaport infrastructure development is vital to allow Timor-Leste to import critical goods and equipment to bolster our economy and build major infrastructure.

Timor-Leste is heavily dependent on a single national port in Dili for all of our general cargo imports and exports. Regular direct shipping services are currently provided to Darwin in Australia, Kota Kinabalu in Malaysia, Surabaya in Indonesia and Singapore. Other services also operate to Indonesian ports. A ferry service operates between Dili and Oe-Cusse Ambeno twice a week and between Dili and Atauro once a week.

Dili Port was formally a coastal port but is now the only international seaport for Timor-Leste. The layout of buildings and cargo sheds at the port is more suited to its previous function as a coastal port handling mainly general cargo, rather than international container shipping.

The wharf length of the port is 380 metres and it can concurrently accommodate two large vessels. Roll-on roll-off facilities are also available for front-loading vessels. Dili Port is struggling to cope with the volume of cargo and this situation is likely to worsen as the economy expands. The limited capacity of the Port already results in a berthing backlog of between three and eight ships.

Port volume is around 200,000 tonnes per year (80% imports and 20% exports), but our growing economy will generate higher volumes of freight through the port. Over the last six years, there has been a cumulative average increase of 20% per annum in container flow and this high growth rate is expected to continue. By 2015, the Dili Port may be required to handle double its current cargo, which will place enormous strain on the existing port facilities.

A number of problems limit the capacity and functions of the Dili Port, including:

- Harbour limitations, especially draught restrictions, which eliminate access by competing shipping lines operating larger vessels and mean that only small ships are able to access the port, lowering productivity
- No available land to extend the port
- Congested Dili access road and an entry road intersection that is inadequate
- No landing facilities or export capacity for the fishing industry.

There is no easy solution to these problems, but without action, it is likely that Dili Port will not have the capacity to handle cargo demand over the next four to six years.

Timor-Leste also has port facilities at Hera, Tibar, Oe-Cusse Ambeno, Kairabela, Atauro and Com, but they are in a poor state of repair. The ports at Oe-Cusse Ambeno and Atauro provide the only significant means of access to their regions from other parts of Timor-Leste. There are no ports or small ship facilities on the south coast and all agriculture and industry is completely reliant upon costly and unreliable road transport to the north.

STRATEGY AND ACTIONS

Timor-Leste will establish new sea ports at Tibar on the north coast and Suai on the south coast to support our growing economy and meet future industry and freight demands.

Tibar Port

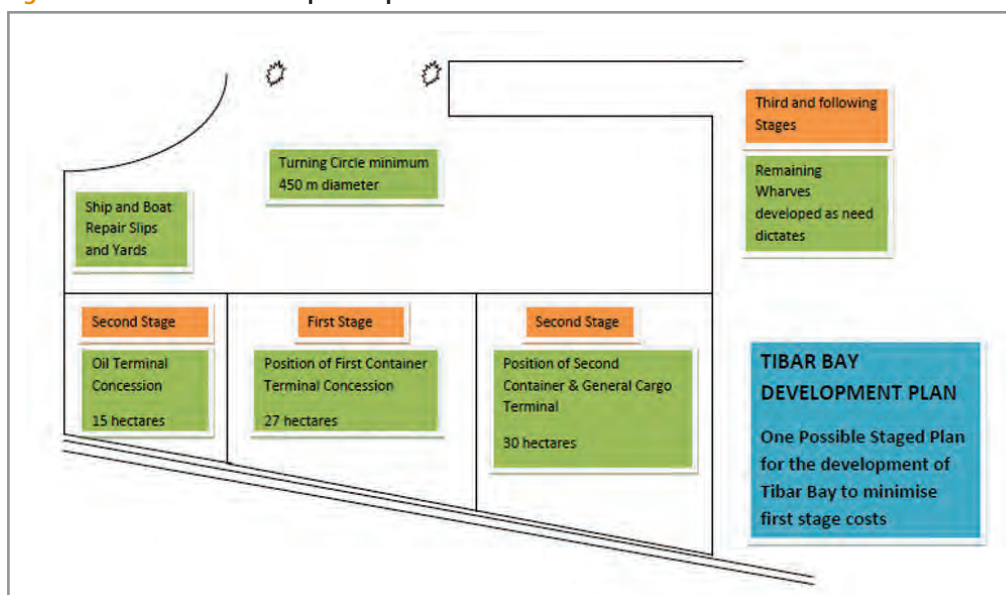
The construction of a port at Tibar is a national priority for the development of our nation. This port will be developed as a multi-purpose port with a capacity of one million tonnes per year and cater for commercial cargo and passenger needs.

Tibar is well placed for a commercial port. It is protected from waves by Atauro and by the north coast being far calmer than the south coast of Timor-Leste. There is further protection provided by an outer reef. The Tibar Port project will involve:

- Constructing a wharf and onshore facilities
- Building a road from Dili to Tibar for road transport to and from the port
- Dredging
- New access roads
- Possible construction of a breakwater.

Tibar Port will be built in stages as port demand increases and financing and budget allocations become available. The first stage of the development will be to build any necessary breakwater, undertake dredging and build new shipping berths immediately adjacent to the port entrance, including terminal buildings. The second stage will involve providing an oil terminal and a further container and general cargo terminal. The final stage will develop the remaining wharves as they are required.

The preliminary planning for the Tibar Port Project has already commenced and by 2020 Timor-Leste will have a new, fully operational and efficient major port.

Figure 15 Tibar Port development plan

Source: Report for International Finance Corporation, Public Private Partnership, Approaches to Port Development In Timor-Leste, March 2011

Suai Port

A logistics base for the petroleum sector will be established in Suai. This base will provide capacity for the south coast to develop a domestic petroleum sector along with related and supporting industries and businesses. The centrepiece of this development will be the construction of a new port at Suai. This facility will open up the south coast to investment and growth and provide an international access point to Timor-Leste.

The new Suai Port will provide an entry point for the materials and equipment that will be needed to build petroleum industry infrastructure and plants. It will be a multi-purpose seaport and include a container park, warehouse logistics area and fuel storage facilities. The port may also provide shipbuilding and repair facilities. Construction of the port will require a breakwater to provide protection from the waves from the Timor Sea.

The Suai Port will be part of the Suai Supply Base, which will become a national industrial base and logistics centre to drive job creation and economic development on the south coast. The base will also support the establishment of petroleum centres at Betano/Manufahi and Beaço/Viqueque.

Regional ports

Timor-Leste will embark on a regional ports construction program over the next ten years. Port facilities will be built, repaired or substantially expanded at:

- Com, where the wharf will be upgraded to build a port and a fisheries industry facility
- Atauro, where a port will be built to support cargo, passengers, fisheries and tourism
- Kairabela in Vemasse sub-district, where a small port will be constructed to provide close sea access for Baucau district

- Oe-Cusse Ambeno, where the passenger dock will be rehabilitated as a first phase commencing in 2011, followed by the construction of a tide-independent facility and dry cargo berth and rehabilitation of the existing general cargo berth
- Manatuto, where a jetty will be built with refrigeration facilities to allow the export of fishery and agriculture products.

In addition, further navy facilities will be built at the Hera seaport, while port facilities will be planned for the eastern part of the south coast around Beço.

Oe-Cusse Ambeno



Oe-Cusse Ambeno is a stunning district with mountain ranges and long tropical beaches. The town of Lifau is the site of the original Portuguese settlement of Timor in 1540 and is a peaceful and attractive place by the sea. The capital of Oe-Cusse Ambeno, Pante Makassar, was the first permanent settlement of the Portuguese and there are still relics of this period to explore, including the colonial garrison and the old Portuguese administration building.

Oe-Cusse Ambeno provides an ideal getaway for visitors, offering tropical beaches with coconut trees and pristine coral reefs for snorkelling. Tourists may also trek through the region's mountains, which feature dense jungles, spectacular views and waterfalls. For visitors to Timor-Leste, Oe-Cusse Ambeno provides the ideal mix of rich cultural heritage, mountain ranges, untouched beaches and welcoming local people in a peaceful and relaxing tropical enclave.

Improved passenger dock facilities and better core infrastructure will be critical to attracting higher numbers of visitors to Oe-Cusse Ambeno and establishing new tourism-related businesses, which will boost the district's economy and open up new employment and income opportunities for the local people.

TARGETS

By 2015:

- The Suai Port will have been developed and will be operating efficiently
- The regional ports program will have developed port facilities at Com, Atauro, Vemasse and Oe-Cusse Ambeno
- Construction of a port at Tibar will have commenced

By 2020:

- The Tibar Port will be operating efficiently as the main Timor-Leste port facility
- The regional ports program will have developed port facilities at Kairabela and on the south coast around Beço

AIRPORTS

OVERVIEW AND CHALLENGES

The Presidente Nicolau Lobato International Airport in Dili is the only international airport in Timor-Leste and services regular connections to Darwin, Denpasar and Singapore. Demand for airport capacity generally tracks economic growth. This means that airport traffic will expand significantly at our national airport over the coming years.

The condition of the Presidente Nicolau Lobato International Airport is generally poor and the airport needs substantial improvement and development to meet increasing passenger numbers and to support the tourist market. The airport and its runway are currently unable to accommodate larger aircraft.

There is an airport at Baucau with a runway of 2,500 metres; however, it is no longer in use. Further runways in Timor-Leste include a 1,050 metre sealed runway at Suai, a gravel runway at Oe-Cusse Ambeno and airfields at five other locations with airstrips in disrepair. No scheduled services are offered to any of the other airports.

STRATEGY AND ACTIONS

To meet the future demand for air traffic, we will expand the Presidente Nicolau Lobato International Airport in Dili and build and rehabilitate regional airstrips to establish a district aviation capacity.

Presidente Nicolau Lobato International Airport

The Presidente Nicolau Lobato International Airport handles around 80,000 to 100,000 passengers each year. The airport has one runway which is 1,850 metres long and 30 metres wide with two taxi exit ways, one control tower, one passenger terminal and a separate VIP terminal. However the airport does not have the capacity to meet the demands of passengers, aircraft and safety into the future.

To meet future demand, the airport will be expanded to allow it to handle up to one million passengers per year by 2020. This will involve extension of the runway and a new terminal building.

The runway will be lengthened to around 2,500 metres to allow the airport to host larger planes such as the 330 Airbus. While an international standard airport would have a runway of at least 3,000 metres, which allows it to land most aircraft including the Boeing 747, a runway of this length will not be pursued. Not only is it unlikely that planes the size of a Boeing 747 will be commercially viable to service Dili airport in the next 20 years, extending the runway to 3,000 metres would require building out to sea and, with water depths of up to 60 metres, the cost would be prohibitive.

Therefore, the runway will be extended towards and across Comoro River to a length of around 2,500 metres. To improve safety and meet international standards, the width of the runway will also be increased from the current 30 metres to 45 metres.

New terminal facilities will be constructed to support modern airport operations and cater to the development of the tourism industry. To support tourism growth, the airport will be promoted to international operators and regional airlines.

As part of the modernisation of the airport, the management of the airport will be transferred to an airport authority which will focus on commercial aspects of the airport to maintain operational capacity and investment financing over the longer term.

Regional airports – Lospalos, Same, Viqueque, Suai, Baucau

Timor-Leste must also develop a district aviation program. The nation will soon become dependent on local civil aviation for medical evacuations, as well as the efficient delivery of many government services, security and commerce.

We will develop a District Aviation Plan to provide a district aviation capacity and identify current and proposed light aviation airstrips and the capital needs for upgrading and rehabilitating these airstrips. The plan will include the rehabilitation or building of airstrips for at least Suai, Oe-Cusse Ambeno, Lospalos, Maliana, Viqueque, Atauro and Same.

Baucau airport will be developed as an alternative airport to Dili and will be also used as aeromilitary base. This will include construction of a control tower and terminal.

TARGETS

By 2015:

- The Presidente Nicolau Lobato International Airport will have been completed and works undertaken to re-build the terminal facilities and upgrade the runway
- District airports at Maliana, Baucau and Oe-Cusse Ambeno will have been rehabilitated
- A commercially-oriented airport authority will be managing Presidente Nicolau Lobato International Airport
- The District Aviation Plan will have been completed and works will be underway

By 2020:

- Presidente Nicolau Lobato International Airport Masterplan will be a modern international standard airport with a capacity to handle one million passengers per year
- Timor-Leste will have a network of fully operational district aviation airports, including airports at Suai, Baucau, Oe-Cusse Ambeno, Lospalos, Maliana, Viqueque, Atauro and Same
- Baucau Airport will be operating as an alternative airport to Presidente Nicolau Lobato International Airport and as a military base

TELECOMMUNICATIONS

OVERVIEW AND CHALLENGES

Effective telecommunications brings people together and supports the growth of businesses and the provision of government services. It connects villages to each other and to towns and cities, and then to the world. Telecommunications are essential to Timor-Leste's future development including the creation of jobs, the growth of business and the delivery of vital services such as health, education and security.

The world is entering a new era in telecommunications technology that is characterised by new user devices and dramatically lower access costs. This new era is transforming the way in which people are connecting with each other and with the world. Already, we are seeing great shifts in how people access the internet and within a year or so most global connections to the internet will be through wireless devices including smart phones, tablets and laptop computers. Technology, access and connection costs are being greatly reduced, in part driven by the emerging economies of the world

Advancing technology and dramatically reduced unit costs will open up new possibilities and promise and will result in changes to the way we live our lives.

One of the best investments Timor-Leste can make is to ensure that we are a part of this structural change in global, social and economic relations. The building of telecommunications infrastructure will underpin our advancements in health and education, and the expansion of our economy while allowing our people access to global networks, entertainment and knowledge.

Timor-Leste does not have sufficient internet access to take advantage of current telecommunications technology, let alone become a part of, and benefit from, the great advances emerging in global communications technology. Access to telephones, internet and broadband is very low, with limited coverage in rural areas, and high prices. Existing telecommunication capacity does not enable the government to coordinate and control emergency services in the event of a national disaster.

In 2002, the government granted a monopoly over telecommunications to a single operator for a period of fifteen years ending in 2017. An exclusive concession contract through a tender process was undertaken to ensure a quick restoration of telecommunications services in Timor-Leste. However, since then, demand for services has increased substantially, including in rural areas, and the nation now needs a competitive market to provide improved telecommunications services. Other nations of comparable economic size have moved to introduce competition, which has resulted in more than one service provider providing telecommunications services and mobile phone networks. Timor-Leste would benefit from such reform.

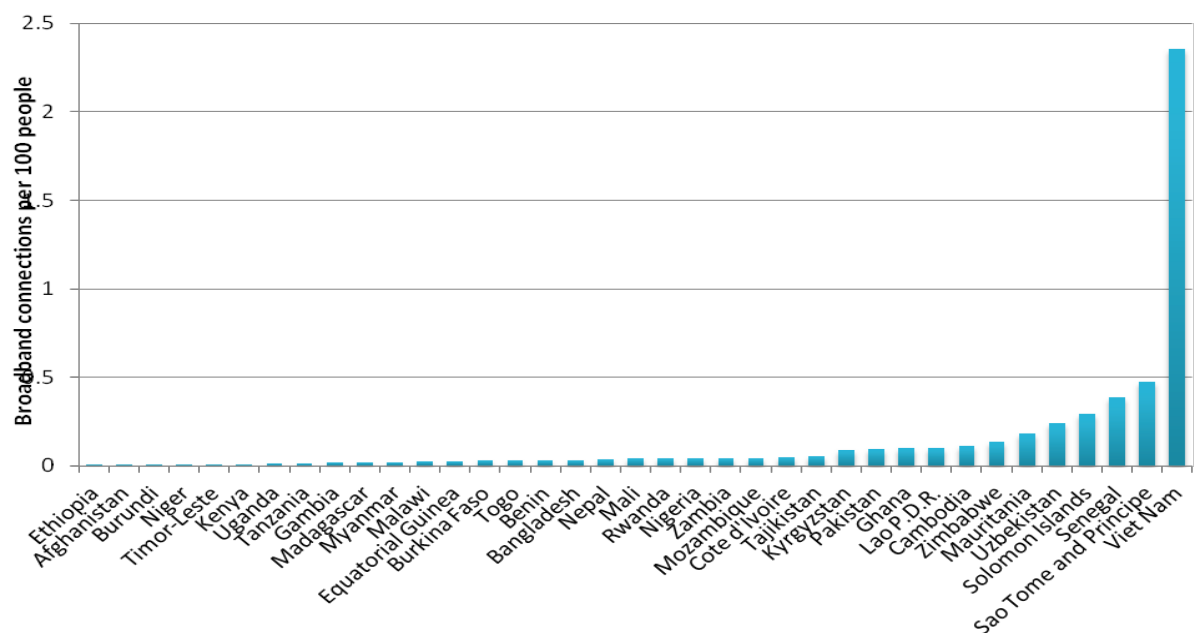
“We need a good network throughout the whole country, not just in the main towns.”

Truck driver, Hato-Builico sub-district, Ainaro district, National Consultation, 17 May 2010

However, Timor-Leste is one of the least connected nations, both with the world and with each other. At the end of 2009, out of a population of about 1.1 million, there were only around 2,900 fixed-line subscribers (0.2% penetration), 500,000 mobiles and 1,100 internet subscribers including 474 broadband subscribers (0.1% internet penetration and less than 0.05% broadband penetration). Geographical coverage and access to mobile phone telecommunications in rural districts is also poor. In 2008, it was estimated that only around 68% of the total population of Timor-Leste lived within signal range of mobile networks. Access is improving, with the telecommunications operator planning to increase coverage to 90% of the population by 2013.

Dial-up internet is available in Dili and in district capitals, but speed and quality are inadequate for business, health and education use. Broadband internet access is mostly limited to Dili. Timor-Leste relies on expensive and limited-capacity satellite connections for its international bandwidth.

Figure 16 Broadband penetration in low income countries, latest of 2007-2008



Source: ITU World Telecommunication/ICT Indicators 2009

STRATEGY AND ACTIONS

Our vision is that by 2015, we will have a modern telecommunications network that will connect people in Timor-Leste to each other and to the world, and that will allow us to take full advantage of global telecommunications advances. To achieve our vision, we will open our telecommunications market to competition, establish a new independent regulatory body and introduce a Universal Service Policy that will dramatically improve access to affordable, reliable and modern telecommunications services.

The foundation of our approach will be the liberalisation of the market and the introduction of competition through private sector participation. A new legislative and regulatory regime will be introduced to manage the process of market liberalisation. The new law will provide for competition and consumer protection and will establish a new independent regulatory body, the Autoridade Reguladora de Telecomunicações (ARTEL). ARTEL will be responsible for regulating the telecommunications sector in accordance with the new telecommunications law. This will include developing a regulatory regime, granting telecommunications licenses, monitoring compliance, preventing anti-competitive behavior, encouraging infrastructure sharing, providing consumer protection, regulating internet security and implementing policy. ARTEL's operations will be financed from regulatory fees, mainly licence fees.

Because a significant portion of Timorese people have no access to telecommunications services, a Universal Service Policy will be introduced. The purposes of the Universal Service Policy will be to ensure that every person in Timor-Leste has access to mobile phone coverage, to increase broadband internet access to all district capitals and surrounding areas in the short-term and to provide extensive coverage throughout Timor-Leste in the medium term.

The reality for Timor-Leste is that current satellite connections to the internet cannot provide the capacity that is needed for a modern telecommunications system. To benefit from the global telecommunications network, we need access to a subsea fibre-optic telecommunication cable to provide us with a major core 'point of presence' (or a POP). This will provide us with the internet bandwidth needed for a modern system.

An undersea fibre optic cable connection for Timor-Leste



A web of undersea fibre-optic cables connects the world providing high speed broadband internet. Timor-Leste will pursue a connection to either an Indonesian cable, such as the PT Telkom fibre-optic backbone that will shortly connect Kupang in West Timor, or to an Australian cable. Such a connection would be operated on a commercial basis either by private telecommunications operators or by the government.

From the point of presence, a fibre-optic backbone network across Timor-Leste will be laid out. This network will include cables following our electricity grid. From this backbone, network fixed connections and base stations can provide next generation mobile broadband over wireless across much of the nation. This would make a profound difference to the quality and speed of broadband services and allow our people, and especially our children and young people, to be a part of the digital world. It will also transform our economy and the delivery of government services, including health, education and security.

Voice over Internet Protocol phone calls will lower the cost of basic telephone services and Internet Protocol Television can be delivered, providing high definition television and opening up hundreds of channels in all languages.

In the future, new technology will transform our schools and higher education institutions. School children will be able to access real-time teaching from across the globe. Instant language translations will connect our students with the world, while at the same time new devices and data storage services will allow us to preserve and showcase our mother tongue languages, our stories and our culture. With individual internet access, students from one side of Timor-Leste to the other will be able to visually interact with each other and share their experiences.

With the possibility of virtual classrooms with students and teachers in other villages or nations and access to research materials such as documentaries, new educational software and digital books, we will have the potential to make great educational improvements. As unit costs of internet devices fall, Timor-Leste will take full advantage of the promise of the internet age. As a first step, all schools will be connected to the internet. However, real progress will be made when each student has individual access through a laptop or tablet computer to on-line educational tools.

Our health sector will also be transformed, with access to medical expertise no longer affected by physical remoteness. Real-time face-to-face video consultations with medical specialists will be possible so that a person in the mountains of Timor-Leste will be able to seek advice from a doctor in Dili or even in Singapore. Real-time and interactive support and training for health professionals will also become possible throughout the country.

Modern telecommunications and internet access will also provide a boost to our economy; giving our people access to the world's largest marketplace. Small communities in emerging markets around the world are developing expertise that they then market or sell over the internet. We are entering a world of global pricing of goods and services and a global market that can provide opportunities for our economy with its lower cost overheads.

Improved communications will allow people to work remotely and international businesses to establish in Timor-Leste where they can work in the global marketplace from their tropical homes. Tourists will be able to follow interactive tourist routes, connect directly with local communities and access local information on services, accommodation and information. Our businesses will be able to use up to date applications and programs that are connected to global customers and suppliers, while farmers will have access to new techniques and advice from around the region about crops, as well as international prices.

To work towards this vision of a Timor-Leste connected to the world community and to take advantage of great advances in telecommunications, we will seek to partner with global technology companies to explore the promise of technology for our people.

In the short-term, many of the actions we need to take would be inconsistent with the current monopoly concession contract arrangements. Therefore, discussions will be undertaken with Timor Telecom to reach agreement on policy reforms to allow market liberalisation to take place prior to the expiry of the concession contract in 2017.

TARGETS**By 2015:**

- There will be reliable and affordable mobile phone coverage provided to all Timorese people
- There will be reliable, affordable and high speed internet access available in all district capitals and surrounding areas
- All schools, health posts and health clinics will be connected to the internet
- The regulatory framework will be in place to manage a competitive telecommunications market

By 2020:

- All Timor-Leste will have access to reliable, affordable and high speed internet
- All students and health professionals will have portable internet access devices
- Timor-Leste will be part of the technology enabled world





PART

4

ECONOMIC DEVELOPMENT



Timor-Leste will build a modern, diversified economy based on the agriculture, tourism and petroleum industries, with a flourishing private sector and new opportunities for all our people.

PART 4 ECONOMIC DEVELOPMENT

Timor-Leste is a low income country with an emerging private sector, limited economic diversification and a concentration primarily on agricultural production. However, our country has significant economic opportunities and strong potential to become a middle income nation.

Our vision for 2030 is that Timor-Leste will have a modern diversified economy, with high quality infrastructure including roads, power, ports and telecommunications. Subsistence agriculture will have been replaced by commercial, smallholder agriculture. Timor-Leste will be self-sufficient in food and be producing a range of agricultural products for world markets including staples, livestock, fruit and vegetables and other cash crops, as well as forestry and fisheries products.

The petroleum sector, including oil and gas production and downstream industries, will provide an industrial base to our economy. Tourism, and in particular eco-tourism, will be a major contributor to the national economy and light industry will complement and diversify the economy.

Development of the Timor-Leste economy will be built around the growth of three critical industries: agriculture, tourism and petroleum. In these industries, Timor-Leste has significant advantages due to our natural resources, geographic location and economic profile.



Table 7 Timor-Leste's Critical Industries

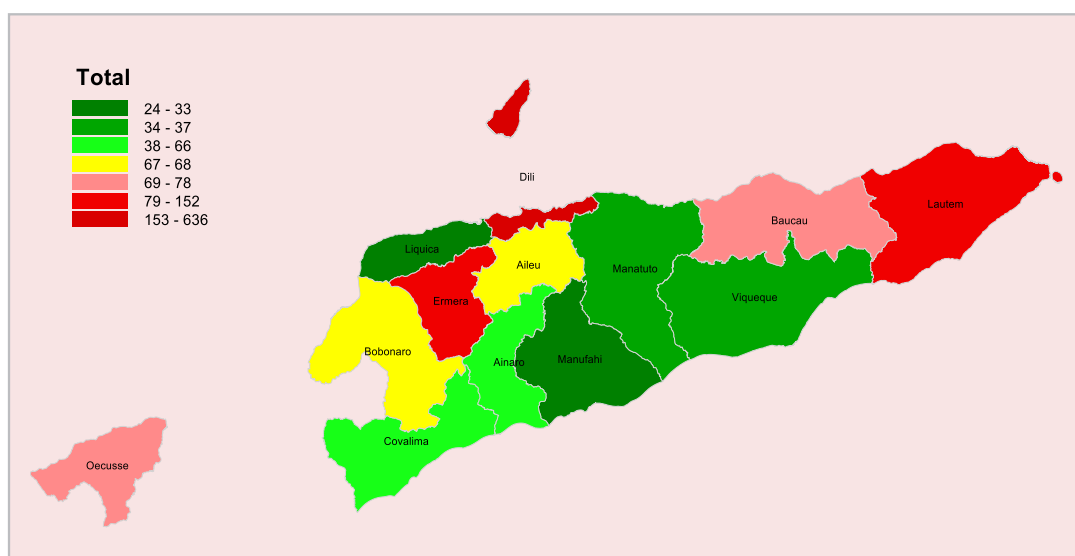
AGRICULTURE	TOURISM	PETROLEUM
Food Crops	The Eastern Zone	Timor Gas & Petroleum E.P.
Cash Crops	The Central Zone	Tasi Mane
Livestock	The Western Zone	South Coast
Fisheries		
Forestry		

RURAL DEVELOPMENT

OVERVIEW AND CHALLENGES

The population of Timor-Leste is around 1.1 million, with 75%, or 785,000 people, classified as living in rural areas. Families living in rural areas face bigger challenges than those in urban areas. For example, our rural population is far more likely to suffer periods of low food consumption than our urban population.

Figure 17 Population density in Timor-Leste, persons per square kilometre



Source: Census 2010

On average, rural households go without enough rice or maize to eat for 3.8 months each year, while urban households experience food shortages for two months each year. Basic public services, knowledge of agricultural production and markets, education, skills training and economic opportunities are less easy to access in rural areas.

Rural development is a priority concern for Timor-Leste, considering the large proportion of our people living in rural areas. Nationally, the population is growing at an annual rate of 3.2% and if this rate continues, Timor-Leste's population will double in 17 years. Due to a high birth rate and low life expectancy, 54% of our rural population is under 19 years old. Our challenge is to put policies in place to ensure there will be jobs for these young people in rural areas as well as in our growing urban areas.

While many young people will naturally be attracted to cities, Dili is already experiencing rapid population growth – from 175,730 people in 2004 to 234,026 in 2010 – and housing and other infrastructure have not been able to keep up with demand. Part of the solution for our cities is to encourage economic activity in regional centres and rural areas. More importantly, for the three quarters of our population living in rural areas, rural development will help to deliver food security, generate jobs and alleviate poverty.

STRATEGY AND ACTIONS

The creation of local jobs is the best way to improve the lives and livelihoods of people living in rural areas. We will take a number of actions to promote the growth of the private sector in rural areas, including encouraging the growth of small and micro businesses and introducing a National Planning Framework that will identify and support opportunities for rural development.

Our vision is that by 2020, rural communities will have adequate food, either directly from agricultural production or through other employment and commercial activities. Families in rural areas will have the same opportunities as those in urban areas. Income generating opportunities and access to reliable transport, power and other infrastructure and services will allow people living in rural communities to have a positive quality of life with good prospects for further improving their livelihoods.

A thriving agriculture sector is the key to rural development. Over 70% of families in Timor-Leste rely on some sort of farming activity for their survival. Given its size, the agriculture sector is the logical platform from which to create jobs and income through rural development. Increased agricultural productivity and improved rural livelihoods will lead to increased demand for other goods and services in rural areas, which will encourage the growth of the private sector.

The development of agricultural and other private sector activity in Timor-Leste has largely come about as a result of traditional practice, with very little planning in terms of the comparative advantage of each region, access to markets and infrastructure. There has also been very little action to protect some of our more vulnerable and environmentally significant areas of forest, rivers and water catchments.

To address these issues, we will develop a National Planning Framework to identify opportunities for development based upon the specific characteristics of certain regions, to reduce gaps in progress between regions and between urban and rural areas, and to encourage private sector investment in particular areas. This framework is described below. We will also assess the need for special tax and other economic incentives in particular zones to encourage investment. This issue is discussed in the Private Sector Investment section later in this part.

Widespread and sustainable rural development will not be possible without reliable and ongoing support from other sectors, especially transport and roads, water and sanitation, power, health and education. The rate of progress in rural development will be directly linked to the rate at which the nation's infrastructure can be rehabilitated and upgraded. Strategies and actions to improve roads, power supplies and communications infrastructure in rural areas are set out in Part 3 of the Strategic Development Plan.

MDG SUCO PROGRAM

Timor-Leste is working towards achieving the United Nations' Millennium Development Goals by 2015 and has made good progress in many areas. There are still some targets that are off-track and will require concerted effort in coming years. Part of this effort will require the understanding and adoption of the goals at a village level to give ownership of their achievement to local communities.

“We want decent housing with power and sanitation to improve the livelihoods and the dignity of our people.”

Housewife and mother, Atabae sub-district, Maliana district, National Consultation, 28 July 2010

The \$65 million Millennium Development Goals Suco Program will build capacity across sectors and encourage community participation in national development. The program commenced in 2011 and will operate at least until 2015. This program will increase awareness of the Millennium Development Goals at the village level and promote community participation and collaboration to achieve the targets.

A key component of the Millennium Development Goals Suco Program will be the building of houses for vulnerable people. Under the program, five houses will be built in each of the 2,228 aldeias every year, resulting in more than 55,000 houses being built by 2015.

The housing will include solar energy, water and sanitation. Local communities will be able to work together and help their most vulnerable neighbours by ensuring they have adequate housing.

“Government should support local businesses so that the money stays in the country.”

.....
Local businessman, Maubara sub-district,
Liquiça district, National Consultation,
12 August 2010

PRIVATE SECTOR RURAL DEVELOPMENT

Micro, small and medium enterprises on average make up over 90% of enterprises in the world and account for 50% to 60% of employment. According to World Bank definitions, ‘micro enterprises’ have up to 10 employees, ‘small enterprises’ have up to 50 employees and ‘medium enterprises’ have between 51 and 300 employees. Any business with 301 employees or more is considered ‘large’.

Clearly, in terms of overall rural development in Timor-Leste, the private sector has the potential to play a critically important role in helping to eradicate extreme poverty.

Because of the subsistence nature of agricultural activity in rural areas, most people in paid employment work for the government – as teachers, medical staff and extension workers or for departments. According to the 2010 census, 68% of people in paid employment in rural areas work for the government in some capacity, leaving 32% working in the private sector, usually in small to very small businesses. Of these private sector workers, it is estimated that only 10% are paid. This means that many people in rural areas have no income.

Part of the solution is to provide a viable economic basis for rural development to take place. This will require diversification into new economic activities, as well as improving the efficiency of current activities and scaling up neglected activities.

At present the private sector is only able to provide approximately 400 new formal jobs every year in all of Timor-Leste. However, the private sector is growing. Company registrations steadily increased from 171 in 2007 to 1,799 in 2009. Micro business registrations increased from 1,212 in 2007 to 5,232 in 2009. To encourage the formation of more companies, registration processes have been simplified through the Commerce Registration Code.

Other reforms to encourage the private sector are discussed in Part 4 — Private Sector Investment. They include a new investment law and setting up a ‘one stop shop’ for business. These initiatives, along with establishing the Timor-Leste Chamber of Commerce and Industry, will provide the foundation for developing a strong private sector across the nation.

Programs to encourage private sector growth in rural areas

To involve the private sector in fast-tracking rural development, the Referendum Package was established in 2009 to commemorate the 10th Anniversary of the 1999 Referendum. This package encouraged strategic partnerships between the private sector and the government in urban and rural areas in the construction of over 800 small to medium size infrastructure projects. The initiative injected funds directly to community based companies for building and infrastructure projects to stimulate local economies, create direct and indirect employment opportunities, identify and mobilise the local skills base, and give communities the opportunity to participate in nation building. As a result of this package, local communities in all 13 districts have been involved in building or repairing roads and bridges, sanitation infrastructure, schools, health care facilities, water supplies and flood control infrastructure. The Referendum Package allowed projects to be prioritised at a local level and local communities to take pride in improving their local infrastructure.

In order to consolidate this community program, the Program for Decentralised Development (PDD) was established in 2010 and by 2011 this program comprised two streams: PDD I is for projects with a maximum budget value of \$150,000 and PDD II is for projects with a maximum budget of between \$150,000 and \$500,000. The PDD aims to encourage private sector activity in the districts to promote equitable development throughout Timor-Leste.

In 2011, there are approximately 225 PDD I projects scheduled for the sub-districts valued at around \$15 million. At the district level, 103 projects have been identified with a budget of \$28 million. These programs will strengthen the economy in the districts and encourage the growth of local companies to construct and rehabilitate infrastructure. To participate, companies must meet strict requirements and develop good quality projects.

To facilitate opportunities for local communities to be involved in infrastructure initiatives arising from the Strategic Development Plan, new programs for decentralised development will be established.

Cooperative Sector Development Program

Forming cooperatives is another way to encourage private sector growth in rural areas. Timor-Leste's Cooperative Law regulates the governance, efficiency and operation of cooperatives. Under the law, the guiding principles of cooperatives are to improve members' welfare and to participate in developing the national economic system. A cooperative can be established with a minimum of 15 members and minimum capital of \$1,000 and must have 'Cooperativa' in the title. Non-financial cooperatives include agricultural production, home industries and services. Financial cooperatives include savings cooperatives and credit unions.

In December 2010, there were 25 financial and 80 non-financial cooperatives registered in Timor-Leste involving around 10,500 members as direct beneficiaries and 25,000 indirect beneficiaries such as family members, relatives and communities.

The growth in cooperatives is largely a result of a government grant program that provides start-up funding and grants for training and support and equipment. This support is continuing in 2011 with a focus on building human resources and institutional capacity, as well as providing in-kind subsidies to eligible cooperatives. Grants are available for in-kind equipment or tools that can be used to improve product quality, expand markets and promote products, and improve infrastructure such as rehabilitating buildings for the headquarters of cooperatives.

By the end of 2011, it is expected that 2,000 people, including farmers, fishermen, cattle breeders, machinists, carpenters and textile mill workers and dealers, will have directly benefited from the Cooperative Sector Development Program.

The program will continue to be supported as cooperatives are an ideal model for rural communities to undertake private sector activity in a variety of areas ranging from managing bamboo plantations to chicken farming, fishing and weaving.

Business Development Centres

Business Development Centres have been established in Baucau, Dili, Maliana, Maubisse, Suai, Lospalos and Oecusse Ambeno by the Instituto de Apoio ao Desenvolvimento Empresarial (IADE). These centres provide training in how to identify and start a business, improve a business and expand a business.

The IADE Business Development Centres will be extended to all districts and the range of services offered will be expanded to include agribusiness services and other services identified through district needs assessments. Partnerships with vocational training centres will be sought to provide relevant technical skills training.

Other strategies will include subsidising the provision of business development services to emerging enterprises until sufficient demand exists. Subsidising the demand of such services through cost sharing agreements with those requesting the services is a means of facilitating demand rather than supply.

The Business Development Centres will also provide a cluster-oriented 'business incubator' function where machinery can be hired and paid for on a per unit basis and services accessed, such as transport, storage and marketing. Once entrepreneurs have established a viable business through the incubator, they will then be confident to invest in their own machinery and work independently.

We will give priority to developing a local trader network and establishing supply chains for agricultural products. This will be a major outcome of the extension of Business Development Centres. Strategies to support the trader network will include clustering, the development of commodity based associations and facilitating supply contract arrangements.

Our target is to achieve 9,000 registered businesses by 2020.

Vocational training in rural areas

Current areas of vocational training include construction (such as building, plumbing, carpentry and electrics), tourism and hospitality, finance and administration, information technology and education, training and assessment. Other areas offering opportunities for employment are mechanical engineering, agribusiness, maritime related enterprises (such as boat building) and manufacturing and processing.

Vocational training projects, such as the Skills Training for Gainful Employment Project and the Youth Employment Promotion Program, have initiated interventions to provide job seekers with skills and link them to the labour market. Continued support will be provided to upgrade licensed training centres around the country, develop relevant and useful curricula based on industry needs, deliver ‘train the trainer’ programs and provide quality student training (also see Part 2 - Education and Training, Vocational Training).

Land tenure

Reform of the law relating to land tenure is of crucial importance for long-term private sector development of agriculture, particularly for commercial crops such as coffee and other potential agri-industries that need to attract investment.

Timor-Leste faces three types of land-reform challenges: farm land now under customary practices; urban land in need of zoning and clear property rights; and government land that can be used for public and private investment such as tourism or petroleum development.

The National Directorate for Land, Property and Cadastral Services is now able to issue land titles for urban centres/district capitals and a draft Land Law is being prepared (see Part 5 – Justice). On-request land registration services for rural areas are currently not available and this is a factor contributing to the slow pace of agricultural development. While this does not pose problems for subsistence farmers, it does pose problems for progressive farmers: for example, surety of tenure is necessary for a farmer to obtain a loan from a bank to invest in an irrigation upgrade. Currently, these farmers cannot get security of tenure or financing. To address this problem, an on-request title service will be provided for farmers willing to pay for the service.

Decentralisation

Decentralisation policies will also assist the development of the private sector in rural areas. Decentralisation aims to promote the institutions of a strong, legitimate and stable state across Timor-Leste, create opportunities for local democratic participation by all citizens and establish more effective, efficient and equitable public service delivery to support the nation’s social and economic development.

The introduction of a new tier of municipal government is one way to achieve these objectives. Existing administrative jurisdictions at the sub-district and district levels will be merged to form new consolidated and efficient administrative units with representative assemblies at the present district level. These units will be better placed to deliver appropriate services to local citizens and will have sufficient capacity to perform their functions. This will, however, take time as we will need to develop and build our administration and management capability to introduce systems, processes and procedures in public management and local democratic governance. There will also be a critical need to develop human resources to effectively operate treasury and financial functions as well as develop, plan and monitor programs and service delivery at this level of government.

Agribusinesses

The private sector will be encouraged to provide development services, particularly in the agribusiness area which is likely to be a large feature of rural private sector development. Typical services could include:

- Market research
- Market matching, such as facilitating contract farming agreements
- Developing marketing strategies
- Business appraisal and planning
- Policy and advocacy
- Training and technical assistance
- Technology and product development
- Financing mechanisms.

The private sector will also be assisted to provide basic farm inputs, such as seeds, fertilisers and sprays to farmers, by promoting the emergence of private sector agricultural support services. These services will be integrated into the commodity development program described later in this part.

Private sector provision of training for farmers will be encouraged, with a focus on increasing incomes through agribusiness. With limited coverage by public extension services, farmers themselves will also need to be better educated and have access to short duration training courses.

We will also support longer public private partnerships for the provision of strategic extension campaigns. Industry experts will be required to develop extension and training materials to promote specific technologies and techniques or to address specific constraints, such as diseases for specific crops. Extension officers from the public and private sectors, including NGOs, will then be trained in the application of these technologies prior to mobilising extension campaigns. Campaigns will be performance driven, have a wide coverage and encourage the emergence of private sector extension providers.

We will aim to develop and execute strategic extension campaigns, through public private partnerships, for each of the commodities discussed in the following Agriculture section by 2015.

A NATIONAL PLANNING FRAMEWORK

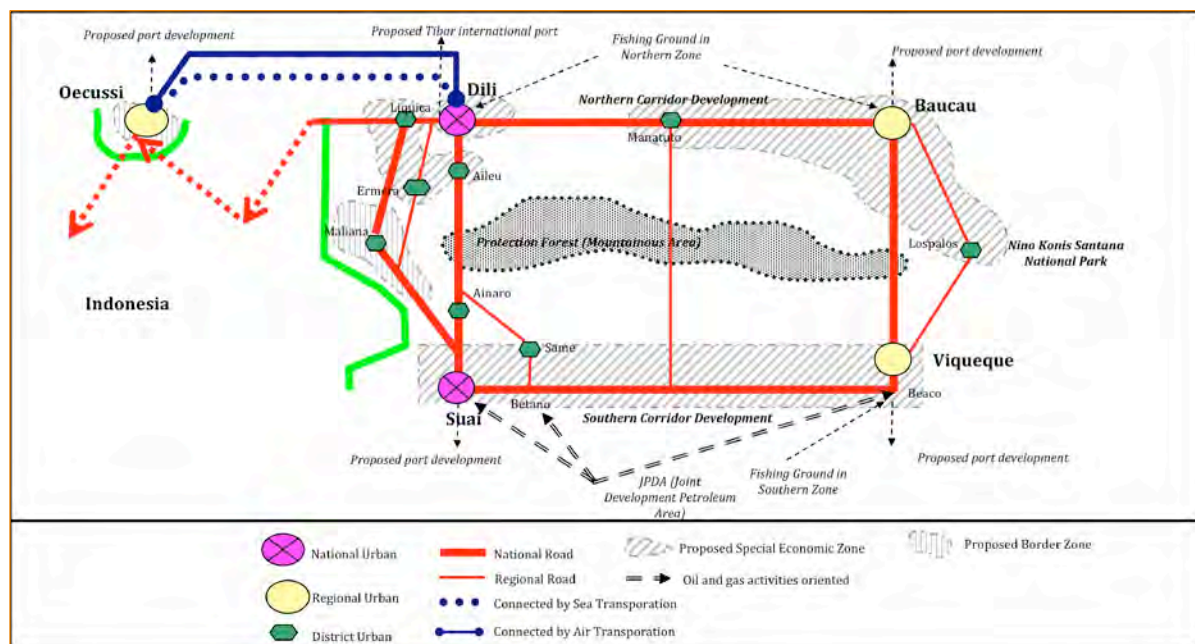
As noted above, the development of agricultural and other private sector activity in Timor-Leste has largely come about as a result of traditional practice with very little formalised planning in terms of the comparative advantage of each region.

Timor-Leste is about 15,000km² with mountains in the central part of the country stretching from east to west that slope towards the coast in the north, south and to the tip of Timor-Leste in the east. As a result of the extremely mountainous terrain, socio-economic activities are concentrated predominantly along the plains in the northern and southern corridor of the island, which is where most major urban centres are located, including the capital Dili.

Urban-rural and inter-regional imbalances are inevitable in a fast-changing economy. Good land use and conservation planning will be necessary to address these imbalances and ensure more equitable economic growth and a broader share of prosperity across Timor-Leste.

By 2015, our goal is for Timor-Leste to have developed a National Planning Framework to guide the acceleration of sustainable economic growth and equitable development from national level to sucos level, while protecting Timor-Leste's biodiversity and natural environment in conservation zones.

Figure 18 National Planning Framework



Source: prepared for the Strategic Development Plan

Regional Development Corridors

The framework will include two Regional Development Corridors, the northern corridor development and the southern corridor development as well as a number of special zones designed to guide development based upon the specific characteristics of certain regions. The framework will provide direction to identify the potential for developing local resources, opportunities to encourage economic growth and activities, and investments to reduce development gaps between regions and between urban and rural areas.

Spatial plans developed for the framework will contain (i) the pathway for development in each region, (ii) environmental sensitivities, including natural disaster risk factors and (iii) zoning regulations that set out boundaries for each sector to ensure sustainability and environmental protection.

Timor-Leste's Northern Regional Development Corridor will stretch westward from Dili to Liquiça, Batugade and Mota'Ain and eastward from Dili to Hera, Manatuto and Baucau. The Southern Regional Development Corridor will stretch from Suai to Beaço encompassing the areas to be developed to service the petroleum industry. The Regional Development Corridors will complement the Tourism Zones discussed in Part 4 - Tourism.

National Strategic Zones

National Strategic Zones will be identified within each of the Northern and Southern Corridor Developments and the cross border areas on the mainland and Oe-Cusse Ambeno Enclave. These zones will be the engines of national economic growth based on their advantages and specialisation.

The National Strategic Zones proposed for Timor-Leste are:

- **Dili – Tibar – Hera**

This zone has a variety of potentially significant sectors related to services, trading and proposed developments such as the Tibar Commercial Port, the industrial estate in Hera, large scale housing, new higher education areas, marine tourism, a new central business district and the upgrade of the international airport.

- **Suai – Betano – Beaço**

This zone covers four districts, namely Cova Lima, Ainaro, Manufahi and Viqueque. There are a variety of potential sectors related to the oil and gas industry. This Special Economic Zone will promote supply base development in Suai, a new central business district in Suai, a new petroleum industry and an oil refinery in Betano, and a LNG plant development in Beaço.

- **Liquiça – Ermera – Aileu**

There are a variety of potential sectors related to new plantation developments such as new coffee estates, new processing industries, new food crops and new mountainous tourist destinations.

- **Manatuto – Baucau – Lautem**

A variety of potential sectors will be developed such as new husbandry areas, new plantation areas (candlenut, coconut and cacao), new fishery processing industries and a variety of thematic tourism activities (such as historical tourism, ecotourism, marine tourism and cultural tourism).

- **Bobonaro – Cova Lima**

Potential sectors to be developed include the creation of opportunities arising from international trade and CIQS (Customs, Immigration, Quarantine and Security services.) Other sectors include development at selected junction points, agriculture extension services for new food crops, new livestock areas and new creative industry and tourist destination sites.

- **Oe-Cusse Ambeno Enclave**

There are a variety of potential sectors that will be developed such as international trade, CIQS, development at selected junction points, new plantation areas and new livestock extension services, new fish processing industries and a new creative industry, as well as new tourist sites.

A comprehensive review will also be conducted to assess the benefits and risks of establishing a new set of business laws and regulations in Special Economic Zones to make it attractive for foreign companies to invest in or establish a business in these zones. Tax incentives and low or no customs or import duties will be considered. Special Economic Zones are discussed in more detail in Part 4 – Private Sector Investment.

Sustainable agriculture production zones and forest conservation zones

The strategies and actions proposed for rural development in Timor-Leste all aim to ensure that our agriculture sector is developed in a way that minimises damage to the natural environment, as healthy rivers and catchments, forests and soils are necessary for healthy, productive farms. Timor-Leste's land resources must be managed to avoid land degradation and to minimise the risk of environmental damage from the use of unnecessary chemical fertilisers and pesticides.

Seventy per cent of Timor-Leste's land area has a slope of over 26%, with the majority of rural households cultivating within these areas. Typically, the land resource is degraded due to soil erosion, limited moisture retention and decreasing fertility. This contributes to low yields and a high susceptibility to food shortages.

Agriculture production zones and conservation zones will be determined according to factors such as land suitability (soils, slope, altitude and aspect), climate (rainfall and temperatures), current land use, the financial viability of production options, supporting policies and the availability of organic or inorganic fertilisers and pesticides. Agriculture production zones will be advisory rather than prescriptive or compulsory. Farmers will be able to decide for themselves what they want to farm, but they will be given access to the best information available about crop and seed varieties most likely to succeed in particular areas.

Identifying areas of forest to be protected from harvesting and other activities will also be important. The National Planning Framework will include the creation of natural conservation zones to protect forests, biodiversity, specific ecosystems and freshwater supplies and to prevent flooding and erosion (see Part 2 – Environment).

TARGETS**By 2015:**

- 55,000 new homes will have been built by 2015 to support families across the nation under the Millennium Development Goals Suco Program
- Support will be provided to cooperatives undertaking private sector activity in a variety of areas ranging from managing bamboo plantations to chicken farming, fishing and weaving
- A National Planning Framework will have been prepared to underpin Timor-Leste's development
- An on-request title service will be provided for farmers willing to pay for the service
- Strategic extension campaigns for agricultural commodities will have been developed and executed
- A pilot program will establish between three to five municipal chambers to work towards the gradual decentralisation of the exercise of government.

By 2020

- A program of rural urbanisation will be completed, providing our people with better roads, water and sanitation, schools, medical clinics, access to markets and electricity
- There will be 9,000 businesses registered with Business Development Centres

By 2030

- The private sector will be the primary source of growth in incomes and employment in rural areas of Timor-Leste.



AGRICULTURE

OVERVIEW AND CHALLENGES

A thriving agricultural sector is needed to reduce poverty, provide food security and promote economic growth in rural areas and our nation as a whole. A growing agriculture sector will also promote rural development. Many emerging private sector businesses will support the farming sector by providing goods and services to improve production and by being involved in marketing any surpluses of processed agricultural commodities

Since independence, Timor-Leste has invested significantly in agricultural infrastructure, machinery and the provision of subsidised seed and fertiliser. We have already established a platform from which to build a national system of agricultural research and continue to improve our agricultural capacity. There are now Suco Extension Officers working across the country and agriculture service centres have been established in Bobonaro, Aileu and Viqueque. There are three agricultural secondary schools, catering for about 800 students, training our young farmers in commercial agriculture. Policies and regulations concerning water and irrigation, seed and fertiliser use, land use and land management, and the use of pesticides are being developed.

From 2007 to 2009, the number of hand tractors increased from 100 to 2,591, and the number of tractors from 13 to 315. During the same period, 133 rice milling units were provided for farmers and 31 irrigation schemes were rehabilitated. In addition, 5,000 silos have been installed across Timor-Leste and 32 'mini-markets' have been established in the districts to facilitate the marketing of agricultural commodities.

But there are still significant challenges to overcome before our agriculture sector can reach its full potential. During the Strategic Development Plan national consultation in 2010, farmers in all districts raised concerns about the need for water security, farm modernisation and advice about the use of seeds, fertiliser and pesticides. Many farmers said they needed better roads and reliable power to be able to get their crops to markets. Most farmers can't afford appropriate fertilisers and pesticides and don't have access to finance. Subsistence farming results in low levels of production and productivity, but many farmers lack the skills or support they need to be innovative and more business focused.

Agricultural activities have not taken into consideration the comparative advantage of each region and a scattered settlement pattern has hindered the development of farmers' associations and shared learning. Most crops are grown to provide food for family consumption and there is relatively little trading: for example, only 25% of rice grown in Timor-Leste is traded.

STRATEGY AND ACTIONS

To achieve our primary goal of food security by 2020 and to expand our agriculture sector, we will improve our farming practices and take action to boost the production of specific crops.

“We need tractors to help us feed our families and have some leftover to sell.”

*Farmer, Maliana, Bobonaro district,
National Consultation, 11 August 2010*

Our goals for the agriculture sector are to improve national food security, reduce rural poverty, support the transition from subsistence farming to commercial farming of crops, livestock and fisheries, and promote environmental sustainability and the conservation of Timor-Leste's natural resources.

Strategies and actions to support the expansion of the agriculture sector need to respond to the particular challenges of Timor-Leste's mountainous terrain, climate and soils, which are not as fertile as some of our neighbours. They also need to take into account the current state of development, which is largely subsistence farming, the social and cultural practices in rural areas, and the need for training to build human resources.

Many of the proposed strategies in relation to food security and rural poverty reduction are modelled on the 'green revolution' in India where the introduction of high yielding seed varieties and the increased use of fertilisers and irrigation from 1965 onwards resulted in India becoming self-sufficient in grains and dramatically reduced the risk of famine.

Timor-Leste is already successfully exporting organic coffee and this model can be expanded as most of our subsistence crops are, by default, organic. However, the strategy and actions we will take involve the use of non-organic fertilisers and pesticides in the short-term, as this is necessary to achieve our primary goals of food security and reduced rural poverty. In the longer term, as more organic inputs, such as fodder for livestock, become available, more organic options will be pursued. Where niche organic markets exist, these will be maintained and expanded.

AGRICULTURE-RELATED TRAINING AND EXTENSION

The adoption of new farming techniques, equipment and research is critical to the future of the agriculture sector. We will conduct a review of our agricultural knowledge system to improve the skill level of agriculture extension workers. This will involve developing quality courses for pre-service training at agricultural secondary schools, colleges and universities. A career development program for in-service training will also be developed.

We will aim to train all extension officers working with crops in upland areas on sustainable agricultural techniques. This will enable the extension officers to integrate these techniques into every day extension work with upland farmers.

FOOD SECURITY

To achieve our goal of food security by 2020, we will:

- Create an additional 70,000 ha of irrigated rice fields
- Use high yield Seeds of Life varieties
- Use new crop production systems
- Establish on-farm grain storage.

The results of this approach are illustrated in the table below.

Table 8 Basic food demand and supply 2010-2030

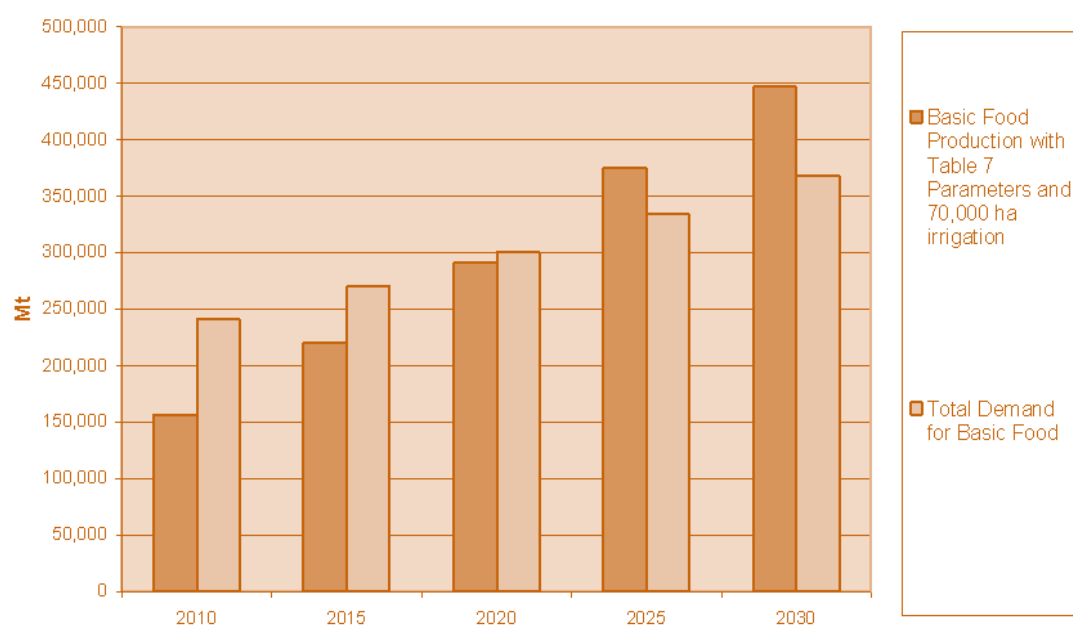
Year		2010	2015	2020	2025	2030
Annual Losses (% of total production)		25%	20%	15%	10%	5%
Basic Food Production	Rice (ha)	50,000	63,815	70,000	70,000	70,000
	Rice (Mt/ha) (grain)	1.00	1.20	1.43	1.70	2.02
	Rice (Mt grain) (adjusted for losses)	37,500	61,262	85,085	107,100	134,330
	Maize (ha) a/	76,500	80,494	83,169	85,625	87,080
	Maize (Mt/ha) (grain)	1.25	1.54	1.89	2.33	2.50
	Maize (Mt grain) (adjusted for losses)	71,719	99,168	133,611	179,556	206,815
	Roots/Tubers (ha)	8,499	8,943	9,240	9,513	9,675
	Roots/Tubers (Mt/ha)	7.50	8.35	9.29	10.33	11.49
	Roots/Tubers (Mt) (adjusted for losses)	47,807	59,739	72,964	88,442	105,607
	Total Basic Food Production (Mt)	157,026	220,169	291,660	375,098	446,752
a/ Area planted grows at rate of rural population growth due to labour constraints for maize weeding						
Basic Food Balance	Rice (Mt grain)	-76,317	-59,608	-49,959	-27,340	-5,868
	Maize (Mt)	-438	23,127	54,759	98,524	124,408
	Total grain (Mt)	-76,755	-36,481	11,800	71,184	118,540
	Roots/Tubers (Mt)	-7,306	1,509	12,118	25,422	40,840
	Basic Food Balance (Mt)	-84,061	-34,972	23,918	96,606	159,380
	Basic Food for Livestock Production (Mt)	0	0	0	75,000	125,000
	Adjusted Basic Food Balance (Mt)	-84,061	-34,972	23,918	21,606	34,380

Source: derived from Timor-Leste Raising Agricultural Productivity, Issues and Options, Technical Note no. 50276, World Bank, February 2009

Implementing these strategies could increase the productivity of rice, maize and roots/tubers by 50% and the area of irrigated rice by 40% (from 50,000 ha to 70,000 ha by 2020). On-farm food storage losses could be reduced to about 5% between 2011 and 2030. Under this scenario, Timor-Leste's rice deficiency would be around 27,300 tonnes in 2015. By 2020, the potential maize surplus would be 54,800 tonnes and the overall basic food balance would be a surplus of 23,900 tonnes. Any surplus food can be used for livestock feed or for export or value-adding.

The supply and demand balance for basic food under this scenario is shown in the figure below.

Figure 19 Basic food supply and demand under new strategies



Source: Modeling undertaken for the Strategic Development Plan

To reach our goal of food self-sufficiency, we will need a commitment to support research, development and extension programs for all of Timor-Leste's major agricultural products. Strategies and actions proposed for specific commodities – rice, maize and other basic food crops, cash crops, livestock, fisheries and forestry – are set out below.

Implementing the actions we need to take in agriculture will primarily be the responsibility of two new advisory bodies. The Timor-Leste Agricultural Advisory Council will formulate national policies for the sector and oversee the implementation of these policies. The Timor-Leste Research and Development Institute will be responsible for guiding and planning additional investment into research, development and extension for all major agricultural sub-sectors.

REHABILITATING AND EXTENDING IRRIGATION SYSTEMS

To become self-sufficient in food, we will need to make a significant investment in rehabilitating and extending irrigation systems and improving water storage.

Many hectares of previously irrigated land are unusable because of lack of maintenance or are not used or are underused because of poor management. The long dry season prevents effective rain-based farming in many regions.

A comprehensive irrigation scheme inventory will be commissioned to assemble a full inventory of existing irrigation systems to identify existing schemes that can be enlarged and new schemes that could be developed.

There is also a need to source more water to feed existing and proposed irrigation schemes. Regions capable of rain-based farming have already been exploited, so any expansion of farmland will depend upon building new irrigation schemes that can survive the dry season. New sources of water must be found to supply those schemes. While there is not enough water to feed existing or proposed irrigation schemes, Timor-Leste receives enough rainfall annually to grow crops in all lowland areas if it can be stored through the dry season. Abundant annual water currently flows to the sea with very few systems in place to capture and store this water.

A large dams feasibility study will be conducted and, if large dams prove feasible, careful planning and investment in dams will be made to ensure that adequate water is available all year round for irrigation.

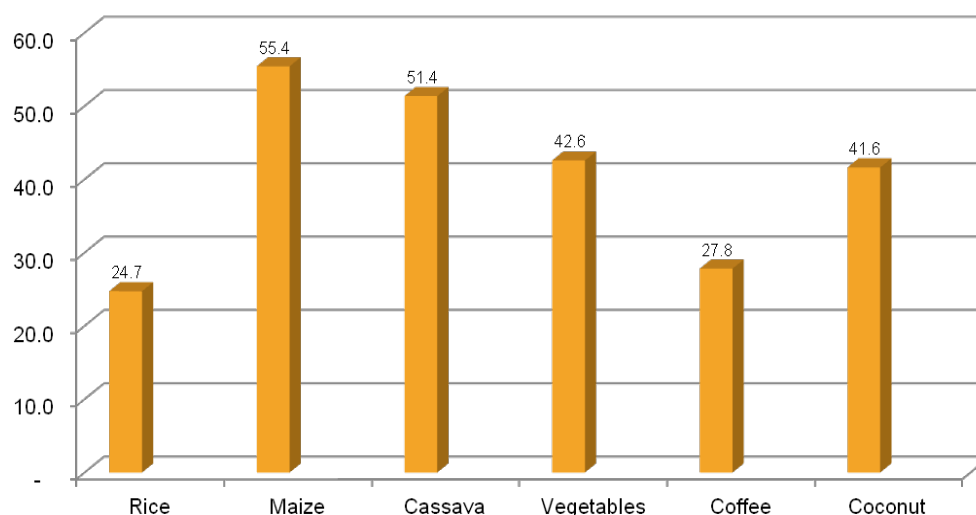
Dam pilot projects will also be conducted to test the potential for reservoirs or small dams for smaller schemes in appropriate locations: in most cases, further upstream in water catchments. This will involve constructing ten dams across the streamline or drainage line and off-stream, between the intake and service areas. Most of the dams will be of simple earth construction with capacities between 10,000 to 30,000 m³ and lined spillways similar to those constructed pre-1999. Where feasible, existing dams will be refurbished.

Groundwater pilot projects will be conducted to find and prove groundwater. This will involve drilling 20 tubewells, mostly in the lowland and semi lowland areas, to identify future good locations and developing criteria for further development where findings are successful.

STRATEGIES AND ACTIONS FOR SPECIFIC COMMODITIES

Overall, about 63% of households in Timor-Leste are engaged in crop production, with maize, cassava and vegetables the most produced crops. While only 25% of households produce rice, it is a staple food. Significant opportunities exist to increase the yields of a number of crops and improve food security for Timorese families.

Figure 20 Crop production in Timor-Leste



Source: Census 2010

Rice

Rice is a staple food in Timor-Leste, with our major rice producing districts being Viqueque, Baucau, Bobonaro and Manatuto, accounting for about 77% of total production. Local production cannot meet demand and we currently import large amounts of rice from Thailand, Vietnam and Indonesia. The government has intervened in the market to avoid food shortages by importing rice and selling it at subsidised prices.

Our goal is for Timor-Leste to be self sufficient in rice production by 2020. The nation is on the way to achieve this goal. The total area of rice cultivation in Timor-Leste increased by 45.2% between 2007 and 2009 and output increased by 73.8% (see the table below). This promising result reflects the use of improved crop production systems. Two rice production systems, Integrated Crop Management and System of Rice Intensification, have been tested in Timor-Lest. When combined with the improved rice variety Nakroma, there is a 50% increase in yield. Integrated Crop Management technology has increased yields from 1.5 t/ha to above 4.5 t/ha.

Table 9 Area and production of rice paddy, 2006 – 2009

2006		2007		2008		2009	
Area (Ha)	Production (ton)	Area (Ha)	Production (ton)	Area (Ha)	Production (ton)	Area (Ha)	Production (ton)
31,386	55,414	38,582	60,424	44,995	77,418	38,998	120,775

Source: Ministry of Agriculture and Fisheries, 2010

Production can be further increased through the use of improved varieties, improved seed bed nurseries, fertiliser application, better plant spacing, weeding and double cropping on irrigation schemes where water is available.

Pre-harvest losses are between 10% and 20%, largely due to earlier maturing grain losses, as farmers use their own degenerated seed and mix varieties. Grain breakage also occurs at milling due to variable grain size and hardness. Improving grain quality and using more efficient milling machinery could increase the milling recovery rate from 50% to 65%.

To achieve self-sufficiency in rice production, we will:

- Increase the area of irrigated rice by 40% from 50,000 ha to 70,000 ha by 2020
- Continue to promote the use of Timor-Leste specific rice production systems: Integrated Crop Management and System of Rice Intensification
- Continue to invest in research and development and extension services in relation to Timor-Leste specific rice crop varieties
- Reduce on-farm rice storage losses from 20% to about 5% by 2030 by supporting on-farm rice storage initiatives
- Continue to offer rice farmers subsidies for fertiliser, seeds and pesticides to increase productivity
- Improve the efficiency of post-harvest milling of rice by supporting village-based rice milling
- Introduce agriculture zones to identify areas most suitable for rice cultivation
- Provide training for rice farmers in the use of farm machinery and farm management and continue to distribute and support the use of hand-tractors
- Provide financial advice and marketing assistance to rice farmers
- Formulate and promote a national rice importation and pricing policy, including national long-term rice storage plans.

Maize and other basic food crops

Maize is grown by 60% of Timorese families, so efforts to increase yield and improve storage will improve food security.

Early results from improved maize production systems based on better weed control, moisture conservation and the use of inorganic fertilisers are very promising. There has also been significant improvement in the varieties of maize, sweet potato, cassava and peanut available for distribution to farmers as a result of seven years of research and on-farm testing in Timor-Leste.

Average yields for maize are 1.16t/ha. Seeds of Life improved maize varieties can produce yields of 2.4 to 2.6 t/ha without the use of any other improved inputs or cultivation practices. However, improved varieties should only be advocated to farmers who have access to improved storage technology, as post-harvest losses are greater in higher yielding varieties than for traditional varieties. Post-harvest losses of maize during storage can be as high as 30%. These losses can be reduced to approximately 5% through the use of 50 gallon oil drums, ferro-cement jars and silos developed by the Food and Agriculture Organisation. On-farm storage equipment will be included as part of the national maize development program (see below). The introduction of simple maize shelling tools will also reduce labour time in preparing maize for storage. Applying fertiliser to maize can also increase yields by at least 40%.

We will introduce a national maize development program to increase average maize yields to 2.5t/ha by 2020. The program will include developing extension packages and training extension officers in the improved technologies described above, as well as addressing other bottlenecks in the value chain.

Yields of cassava, an important upland crop for food security, can also be significantly increased through the introduction of improved varieties. Production of mung bean and groundnut remains below 1997 levels and much could be done to increase yields and area planted, if market access is provided. Both of these crops could be exported.

To contribute to Timor-Leste's goal of food self-sufficiency by 2030, we will:

- Increase the area under cultivation for maize from 76,500 ha to 80,500 ha by 2015 and to 87,000 ha by 2030
- More than double the area under cultivation for roots and tubers from 48,000 ha to 105,500 ha by 2030
- Continue to invest in research and development and extension services in relation to Timor-Leste specific maize and other basic crop varieties
- Continue to offer maize and basic food crop farmers' subsidies for fertiliser, seeds and pesticides to increase productivity
- Improve the efficiency of post-harvest storage and milling of maize, roots and tubers by supporting village-based milling
- Introduce agriculture zones to identify areas most suitable for maize and other basic food crop cultivation and commercialisation
- Provide training for maize and other basic food crop farmers in the use of farm machinery and farm management and continue to distribute and support the use of hand-tractors
- Provide financial advice and marketing assistance to maize and other basic food crop farmers
- Integrate farm activities with household enterprises such as agricultural product processing or the use of agricultural waste as organic fertilisers and animal fodder
- Develop and extend special maize/roots-tubers support programs for poor rural communities
- Develop and promote livestock feeding systems based on maize/roots-tubers surpluses.

Fruit and high-value vegetables

High-value products suitable for the domestic market include vegetables and fruit, such as rambutan, peaches and plums. Most of these products are currently imported. Table 10 shows the volume of fruit and vegetables imported in 2007 at a total value of US\$4.5 million.

Our goal is to substitute at least 50% of imported fruit and vegetables by 2020. We will take the following actions to achieve this goal:

- Encourage the supply of high-value fruit to urban markets on a small scale through backyard production of a few trees per household to provide additional income and substitute some imported fruit
- Support large scale vegetable production close to urban centres with supply agreements to large buyers, such as markets, hotels and restaurants. This would involve clustering producers around shared infrastructure, such as water pumps and packhouses, to achieve a critical mass of production to facilitate supply contracts.

Table 10 Volume of imported fruit and vegetables (tonnes), 2010

Commodity	Tonnes imported
Cabbage	86
Chili	137
Carrot	1,666
Onion	786
Garlic	886
Shallot	485
Potato	1,149
Soybean	845
Tomato	24
Apple	36
Orange	31

Source: Ministry of Agriculture

Cash crops

The cash crop sector has great potential to contribute to rural development through the creation of value adding agribusinesses in areas such as on-farm extraction of coconut oil and on-farm coffee processing using improved pulping machines. To realise this potential, farmers in the sector will be targeted with specialist financial advice and marketing assistance. It will also be important to resolve land ownership issues and use the agriculture zoning process to identify areas best suited to particular plantation crops.

Cash crops are grown to be traded or sold by farmers. Coffee, candlenut and coconut are popular cash crops in Timor-Leste. Many of the issues discussed in the rice and basic food crops sections above are relevant to the cash crops sector where yields are also very low, farming practices are far from optimal and farmers need access to expert advice and assistance. Land ownership is also an issue: for example, larger tracts of land are involved in coffee plantations and disputes can hinder investment decisions.

The strategy we will use to increase the production of cash crops will be similar to that used for food crops. Farmers will be offered subsidies, training and expert advice, and will be encouraged to use appropriate fertilisers, high yielding varieties and pesticides to ensure that the expansion of the cash crops sector over the next 20 years contributes to Timor-Leste's goal of food security and creates jobs in rural areas.

Coffee

Coffee accounts for around 80% of our non-oil exports with annual exports of 12,500 tonnes. It is estimated that over 50,000 families are coffee producers and depend upon income from the crop. The main production areas are Aileu, Ainaro, Bobonaro, Ermera, Liquiça and Manufahi, with Ermera accounting for half of the total coffee crop.

Although Timor-Leste produces less than 0.2% of the global coffee supply, we have a competitive advantage in organic production and are the largest single source producer of organic coffee in the world. The Timor Hybrid, a natural cross-breeding of the Robusta and Arabica coffee varieties, is recognised on the international market as a high quality organic coffee.

Because of the price premium for organic coffee, Timor-Leste will concentrate on retaining its niche as a producer of quality organic coffee. Integrated Pest Management techniques, such as cultural control, plant resistance, mechanical control and biological control, will be used to achieve and maintain organic certification.

Of the 52,000 ha planted, 29,000 ha are estimated to be unproductive old trees. Replacement with new seedlings and pruning could increase average yields of green bean from 150-200kg/ha to 650kg/ha. It is estimated that coffee production in Timor-Leste could be doubled through replanting and pruning alone. Our goal is to rehabilitate 40,000 ha of coffee plantations by 2020.

Currently, coffee farmers are paid a flat price for either cherry (the untreated fruit) or parchment (the semi-processed bean) and no premium is paid for quality. One means of adding value to coffee is to introduce a grading system to improve quality. This should be a simple system that farmers can understand and would be based upon two grades for cherry (mixed cherry and ripe cherry), and three grades for parchment (based on odour, colour and size). Working on a simple figure of generating a marginal increase in crop value of US\$0.20/kg for better quality Timor-Leste coffee would generate an extra US\$2.8 million for farmers based on current levels of production.

The local pulping machines some farmers use for processing cherry into parchment and poor drying practices often provide a low quality product. Accordingly, some buyers only purchase cherry so they can better control the quality. Coffee producers will be assisted to purchase better quality mini-pulpers.

Candlenut

Another cash crop that makes a contribution to Timor-Leste's economy is candlenut, which is grown in six districts. Candlenut is primarily grown for its oil. Small amounts have been exported in recent years; however, as there is a four year wait between planting and harvesting, farmers will need financial support to expand the sector.

Coconut

Coconut is another cash crop with the potential to create jobs and be sold internationally. Approximately 40% of Timorese households have coconut trees. Coconut is a perennial crop that takes four to five years to be harvested. The productivity of coconut plantations in Timor-Leste is around 565 kg/ha, which is well below the world productivity standard for coconut of 1,500 kg/ha. This is mainly due to trees being old and poorly tended.

There is growing export potential for coconut and coconut products in the global market, particularly for processed coconut products such as copra cooking oil. Although small amounts of copra are exported to the Indonesian market via West Timor, very little value-added processing is done to the existing resource. One opportunity lies in processing coconut oil to replace the import of approximately US\$2 million worth of edible oil annually. There is also the potential to manufacture household products such as brooms, baskets and cooking implements.

Other crops

Other high-value niche crops that could be developed along the same lines as coffee include cocoa, black pepper, cashews, hazelnut, ginger and cloves. Where appropriate, the unique selling point of organic production will be maintained to develop a multi-product brand based on geographical locations. There is also scope for exporting groundnuts and mung beans, although these have a lower value than cocoa, black pepper and cashews.

Market research will be undertaken to identify high quality niche products that can be grown in Timor-Leste and exported with a unique Timorese identity or brand. A strategy will then be developed to promote production and export of these niche products to high-value markets. We will aim to develop at least four niche products that can be consistently exported by 2020.

Other actions to expand our cash crops will include:

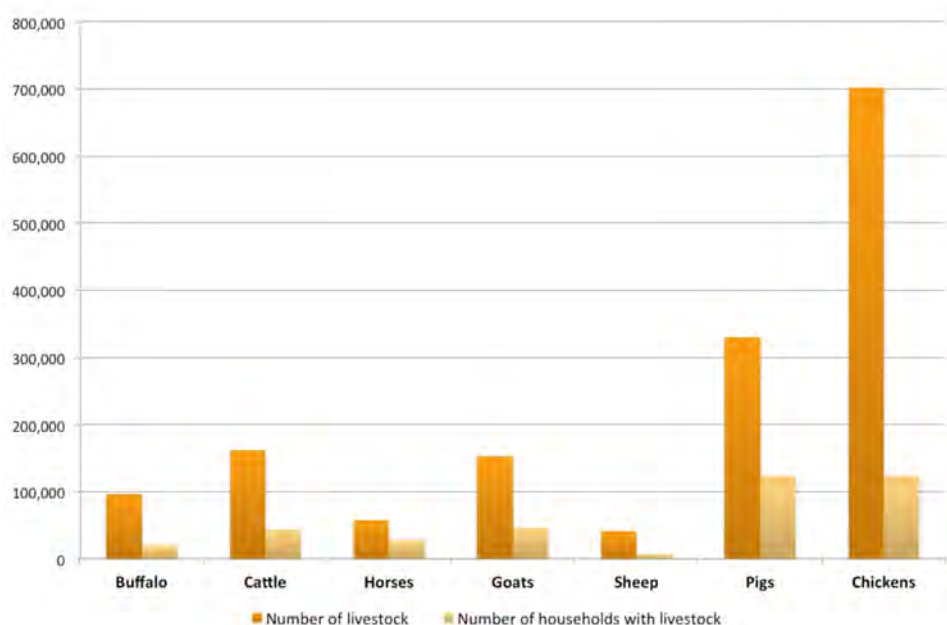
- Increasing global awareness of Timor-Leste's coffee through branding campaigns
- Encouraging the development of innovative, niche, high grade organic coffee
- Encouraging the development of value-added products
- Expanding cropping of candlenuts
- Encouraging intercropping between coconut and cocoa and between coffee and vanilla
- Promoting household industries processing plantation waste, particularly coffee, into organic fertiliser and fodder and coconut plantation waste into materials and household goods.

LIVESTOCK AND ANIMAL FARMING

Timor-Leste's livestock sector has the potential to make a significant contribution to improved nutrition for our people by increasing access to fresh meat and dairy products. This sector can also create jobs and potentially provide export income.

According to the 2010 Census of Population and Housing, about 80% of households in Timor-Leste rear livestock. Goats, sheep and pigs are sometimes traded in local markets, while horses play an important role as a means of transportation in rural areas. The number of houses with livestock and livestock numbers is shown in figure 21.



Figure 21 Households with livestock and livestock numbers

Source: Census 2010

There are significant challenges to be overcome for the livestock sector to reach its potential. Animals are generally let loose in the open and there is little cultivation of grass or other fodder. Most farmers lack knowledge about livestock management and animal health. There is a need for legislation and regulations on veterinary public health, quarantine and animal diseases. The commercial distribution of livestock is restricted by inadequate road and water infrastructure.

Intensive poultry and pig production has not evolved in Timor-Leste due to the high cost of imported concentrate feed and the cheap import of broiler chickens. The majority of hens' eggs are imported.

There is scope to improve the production of pigs and poultry under traditional systems through better animal health care, vaccination and worming, and feeding.

Current volumes of by-products and waste from crops are not enough to stimulate a domestic animal feed processing industry; however, this could change if the area of crops cultivated is increased or protein sources such as fish waste become more available.

Government vaccination campaigns and the provision of free vaccines will continue to be required, along with national extension campaigns promoting basic animal health care and improved nutrition. Our target is to increase livestock numbers by 20% by 2020.

There is high potential to increase live cattle exports to Indonesia and also substitute the import of quality beef products. Demand for beef in Indonesia is growing at 6-8% per annum and imports are likely to supply 38% of beef consumption by 2010. Conversely, it is estimated that 200 tonnes of beef are imported each year to Timor-Leste from countries such as Australia.

Bobonaro, Oe-Cusse Ambeno and Viqueque districts have the highest population of cattle, while Cova Lima, Lautem and Viqueque districts have the largest areas of pasture. Bali cattle (*Bubalus bubalis*) are well suited to Timorese conditions, but much could be done to improve their genetic quality through selective breeding and castration of poor quality bulls. Other production parameters such as mortality rates, calving rates and daily live-weight gains could also be improved.

We will also need to establish a livestock production research centre, implement a long-term disease control management system and expand the livestock vaccination program. Veterinary clinicians will need to be trained to assist with livestock care and to train local farmers: this will occur through the reforms to our education and training systems and the Human Capital Development Fund (see Part 2 – Education). A Cattle Breeders' Association will be established that will focus on promoting national strategies, policies and legislation.

There is potential to substitute the import of 200 tonnes of beef annually, the equivalent to approximately 1,400 beasts. An abattoir and butchering unit will be required, similar to the privately owned Haldeia abattoir in Kupang, to provide quality cuts, packaging and storage facilities. The abattoir could retail its own meats through supply links to producers who can provide healthy, quality beasts at about 24 months old. The abattoir could also provide slaughter and butchering services for private individuals. Some form of certification by the abattoir guaranteeing quality and food safety would create a price premium.

The redundant abattoir at Tibar could be resurrected to support the development of a quality local beef market, ideally through leasing to the private sector or other private sector management arrangements.

We will establish a commodity development program with the purpose of doubling cattle exports to 5,000 head/year and substituting the import of 200 tonnes of beef/year by 2020. Other actions that will be taken to improve livestock management are:

- Developing special pig and poultry production systems for smallholders using surplus maize
- Establishing a demonstration plot of livestock waste processing for organic fertiliser
- Expanding the processing of livestock products
- Providing more access to financial institutions (especially to the existing banking sector) and through cooperation with capital owners
- Developing a mini-laboratory and animal medical centre
- Establishing a demonstration plot for fodder processing.



FISHERIES

Timor-Leste has a coastline of around 735 km and 72,000 km² of Exclusive Economic Zone waters with rich marine resources and the potential to develop offshore fisheries. Coastal and near shore waters can also support aquaculture activities such as seaweed, prawn, abalone, crab, pearl and oyster farming.

Out of the 13 districts in Timor-Leste, only two districts do not have access to the coast: Aileu and Ermera Districts. There is also potential for inland fishing in the more mountainous areas, including the districts of Aileu, Manufahi, Ermera, Liquiça, Ainaro and Viqueque.

However, the current contribution of the fisheries sector to national production and income is low. Decreasing fishery exports are due to the increase of domestic consumption in Dili, which is a positive sign as fish are highly nutritious.

The development of a domestic offshore fishery industry will be dependent upon developing an export opportunities market, as domestic demand is limited. Further studies will be required to achieve this long-term objective.

However, community-based coastal aquaculture activities could offer income generating opportunities for coastal communities. We will introduce at least three types of aquaculture activities to coastal communities by 2020. An inventory of suitable sites will be undertaken prior to taking further action.

Most fishing is done traditionally from small boats near the shore and is not marketed commercially. Some fish rearing takes place in village ponds.

Freshwater, brackish water and seawater aquaculture are not well developed although catfish, goldfish, milkfish, shrimp and seaweed are harvested in small amounts. The development potential of brackish water aquaculture is high, especially in the area of mangrove forests and other marginal lands that are physically suitable for fishponds. The development of freshwater aquaculture is limited by water availability. The lack of reliable refrigeration, largely due to unreliable power supplies, is a major barrier to the commercial exploitation of fish and will be addressed through the building of power generation infrastructure. There is also a need to improve the monitoring and protection of fisheries.

Compared to other agriculture sectors, fisheries is already well regulated with a number of laws, decree laws and ministerial diplomas directly relevant to the sector. However, there is little enforcement and the sector operates much as it has done in the past.

In the short-term (2011 to 2015), strategies and actions to improve the management of coastal and inland fisheries and create a vibrant commercial fisheries sector will focus on increasing the catch from traditional fishing activities and exploiting fishing grounds in the Exclusive Economic Zone.

In the medium term (2016 to 2020), actions will focus on ocean-based fishing and be oriented towards exports and the development of fishery centres along the southern coastline, especially in Lore (Lautem District). The commercial farming of fish where there are supporting water resources in Aileu, Ermera, Liquiça and Ainaro District will also be encouraged.

The creation of a commercial fishing industry will also require access to better boats, training in deep sea fishing techniques and establishing refrigerated links between fishing zones and export points. An inventory of sites suitable for commercial fishing will be conducted and we will increase protection of fish breeding grounds and other important marine environments through marine protection zones. A marine research and development centre will also be established.



Other strategies to create a vibrant sustainable fishing industry that will create jobs and contribute to Timor-Leste's food security and improved nutrition goals are:

- The creation of demonstration centres on the use of fisheries electronic control systems and the cutting, processing, transport and storage of seafood products
- Research into prawn, abalone, crab and oyster farming
- Establishing market links and transport systems
- Facilitating the empowerment of fishers and the fish farming community
- Providing quality control and supervision of fisheries resources
- Developing fishing ports and infrastructure such as piers and landing sites
- Developing a fish export market.

SUSTAINABLE FORESTRY AND WOOD PRODUCTS

For most people living in rural areas, especially the poor, forests and trees are the sources of food, fuel, fodder, medicines and building materials. The sustainable management of Timor-Leste's forest resources is not just essential for the families who rely on forest products for firewood or income generation, it is important for all farmers as deforestation causes erosion and damages water catchments – and access to good soil and healthy waterways is vital for successful agricultural production.

As discussed above in Part 2 – Social Capital, Environment, much of the indigenous tree stock, including teak, mahogany and sandalwood, has all but disappeared and as a result Timor-Leste is now facing soil degradation, a decrease in groundwater, threats to wildlife and decreases in food sources. It is essential for the livelihoods of our people and the development of our rural communities that these trends be reversed.

Forestry Management Plan

To reverse the depletion of our forests and develop a sustainable forestry industry, we will prepare a Forestry Management Plan that will promote reforestation and sustainable land management practices in Timor-Leste. The plan will define zones suitable for small-scale and commercial forestry, select best species (hardwood, construction and agroforestry) and identify potential markets and Timor-Leste's comparative advantage for high-value tropical hard-woods. The people who have a direct stake in forest resources will be part of our decision-making in all aspects of forest planning and management.

Research into hardwood and agroforestry production systems to identify those suited to small landholders and commercial investors will also be conducted. A forestry training and development centre will be established and training in carpentry and furniture-making based on quality hardwoods will become a part of our vocational training sector.

Community-based tree planting

We will support community-based tree and forest product enterprises that provide local communities with more opportunities to benefit from forest resources, while also giving a greater incentive to sustainably manage and protect these resources.

Community-based nurseries for the propagation of high-value timber trees, such as sandalwood, red cedar, teak, mahogany and rosewood, have proved successful. Farmers then plant and tend to the trees on their individual plots. In the future, these nurseries will provide timber sources for other industries such as sawmills and value-adding opportunities such as high quality furniture making.

We will support the planting of one million trees nationwide every year through community-based nurseries.

Bamboo

Timor has some of the finest bamboos in the world, including the giant *Dendrocalamus asper* (au-betun) and *Bambusa lako* (au-metan, Timor Black).

Bamboo has been used for a variety of purposes in Timor-Leste for many generations, including basketry and weaving, and for housing and irrigation channels.

Ecologically, bamboo is very important as it can be planted strategically to stop soil erosion and land degradation. It grows much faster than other marketable plants, taking only four to five years to reach maturity and can be harvested annually for about 30 to 40 years.

Black Bamboo



Bamboo is an abundant resource in Timor-Leste. It is under-utilised in commercial industry but traditionally provides housing, fencing and basic furniture for many people, especially in our rural areas. The rich varieties of available bamboo species include *Bambusa lako*, known as Black Timor (Au laku in Tetun), which is unique to Timor-Leste and is highly valued as an ornamental bamboo in Australia because of its aesthetic qualities. The culms are black with some green vertical stripes between the nodes and a skin that is easily removed, making it suitable for decorative weaving.

The first step in establishing a bamboo industry and developing a National Bamboo Strategy was undertaken in 2008 when Timor-Leste's first Centre for Bamboo was established in Tibar. This centre produces bamboo panels and furniture. This initiative has the potential to reduce unemployment and establish an important value added industry for Timor-Leste.

To increase the growth of bamboo both in forest and non-forest areas, we will develop a National Bamboo Policy and Marketing Strategy by 2015. As a part of the strategy, we will establish nurseries to raise bamboo seedlings, improve bamboo plantations (including pest and disease management of bamboo) and build the capacity of farmers in managing bamboo plantations and harvesting techniques.

The strategy will also contribute to our sustainable forestry management program (see above) and our land conservation program (see Part 2 – Social Capital, Environment) by promoting the cultivation of bamboo for reforestation and erosion control purposes.

Other actions that will be undertaken to improve sustainable land management and develop a sustainable forestry/wood products sector include:

- Introducing special forestry legislation backed by improved land tenure arrangements
- Providing technical and management training for forestry workers
- Introducing programs to reduce forest or grass burning practices during the dry season
- Reforestation of all degraded areas, especially among the steep areas around Dili
- Replacing firewood use with other energy sources
- Enforcing environmental laws and forest laws to control forest degrading activities.

TARGETS

By 2015:

- The tonnage for rice (grain adjusted for losses) will have increased from 37,500 tonnes to 61,262 tonnes
- The productivity of maize will have increased from 1.25 to 1.54 per ha
- The Timor-Leste Agricultural Advisory Council will be formulating national policies for the sector and overseeing implementation
- The Timor-Leste Research and Development Institute will be guiding and planning additional investment into research, development and extension for all major agricultural sub-sectors
- A comprehensive irrigation scheme inventory will have assembled a full inventory of existing irrigation systems to identify schemes that can be enlarged and new schemes that could be developed
- Dam and groundwater pilot projects will have been developed and the results used to inform further development
- There will have been increased capital investment in key crops such as coffee and vanilla, candlenuts and palm oil
- Traditional coastal fishing activities will have increased and fishing will have increased in the Exclusive Economic Zone
- A Forestry Management Plan and a National Bamboo Policy and Marketing Strategy will be in place
- Community-based nurseries will be planting one million trees nationwide every year

By 2020:

- The food supply will have exceeded demand
- The area of irrigated rice will have increased by 40% from 50,000 ha to 70,000 ha
- Average maize yields will have increased to 2.5t/ha
- At least 50% of fruit and vegetables will be grown locally
- Livestock numbers will have increased by 20%
- Coffee production will have doubled following the rehabilitation of 40,000 ha of coffee plantations
- There will be at least three types of aquaculture activities supporting coastal communities
- The fisheries sector will be export based and have expanded to include ocean fishing

By 2030:

- On-farm rice storage losses will have reduced from 20% to about 5%
- Timor-Leste will have at least four niche cash crop products that can be consistently exported



PETROLEUM

OVERVIEW AND CHALLENGES

The petroleum sector in Timor-Leste is designated by the Strategic Development Plan as a key pillar of our future development. This sector is critical not only to our economic growth and strength, but also to our future progress as a successful, stable nation. While developing the sector, we must ensure that Timor-Leste's natural resource wealth is used to build our nation and support our people.

Currently, Timor-Leste lacks the core infrastructure, support industries and human resources to fully operate and manage our petroleum sector. This results in the loss of great opportunities for our people and nation.

Securing these opportunities will provide a strong foundation for the development of a successful petroleum industry, export and service industries and a mature and expanding private sector.

“I want our oil to be used to create our own industry and to provide jobs for Timorese people.”

Teacher, Hatulia, Ermera district, National Consultation, 13 July 2010

STRATEGY AND ACTIONS

We will make the most of our oil and gas wealth by establishing a National Petroleum Company, developing the Tasi Mane project on the south coast and giving our people the skills and experience they need to lead and manage the development of our petroleum industry. We will continue our commitment to transparency in accounting for revenue from the petroleum sector.

To meet the challenges ahead, the following steps will be taken:

- Revenue from petroleum will continue to be fully transparent and used to support social and economic development.
- A petroleum industry will be developed that operates with the maximum participation of Timorese citizens and businesses.
- The human resources necessary for the operation of the petroleum industry will be improved and developed.
- The south coast will be developed to support the expansion of our domestic petroleum industry, including the establishment of core infrastructure.

REVENUE AND TRANSPARENCY

The petroleum sector is already our greatest source of State Budget revenue. This revenue is used to provide health care, education and security for our people and to build and maintain infrastructure for our nation.

Timor-Leste is fully committed to the earnings from our petroleum resources being fully transparent so that everyone can see the financial returns, the movement of public funds and the return on petroleum fund investments. This commitment will be demonstrated through maintaining the current Petroleum Fund arrangements, as well as adhering to international transparency mechanisms such as the Extractive Industries Transparency Initiative (EITI).

Timor-Leste is the third nation, and first nation in Asia, to sign and fully comply with the EITI. This reflects our absolute transparency in publicly accounting for every dollar paid by petroleum companies operating in Timor-Leste and every dollar provided to the government in revenue.

DEVELOPMENT OF HUMAN RESOURCES FOR THE PETROLEUM INDUSTRY

Timor-Leste must work to ensure that our people benefit not just from the revenue from selling our petroleum resources, but from full participation, management and employment in the petroleum industry. Our petroleum wealth gives us a great opportunity to develop a strong domestic industry in which we are fully engaged and where the Timorese people benefit from high level employment and training opportunities. In this way, we can increase the gains to our people beyond the simple selling of oil and gas.

To enable the full participation of our people in the building of the petroleum industry, we have embarked on an extensive and ongoing program of human resources development. This will include training our people in key areas such as geology, petroleum and chemical engineering, petroleum finance and business and project management. This training will occur through scholarships to internationally recognised higher education institutions, civil service professional development opportunities both within and outside Timor-Leste, and the secondment of staff to international oil and gas companies.

In addition, the Engineering Faculty of the Timor-Leste National University in Hera will in the future offer a bachelor degree program in Geology and Petroleum. A training centre for oil and gas operations in a polytechnic will also be developed in Suai. In the area of research, the Institute for Petroleum and Geology will be established to administer scientific data from oil and gas exploration activities and provide research and advice.

Importantly, much of this program, including international and domestic scholarships, will be funded through the Human Capital Development Fund (see Part 2– Education) and will ensure that Timor-Leste has the people with the skills and experience to lead and manage the development of our petroleum industry.

ESTABLISHMENT OF THE NATIONAL PETROLEUM COMPANY

Central to the strategy of developing our petroleum industry will be the establishment of a National Petroleum Company – Timor Gas and Petroleum E.P. This company will be able to lead the development of the industry through direct participation, ownership and investment in our petroleum sector. It will provide an avenue for Timor-Leste to have a direct business stake in and benefit from the expansion of the sector. The National Petroleum Company will be committed to building our human resources and domestic petroleum expertise to allow Timorese ownership and participation.

TASI MANE PROJECT

To bring petroleum development to our shores and provide a direct economic dividend from petroleum industry activities, supporting infrastructure will be developed on the south coast of Timor-Leste. This will be led by the Tasi Mane Project, a multi-year development of three industrial clusters on the south coast which will form the backbone of the Timor-Leste petroleum industry. The project will involve development of a coastal zone from Suai to Beaco and will ensure that required infrastructure is in place to support a growing domestic petroleum industry. Tasi Mane will include the Suai Supply Base cluster, the Betano Refinery and Petrochemical Industry cluster, and the Beaco LNG-Plant cluster.

Figure 22 Tasi Mane clusters



Source: prepared for the Strategic Development Plan

Suai Supply Base cluster

Extensive public sector investment will establish a logistics base for the petroleum sector in Suai. The base will provide capacity for the south coast to develop a domestic petroleum sector along with related and supporting industries and businesses. It will provide an entry point for the materials and equipment that will be needed to build petroleum industry infrastructure and plants. Suai will become a centre for the petroleum industry in Timor-Leste providing services, logistics, fabrications and human resources.

Public investment will be used to build:

- A sea port in Kamanasa, Suai, including container park, warehouse logistics area, office spaces and fuel storage facilities
- A housing complex in Kamanasa
- A heavy metals workshop
- Shipbuilding and repair facilities
- A rehabilitated Suai airport.

Suai Supply Base will become a national industrial base and logistics platform to drive job creation and economic development on the south coast. It will also support the establishment of petroleum centres at Betano and Beaço.

Betano Refinery and Petrochemical Industry cluster

The Betano cluster will consist of an industrial park where refinery and petrochemical industries will be located, along with a petroleum industry administration city. The city will provide housing and social services, and form a new base of employment on the south coast.

The establishment of a refinery and petrochemical centre will be achieved through cooperation between the public and private sectors. The Timor-Leste National Petroleum Company will play a crucial role in this development. The initial phase will establish a refinery with a capacity of 30,000 barrels per day, with capacity to progressively increase to 100,000 barrels per day as the petrochemical industries expand. Domestic fuels needs such as diesel, gasoline, jet-fuel and asphalts will be able to be provided by this refinery. In addition, many products from the refinery will be exported to increase our trade in oil and gas products.

Beaço LNG-Plant cluster

The Beaço LNG-Plant cluster will be the area in which the natural gas pipeline reaches Timor-Leste land and where the LNG plant to process the gas will be located. This cluster will incorporate the LNG-Plant complex and the Nova Beaço and Nova Viqueque developments. The existing airport at Viqueque will be refurbished with the capacity to operate as a fly-in-fly-out airport for LNG Plant operators, as well as serving as a regional airport.

The first phase of the LNG-Plant development will establish a production capacity of 5 million tonnes per annum (MPTA) or one train, which may be expanded in the future to a capacity of up-to 20 MTPA or four trains).

To connect the three clusters and support growth of the petroleum industry, a road will be built from Suai to Beaço. This road will be built in stages. Each stage will be developed according to economic need and the growth of the industry. The project will commence by 2015 and be completed by at least 2020.

Tasi Mane project phases

The Tasi Mane project will be undertaken over a 20-year period and comprise four stages, with stage 1 commencing immediately. The four stages are:

- **1st stage: 2011-2013** This will include the commencement of the first phase of Suai Supply Base, which will include the construction of a seaport with breakwater in the Kamanasa area, warehouses, office space and utilities along with the rehabilitation of the Suai airport and rehabilitation of connecting roads in the Suai/Kamanasa area.

- **2nd stage: 2013-2016** This will include the completion of the first phase of Suai Supply Base and commencement of the second phase, which will include the extension of the breakwater to cover a more protected berth area to cater for expected increases in commercial cargo demand. The construction of the new city of Suai will begin to provide housing and accommodation for workers. The construction of the first phase of the refinery project, with a capacity of 30,000 barrels per day, will start in Betano. The construction of the road between Suai and Betano will commence during this stage. First phase development of Nova Betano will also commence.
- **3rd stage: 2017-2023** This will include the completion of the first phase of the refinery project and the extension of the Betano - Beaço Highway. The LNG plant, Nova Viqueque and Nova Beaço will be constructed and the regional Viqueque airport will be refurbished and enlarged.
- **4th stage: 2024-2030** This includes the third phase of the Suai Supply Base; the second and third phases of the petroleum administration city; continued growth of petrochemical industries; and further expansion of the LNG-plant to accommodate additional trains if further gas discoveries are made.

TARGETS

By 2015:

- The construction of the Suai Port will have been completed
- The Suai airport will have been rehabilitated
- The first phase of the refinery project will have commenced
- The construction of the first section of road from Suai to Betano will have commenced
- Nova Suai development will have been completed
- First phase of Nova Betano will have commenced

By 2020:

- The second phase of the Suai Supply Base will have been completed
- The first phase of the refinery project will have been completed
- The Beaço Port will be completed

By 2030:

- The Tasi Mane project will have been completed, establishing a dynamic and integrated petroleum industry connected by a highway on the south coast of Timor-Leste

TOURISM

OVERVIEW AND CHALLENGES

With Timor-Leste's natural beauty, rich history and cultural heritage there is great potential to develop tourism as a major industry to underpin our economic development. A successful tourism industry will contribute income to the national and local economies, create jobs, build businesses and improve regional economic imbalances.

Timor-Leste is blessed with tropical waters rich in marine life, white sand beaches, spectacular mountain ranges, unique Timorese culture, Portuguese colonial heritage and resistance history. We also offer a calendar of special events, including the Tour de Timor bicycle race, the Dili 'City of Peace' Marathon and the Darwin to Dili Yacht Rally.

“We have so much natural beauty here but no-one can come and see it if we don't fix our roads.”

*Village leader, Uatulari sub-district,
Viqueque district, National Consultation,
1 May 2010*

Dili 'City of Peace' Marathon



The Dili 'City of Peace' Marathon is one of the biggest local sporting events of the year in Timor-Leste, attracting thousands of Timorese participants, expats and international athletes. The marathon also provides an opportunity to encourage Timorese runners, build the capacity of local athletics groups and promote messages of peace and unity.

The first Dili Marathon was held in June 2010 and attracted over 1,000 runners from 28 countries. In 2011, almost 5,000 people took part, including school children, Timorese from across our nation and international runners from around the world – coming from as far away as Kenya and the United States.

The marathon is now an annual event that attracts competitors, media and tourists from around the world to Timor-Leste. The event includes a full marathon (42 km), a half marathon (21km) and a seven kilometre 'Halai Ba Dame' (Run for Peace). The half and full marathons are timed, registered and accredited as an International Association of Athletics Federations (IAAF) standard race, with results able to be used to qualify for other IAAF marathons and world records. There is also a charity section in which participants raise money for non-profit organisations working in Timor-Leste.

Two new international partnerships will help to improve and promote the marathon. Our partnership with New York Road Runners will include training Timorese coaches in teaching the fundamentals of running to young people and supporting a small team of Timorese runners to compete in the ING New York City Marathon. The Organisation for Peace and Sport promotes the Run for Peace concept, which uses athletics to bring vulnerable populations together to deliver positive messages of social cohesion and peace in countries recovering from conflict. The organisation will help to set up and promote Timor-Leste's 'Halai Ba Dame'.

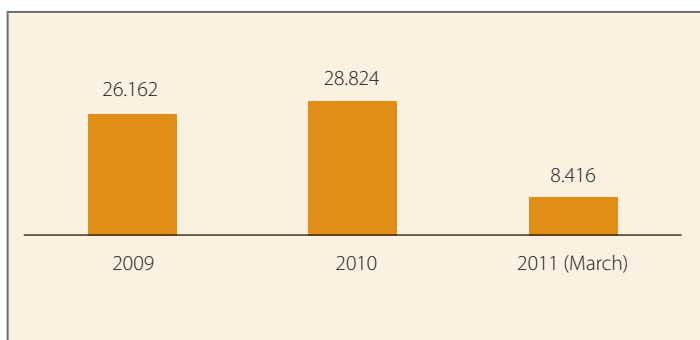
These partnerships – along with the support of other organisations and leading international runners – will help to establish the marathon's credibility, promote the 'Dili City of Peace' campaign and strengthen the long-term prospects of the marathon as a successful, Timorese-run event.

With our traditional culture, the living history of our rural communities and the nation's beauty, Timor-Leste is able to provide visitors with a memorable experience. While our South East Asian region provides mature tourist offerings, Timor-Leste can attract visitors seeking boutique, adventure and eco-tourism experiences.

Our tourism sector is at its early stages of development with limited, but growing, numbers of international tourists and an emerging tourist infrastructure. The poor condition of the country's road network, limited accommodation options and relatively expensive air links provide challenges to the sector's growth. These challenges will be addressed as we develop our economy and embark on a major program of infrastructure construction.

Timor-Leste is also fortunate to be situated in the Asia Pacific with its growing international tourist market, which is tracking the rising economic fortunes of the region. The granting of tourist visas in Timor-Leste has been increasing year by year, as can be seen from the graph below, although not all visitors receiving such visas enter the country solely for tourist purposes.

Figure 23 Timor-Leste tourist arrivals, 2009 to March 2011



Data from Airport, Seaport, Batugade, Salele, Bobometo and Sacato Border Posts

STRATEGY AND ACTIONS

In a global market seeking new and authentic tourist offerings, Timor-Leste will position itself to provide a range of tourism experiences that take advantage of our natural beauty, culture and heritage. This will allow Timor-Leste to differentiate itself from mass market tourist offerings and appeal to the growing market segment seeking boutique and unique experiences and locations.

Timor-Leste will also develop niche market offerings for visitors seeking adventure tourism, scuba diving and marine tourism, trekking or cultural and historical tourist experiences. Over the short to medium term, we will also build our capacity to host international conferences and conventions.

The following markets will be targeted:

- Eco and marine tourism
- Historic and cultural tourism
- Adventure and sports tourism
- Religious and pilgrimage tourism
- Conference and convention tourism.

Our resistance history



Many visitors to Timor-Leste are interested in learning more about our struggle for self-determination and independence. There are many locations across the country of great significance to the resistance movement, including sites where major battles were fought against the occupiers and where crucial meetings of the resistance were held.

We will develop signage, printed and web-based material to guide visitors to these sites and to give them an understanding of the terrible conditions faced by the resistance movement and the great courage and determination of our resistance fighters.

Sites that will be highlighted include:

- Soibada (Manatuto) — where in May 1976 the basis for an organised resistance movement was established following the Indonesian invasion of Timor-Leste in December 1975
- Mt Matebian in the country's east — where 140,000 civilians were encircled and bombed by occupation forces in November 1978
- Laline/Lacluta (Viqueque) — where the first national conference for the organisation of the country was held in March 1981 at which a new resistance strategy was adopted
- Lari-Gutu (Viqueque) — site of the first ceasefire negotiations between the Commander of the Indonesian military and the Timor-Leste resistance on 20 March 1983.

Other locations of significance to our struggle for independence, and where tourists will be encouraged to visit, include the Palácio do Governo in Dili (where FRETILIN unilaterally declared Timor-Leste an independent nation on 28 November 1975) and the Santa Cruz Cemetery in Dili (where at least 250 pro-independence demonstrators were massacred in November 1991) — an event that was captured on film and subsequently attracted international condemnation, strongly turning world opinion against the occupation of Timor-Leste.

In preserving these sites, not only will we give visitors an insight into our experiences, we will also preserve our proud history of resistance to occupation for future generations of Timorese and honour those who gave their lives in the fight for an independent Timor-Leste.

To cater to this tourist market, we will need to improve our core infrastructure including roads and bridges, electricity, telecommunications, airports and seaports. As major infrastructure projects are undertaken, the tourism industry will be developed to respond to the increased accessibility of our country. Planning for infrastructure, including the prioritisation of projects, will consider the needs of the tourism industry to ensure that the industry is not held back by poor access or a lack of critical infrastructure. The importance of the sector to Timor-Leste's future will ensure that our infrastructure program prioritises projects such as upgrades to Dili and district airports, district sea ports, roads and telecommunications.

Another key challenge is the limited human resources available to service a growing tourist industry. To address this shortcoming, a focus of our education and vocational training sector will be the development of skills for the tourism sector. Our tourism industry and education and training sector will work in partnership to ensure that students graduate with the skills and knowledge required by the tourism job market. This education and training will extend from secondary school level through to vocational training programs and on-the-job training. It will cover a range of areas including hotel management, hospitality, catering and restaurant service, and business management.

Local communities will also receive support to offer services to visitors including accommodation, guide services and food preparation. To raise their profile, communities will be assisted by new information technology options and internet access that will link travelers to local businesses and attractions. The restaurant industry will be regulated to ensure appropriate industry standards are met and to establish a foundation for providing special dining experiences including Timorese, Portuguese and African food.

The taxi industry will be further regulated to ensure that it provides the standard of service expected by international visitors. This will include a complaints mechanism, standardised fares, minimum car standards and a regulated fixed price ticket system at Dili airport.

Religious and pilgrimage tourism



Faith and religion is of great importance to our people. Throughout Timor-Leste, our culture and belief is enriched by Lulik (sacred), the animist faith, in which the spirits of the dead are worshipped. These spirits arise in our landscape, rocks, animals, streams and objects that are endowed with spiritual power. Showcasing our Lulik sites and objects and the teaching of our Lulik beliefs and heritage will provide a unique opportunity for visitors to better understand our land and our people.

The importance of religion in Timor-Leste is most apparent to visitors as they arrive in Dili for the first time. Cristo Rei, the 27 metre statue of Christ atop a globe, looks down across the city and our beautiful beaches and hills and remind visitors of the similar landmark in Rio de Janeiro, Brazil. Cristo Rei is reached after climbing over 500 steps, past the Stations of the Cross, giving visitors stunning views from the reflective shadow of the statue of Jesus Christ.

We will also develop tourism centred around religious pilgrimages. One of our most important sites is Soibada which is overlooked by the Aitara Hill on which stands a great banyan tree. Next to that tree is a shrine dedicated to Our Lady of Aitara where, many years ago, the Virgin Mary is said to have appeared to several women. To mark this appearance, a shrine, church and convent were built near the site over 100 years ago. The site of the church and shrine is atop a steep hill surrounded by dense jungle and is reached from an impressive set of stairs. The Our Lady of Aitara Shrine will be promoted to become an international pilgrimage destination.

Another site for pilgrimage is the summit of Mount Ramelau, where a statue of Virgin Mary is visited by many people who travel great distances to show their faith and devotion to God in a place of stunning natural beauty.

To be able to provide tourist specific infrastructure, the government will have to work in partnership with the private sector. A mature industry will require the development of hotels, eco-resorts, restaurants, galleries and tourist offerings such as boating, scuba diving and fishing. In many instances, this will require a partnership where government land is leased to the private sector in return for the building of tourist facilities. This engagement with the private sector will also involve providing support and assistance to private sector efforts to build tourist focused businesses in Timor-Leste.

While the whole country offers real opportunities and attractions for the tourism industry, initial development of the sector will focus on areas identified in the National Planning Framework as having comparative advantages for reasons of accessibility, density of tourist offerings and an existing track record of success. (See Part 4 - Rural Development, National Planning Framework) Three tourist zones are proposed: Eastern, Central and Western.

THE EASTERN TOURIST ZONE

The Eastern Tourist Zone will extend from Tutuala through to Com and Baucau and along the coastal road to Hera. This zone will be a highlight of Timor-Leste's tourist offerings and showcase pristine tropical beaches and stunning mountain scenery, and offer adventure trekking, historical Portuguese architecture and local village culture.

The zone will begin with Jaco Island and Tutuala, which will offer an authentic eco-tourism experience. The development of local tourist infrastructure at Tutuala will be a priority with support given to the rehabilitation of the Tutuala Pousada to provide a spectacular base from which to explore the surrounding area. Local businesses will be encouraged to offer diving, fishing and boating trips to secluded and untouched beaches. Trips to Jaco Island, with its beautiful beaches and marine life, will be marketed as the highlight of a visit to the region. To facilitate increased tourism in this area, road and telecommunications infrastructure will be substantially improved and relevant education and training offered to the local population.

The nearby fishing village of Com will also grow as a tourist base for the area. With expanded port facilities and pristine beaches, Com will be a key tourist location. It will be developed as a centre for homestay accommodation to give visitors an authentic opportunity to experience Timorese life and culture. Local businesses will be supported to provide fishing and boating tours to nearby secluded and untouched beaches.

Com will also be significant as the village at the start of Timor-Leste's new and most significant tourist route, the Great Northern Coast Road. This tourist route will travel through Lautem, Baucau and Manatuto towards Dili before extending west through Tibar and Maubara and ending in Balibo with its high coastal views. Extensive signage, quality maps and tourism infrastructure will be provided along this coastal route.

Travelling along the Great Northern Coast Road from Com, between ocean and rice fields and past the historical town of Lautem, tourists will arrive at the Eastern Zone's tourist base of Baucau. Baucau, Timor-Leste's second largest city, will provide a full range of accommodation options from backpacker style to high end eco-tourist resorts. The opening of the Baucau airport will provide a gateway to the city for those who do not arrive by road and will offer the option of direct international flights.

The establishment of a premium eco-tourist resort will be supported on Baucau's seaside along with less expensive beachside bungalow style accommodation. Baucau's fishing village, with its pristine tropical waters, will be promoted as a highlight of a Baucau visit. In the old town, the city market will be refurbished to provide a cultural and craft centre with a cafe and regional Tourist Information Centre. The refurbished market building will showcase Portuguese colonial architecture and highlight our cultural heritage. The nearby spring water swimming complex will also be refurbished to provide a unique swimming experience among lush tropical gardens.

Baucau will also serve as base for trekking and cultural tours to nearby Quelicai and the sacred and spectacular Mount Matebian. With trekking to climb Mount Matebian as a focus, visitors will be able to hike through rural villages, stay at local guest houses and learn about the culture, heritage and important resistance history of this untouched landscape.

From Baucau, the Eastern Zone will head towards Dili where it will end at Hera. The journey along the Great Northern Coast Road towards Hera winds through local villages, rice fields and mountainous landscapes. This journey will provide coastal eco-tourist accommodation options that will also act as staging points for local scuba diving trips, fishing and whale watching. The rehabilitation and widening of the Dili-Baucau road will make this critical tourist route more accessible and the road will be signposted to highlight attractions and provide traveller information.

Nino Konis Santana National Park



From Tutuala, the Eastern Tourist Zone will continue to the town of Lospalos, which can provide a base to explore a spectacular area that includes Timor-Leste's first national park, Nino Konis Santana, which takes in much of the Lautem area.

Nino Konis Santana will be promoted with a visitors' centre, the training of local guides and walking tours. A Timor-Leste Tourist Information Centre will be set up at Lospalos to provide advice and assistance to travellers in the region and to organise homestay accommodation.

THE CENTRAL TOURIST ZONE

The Central Tourist Zone will take in the capital of Dili as well as Atauro Island and the Maubisse region. As the capital and the primary gateway to the nation, a proactive tourist development project will be undertaken to ensure that Dili provides visitors with the full range of services and options expected of a national capital. This will include extensive accommodation options to cater for visitors on all budgets, including high end tourists seeking resort style accommodation.

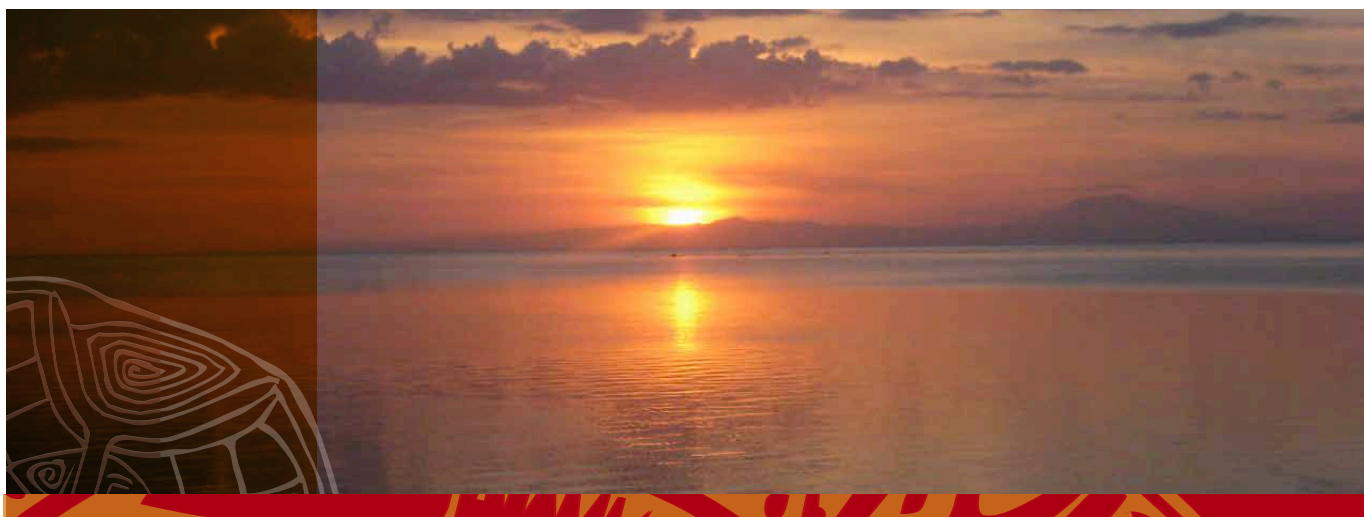
A Timor-Leste Tourist Information Centre will open in Dili to provide information on places of local interest. Dili will be a city that showcases its Portuguese colonial history through the protection and rehabilitation of Portuguese buildings and monuments. Timor-Leste's unique political and resistance history will also be promoted, including sites of significance such as the Santa Cruz Cemetery, the Resistance Museum and the Museum of the Timor-Leste Commission for Reception, Truth and Reconciliation, also known by its Portuguese acronym CAVR, which covers the events of 1975 to 1999 in Timor-Leste. A new Museum and Cultural Centre of Timor-Leste and a new National Library and Archives of Timor-Leste (see Part 2 – Culture and Heritage) will become important institutions of national culture and heritage, and galleries that highlight and protect our arts and crafts will be encouraged.

Dili's ocean location will be promoted, including Cristo Rei. A waterfront development initiative will be implemented to beautify the foreshore and create beachside walking paths lined with coconut trees. Cristo Rei will remain a significant focus and Dili landmark and a sustainable eco-resort will be established at the beach behind Cristo Rei.

Dili will grow as a dynamic and cosmopolitan city influenced by many of the world's cultures while also being a centre for Timorese cultural expression. The restaurant industry will be supported to grow and expand and will provide a range of dining experiences that draw upon our fresh local produce, including fish and seafood, and our Asian, Portuguese and Portuguese African influences. The food industry will be well regulated to ensure food safety and the maintenance of international standards. Dili will be positioned as a unique place in East Asia that reflects its European, and particularly Portuguese, heritage while being a proud centre for Timorese culture.

Dili will also be the gateway to the island of Atauro where tourists can experience a true tropical island getaway with pristine beaches, rural villages, trekking and fishing. Atauro Island will be promoted as a scuba diving centre and low impact eco-lodges will work with local communities to provide tourists with authentic and remote experiences. The sea between Dili and Atauro is rich in large marine life, including whales and dolphins, and whale watching and leisure boat charters will be encouraged both from Dili and the rehabilitated Atauro Island Port.

The Central Zone will also be a centre for trekking and visits to the mountains of Timor-Leste. The stunning mountain town of Maubisse will act as the base for adventure tourism in this area, including trekking trips to climb Timor-Leste's highest mountain, the sacred Mount Ramelau. Homestay and guest house accommodation will be supported, as will the rehabilitation of the landmark Maubisse guest house.



Atauro Island



Atauro Island is around 104 km² in area and 25 km long. It is a dry and fragile place and the population of 8,000 is spread across 20 small hamlets (five main village administration areas). Most people live around the coastline and fishing is an important part of their livelihoods. Fishing is still mostly traditional (spears and nets) and only a small percentage of fisher-people are professional, in that they make a living from the sale of fish).

Atauro is known for its woodcarvings and, at Tua Koin or in the villages, visitors can see (and buy) traditional and modern statues, carvings, eating tools, decorations and miniature boats

produced by local craftspeople. Visitors can also watch, learn and buy weaving that is unique to Atauro in the form of baskets, mats and hats.

Atauro is fringed by a reef which is still pristine in the majority of locations around the island. The diversity of marine life ranges from large mammals (whales, dolphins and dugongs) to reef fish, sharks, hard and soft corals, nudibranchs, sea cucumbers, worms, shells, starfish, eels and turtles. Atauro is also a paradise for birdwatchers due to the diversity of its bird life, with some birds exclusive to the island.

THE WESTERN TOURIST ZONE

The Western Tourist Zone will encompass a loop from Dili along the Great Northern Coast Road to Balibo, before travelling to Maliana and the mountain areas of Bobonaro and back through the coffee plantations of Ermera and on to Dili via Tibar.

The western part of the Great North Coast Road will provide a number of eco-lodge and resort style accommodations that draw on the heritage and history of local communities. The seaside township of Liquiça will showcase its charming Portuguese era architecture and provide a perfect day trip from Dili. Travelling further along the coast road, the Maubara Dutch Fort will be promoted as a centre for art and traditional Timorese crafts. The road loop will then rise to the historic town of Balibo with its Portuguese Fort looking down across Timor and Indonesia to the ocean. The Portuguese Fort will be restored and developed to provide a heritage influenced boutique hotel experience within the fort walls. A small museum of local Balibo history will be established and the fort's Portuguese house will become a cafe and base from which to explore the history of the area.

The road loop will continue to Maliana which, as the economy expands, will grow as an important base of economic development in the west. The Maliana airport will be able to service return tourist flights to explore the beauty and history of Oe-Cusse Ambeno. Maliana's nearby hot springs will be strongly promoted. With road improvements undertaken, visitors will be able to travel from Maliana through to Ermera on the return trip to Dili. This journey will offer mountain views as tourists enter organic coffee growing areas and experience firsthand local communities producing world class coffee for export.

Hot springs of Marobo



The hot springs near Marobo will be a highlight of a visit to the Western Tourist Zone. They are reached by travelling along a spectacular mountain road and provide a hot springs experience with mineral waters that reinvigorate the body.

The springs, in a complex of Portuguese ruins and a former guest house, are reminiscent of old European hot springs and provide a relaxing escape for the visitor. The hot springs will be developed into an important tourist attraction for the region.

The road to the springs will be improved and signage will be provided. The ruins and paving around the site will be rehabilitated as will the guest house, which will become a cafe and bar. The site will be developed in sympathy with its important heritage value, with additional pools constructed further down the slope from the current pools. As the water cascades down from the top pools, it will cool and be collected in a series of lower pools. This will allow visitors to select their preferred temperature and have a unique Timorese bathing experience.

TOURIST MARKETING

An international tourist marketing strategy will be developed to promote Timor-Leste as a preferred destination for travel. The will include 'branding' Timor-Leste as an unspoilt boutique tourist destination, along with implementing an integrated marketing, advertising and public relations strategy. Tourism marketing will evolve as the economy grows and our tourism industry matures.

The strategy will adopt various advertising techniques in key markets to build awareness of Timor-Leste's tourist potential. The goodwill towards Timor-Leste and our people will be used as a basis from which to promote visits and our network of embassies and consulates will also be used to disseminate tourist information and our key messages for attracting tourists.

Influential travel journalists and writers will be encouraged to visit the county, as will television travel programs. Partnerships will be established and nurtured with global partners and associations in the travel industry that guide tourists to travel destinations. This will include working with tourist agencies and booking websites to offer Timorese travel packages and options. With a global tourist market driven by internet research, visitor comments and booking websites, Timor-Leste needs a web presence and internet booking capability to be able to compete internationally. At first instance, closer tourist operator relationships will be forged with Australia, Portugal, Indonesia, China, Malaysia and Singapore before extending globally.

In order to succeed in this competitive global market, Timor-Leste will embark on major exhibitions promoting Timor-Leste and international 'road shows'. After our very positive participation in the Shanghai World Expo, Timor-Leste will make a major commitment to build on this exposure through participating in the 2012 World Expo in Seoul, South Korea.

World Expo



Timor-Leste's participation in the Shanghai World Expo registered 4.5 million visitors to our national pavilion.

The Timor-Leste Pavilion described (literally and symbolically) the cycle of a day in Timor-Leste.

With the help of lighting, the country's natural scenery and scenes of the work and entertainment of our people were displayed, showing the harmonious coexistence between humanity and nature.

TARGETS

By 2015:

- Critical tourist infrastructure will have been built or rehabilitated, including the Dili airport and regional airports and improved telecommunications infrastructure
- Roads on key tourist routes, including the Great Northern Coast Road from Com to Balibo, and from Maliana through Ermerato Tibar, will have been rehabilitated and signposted
- A tourism and hospitality training centre will have been established in Dili
- Comprehensive tourist packages will have been developed for each of the Eastern, Central and Western Tourist Zones
- A tourist promotion marketing strategy will have been promoting Timor-Leste internationally for several years, including an annual calendar of special events
- Government will have been working with the private sector to develop tourism infrastructure that supports the key areas of eco-tourism and marine tourism, historic and cultural tourism, adventure and sports tourism, and conference and convention tourism
- Tourist Information Centres will have been established in Dili, Lospalos and Baucau

By 2020

- Key tourism destinations will be operating with upgraded infrastructure, well established local activities and businesses, and promotional materials

By 2030:

- Timor-Leste will have a well developed tourist industry attracting a large number of international visitors, contributing substantially to national and local community income and creating jobs throughout the nation

PRIVATE SECTOR INVESTMENT

OVERVIEW AND CHALLENGES

To build our nation and provide jobs and income for our people, Timor-Leste needs to attract investors to our key industry sectors, partner with international firms in building our infrastructure and support local firms to start-up and grow.

Potential investors must have confidence that they are entering a competitive, fair and open business environment and have certainty about our business and investment regulations and processes. At the same time, we have to make sure that we retain control of our resources and assets, and set directions for their development that benefit all our people.

We also need to ensure that Timorese business people have the skills and support they need to identify business opportunities, start up a business, expand into new areas or markets, or start exporting. As discussed in this and other parts of the Strategic Development Plan, there are many potential business opportunities for our people in areas such as cultural and craft products, tourism, agriculture and the petroleum industry. For many Timorese people and communities, the best way to secure their futures may lie in establishing micro businesses in growing industry sectors such as tourism, small scale manufacturing and high value cash crops. However, to succeed in these businesses, many of our people will need support to access finance, as well as training in good business practices.

“We want to develop our petroleum industry to bring benefits to all our people.”

.....
Local citizen, Uatucarbau sub-district,
Viqueque district, National Consultation,
30 April 2010

STRATEGY AND ACTIONS

We will set a number of new economic policy directions to underpin Timor-Leste’s future growth and development and to ensure that all our people benefit from this development. These directions will include reforms to improve the business and investment environment in Timor-Leste, provide better access to micro finance and create a new National Development Bank.

BUSINESS AND INVESTMENT ENVIRONMENT

The future sustainability of the economy of our nation depends upon building a mature private sector and we will give priority to building a business and investment environment that supports the start-up and expansion of businesses.

The development of a diversified private sector and the establishment of new businesses and industries are essential to create jobs for our people and allow us to make the transition to a non-oil economy. Our business environment is improving, but there is still much to be achieved. Areas that require improvement include contract enforcement, property registration, land tenure and dispute resolution. In addition, our poor telecommunications system, basic infrastructure and developing finance sector can become obstacles to business development.

The reforms we have made so far give Timor-Leste one of the most business-friendly taxation systems in the world. We have also streamlined our customs processes. Importantly, we have streamlined our business registration requirements and processes, making it easier and quicker to set up a business.

Three draft laws are under consideration to address some of the fundamental legal obstacles to investment. These are the:

- Civil Code to address contracts enforcement
- Land Law to provide security of land for lease or ownership
- Labour Law to define labour relations and provide protection for both employers and employees.

A new investment law and reforms being instituted to set up a 'one stop shop' for business will further improve the investment environment. These initiatives, along with the creation of the Timor-Leste Chamber of Commerce and Industry, will establish a sound foundation for the development of a strong private sector.

The passage and implementation of the Civil Code, Land Law and Labour Law will be a significant step. While considerable effort will be required to build our capacity to implement these laws, they will make a major difference to our business environment. Property will be able to be used as security to access credit and certainty over ownership rights will allow secure development. The Civil Code will provide for enforceability of contracts, giving confidence and security to domestic and international investors, and the Labour Law will provide certainty and predictability in employee-employer relationships.

The reforms to set up the 'one stop shop' will continue so that business people have one easy access point to government. In addition, e-government will be embraced to provide an efficient alternative for interaction with government.

The capacity of Timor-Leste's investment attraction body, TradeInvest, will be improved to allow it to provide information and advice to potential domestic and international investors.

The private sector will be supported through the Timor-Leste Chamber of Commerce and Industry, which will provide advice to companies on all areas of doing business in Timor-Leste and provide training to improve human resources in the private sector.

Further reform will be undertaken as the economy develops. This will include a review of commercial laws impacting on business and the development of a bankruptcy law. The current dispute resolution system will be strengthened by improving the capacity of the justice system to resolve commercial disputes and establishing effective alternative dispute resolution mechanisms. This will include consideration of whether to provide foreign investors with recourse to the International Chamber of Commerce's International Court of Arbitration.

Along with our major infrastructure program (see Part 3), the development of our banking and finance industry and our growing economy, these reforms will ensure that Timor-Leste establishes and sustains a business- and investment-friendly environment.

NATIONAL DEVELOPMENT BANK

The development of a strong private sector in Timor-Leste is constrained by limited or no access to credit and long-term finance at affordable rates.

Our businesses need credit to invest, expand, purchase goods and equipment, and upgrade facilities. There is a significant demand in Timor-Leste for credit so that hotels can be upgraded, retailers can purchase a greater range of stock, construction of housing and offices can occur and construction companies can purchase heavy equipment.

At present, there are three commercial banks operating in Timor-Leste that take deposits and provide foreign exchange and international transfer services. These banks provide limited services outside Dili and engage in only a minimum of commercial lending activity. This has resulted in significant unmet demand for long-term finance at affordable rates. This unmet demand is estimated to be around \$50 million. To accelerate economic growth and the development of the private sector, additional finance needs to be available.

A National Development Bank will be established to improve access to long-term financing by the private sector. This Bank will allow Timorese businesses to grow, employ labour and build the economic infrastructure of our nation.

The National Development Bank will provide credit to the private sector beyond the capacity and willingness of other financial institutions. The Bank will focus solely on lending to address unmet demand for credit and will focus on our nation's strategic directions in regard to the growth of the private sector and the development of domestic financial markets. Because of the Bank's limited functions, it will not require an extensive branch network or a large number of staff, which will keep operating expenses at reasonable levels. All loans will be extended on the basis of normal credit criteria and purely on a commercial basis at competitive, but not concessional, interest rates.

The National Development Bank will be majority owned by the State, but will involve equity partners including Timor-Leste citizens and a well regarded foreign commercial bank. The equity partners will provide access to technical expertise and promote good governance structures, policies and culture.

The Bank will operate on a commercial basis and be managed by an expert and independent board of directors. The board will insulate the National Development Bank from non-commercial pressures. The Bank will become profitable within a reasonable period of time to preserve its capital.

TIMOR-LESTE INVESTMENT AGENCY

Timor-Leste needs to diversify our economy and establish new businesses and industries. A diversified economy is a stronger economy and one that will provide broad investment and employment opportunities.

Government investment companies have been used successfully in other countries to build local skills bases, establish manufacturing industries and support the financial sector. In supporting the diversification of the economy and addressing supply gaps, government investment companies can contribute to more rapid economic growth.

There are international examples of successful government investment companies that show that with good governance, strict and clear investment guidelines, independent management and commercial operations, a significant contribution can be made to developing domestic industry while at the same time providing an attractive return on investment capital. Most government investment companies start with investment capital of around \$200 to \$500 million, which is needed to support diversification across industries and to invest in large infrastructure projects.

We will establish a Timor-Leste Investment Agency to assist in the development of new industries, build a domestic skills base, broaden the base of our economy and decrease our reliance on imports. The Corporation will assist with the development of investment opportunities and help to deliver major strategic projects that have a commercial focus. It will support Timor-Leste's transition from an oil economy to a non-oil economy by promoting investment in sectors of the national economy that are vital to our economic growth and development.

The Corporation will be funded exclusively with public capital and will be owned by the government. Its mission will be to promote the development of commercial, industrial and other economic activities that are critical to developing and diversifying the economy of Timor-Leste.

The Timor-Leste Investment Agency will operate in accordance with commercial principles and management approaches. It will have an independent board of directors that will be required to report to government on business strategies, investments, financial returns and projections and dividend policies.

MICRO FINANCE

Access to credit is a problem for small business people and individuals in Timor-Leste, especially those living in our rural areas. A lack of credit prevents the expansion of small businesses, limits the ability of our people to start businesses and inhibits the growth of our economy.

The government-owned Timor-Leste Microfinance Institute was established in 2001 and provides small loans, most of which are secured by public sector salaries. The institution currently operates under legal restrictions that include a ceiling of \$5 million in deposits that can be taken from the public, restrictions of the amount that can be loaned (no more than \$5,000 per loan) and it cannot call itself a bank.

The Institute has expanded into eight districts and allows civil servants to set up accounts through which they are paid their wages and salaries.

Our vision for the Timor-Leste Microfinance Institute is that it will transform itself into a truly Timorese commercial bank that provides financial services to Timorese people throughout the country. The Institute will be expanded to become a small commercial bank to serve our people, provide credit and banking services, and promote national and rural development. It will provide services to individuals and to micro, small and medium enterprises.

The Institute's strategy will be to operate with an unrestricted Category B licence as a professional and commercial bank registered under the new name of Banco Nacional Commercial de Timor-Leste. This will include expanding the range of products that it offers its customer base. The new bank's geographic coverage will also be expanded with branches in each district, as well as mobile banking units and mobile phone and internet banking. In order to be able to provide services to all our people and promote rural development, the Banco Nacional Commercial de Timor-Leste will develop an expansion strategy to provide sub-district branches. The bank will continue to be fully owned by government and will have an independent and expert board of directors.

SPECIAL ECONOMIC ZONES

In the past there has been very little planning in Timor-Leste in terms of the comparative advantages of each region, access to markets and infrastructure. The development of agricultural and other private sector activity in Timor-Leste has largely come about as a result of traditional practice.

As discussed above in Part 4 – Rural Development, to address this issue a National Planning Framework will be developed and implemented to guide the acceleration of sustainable economic growth and equitable development from national level to suco level.

A comprehensive review involving all interested parties will be conducted to assess the benefits and risks of applying a special set of business laws and regulations in Special Economic Zones. The aim will be to use tax incentives or customs and import duty exemptions (for example) to make Special Economic Zones attractive to foreign companies seeking to invest or establish a business in Timor-Leste.

Geographically based economic zones are common throughout the world. They have been established in China, Indonesia, India, Angola, Brazil and Malaysia, among many other countries, to enhance a region's competitiveness in attracting foreign investment. These zones are also known as Foreign Trade Zones, Export Processing Zones, Special Purpose Zones (which cover a specific type of manufacturing or service industry) and even Freeports, which may encompass a whole 'international city'.

Through creating a more certain regulatory and tax environment, as well as allocating land on which to construct facilities and buildings under a long-term lease arrangement, these zones can become centres for rapid economic growth. The advantage for Timor-Leste is that Special Economic Zones can be established without requiring reform to the laws and regulations that cover our whole country. In this way, Timor-Leste could provide more streamlined and certain regulatory and lower tax environments than our international competitors. Both domestic and international business would be encouraged to set up within Special Economic Zones to drive domestic development, competitiveness and entrepreneurship.

The benefits of Special Economic Zones to Timor-Leste include:

- Promoting industry and service sector development, particularly in targeted sectors
- Creating jobs and generating national income
- Growing export industries
- Creating international business opportunities
- Improving national infrastructure
- Trialling the application of new policies or laws as a model for nationwide development and economic reform.

There are risks in providing too many exemptions in Special Economic Zones, including the displacement of domestic investment, uneven domestic development, the avoidance of national economic reform and negative consequences if labour or environment laws are relaxed. We need to carefully assess and weigh these risks against the potential benefits before deciding on the nature of the incentives to be introduced in Special Economic Zones.

The review will include consideration of the economic, social and legal barriers to the establishment of specific business incentives in Special Economic Zones and an analysis of the industries that would be the most likely to flourish in such zones and bring the greatest benefits to Timor-Leste.

Implementation will require making decisions about which of our laws will apply in the zone and whether alternative laws need to be prepared. The laws to be considered will include those covering business, investment, employment, land, bankruptcy, occupational health and safety, environmental protection, taxation and customs.

TARGETS

By 2015:

- The Civil Code will be in force to support contract enforcement, a Land Law will give security of ownership and certainty in development and a Labour Law will have been passed to clearly define the legal rights and obligations of employers and employees
- Processes for business registration and licensing and obtaining a construction permit will be efficient
- The 'one-stop-shop' for business will be well established and operating effectively
- A National Development Bank will be operating, overseen by an independent board of directors. The Bank will be providing long-term finance on a commercial basis at competitive, but not concessional, interest rates
- The Timor-Leste Investment Agency will be established and contributing to the emergence of new industries and the diversification of the Timor-Leste economy
- The results of a comprehensive review to assess the benefits and risks of applying a special set of business laws and regulations in Special Economic Zones will have been implemented



PART

5

INSTITUTIONAL FRAMEWORK



Stability and security are necessary preconditions to social and economic development. After many years of conflict, Timor-Leste's goal is to be a stable and secure nation that recognises the rule of law and provides access to justice for all our citizens.

PART 5 INSTITUTIONAL FRAMEWORK

Stability and security are necessary preconditions to social and economic development. After many years of conflict, Timor-Leste's goal is to be a stable and secure nation that recognises the rule of law and provides access to justice for all our citizens. Achieving these goals will require the development of transparent, accountable and competent institutions across our civil service, our security sector and our justice system.

It will also require the development of a professional, respected defence force that is under democratic control and that has the capability to defend our nation, while also contributing to efforts to tackle threats to regional and global peace and stability. In a challenging global environment, we will adopt an outward looking, collaborative approach to foreign policy to encourage stronger cultural, economic, and trade relations with other countries and be an active, contributing member of the international community.

“We want a professional PNTL that will protect us, that is neutral so we can trust it to solve our problems.”

*Kiosk owner, Uatucarbau sub-district,
Viqueque district, National Consultation,
30 April 2010*

SECURITY

OVERVIEW AND CHALLENGES

As a new country, with a legacy of past conflict, Timor-Leste must adopt approaches to security that reflect our circumstances and fragile context. This has involved the reconstruction of our security sector after it became largely dysfunctional following unrest in 2006.

Achieving security has been a top priority for Timor-Leste and the reconstruction process has included building a professional police force with merit-based appointment and promotion, rebuilding our security institutions and introducing principles of good governance. Investment in equipment and police infrastructure, including police accommodation, has improved the operation as well as the impartiality of the force. In regard to the duties of the police, our Constitution states in section 147(1) that:

The police shall defend the democratic legality and guarantee the internal security of citizens, and shall be strictly non partisan.

To direct the process of reform and maintain effective political oversight and control, a High Level Committee for the Reform and Development of the Security Sector has been created. This Committee comprises the Presidency of the Republic, the National Parliament and the Government and operates on a consensus basis in relation to the reform of institutions and a strategic approach to security. This process has resulted in the proclamation of a foundational legal framework in the National Security Law and the Internal Security Law.

Part of the reform process is building a professional, disciplined, responsive and competent police force that can ensure the safety of our people, preserve the integrity of our democracy and uphold the rule of law. This has involved the successful transfer of policing responsibilities throughout the country from the United Nations Police to the Polícia Nacional de Timor-Leste (PNTL). In building the trust of the Timorese people in the PNTL, we seek to develop a police force that continues to secure our safety, conduct professional criminal investigations and protect our borders.

Security sector reconstruction has contributed to several years of peace and stability and it is an absolute priority for Timor-Leste to continue our development in peace to achieve a prosperous and safe nation. However, there are many challenges associated with this reconstruction effort, including building our human resources, developing a robust framework of laws and regulations, and providing the necessary equipment and infrastructure to our security institutions.

Dili 'City of Peace' Campaign



His Excellency President Jose Ramos-Horta initiated the 'Dili City of Peace' campaign to turn Dili into a model of peace and a city known for its positive and hopeful outlook. The campaign aims to promote the peaceful social conditions that are essential to providing a strong foundation for national stability, sovereignty and unity in Timor-Leste.

Through the campaign, emerging young Timorese leaders are brought together to discuss the challenges facing Timor-Leste and to express and explore their ideas on preventing future crises and creating sustainable peace.

The campaign has also initiated major events such as the Tour de Timor and the Dili Marathon to consolidate stability and unity across Timor-Leste by fostering national pride and providing opportunities for communities to rally together to host international guests. These events also demonstrate the successful engagement of Timor-Leste's security services in peacetime activities.

The President chose Dili as the starting point for this campaign because the city is often the starting place for social trends – both positive and negative. It was in Dili that the problems which led to the 2006 crisis first emerged, so it is from Dili that the peace campaign will begin to promote the ideals of peace throughout the country. By transforming Dili into a city of peace where positive things happen, the campaign hopes to be the starting point for preventing violence, conflict and problems from spreading country-wide.

STRATEGY AND ACTIONS

We will implement a comprehensive and long-term strategic plan to make sure the security sector can undertake its role of serving our people and ensuring the peace, safety and stability of our nation. The objectives of this plan are to:

- Maintain security according to the law to guarantee the safety of people and property and public order
- Reform and develop the legal framework and regulations for the security sector
- Create mechanisms for the prevention and management of conflict to change attitudes and mentalities so that people can respect difference in our democratic society.

To achieve these goals, we will need to strengthen human resources within the security sector, provide necessary infrastructure and equipment to the sector, and build trust in the sector among our people.

Our long-term plan for the security sector will be implemented through a series of five year plans. The first five years focus on establishing the foundations for reform, ensuring the legal framework is in place and building the institutions required to provide security. The areas of focus for this first period of the security sector plan are summarised below.

Legal Framework

A comprehensive legal and regulatory framework will be developed for the operation of the security sector. Decree and organic laws will be in place for each security institution, including civil protection and immigration laws, and there will be continued development of regulations governing the operation of the PNTL, including the preparation and finalisation of internal regulations to enforce police processes and procedures, disciplinary procedures, investigation protocols and good governance measures.

Human Resources

The development of our human resources will be critical to ensuring that we have the capacity to effectively and professionally operate our security sector. This will be achieved through a comprehensive program of human resources development and workforce training, including:

- A well designed workforce plan to guide recruitment and the training required to meet current and future needs
- A well established PNTL career regime
- A legal framework to govern police career structures, salaries, pensions and promotion with the objective of developing a professional and disciplined police force with motivated and dedicated members
- Procedures and rules of recruitment based on merit that are fully transparent
- Professional training, including police basic training, focusing on cultural and behavioural change to reinforce the special obligations and duties of police offices and positive values and ethics.

PNTL Infrastructure and Logistics

Providing the infrastructure and logistical support required for the PNTL to undertake its mandate has been a challenge. But without equipment, a police force cannot operate. We will meet minimum infrastructure and logistics requirements in the initial years of the security sector plan as we build a police force with modern and sophisticated infrastructure support. Supporting the PNTL's infrastructure needs will include building police stations and providing communication systems, transport and weapons, as well as stationery, computer equipment and networks.

Stability and Public Safety

The core objective of providing stability and public safety will primarily be a responsibility of the PNTL. Actions in this area will include building the capacity of Police Special Units, establishing a well equipped and functioning National Operations Centre, and a focus on road safety. The National Operations Centre will be equipped with modern information and telecommunications technology to manage incident information and provide quick and coordinated responses to criminal activity and conflict situations. The centre will run regular mock incident events to test PNTL capability and identify areas for improvement. A Traffic and Road Safety Unit will be developed and trained to provide capacity to manage emerging traffic challenges in Timor-Leste.

Community Conflict Prevention

Timor-Leste is emerging from a fragile situation. In this context, it is a priority to prevent and address community conflict. Early warning and early response mechanisms are being developed as part of peace building measures and processes to prevent community conflict. The role of community conflict prevention will be the responsibility of the National Directorate for Prevention of Community Conflict, which will be strengthened through human resources development to undertake its mandate effectively.

Community Policing

Community policing will be promoted and be central to the basic training and professional development of police. A community oriented policing model for all police will be adopted as the guiding philosophy for the PNTL. This model will inform and guide management and operational decision-making and ensure that the PNTL focuses its role on community policing.

Border Management and Immigration

Border management will be strengthened by building the capacity of our Immigration Service and Maritime Units to respond to transnational crimes and to work effectively on border control issues.

Civil Protection and Protection of State Assets

The important functions of civil protection, along with the protection of State assets, will be prioritised according to a management plan. This function will involve establishing, where possible, an early warning system for natural disasters, as well as coordinated response plans to protect our people. Timor-Leste will also continue to develop the human resources and infrastructure and equipment required for an effective fire brigade.

External Agency Coordination and Cooperation

Our donors and partners have made a significant contribution to the reconstruction of our security sector and will continue to play an important supporting role. This assistance will be coordinated and matched to our needs and priorities to ensure that it accords with our nation's circumstances and context.

In subsequent five year phases of our plan for the security sector, we will build on and consolidate the operational capacity, reforms and achievements in the areas set out above. Over a 20 year period, the security sector (including the PNTL) will be fully reformed and operate with skilled and committed professionals supported by modern infrastructure and equipment, and governed by regulations that support effectiveness, accountability and good governance.

TARGETS

By 2015:

- Security sector reconstruction and reform will have delivered the human resources and institutional framework necessary to provide effective operational capacity across key areas, including crime prevention and investigation, public safety and border control
- A program to support the improvement of human resources, infrastructure and equipment will ensure that the fire brigade can undertake its functions efficiently and effectively.

By 2020:

- A modern and effective legal framework will be in place to govern the security sector
- A well trained and professional Traffic and Road Safety Unit will ensure that our roads are safe and that road laws are obeyed
- Human resources training and professional development will be providing a skilled and modern PNTL

By 2030:

- The security sector, including the PNTL, will be fully reformed and be operating with skilled and committed professionals supported by modern infrastructure and equipment, and governed by regulations that support the sector's effectiveness, accountability and good governance



DEFENCE

OVERVIEW AND CHALLENGES

For 24 years, FALINTIL and the people of Timor-Leste fought against foreign occupation without major external support.

Despite great challenges, hardship and losses, FALINTIL managed to stay organised and sustain its heroic resistance. Now, maintaining Timor-Leste as an independent country is the responsibility of all our citizens, not only because defending and guaranteeing the sovereignty of our nation is a fundamental objective of our State, but also because in doing so we pay tribute to those who died in the struggle for an independent Timor-Leste.

In developing a strong and professional FALINTIL-FDTL (Falintil-Forças de Defesa de Timor-Leste), we will be guided by the objectives of the Constitution of Timor-Leste in adopting a defence strategy that is based on diplomacy and deterrence as the primary forms of preventing and resolving conflicts. This strategy will include alliances with our neighbours and friends, contributing to regional and global defence discussions, and participating in international peacekeeping forums and forces.

Our strategic posture will be essentially defensive and based on respect for the rule of law. However, this posture does not renounce the use of force to guarantee our nation's independence: we will be prepared to defend our nation where deterrence, diplomacy and negotiations prove unsuccessful.

Our approach to defending our nation also recognises that there can be no security without sustainable economic development. This means that FALINTIL -FDTL, as well as being able to defend our nation from external threats, must also be able to contribute to cooperative efforts to improve national, regional and global stability and development.

STRATEGY AND ACTIONS

We will ensure that FALINTIL-FDTL (F-FDTL) has the capability to defend our nation, while also supporting Timor-Leste's internal security and civil society, and contributing to efforts to tackle threats to regional and global peace and stability. This will require F-FDTL to be a multidimensional and multidisciplinary force with the flexibility to fulfil several functions. Our defence policies and investment will reflect our belief that investing in national security is not a burden, but a vital investment in our nation's future – and one that is essential to Timor-Leste's advancement and development.

NATIONAL DEFENCE AND SECURITY

The national, regional and international security context of the 21st century is characterised by a variety of unconventional threats and risks, many of which are difficult to assess. At the transnational level, these threats include organised crime, terrorism, drugs and weapons trafficking, religious fundamentalism, environmental degradation and climate change, humanitarian disasters and pandemics that may threaten the lives of millions of people.

“We want a neutral, professional defence force throughout the whole country, to protect our sovereignty and support our national police to maintain peace and stability.”

*Teacher, Luro sub-district, Lautem district,
National Consultation, 23 April 2010*

These threats are non-military in nature and are not triggered by nations. They create different defence and security challenges to those of previous decades. Responding to these challenges will require a range of strategies that recognise three fundamental elements in the concept of security:

- **Human Security** – Security is not exclusively for the security of States; it is also for the safety and security of our people
- **Cooperative Security** – Successfully addressing these risks and threats will require international cooperation
- **Homeland Defence** – Ensuring the protection of our State against threats to its internal security.

Integrated defence and security policy

This new security context means there will be less of a demarcation between internal and external threats to Timor-Leste's security. Recognising this, Timor-Leste's National Security Law provides for the establishment of an Integrated National Security System. By integrating our defence and security policies, we will enhance our ability to respond to the full range of security threats Timor-Leste may face in the coming decades. This approach recognises that the security and independence of our nation depends not only on strengthening our military capabilities, but also on strengthening our civil society, building respect for the rule of law and human rights, supporting good governance and establishing strong and effective civil institutions.

Our geostrategic and maritime security

Timor-Leste is positioned in the strategic triangle between two oceans: the Indian and the Pacific. Our location at the confluence of important and busy international maritime routes, along with the growing use and exploitation of the sea, increases Timor-Leste's political and strategic potential – placing us in a pivotal position between the two important regions of the Asia-Pacific and South East Asia.

Most international organisations now recognise that collective international security is unattainable without the security of the seas. Sea-based threats such as terrorism, human trafficking, piracy and organised crime – along with threats to the freedom of navigation – must be tackled to protect the importance of maritime trade and the maritime environment to the global economy.

Timor-Leste's geographical location – along with the waters in our Exclusive Economic Zone (which are nearly five times our land area) and the wealth of our energy resources in the Timor Sea – mean that our nation's future is bound up with the sea. This raises particular challenges for the defence of Timor-Leste and for the development of the F-FDTL.

Timor-Leste will need a credible naval capacity to deal with the misuse of our national waters (through activities such as illegal fishing, illegal immigration, maritime terrorism, drug trafficking, piracy and pollution), as well as contributing to broader regional efforts to tackle maritime threats. We will need to build the capacity of F-FDTL and its naval component (CFNL) to undertake monitoring, surveillance, police and rescue activities in maritime zones under our national jurisdiction, while ensuring that these activities are supported by an adequate legislative framework through the maritime authority system.

FALINTIL-FDTL

Our vision and values for the F-FDTL are:

“Timor-Leste will have a professional and credible Defence Force able to defend its people and its territory, in a spirit of political exemption. It will be a point of national pride, keeping the best traditions of those who fought for freedom. It will be a source of employment for the society and an efficient and sustainable force in the future. The Defence Force will behave at all levels with integrity and altruism, for the benefit of the people of Timor-Leste.

“The values of the F-FDTL of Loyalty, Courage, Discipline and Respect must be embraced by all members to allow the force to gain the confidence and support of the people of Timor-Leste and its neighbours.”

The F-FDTL should be an important instrument of Timor-Leste's foreign policy and provide a vehicle for the affirmation of our national prestige and credibility abroad. It should demonstrate our national commitment to contributing actively to the international community's efforts to preserve world peace and stability. In parallel, the F-FDTL should be an instrument for mobilising the national will of Timor-Leste to attain excellence in selected areas and should contribute to a national 'spirit of defence' to prevent a climate of complacency that may be detrimental to our national strategic interests.

These responsibilities – along with the new security threats we face and the need for an integrated response to these threats – will have a significant impact on the reorganisation and restructure of the F-FDTL. The new model for the F-FDTL is for a fully integrated, joint force made up of five components (land, light naval, air support, support services and education and training) under the command of the Chief of Defence Forces.

Development of the F-FDTL

The strategic study 'Force 2020' is Timor-Leste's model for the consolidation and development of the F-FDTL, in accordance with priorities defined by the Minister or Secretary of State for Defence and the Chief of Defence Forces. 'Force 2020' sets out a balanced and versatile model for the F-FDTL that integrates a range of capabilities, produces greater flexibility and effectiveness, and establishes a process for cooperation between the F-FDTL and other security services to deliver the interoperability required by the Integrated National Security System.

Implementing the 'Force 2020' model will have significant implications for the organisation and operations of the F-FDTL, requiring legislative measures to reinforce democratic authority over the F-FDTL (including constitutional and legal frameworks, civilian oversight and management accountable to the President of the Republic and the Government and military operational measures (including restructuring of the F-FDTL and the preparation of the Force Development Plan 2011-2015).

The Force Development Plan aims to build the capabilities of the F-FDTL to ensure that it becomes more flexible and versatile, develops joint military capabilities with other security services and is ready to face unexpected challenges and threats. This new model for the F-FDTL includes:



- Twenty Defence Programs and 96 Defence Projects in the areas of human resources, equipment and infrastructure that will build and maintain the F-FDTL in a sustained manner
- A system of Command, Control, Communications, Computers and Information (C4I) to improve the mobility, flexibility and readiness of the F-FDTL
- New models for infantry companies, naval and marine multi-tasking units, and specific combat and services support units
- Improvements to recruitment and training practices
- Improvement and consolidation of the Military Information System to maintain high readiness levels and coordinate effectively with other security services and intelligence systems.

The development of the F-FDTL's capabilities are based on our assessment that, while external threats have not disappeared, there is a low probability of a direct military attack against our country. Accordingly, the F-FDTL must have the flexibility to respond to non-military threats and situations of varying intensity and complexity, including responding to threats to homeland security and supporting national development activities. The F-FDTL will also need the capability to address these commitments at the same time.

Legal framework for the F-FDTL

The F-FDTL is recognised in the Constitution of Timor-Leste, which states:

FALINTIL-FDTL shall guarantee national independence, territorial integrity and the freedom and security of the population against any aggression or external threat, in respect for the constitutional order.

The F-FDTL is governed by a number of laws, including the National Security Law, National Defence Law and the Military Service Law. The National Defence Law provides that the military component of national defence is F-FDTL's responsibility. The Military Programming Law, a key instrument in the process of operational planning for the F-FDTL, will come into force in 2012 and will guide the identification, assessment, establishment and meeting of the F-FDTL's ongoing needs for infrastructure and equipment.

Scenarios of engagement

The legal and operational frameworks being developed for the F-FDTL envisage a modern, efficient force with the capability to carry out a broad range of missions, including:

- Reacting against threats or risks that jeopardise the national interest
- Participation in security and cooperation organisations within the region
- Combating transnational threats, especially terrorism, and ensuring that its actions reflect and complement the Integrated National Security System, with particular emphasis on protecting critical national infrastructure from terrorist threats
- Surveillance and control of the sea
- Supporting civilian authorities in case of disaster or emergency

- Participating in peace support operations of a humanitarian nature and crisis management operations within the United Nations or organisations for cooperation and regional security
- Participating in the intercontinental activities of the Community of Portuguese Speaking Countries (Comunidade dos Países de Língua Portuguesa, CPLP)
- Participating in joint exercises, nationally and internationally
- Operating an effective Military Police Service within the F-FDTL.

To meet its constitutional duty and legal responsibilities within the current strategic environment, the F-FDTL will need to engage in these missions at different times and with varying degrees of commitment. Undertaking these missions will require the F-FDTL not only to build its military capability (especially its naval capability), but also to increase its participation in peace support missions and military-technical cooperation activities.

NATIONAL DEFENCE PRIORITIES AND GUIDELINES

First and foremost, Timor-Leste's national defence priorities reflect broader security goals for our nation. We recognise that effective defence policies will ensure that the Timorese State is able to perform the essential functions that justify its existence, as well as support the economic development of Timor-Leste and the welfare of the Timorese people.

Our defence priorities also reflect our ongoing commitment to collective regional and global security. Our participation in international missions under the United Nations will assist in forming strong and positive relationships with other countries, as well as helping us to modernise and improve the professionalism of the F-FDTL and bring it closer to the models used by other ASEAN countries, the CPLP and the international community in general.

As we build the F-FDTL and our other security services and institutions, we will adopt guidelines for our national defence policy that reflect these priorities and the changing security environment, including:

- Restructuring and reorganising the F-FDTL to make sure it has the skilled human resources and capabilities to sustain the high levels of operational readiness required to carry out a broad range of missions effectively
- Building a system of small forces with great mobility and flexibility
- Improving the F-FDTL's capacity to support civil readiness and responses to emergencies and disasters, including implementing the National Warning System
- Increasing collaboration and cooperation between the F-FDTL and the PNTL to build trust and understanding of respective roles and capabilities, and to support the effectiveness of the Integrated National Security System
- Ensuring Timor-Leste's participation in multinational forces and international organisations, including the United Nations
- Establishing a Defence Human Resources Management System to develop human resources in defence, with a focus on addressing the areas of leadership, motivation, performance, cohesion, training, qualifications and decision-making processes

- Establishing closer links between the defence and education sectors to promote greater understanding of the link between citizenship and the spirit of and need for defence and security
- Providing information to the Timorese people about issues of national defence and the F-FDTL to promote understanding of and support for the modernisation and reorganisation of the F-FDTL
- Adopting a model for military service that incorporates patriotic values and ethics, reflects a national scale and character, identifies with civil society and serves the public interest.

Integrated strategic vision for national defence

The guidelines set out above, along with the model developed in the 'Force 2020' study and the Force Development Program 2011-2015, will form the basis of the future development and re-organisation of the F-FDTL.

These elements will be incorporated into an integrated strategic plan for Timor-Leste's national defence over the next 20 years based on the comprehensive vision established by the Constitution, the National Security Law and the National Defence Law.

TARGETS

By 2015:

- The F-FDTL will be operating as a conventional, professional defence force
- Legal frameworks will be in place to establish democratic control over the F-FDTL
- There will be closer coordination and cooperation between the F-FDTL and the PNTL, with roles and responsibilities clearly defined
- Having transferring specialised skills, knowledge and experience to a new generation of F-FDTL members, veterans in the F-FDTL will be supported to retire with dignity and assisted with career transitions and resettlement plans
- Women in the F-FDTL will have a greater role in national defence and more opportunities to progress their careers
- The F-FDTL will be deployed in United Nations peacekeeping operations with training and logistics support from defence partners
- Systems and information technologies will have been integrated into a system of Command, Control, Communications, Computers and Intelligence (C4I)
- Timor-Leste will have consolidated and strengthened our relationships with our regional and global partners and friends

By 2020:

- The F-FDTL will be operating as a credible, well equipped defence force with the capability and versatility to carry out a range of missions and to contribute to both national security and national development
- The F-FDTL will be a democratic and accountable force based on respect for the rule of law and respect for human rights, with high standards of discipline

By 2030:

- The naval competent of the F-FDTL will be well trained with the necessary infrastructure to control and protect our territorial waters and participate as a full partner in international naval exercises
- The F-FDTL will have the capacity to effectively address multiple military commitments simultaneously



FOREIGN AFFAIRS

OVERVIEW AND CHALLENGES

As a small nation in a highly strategic geographic location, Timor-Leste's security will depend upon forging strong relationships with our neighbours and friends, making a positive contribution to a stable and peaceful region, and participating in global peacekeeping missions and cooperative international forums and initiatives. Having an outward looking, collaborative approach to foreign policy will encourage our people to take pride in the development of Timor-Leste, attract international investors and generate greater opportunities for economic advancement.

Section 8 of the Constitution sets out the principles for Timor-Leste's foreign policy. It states the importance of the right of the people to self-determination and independence, the protection of human rights and the mutual respect for sovereignty, territorial integrity and equality among States as guiding principles. The aims of Timor-Leste's external policies are to establish relations of friendship and cooperation with all other peoples, aiming at settling conflicts peacefully, general disarmament, establishing a system of collective security and creating a new international economic order to ensure international peace and justice. The same section of the Constitution also mentions the importance of maintaining privileged relations with Portuguese-speaking countries and of special ties of friendship and cooperation with neighbouring countries and countries of the region.

Since the beginning of our struggle for independence, Timor-Leste has had a significant impact well above our size in the international arena through the efforts of a handful of extraordinarily gifted statesmen and women. These courageous individuals were engaged in the international arena pursuing the goal of a free and independent State of Timor-Leste. The embryonic diplomatic service we established in 2001 drew upon the experience of these people. Following independence, the Ministry of Foreign Affairs was established to manage Timor-Leste's international relationships.

The Ministry is now responsible for maintaining diplomatic relations with almost 100 nations, including those with embassies or representations in Dili: Australia, Brazil, China, Cuba, the European Union, Indonesia, Ireland, Japan, South Korea, Malaysia, New Zealand, the Philippines, Portugal, Thailand and the United States of America. Also present in Dili are the French Representative Office, the Royal Norwegian embassy section and the Spanish International Agency for Cooperation.

Timor-Leste has embassies in Bangkok, Beijing, Brussels (to the European Union), Canberra, Geneva (combined with the Mission to the United Nations in Geneva), Havana, Jakarta, Kuala Lumpur, Lisbon, Manila, Maputo, Sao Paulo, Seoul, Tokyo, Holy See (Vatican) and Washington. We have missions in Jakarta (Liaison Office to ASEAN), Geneva (Mission to the UN), New York (Mission to the UN) and Lisbon (Liaison Office to CPLP), and Consulate-Generals in Sydney and Denpasar.

For a country the size of Timor-Leste, the maintenance of an extended and growing network of embassies and missions is a considerable endeavour.

“We want our foreign affairs to be more active in solving our border problems.”

Farmer, Railako sub-district, Ermera district, National Consultation, 9 August 2010

We also face challenges in ensuring that Timor-Leste is able to implement the numerous international agreements to which we are a signatory and to engage pro-actively in our bi-lateral and multi-lateral relationships.

STRATEGY AND ACTIONS

We will conduct an outward looking, collaborative approach to foreign policy to encourage stronger cultural, economic, and trade relations with other countries – all of which are crucial to keeping active the conduits for innovation and investment essential for a young developing country. The objective of Timor-Leste's foreign policy is to protect and promote, at an international level, the fundamental interests of the people of Timor-Leste and to safeguard and consolidate the independence of our nation.

MULTI-LATERAL RELATIONS

Despite the advent of globalisation, regionalism has great relevance and regional organisations can play a meaningful role in the maintenance of regional stability and regional economic cooperation.

The United Nations

Timor-Leste joined the United Nations on 27 September 2002 and maintains a Permanent Mission to the United Nations in New York. Timor-Leste has benefited greatly from the wise decision of the then leaders of the resistance to engage with the United Nations to achieve our dream of independence, as it was through the United Nations that we were able to resolve our struggle for independence. The United Nations' administrative role in Timor-Leste under the capable leadership of the late Sergio Vieira de Mello was without precedence.

We continue to value the dedicated work of successive United Nations missions and the presence and work of the various United Nations agencies, funds and programs in Timor-Leste.

Timor-Leste places great importance on multi-lateralism and the international system of the United Nations. We have signed and ratified all major human rights conventions and several other treaties. The challenge now is to ensure that we implement the necessary domestic policies and laws to meet our international treaty obligations. We also need to take advantage of any special assistance that may be available under multi-lateral agreements for least-developed nations that could help us to achieve and implement our priorities in the international arena.

Timor-Leste upholds the fundamental principles of the Non Aligned Movement and the Charter of the United Nations in the preservation and promotion of world peace through dialogue and diplomacy among states and the avoidance of the use of force to resolve conflicts.

Positive engagement with the United Nations will continue to be a foreign policy priority of Timor-Leste for the next two decades. Timor-Leste supports the United Nations playing a central role in world affairs and therefore the reform and strengthening of the United Nations system, especially the role of the UN Security Council.

The g7+ Group of Fragile Nations

Timor-Leste recognises that the international community has supported our nation and that we are fortunate to have the assistance of generous development partners. In the same spirit of international solidarity, we will seek to do what we can to make a contribution to other nations of the world. Part of this commitment is to fully support and drive the building and consolidation of the g7+ group of fragile nations.



The g7+ enables countries that are fragile, or affected by conflict, to join together and speak with one voice. It provides an opportunity for members to learn from the wisdom and shared experience of 17 nations from around the globe that represent 350 million people. The g7+ also provides a mechanism to contribute to the global development dialogue and to explore new possibilities for solidarity and action in fragile States. In this way, it allows weaker countries, as well as strong ones, to contribute to the body of knowledge about development and the development process.

While Timor-Leste may move from fragility to strength, we will continue to support the g7+ by contributing to its financing and assisting in other productive ways.

Regional organisations

The Association of Southeast Asian Nations (ASEAN) was formed in 1967 to accelerate economic growth, social progress and cultural development in the region through joint endeavours in the spirit of equality and partnership in order to strengthen the foundation for a prosperous and peaceful community of South East Asian nations. Timor-Leste is the only nation in South East Asia that is not a member of ASEAN. In July 2005, we became a member of the ASEAN Regional Forum and we signed the ASEAN Treaty on Amity and Co-operation in 2007.

Timor-Leste's aspiration to join ASEAN is based on our geographical location, the wishes of our leaders and people, and our cultural affinity with our Asian neighbours.

In March 2011, Timor-Leste officially applied for ASEAN membership and we will continue to pursue membership as a priority foreign policy goal to enhance Timor-Leste's long-term strategic interests. ASEAN membership will give Timor-Leste access to an established regional forum where important issues such as security, economic development and integration, and socio-cultural matters can be pursued.

Timor-Leste currently has a Liaison Office to the ASEAN Secretariat in Jakarta. We have opened missions in four of the ten ASEAN Member States and we are fully accredited to the remaining countries. Despite these encouraging achievements, we recognise that we have a long way to go to full membership.

To progress Timor-Leste's aim to join ASEAN by 2012, we will develop an ASEAN Position Paper to assess the trade, economic development, security, social and cultural implications of membership.

Timor-Leste also plays an important role in other regional organisations, such as the Pacific Islands Forum where we have observer status. We are also a founding member of the Southwest Pacific Dialogue and a member of the African Caribbean Pacific Group of States – European Union.

Timor-Leste will be more active in these regional organisations to ensure our national interests are appropriately represented.

The Community of Portuguese Speaking Countries

Our Constitution requires Timor-Leste to maintain privileged relations with Portuguese-speaking countries. This is achieved by being active participants in the Community of Portuguese Speaking Countries (known as CPLP from the Portuguese acronym for Comunidade dos Países de Língua Portuguesa). The CPLP is the intergovernmental organisation for friendship and cooperation between nations where Portuguese is an official language: Angola, Brazil, Cape Verde, Guinea-Bissau, Mozambique, Portugal and Sao Tome and Principe. Timor-Leste joined the CPLP in 2002 and is committed to ongoing participation in the intercontinental programs and activities of the CPLP.

BI-LATERAL RELATIONS

It is the duty of the government of Timor-Leste to establish and maintain the best possible relations with the governments of all other countries in the world regardless of size, location or ideology. As stated above, Timor-Leste maintains diplomatic relations with almost 100 nations and we have embassies or representatives in 22 nations. This diplomatic effort is a big burden on a small nation like Timor-Leste. Accordingly, it is important that our overseas embassies and missions work effectively to deepen relations with their host countries.

A comprehensive assessment of overseas missions will be conducted to examine the costs and benefits of the current system and to articulate expectations towards the respective host countries. This will enable improved programs and staffing at our missions.

A multi-year Portfolio Statement for each mission will also be required to allow better planning of the implementation of national priorities and improved measurement of the performance of missions.

Timor-Leste has signed numerous bi-lateral agreements, ranging from agreements establishing diplomatic relations to issues of mutual interest such as security, economy and cultural exchange. We have also entered into cooperation agreements with bi-lateral donors.

In particular, we have strong bi-lateral relations with our immediate neighbours Indonesia and Australia.

Timor-Leste has a positive relationship with Indonesia – our nearest neighbour, friend and largest trading partner. We are two nations undertaking a process to consolidate our young democracies and we face the challenges of this process together. Our relationship with Indonesia will continue to be based on reconciliation and a profound spirit of friendship and solidarity.

Timor-Leste's relationship with Australia will remain strong and positive. As a near neighbour and advanced economy, Timor-Leste can benefit from Australia's excellent education and health systems and trade opportunities.

Timor-Leste also enjoys excellent relations with the United States, which makes a significant contribution to the development and security of Timor-Leste through a bi-lateral assistance program and as a major member of agencies such as the Asian Development Bank and the World Bank.

Japan is another nation with which we enjoy excellent cooperation and continued friendship. Japan was the host of our first Development Partners meeting, organised by the United Nations, and is providing ongoing investment in infrastructure such as our roads, bridges, water and irrigation.

We also maintain strong and positive relations with China, the economic powerhouse of our region, and will continue to focus on developing our bonds of friendship with China.

We share enduring bonds with Portugal and will continue to celebrate our shared history and culture. As we progress as a nation, we will always hold this special relationship close.

Portugal makes a significant contribution to strengthening the Portuguese language in Timor-Leste, through providing teachers, and also supports our development in other key areas including agriculture, media, professional training and justice.

Timor-Leste enjoys a special friendship with three small, but significant, island nations. New Zealand is a close friend of Timor-Leste and has been prepared to support our country in times of difficulty. Cuba has also shown us great solidarity and makes a substantial contribution to our health system and to the eradication of illiteracy and Ireland provides important development assistance, friendship and support.

BUILDING OUR FOREIGN AFFAIRS CAPABILITY

To develop our foreign affairs capability, we will publish a Foreign Policy White Paper that will set out a comprehensive vision for Timor-Leste's foreign policy and our stand on key international issues. The Foreign Policy White Paper will include an overall review of Timor-Leste's foreign policy and identify the nation's main interests in the international arena.

The White Paper will examine the strategic, economic and political developments that are likely to shape the international environment in which Timor-Leste will be acting in the next five to ten years. The White Paper will also assess the means available to Timor-Leste to advance our national interests in a changing international environment and recommend policy approaches to ensure that we safeguard these interests.

All relevant diplomatic legislation will be in place by 2015, including a Law on the Statute of the Diplomatic Career, the Decree-Law on the Legal Framework of Senior Technical Staff working within the Diplomatic Missions of the Ministry of Foreign Affairs, the Consular Regulation, the Decree-Law on Diplomatic License Plates and the regulation of Organic Law. Efforts to ensure that the Ministry of Foreign Affairs has a full complement of professional and qualified staff capable of responding to the many challenges of a modern world will continue.

By 2030, Timor-Leste will have a total of at least 30 international embassies, predominately in the Asia Pacific region. We will ensure proportional representation in Europe, Africa and America. This expansion of Timor-Leste's international representation will enable us to consolidate our bi-lateral relations and provide opportunities for cooperation in the areas of trade, investment and tourism promotion. The PNTL and the F-FDTL will have the capability to be fully utilised by the United Nations in its peacekeeping and peace forcing activities.

TARGETS

By 2015:

- Timor-Leste will have full membership of ASEAN, with embassies in all ASEAN countries
- Timor-Leste will have membership of relevant global institutions and organisations that best serve the needs of our people
- A comprehensive assessment of overseas missions will have been conducted and implemented
- A Foreign Policy White Paper will have been published setting out a comprehensive vision for Timor-Leste's foreign policy
- Timor-Leste will have diplomatic missions capable of a broad range of quality services in all overseas missions, including particular expertise in attracting inward trade, investment and tourism into the country
- Timor-Leste will be playing a leading role in the CPLP
- Timor-Leste will be supporting the g7+ by contributing to its financing and in any other productive ways where we are requested to provide assistance
- All relevant diplomatic legislation will be in place

By 2020:

- Timor-Leste will be a key member of ASEAN, with recognised expertise in economic development, small-nation management, good governance and aid effectiveness and delivery
- We will have achieved membership of specialised UN Committees and agencies
- Timor-Leste will be recognised as a model and reference on regional conflict resolution and peace building
- The Ministry of Foreign Affairs will be playing a pivotal role in attracting business, investment and jobs to Timor-Leste as a zone for financial service and information technology

By 2030:

- Timor-Leste will have assumed a position of global peacemaker and mediator and be actively playing a role in preventing and ending conflicts
- PNTL and F-FDTL will have the capability to be fully utilised by the United Nations in its peacekeeping and peace forcing activities
- Timor-Leste will have at least 30 international embassies

J U S T I C E

OVERVIEW AND CHALLENGES

The justice sector plays a crucial role in the consolidation of peace and stability, guaranteeing the rule of law and promoting accountability and transparency in our institutions. An effective justice system creates a secure environment to underpin social and economic development. Our people expect the justice system to be able to help make justice a reality in Timor-Leste, including resolving conflicts, addressing breaches of the law, protecting rights, punishing criminals and supporting victims. Our people also expect the process through which justice is administered to be trustworthy, independent, transparent, efficient and fair.

The justice system in Timor-Leste incorporates an integrated set of institutions and functions, including the courts, prosecutors, police, public defenders, lawyers, registry and notary services, land and property administration, prisons and other Ministry of Justice services.

Like other sectors in Timor-Leste, our justice system is being built from the ground up, including infrastructure, equipment, processes and procedures, and human resources. To build a justice system that enjoys the confidence of the Timorese people will take time. While this will be a long process, we consider it to be a priority as without a functioning justice sector, we will not be able to develop our nation.

In 1999, there was widespread destruction of infrastructure in Timor-Leste and practically all legal expertise from the Indonesian administration left the country. Since then, our justice sector has depended heavily upon our development partners. The first national institutions of our justice system were established in 2001 and included the Court of Appeal, four district courts covering the entire country – located in Dili, Baucau, Suai and Oe-Cusse Ambeno – and three prisons located in Baucau (closed in 2008), Dili and Gleno. In addition, the Office of the Prosecutor General, which represents the State in court and acts as a prosecuting authority, and the Office of the Public Defender were established.

Between 2001 and 2004, many of the first judicial posts following independence were taken up by recent graduates with little experience. Since then, significant effort has been put into training Timorese judges, prosecutors and public defenders. To allow Timorese working in the justice sector to focus on training on a full time basis, international professionals have been employed to guarantee minimum service requirements. Until recently, most of these international professionals depended upon donor funding; now, much of this funding is provided through the Timor-Leste State Budget. Until 2007, our aim was to consolidate existing legal institutions and to implement district justice services, which were practically non-existent. Regional registries and branch offices of the National Directorate for Land and Property have now been set up in the 13 districts.

Today, the Timorese justice system is still too underdeveloped to serve our entire population and substantial efforts will need to be made to meet the growing demand of the Timorese people to apply the rule of law. Currently, a substantial proportion of conflicts are addressed through traditional justice mechanisms, which can involve the violation of fundamental rights, particularly with regard to women and children.

“My family wants to have the protection of the law and live in a country where we have justice.”

Student, Metinaro, Dili district, National Consultation, 6 September 2010

In addition, due to the time it takes to build a justice system and the limited human resources available, some institutions provided for in the Constitution, such as the Supreme Court of Justice and the Audit Court, are yet to be established. We also need to establish a specialised criminal investigation police force to address criminal cases properly.

STRATEGY AND ACTIONS

We will adopt a comprehensive strategy to build the Timor-Leste justice system and enhance its capacity to fulfil its role and functions.

The development of the justice system in Timor-Leste must reflect the expectations of the Timorese people. As such, it will require the coordination of all bodies within the justice sector, based on a common vision of what justice should be and how it should operate.

Our goal is to be a nation that administers justice recognising the supremacy of the law and the Constitution, respecting the independence of the courts and providing access to justice so that all citizens can obtain a quick, effective and fair response to protect their rights, prevent or solve disputes and control the abuse of power, through transparent and affordable processes.

Areas of action and reform that will be critical to achieving this goal are set out below.

Development of Timorese Laws

Since independence, our laws have been heavily influenced by both our Indonesian and Portuguese past. We have been developing our own laws and have adopted basic laws that are essential to the operation of a fair and effective justice system. However, the legal framework in Timor-Leste is far from complete and needs further development.

It should be noted that the Timorese legislative process has been strengthened through the use of public consultation mechanisms. These mechanisms have helped our law-makers to align their proposals to the Timorese context and have promoted the participation of our people in the law-making process.

At present, we are continuing to prepare and adopt important laws such the Civil Code, the law on judicial organisation and the law on the regulation and registration of property in Timor-Leste. However, many other laws still have to be produced, including a special law that will govern how Timorese customary law is recognised within Timor-Leste's legal system, laws on children's rights and laws on mediation and arbitration, among others. In preparing a comprehensive set of laws for our nation it will be necessary to ensure that:

- Laws adopted take adequate account of the Timorese context
- Gender issues are considered
- Simple and readily understandable language is used
- All laws are translated and published in Tetun and Portuguese
- Tetun legal terminology is adopted
- A body of national legal advisors, capable of performing legal drafting functions and able to gradually replace their international colleagues, is developed.

An Integrated and Coordinated Justice System

A strong, effective and fair justice system is integrated and coordinated, from prosecution services to access to legal services and through to corrections services and prisons. Building an integrated, coordinated and balanced system in Timor-Leste will require all justice institutions to have sufficient judicial and management staff to provide services in Dili and, progressively, across all districts. To achieve this, we will take the following actions:

- The Council of Coordination, as the body providing strategic guidance for the sector, will be strengthened.
- Coordination and monitoring of the justice sector will ensure that the sector's institutions have a clear view of how they interact and complement each other.
- The geographical distribution of institutions and functions will be mapped to ensure that people in all districts can access justice.
- The integrated information management systems linking all justice institutions will be strengthened to ensure transparency, accountability and efficiency.

Training and Human Resource Development

Timorese justice professionals will be trained to the required standard to allow them to take over the roles of international professionals. Our goal is that by 2015, our justice sector will be capable of identifying and filling all positions with motivated and qualified national staff. To achieve this goal, we will:

- Develop policies needed to attract more qualified and motivated professionals, and to improve the performance of their functions
- Design a career, remuneration and incentive system covering all categories of justice personnel to attract and retain qualified staff
- Increase the number of judicial professionals
- Ensure the quality of training for justice sector staff through systematic evaluation and monitoring of relevant courses and the performance of trainees
- Establish a legal education and training system to produce the human resources needed for the sector
- Better utilise law graduates trained abroad who have to date found it difficult to work in the Timorese legal system
- Support the development of the Timorese legal profession through the promotion of research and teaching of law, the publication of doctrines and legal opinions, and programs for the exchange of graduate students.

Bar Association

We recognise that a strong and ethical legal profession is essential for the operation of our legal system to ensure that citizens can access the courts to enforce or defend their rights. To build the Timorese legal profession, we will establish an independent Bar Association in 2012. This will include:

- Implementing a system for the regulation, training and disciplining of lawyers
- Supporting the establishment of a Bar Association with self-regulating powers through the passage of legislation and funding to support the Association's development and infrastructure
- Ensuring that authorities recognise the right of private lawyers to access information on cases and that the public is informed of the role of private lawyers.

Extending Justice Services to the Districts

Extending justice services to the districts and, in particular, to assist in resolving civil and commercial cases throughout Timor-Leste will require a comprehensive effort. To bring justice closer to all Timorese citizens and to promote access to the justice system through the gradual decentralisation of legal services throughout the country, we will:

- Establish new judicial districts in Maliana, Same, Manatuto and Viqueque, taking into account the needs of the public to access justice and the availability of legal professionals in the judicial districts
- In the interim, establish mobile courts formed by judges, prosecutors and defenders that will travel to locations in which judicial institutions are not yet established.

Land Law

After a long process of public consultation, a draft land law for Timor-Leste has been prepared. This law aims to define the procedures and regulations that will recognise and confer the first real estate rights in Timor-Leste. The law also aims to clarify the legal status of assets and to promote the distribution of property among Timorese citizens. The recognition and conferral of property ownership is based upon the principles of respect of previous basic rights, recognition of the current possession of property as the basis for conferring title to property and compensation where concurrent rights exist.

We will establish an independent body to administer the law and regulate land and property rights throughout the nation.

TARGETS

By 2015:

- There will be systematic and effective coordination of the justice sector in Timor-Leste and its institutions
- The justice system will be able to open, conduct and complete all types of court cases, especially criminal cases, in an effective manner and within a reasonable period of time
- The justice sector will be capable of identifying and filling positions with motivated and qualified national staff
- The principles of non-discrimination, sensitivity to gender issues and the protection of vulnerable groups and human rights will be guaranteed in the justice sector
- An autonomous, independent body able to manage the cadastre of lands and the immovable property of the State, and to implement legislation to govern property and the use of land in Timor-Leste, will have been established
- Customary law and community justice mechanisms will be regulated and the systematic monitoring of their conformity to human rights will be implemented

By 2020:

- The services of the justice sector will be available in all districts and all Timorese will be able to access effective and efficient justice and legal services



PUBLIC SECTOR MANAGEMENT AND GOOD GOVERNANCE

OVERVIEW AND CHALLENGES

Good governance and a professional, capable and responsive public sector are essential for the delivery of government services and the implementation of the Strategic Development Plan. The public sector in Timor-Leste will be central to building trust in government, which is a prerequisite of nation building. Our public sector will also be the primary driver of economic growth in the short to medium term and will lay the foundation for our nation's progress by developing our human resources and managing our infrastructure program.

The Timor-Leste public sector consists of all institutions of the State, including government ministries, public authorities and statutory and constitutional bodies. It includes the civil service, with employees covered by the Civil Service Act, as well as the security and defence sectors.

There are currently around 27,568 civil servant positions in Timor-Leste. Of these, there is a disproportionate number of male staff: 75% of civil servants are male and only 25% female. The percentage of women includes a significant number of teachers. Only 16% of senior managers are female. The civil service is also ageing. Employees range in age from 18 to 79. The majority of employees, 64.7%, are between the ages of 30 and 44 years and 27.06% are between 45 and 64 years old.

The majority of our civil servants fall into the administrative category (51%) followed by the professional category (28%). The remainder consists of senior managers, supervisors and assistants. The service also has relatively low educational attainment, with only 19% of civil servants holding higher education qualifications: 74% have secondary education and 7% only basic education.



Good governance in the civil service is also of central importance. It ensures trust and public confidence in government and in our democratic institutions. Transparency and independent accountability are not obstacles to effective governing; rather, they ensure that we are governed well and that the interests of our people are served. Good governance also helps to prevent corruption. The key principles of good governance are transparency, accountability, integrity and leadership.

These principles can drive good performance by promoting risk management, accountability for results, mechanisms for citizens to make complaints that can help to identify and address problem areas, and the proper use of public money. Transparency is the best protection against unethical behaviour and is the best way to achieve an ethical civil service culture and promote personal accountability.

“Public servants should always serve the people in good faith.”

Local citizen, Maliana sub-district, Maliana district, National Consultation, 27 July 2010

The civil service requires a sustained long-term reform program to improve its capability to undertake its functions. Reform in areas including management and leadership, systems and procedures, administration, accounting and finance, budget execution and procurement, knowledge and document management, and strategic planning is needed.

A first stage of public sector and good governance reform has already taken place, which included five landmark reforms:

- Establishing the Civil Service Commission
- Establishing the Anti-Corruption Commission.
- Boosting the powers of the Office of the Inspector-General to enable it to act independently in the inspection and audit of government ministries and agencies
- Establishing a Chamber of Accounts
- Allowing the viewing through a web portal of real-time government expenditure.

These reforms are progressing in order to build a culture of accountability and openness in our civil service and created important civil institutions that are independent of executive government.



While there has already been significant progress made in public sector and good governance reform, a second phase of reform is necessary to build a public sector to meet the future challenges facing our nation.

STRATEGY AND ACTIONS

We will undertake a second round of public administration and good governance reform to ensure that our public sector has the capability to implement the Strategic Development Plan, provide quality services to our people and build the foundation for our future as a modern and prosperous nation. This new round of reform will require an improvement in human and capital resources, as well as structural and cultural change.

Our reform program will focus on:

- Providing certainty amongst all civil servants regarding their functions, job descriptions, duties and responsibilities
- Increasing the education levels, skills and capacity of public sector workers
- Instituting processes and procedures to improve performance
- Improving information technology to support service delivery
- Ensuring adequate knowledge and document management
- Improving knowledge of and adherence to civil service values including professionalism, responsiveness and impartiality
- Developing a public sector structure that is best suited to deliver effective results.

CIVIL SERVICE REFORM

The establishment of the Civil Service Commission provides Timor-Leste with a body to drive change in the civil service. The commission is best placed to promote cultural change to improve public sector leadership and to encourage recognition of the unique nature of the civil service and the professionalism and responsiveness it requires. The Civil Service Commission will continue to be tasked with the role of implementing a long-term program to ensure that our civil service:

- Adheres to its values and code of ethics
- Makes employment decisions based on merit and equity
- Is professional, honest and responsive to the government of the day
- Is politically impartial
- Has a strong service delivery focus.

Developing a culture of performance and good governance is not just about rules and regulations; it also involves nurturing a culture and leadership that leads by example. Only through promoting civil service values and driving cultural change, can the Civil Service Commission improve the effectiveness of government and the delivery of services to the Timorese people.

This role will be in addition to the Civil Service Commission's related discipline and misconduct functions and its implementation of a grievance system. These functions are complementary in that they reinforce the need for good behaviour and identify areas that require attention or improvement, while supporting an appropriate culture of accountability across the civil service.

Performance Management

There is also a need for performance management in the civil service to drive service delivery and increase accountability. While progress has been made in recording civil servants' performance, the system will also need to ensure that the service orientation of public employment is widely understood and accepted and that a change in culture and attitudes is achieved.

A comprehensive system of performance management will be instituted across the Timor-Leste civil service. It will build on the current system and will also involve the development of clear job descriptions and performance expectations, along with individual work plans. The individual work plans will relate to Ministry plans, while also setting out guidance on policies and good practice and linking to opportunities for professional development and training. Work plans will, as far as possible, include objective indicators of performance and tasks.

The accountability of civil servants will be further improved through regular evaluation of actual performance against work plans. These performance reviews will focus on the achievement of outcomes and results. The performance management framework to support this will be developed and driven by the Civil Service Commission working with ministries and civil servants.

Human Resources Development and Training

We need to build a capable public service that can deliver the services our people deserve and need. It is also a priority to develop a civil service that operates without reliance on international technical assistance. However, there are currently substantial skills gaps across our civil service and only a limited number of civil servants have higher education qualifications.

An intensive civil service human resources development program is required that is linked to our strategic and workforce development objectives. This will involve the delivery of systematic, targeted and job-relevant training and professional development approaches. It will include training through the National Institute of Public Administration, which will be strengthened to meet the training challenges of the civil service.

The Human Capital Development Fund will provide a primary mechanism to build the human resources we need for effective, accountable government in the years ahead. The fund will cover the costs of training and professional development for our civil servants, including overseas scholarships and short-term travelling fellowships. In addition, a training centre will be established by the Ministry of Finance to provide training in financial management, accounting, auditing and procurement.

Leadership and Management

There is a significant need within our civil service to improve leadership and organisational management capability to address gaps in the ability of senior staff to drive policy agendas, manage resources and implement and monitor programs. There is also a need to address the extremely low number of women in senior civil service management.

To address these challenges, the civil service will develop a cadre of senior professional leaders by providing scholarships, internships and secondments, and by designing and implementing executive development programs for all senior managers.

Workforce Planning

The significant skills shortages in Timor-Leste mean that our civil service must compete with other employers, both here and internationally, for quality employees. To address this challenge, the civil service needs to prepare workforce plans to ensure that it has a future workforce capable of delivering efficient and quality services.

Essentially, more informed workforce planning will help to ensure that Timor-Leste's civil service has the right number of people with the right mix of competencies to meet our strategic and operational requirements – both now and into the future. Workforce planning will take into account the ageing of the civil service workforce and the retirement in the next five to 20 years of a significant cohort of employees. A service-wide succession management strategy will be prepared to manage this demographic transition. Planning will also take into account the reality that many occupations require up to five years of education and work experience before an individual can be productive.

The process of workforce planning will guide capacity building efforts, budget allocations and human resources and professional development programs across our civil service. It will also highlight those sectors and critical occupations where resources for training, development and recruitment are currently inadequate.

Information Technology

Current information technology systems and internet access available to the civil service is inadequate for effective management and quality service provision. The current state of these systems greatly impedes whole of government links, coordination and information flow, and the ease of citizen access to government.

As Timor-Leste improves our telecommunications infrastructure, the civil service will also dramatically improve its information technology. This will allow the establishment of a civil service intranet that supports internal communications and information flow, and joined-up government. It will also help to deliver improvements in health and education services and support the development of e-government, where citizens can interact directly with government.

Structure of the Public Sector

There are instances where the carrying out of a public function on behalf of the State may be best undertaken by a government entity that is not a government ministry. Such entities are generally established by statute and are subject to ministerial direction. These statutory authorities have various levels of independence from government. Circumstances in which it may be appropriate to establish a statutory authority include:

- When it may be more efficient to undertake public functions outside of a ministry
- When there is a benefit in increased independence or when a level of separation from government is needed to ensure objectivity
- Where politically sensitive functions can benefit from a level of independence from government to prevent political interference or to limit allegations of nepotism or favouritism
- Where the capacity to deliver public services will be enhanced through establishing a statutory authority.

Establishing statutory authorities that operate as government-owned corporations or businesses can be beneficial when the functions to be undertaken are primarily commercial in nature. Even though such bodies may operate in a more commercial manner, similar to private sector organisations, they must still be accountable to a responsible minister or the National Parliament.

The increased separation or independence from government means that statutory authorities require a strong governance framework that includes comprehensive financial reporting requirements, independent auditing and good governance obligations.

To operate effectively, any statutory body established in Timor-Leste should be managed by an expert governing board. In the medium term, this could also be an appropriate system for the management of our ports, airports, hospitals, power and water resources.

To determine the best organisational structure for our public sector, a review will be conducted to determine if there are benefits in establishing statutory authorities to exercise certain public functions on behalf of the State or to amend the governance framework for existing statutory authorities. Functions that will be examined include the management of our ports and airports, water resources management, power generation and distribution, higher education and management of our hospitals.

Public Financial Management

Effective financial management functions are central to the effective operation of government and the State. Ongoing reform and improvement to public financial management has been resulting in a more efficient treasury, with greater public transparency. A high priority has been placed on financial transparency to improve outcomes, promote investment and economic development and strengthen trust in the State. These reforms include the introduction of internet based portals that allow real time access to public expenditure and tendering information.

These reforms will continue with the objective of:

- improving financial administration of the public sector
- increasing accountability of public sector delivery and spending
- ensuring proper public financial reporting.

Government will act in accordance with the principles of sound financial management and an accountable budget and reporting framework. These principles include managing the financial risks faced by the State in a prudent manner having regard to social and economic circumstances and needs. This will include moving towards program budgeting and the building of financial capacity and human resources to manage and administer public financing options such as public private partnerships and debt obligations.

Independent Bureau of Statistics

It is important that government decision making is informed by research as well as high quality and objective statistical information. This supports the development of evidence based policy, and allows us to better determine our priorities and allocation of resources. Statistics are needed for government to make informed and responsive decisions to strengthen our economy and to respond to social needs.

Statistical information provides us with a picture of the state of our country and how it is evolved over time. This allows us to track our progress and ensure that development is occurring on an equitable basis, and that no district or sub-district is being left behind. It will also allow us to compare our progress, in an objective way, with other societies and economies.

It is important that the statistics that are relied upon in decision making are accurate and not influenced by political influences. To ensure that Timor-Leste can rely on, and have access to, a broad range of accurate social and economic statistics, by 2020 an Independent Bureau of Statistics will be established.

GOOD GOVERNANCE

The Strategic Development Plan will also support further reforms to build on Timor-Leste's foundation of good governance. These reforms, which are set out below, will provide an enhanced framework of good governance in Timor-Leste.

Whistle blower protection legislation

'Whistle blowers' are civil servants or other officials who bravely raise acts of corruption, fraud and illegality they see in their workplaces with authorities. This could include gross misconduct, corruption, maladministration, fraud or significant dangers to public health or safety. Legislation will be introduced to the National Parliament by 2012 to provide whistle blowers with protection from harassment and civil and criminal liability for making a disclosure in the public interest. This legislation will also make it a criminal offense to take reprisal action against a civil servant who has made a disclosure.

The legislation will protect whistle blowers who make a disclosure about government misconduct.

Code of Conduct for Members of the Government

By 2012, a Code of Conduct for Members of the Government will be developed and operative. This code will provide strict rules and duties in regard to issues such as conflicts of interest and commercial activity, as well as the provision of information on the staffing and costs of ministerial offices. It will require all gifts above a certain value to be registered on a State gifts register.

Freedom of Information law

Transparency and government openness involves citizens having the right to access information about them held in government files. While the State in Timor-Leste has to first strengthen its information and file management processes and networked computer storage systems, our medium term goal is to promote freedom of information.

By 2015, legislation will be introduced to the National Parliament to provide citizens with a right to access information held by the government that impacts upon them, as long as it is not against the public interest. While international best practice provides exceptions for information that impacts upon national security, commercial confidentiality, individual privacy and the confidentiality of Council of Ministers discussions, the legislation will provide a broad right of all Timorese citizens to access government documents that impact upon them.

CENTRAL BANK

The central bank of Timor-Leste originated from the Central Payments Office which was established by the United Nations Transitional Administration in East Timor. It then became the Banking and Payments Authority in 2001.

The Central Payments Office was established in order to manage and supervise a system of payments for the currencies that were then legal tender as well as licensing and supervising the banking system.

With its transformation to the Banking and Payments Authority it has custody of State funds and in particular the Petroleum Fund.

The National Parliament has recently passed a law to again transform the Banking and Payments Authority into the Central Bank of Timor-Leste. This law strengthens its role in regard to monetary policy and issues and its oversight of the banking and finance system. The human resources of the Central Bank will need be developed to allow it to effectively undertake its mandate. This will include research and study into the merits of adopted our own currency.

TARGETS

By 2015:

- A comprehensive system and culture of performance management will be instituted across the Timor-Leste civil service
- An executive development program for all senior managers will be in place
- There will be a culture and practice of workforce planning in the civil service
- A Code of Conduct for Members of the Government will be in force
- Legislation will have been introduced to the National Parliament to protect whistle blowers
- The Central Bank of Timor-Leste will have strengthened its human resources to allow it to effectively undertake its mandate, including the research and study of the merits of adopted our own currency for the consideration by the bodies of national sovereignty.

By 2020:

- Legislation will have been introduced to the National Parliament to provide a right of citizens to access information held by the State that impacts upon them
- Modern information technology will have been adopted by the civil service to support joined-up government and e-government initiatives
- A review of the structure of the public sector will have been conducted to determine if there are benefits in establishing statutory authorities to exercise certain public functions on behalf of the State

NATIONAL DEVELOPMENT AGENCY AND ECONOMIC POLICY AND INVESTMENT AGENCY

OVERVIEW AND CHALLENGES

To implement the Strategic Development Plan, Timor-Leste requires an institutional framework that has the capability to effectively deliver the projects and programs set out in the plan. At first, the implementation of the Strategic Development Plan will be undertaken and overseen by the National Development Agency. As this agency increases its institutional capacity for planning, budgeting, policy development and management, it will transition into the Economic Policy and Investment Agency.

STRATEGY AND ACTIONS

We will introduce measures to ensure that the Strategic Development Plan and our major infrastructure projects are implemented as cost effectively and efficiently as possible. This will include establishing the National Development Agency, which will eventually become the Economic Policy and Investment Agency with responsibility for overseeing major projects and undertaking planning for nationally significant projects, programs and strategies.

NATIONAL DEVELOPMENT AGENCY

The National Development Agency has been established to manage, monitor and administer the implementation of the Strategic Development Plan and large and complex national development projects. The National Development Agency will be an important central agency with responsibility for evaluating major infrastructure proposals, monitoring and reporting on the execution of infrastructure development, whole of government coordination, national planning and evidence-based policy development, and the monitoring and evaluation of major government projects and programs.

The National Development Agency will report to the Prime Minister and work with the National Procurement Commission and an externally appointed international procurement agent (see below) to make sure that major infrastructure projects are delivered on time, on budget and in accordance with contract scope and specifications.

The National Development Agency will also be responsible for the management of the Millennium Development Goals Suco Program and the Program for Decentralised Development II (see Part 4 – Rural Development). This will include participation in the process of selecting contractors to undertake works, evaluation of the timeliness and quality of works, and the management and approval of contractor payments. For the Millennium Development Goals Suco Program, this will include working with local authorities and sucos on the implementation of small value projects.

As the National Development Agency develops its capacity, expertise and human resources, it will transition into the Economic Policy and Investment Agency. The enhanced and expanded role of the Economic Policy and Investment Agency is set out below.

MAJOR PROJECT PROCUREMENT

The Strategic Development Plan provides for a number of major infrastructure projects. Some of these projects have already been provided for in Timor-Leste's Infrastructure Fund. As these projects will provide a foundation for our development, it is important that they are delivered with good governance and on a value for money basis.

To ensure that our major infrastructure projects are implemented as cost effectively and efficiently as possible, the government – through the National Development Agency and the National Procurement Commission – will engage the services of an external and international procurement agent to oversee the procurement process for large and complex projects. This will ensure that the procurement process is managed with the highest levels of integrity and professionalism. The firm engaged as a procurement agent will have responsibilities to:

- Undertake procurement planning and scheduling
- Prepare bidding documentation
- Advertise bidding opportunities
- Establish a major procurement database
- Manage contract negotiations and the awarding of contracts
- Manage evaluation panels and prepare bid evaluation reports
- Handle complaints
- Provide ongoing procurement and monitoring support during project implementation.

In this way, we will ensure that we have a competitive process in place that leads to high quality and cost efficient procurement to achieve value for money, promote best practice project delivery and contribute to economic growth.

The engagement of a procurement agent will only be a transitional step. Our primary aim is to build our human resources so that, over time, the responsibilities of procurement will be undertaken by trained and skilled Timorese procurement specialists. To work towards this outcome and to speed this process, a central responsibility of the international procurement firm will be to design and implement programs and processes to build the capacity of our civil service to manage large scale and complex procurement processes for projects of national significance.

ECONOMIC POLICY AND INVESTMENT AGENCY

As the National Development Agency matures, it will transition to the Economic Policy and Investment Agency. The Economic Policy and Investment Agency will build on the role of the National Development Agency and provide integrated project governance, including coordinating relationships within government and between government, external organisations and the private sector. The agency will also undertake a national planning function. This function will include:

- Planning, design and monitoring of strategic government programs and projects that promote accelerated growth, poverty reduction and job creation
- Ensuring broad based investment at national, district and sub-district levels
- Oversight of line ministries and monitoring the delivery of strategic programs
- Whole of government coordination and pursuit of joined-up government approaches
- Engagement with leading donors and partners helping to provide national strategic direction and assistance.

These functions will include economic planning and evidence-based policy development to design approaches and initiatives that will drive Timor-Leste's development, economic growth and industry diversification. As the capacity of line ministries to deliver major projects increases, these ministries will take over substantive responsibility for project execution with the Economic Policy and Investment Agency undertaking monitoring and whole of government coordination functions.

The Economic Policy and Investment Agency will also coordinate with the Ministry of Finance during the budget process and collaborate on determining the funding levels required to pursue economic development-related strategies and projects. The agency will also review ministry Annual Action Plans.

The agency will also be required to undertake research and track economic, social and financial indicators and analysis to inform the preparation of long-term economic development programs. This will include identifying and promoting successful or best practice approaches.

The Economic Policy and Investment Agency will report to the Prime Minister and a high level Ministerial Steering Committee. It will also have regard to the advice of a national advisory board that includes representatives of civil society, religious institutions, non-government organisations and youth and women's groups. It will actively engage the Timorese community and undertake its functions with high levels of accountability and transparency.

TARGETS

By 2015:

- The Economic Policy and Investment Agency will be effectively undertaking a national economic planning function, an oversight and monitoring role and implementing large and complex government programs and projects.





PART

6

ECONOMIC CONTEXT AND MACROECONOMIC DIRECTION



Our vision is that by 2030
Timor-Leste will have joined
the ranks of upper middle
income countries, eradicated
extreme poverty and
established a sustainable and
diversified non-oil economy.

PART 6 ECONOMIC CONTEXT AND MACROECONOMIC DIRECTION

OVERVIEW

In a relatively short period of time, and given our long history of colonisation and occupation, Timor-Leste has made strong progress in moving forward as a secure and stable nation, and in laying down the foundations for good governance and effective civil institutions. As we continue to build our young nation, we need to ensure that the development and structure of our economy supports Timor-Leste's advancement as a stable democracy, and that our people are given every opportunity to improve their lives and wellbeing through taking up new education, employment and business opportunities.

“We should manage our precious resources so that future generations can benefit from them.”

Public servant, Nain Feto sub-district, Dili district, National Consultation, 4 September 2010

To provide jobs for our people and ensure that all parts of our nation benefit from the development of Timor-Leste's natural resources wealth, we must develop a flourishing market economy with a strong private sector. We also recognise that we cannot rely solely on our substantial oil and natural gas reserves, but must diversify our economy. In particular, we need to expand and modernise our agriculture sector, build a thriving tourism sector and encourage much higher levels of private sector activity across all industries, including the growth of small and micro businesses.

The economic vision of the Strategic Development Plan is that by 2030 Timor-Leste will have joined the ranks of upper middle income countries, eradicated extreme poverty and established a sustainable and diversified non-oil economy.

While Timor-Leste faces significant challenges in restructuring our economy to achieve this vision, we have many positive strengths and advantages, including the resilience and determination of our people, substantial oil revenues, rich marine and other natural resources, and our location in the dynamic East Asia region which is driving much of the world's economic growth. We also have an unspoiled natural environment and a unique culture, heritage and history, all of which offer significant potential to develop a high-value tourism and hospitality sector.

However, these strengths and advantages are currently outweighed by poor infrastructure across the country (including roads, water and sanitation, power and telecommunications infrastructure), industry and trade bottlenecks (including inadequate capacity at sea ports and airports), a shortage of skilled and trained people, and an under-developed private sector (including the finance sector). To achieve our economic vision, these barriers and constraints to Timor-Leste's development must be tackled.

Until now, the structure of our economy has been heavily influenced by the urgent need to rebuild critical public institutions, improve the delivery and quality of vital government services such as health care and education, address widespread poverty and malnutrition, provide basic and much needed infrastructure and engage in a process of peace building and State building. These essential tasks have taken time and the investment of considerable resources.

The Strategic Development Plan recognises that while continuing to develop the core and productive infrastructure needed to support our nation-building efforts, we must also take action to restructure, modernise and diversify our economy. By taking these actions, we will not only secure Timor-Leste's economic future, we will also generate jobs and income for our people and lay the groundwork for a fair, progressive and stable nation.

TIMOR-LESTE'S ECONOMY

Timor-Leste's economy is dominated by the agriculture sector and the public sector, with high levels of poverty throughout the nation. Small cash crops, such as coffee, provide some rural households with an income, but most families farm for their own consumption. Poor infrastructure means that it is difficult to access markets, leading to a lack of predictable income for many Timorese families.

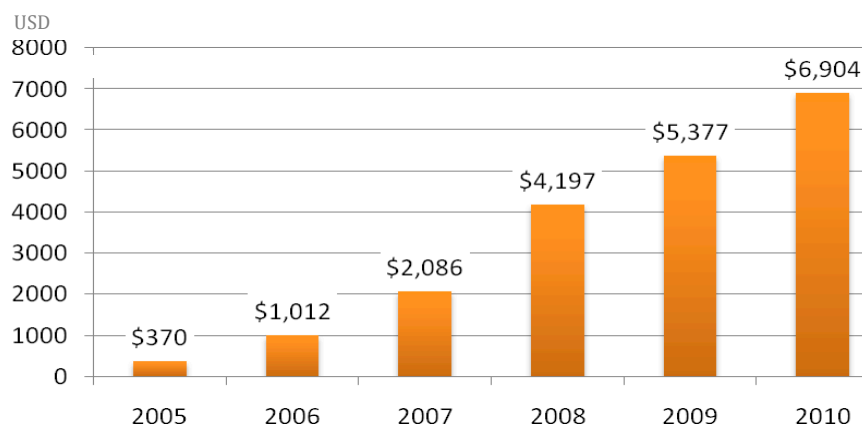
However, Timor-Leste is fortunate to have natural resources wealth and a developing oil and gas industry. Oil and gas earnings jumped from around \$175 million in 2004 to around \$2.28 billion by 2008, and were around \$2.73 billion in 2010. As of 2010, Timor-Leste's Non-Oil Gross Domestic Product (GDP) was approximately \$610 per capita, with Gross National Income (GNI) per capita around \$2,560.* This is expected to increase in 2011, provided oil prices remain strong and Non-Oil GNP growth remains robust.

If the growth of our GNI is measured at constant prices, Timor-Leste's total GNI has risen by a factor of around three since 2004 or about 24% per year. Non-Oil GDP increased by approximately 1.5 times or 7% per year between 2004 and 2010. From this perspective, Timor-Leste has a middle income country GNI of around \$2,560 per capita, yet experiences the living standards of a low income country with Non-Oil GDP per capita of \$610. The main reason for this discrepancy is that our oil wealth has so far not been invested in the non-oil economy, with only around one fourth of annual oil revenues being applied more broadly across our economy and the remainder invested in our Petroleum Fund.

Oil revenue

Timor-Leste is currently highly dependent upon revenue derived from oil and natural gas, which contributes almost 90% of total budget revenue. Our oil revenues have been steadily growing, resulting in increasing balances for the Petroleum Fund, which aims to manage this revenue for the benefit of current and future generations. Figure 24 shows that the Petroleum Fund's balance was \$370 million at the end of 2004 and had reached \$6.9 billion by the end of 2010.

Gross Domestic Product (GDP) is the total value of all goods and services produced within a country in a year. Gross National Income (GNI) is made up of Gross Domestic Product together with the income received from other countries, less payments made to other countries.

Figure 24 Investment Corporation to Petroleum Fund of Timor-Leste

Source: National Directorate of the Petroleum Fund, Ministry of Finance

Petroleum Fund of Timor-Leste

Many nations that are rich in petroleum resources face major economic and social problems, despite their potential for generating significant wealth from these resources. To avoid Timor-Leste facing these same problems, our Constitution requires petroleum resources to be owned by the State and to be used in a fair and equitable manner in accordance with national interests, and for income derived from these resources to lead to the establishment of mandatory financial reserves.

The Petroleum Fund of Timor-Leste was created in 2005 to meet this constitutional requirement and provide a mechanism for ensuring that our oil and gas resources are managed wisely for the benefit of current and future generations.

The Fund is a sovereign wealth fund into which the government of Timor-Leste deposits the surplus revenue produced by the nation's oil and gas income. The Fund provides a means to build a consistent, stable source of income that can be used to build our nation.

All revenues from petroleum development, including royalties and taxes, are deposited directly into the Petroleum Fund. Each year, the National Parliament withdraws money from the Fund to make up shortfalls in the State Budget and to invest in the development of Timor-Leste. Each year, an Estimated Sustainable Income (ESI) is calculated, which is the amount that Timor-Leste can spend from the Fund without depleting its long-term balance.

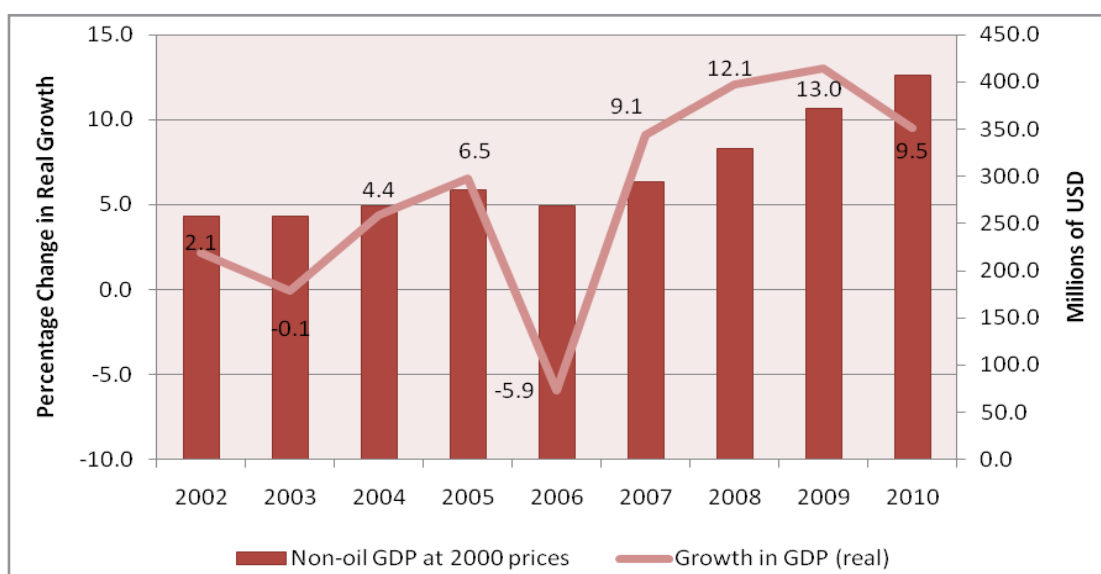
The government sets the overall management and investment strategy for the Fund, with an Independent Advisory Board providing advice and assistance. The Petroleum Fund has adopted a conservative investment strategy that previously consisted primarily of investment in United States Treasury bonds. This strategy proved very effective during the Global Financial Crisis in which the Fund preserved its wealth and was one of the best performing Sovereign Wealth Funds in the world. The current investment strategy is to adopt a more balanced and diversified portfolio, including a range of international bonds and equities, to ensure wealth protection and allow for growth.

Timor-Leste's Petroleum Fund is a critical step in taking control of our own future and making our own decisions about the best way to manage our natural resources.

Economic growth

Excluding income from oil and gas, the average economic growth in Timor-Leste from 2002 to 2010 was 5.6%. Growth over this period has been uneven and volatile, and included negative growth in 2006. After 2007, our growth rates accelerated into double digit figures on average and we have experienced some of the highest growth in the world. Our economic growth rates for the period 2002 to 2010 are shown in figure 25.

Figure 25 Real Non-Oil GDP (base year 2000), 2002 to 2010 (US\$ million) and growth

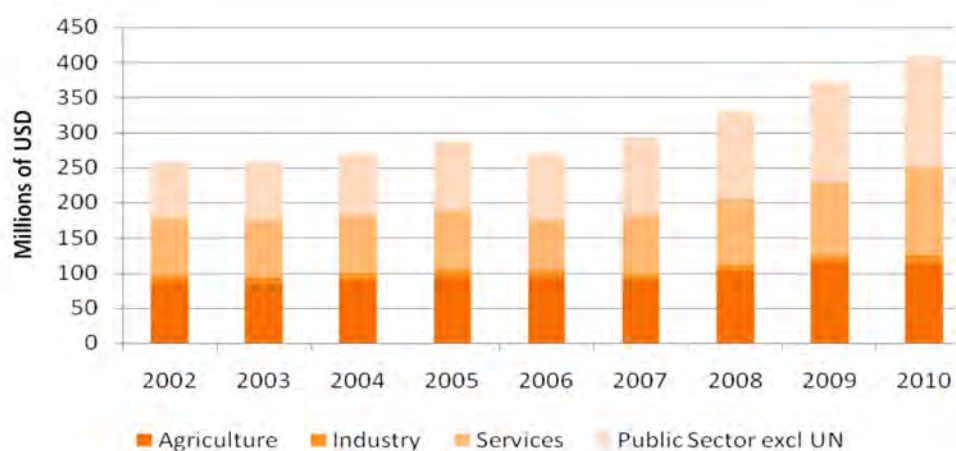


Source: Macroeconomic Directorate, Ministry of Finance, 2010

Growth in the economy has been a result of increased public sector expenditure as well as private sector investment and production, including in the agriculture, construction and services sectors.

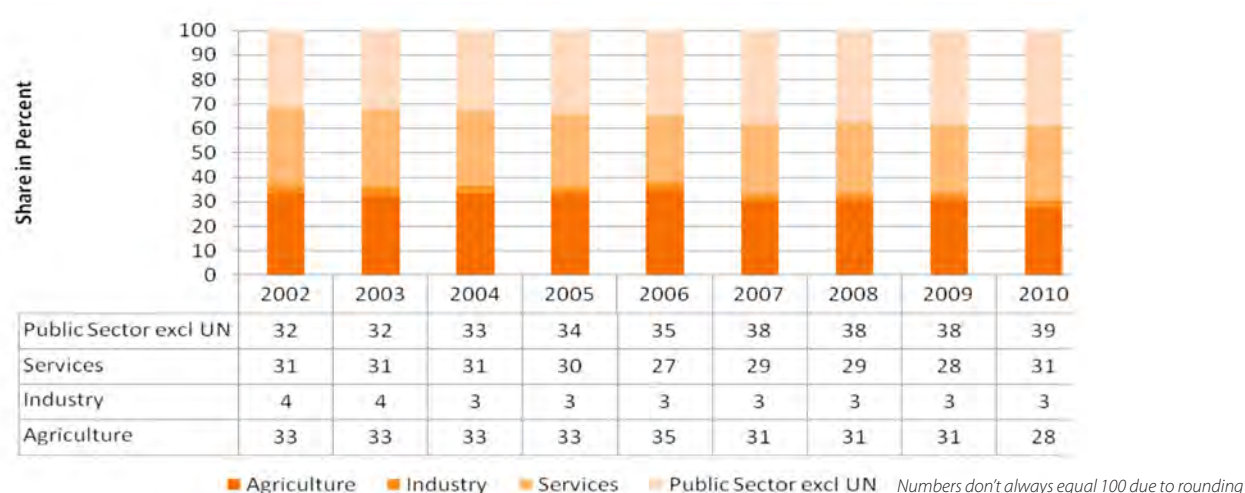
Structure of the economy

As noted above, Timor-Leste's economy is dominated by agriculture and the public sector. While the agriculture sector was the largest sector in the early 2000s, it has now been overtaken by the public sector. This has come about because of slower relative growth in the agriculture sector, averaging around 5% annually since 2002, compared to average annual growth of 11% in the public sector. Growth in the public sector is a result of Timor-Leste's need to build a civil service — and public and community services — from the ground up. Over the same period, the services sector grew at an annual rate of 5.8%. The structure and growth of the Timor-Leste economy is shown in figure 26.

Figure 26 Real Non-Oil GDP by sector at 2000 prices, 2002 to 2010 (US\$ Million)

Source: Macroeconomic Directorate, Ministry of Finance, 2011. 2010 data are preliminary.

The structure of the economy has been heavily influenced by Timor-Leste's traditional reliance on agriculture and the emphasis of fiscal policy on nation building and establishing security and stability across the country. The government's fiscal framework has been set following consideration of public policy objectives and priorities. An expansive fiscal policy has been adopted to address urgent issues facing Timor-Leste, including establishing and extending core government services, and restoring and constructing the basic infrastructure our people need to improve their health and wellbeing. We have also invested in activities to promote private sector and national development, build a professional civil service and restore trust in our public institutions and systems. This considered and deliberate approach to fiscal policy has been essential to Timor-Leste achieving stability and building a foundation for future social and economic development. This approach will continue as Timor-Leste develops the necessary core and productive infrastructure that will enable us to build our nation and to address national challenges and priorities. This approach will also allow the nation to work towards achievement of the Millennium Development Goals. The result of our expansive fiscal policy on the structure of the economy is shown in the figure below.

Figure 27 Real Non-Oil GDP by sector at 2000 prices, 2002 to 2010 (percent)

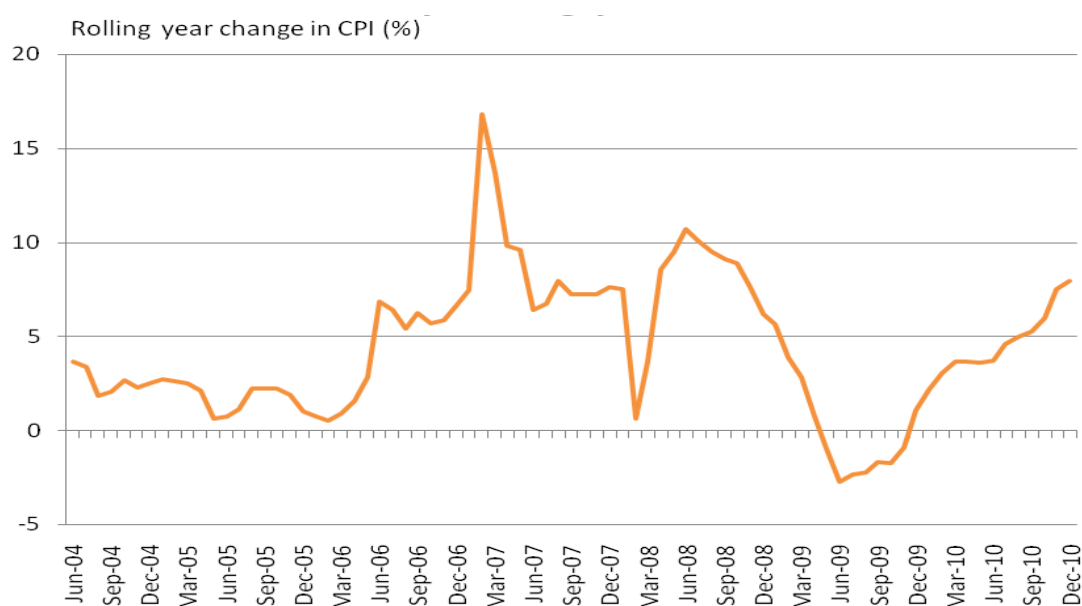
Source: Macroeconomic Directorate, Ministry of Finance, 2011. 2010 figures are preliminary data.

While the expansion of our civil service to provide service delivery and governance has been essential to our advancement, such growth is unsustainable over an extended period. The Strategic Development Plan includes a number of strategies and actions to ensure that the structure of the economy changes over the longer term, including promoting higher levels of private sector activity and attracting new businesses to Timor-Leste (see Part 4 – Economic Development, Private Sector Investment).⁹

Inflation

The Timor-Leste economy has also experienced volatility in inflation levels as well as in its growth rate. This volatility reflects levels of demand, supply capacity and the relative value of the American dollar. A particular factor, which explains the contrast between inflation rates in 2008 and 2009, is international food prices. The international food price crisis of 2008 caused an inflation spike and illustrated the vulnerability of our economy to external conditions. This is also reflected in the substantial increases in food, clothing and footwear prices in 2010.

Figure 28 Timor-Leste inflation rate, Monthly Rolling Year Rates



Source: National Directorate of Statistics, Ministry of Finance, 2011

While Timor-Leste has been broadly successful at keeping inflation under control, this will be a policy challenge into the future as the economy and demand expands and the volatility of commodity and food prices in international markets continues. To meet this challenge, it will be important to focus our capital and recurrent expenditure on productive infrastructure and the development of human resources to increase supply capacity and reduce industry and trade bottle necks.

Geographic position

Timor-Leste is fortunate to be a part of the growing East Asia region, which is driving much of the world's growth. We also enjoy strong economic ties with some of the world's great emerging economies, including China and Indonesia.

As discussed above (see Part 5 - Institutional Framework, Foreign Affairs) Timor-Leste is also seeking membership of ASEAN. Covering around 600 million people and approaching a GDP of \$2 trillion, ASEAN provides a large potential market for Timor-Leste. With moves being made towards establishing the ASEAN Economic Community in 2015, further economic opportunities would become available to Timor-Leste as a member of this regional body.



Source: UNDP

LOOKING TO THE FUTURE

Our aim is for Timor-Leste to become an upper middle income country by 2030, closing the gap with neighbours such as Indonesia, Thailand and Malaysia.

The World Bank lists four categories to characterise the economic position of countries according to 2009 GNI:

- Low income countries with GNI per capita of less than \$996
- Lower middle income countries with GNI per capita between \$996 and \$3,945
- Upper middle income countries with GNI per capita between \$3,946 and \$12,195
- High income countries with GNI per capita of more than \$12,195.

Taking Timor-Leste into the ranks of upper middle income countries within 20 years will require a substantial increase in our GNI. Achieving this increase by 2030 will require:

- Extensive public and private investment in core and productive infrastructure, forming the foundation of a strong and growing market economy, attracting domestic and international investors and supporting successful local businesses
- Reform and development of the agriculture sector, leading to the replacement of subsistence farming with commercial smallholder agriculture

- Self-sufficiency in food with a flourishing export trade in a range of agricultural products, including staples, livestock, fruit and vegetables and other cash crops, forestry products and fisheries products
- A sizeable industrial base anchored by the petroleum sector, including oil and gas production and downstream industries such as petrochemicals
- A growing number of light industries such as food processing, apparel manufacturing, handicrafts and cultural items, and furniture making
- A strong and thriving tourism and hospitality industry backed by improved infrastructure, support for local tourism businesses and a skilled local workforce
- An expanded services sector providing employment in health care, education, trade, entertainment and public administration
- Deep penetration of broadband internet and the latest telecommunications technology, underpinning and supporting a more connected and innovative economy
- A high number of sustainable small and micro businesses in growing industry sectors such as tourism, small scale manufacturing and high value cash crops
- An increasingly educated and skilled workforce, supporting a more diverse economy and giving the Timorese people many more opportunities to increase their incomes and improve their lives and wellbeing.

Achieving these outcomes is the primary aim of the Strategic Development Plan.

As these changes occur, urbanisation will increase and more of our population will live in, or close to, urban centres that provide access to high quality education, health care, infrastructure and government services. This will drive further improvements in the health and wellbeing of our people and their access to opportunities to participate in Timor-Leste's growing economy.

As part of our goal of becoming an upper middle income country by 2030, we aim to eradicate extreme poverty. As many extremely poor Timorese people live in rural areas, the strategies and actions we take to expand and modernise our agriculture sector and to support rural economic development will be critical to lifting people out of poverty.

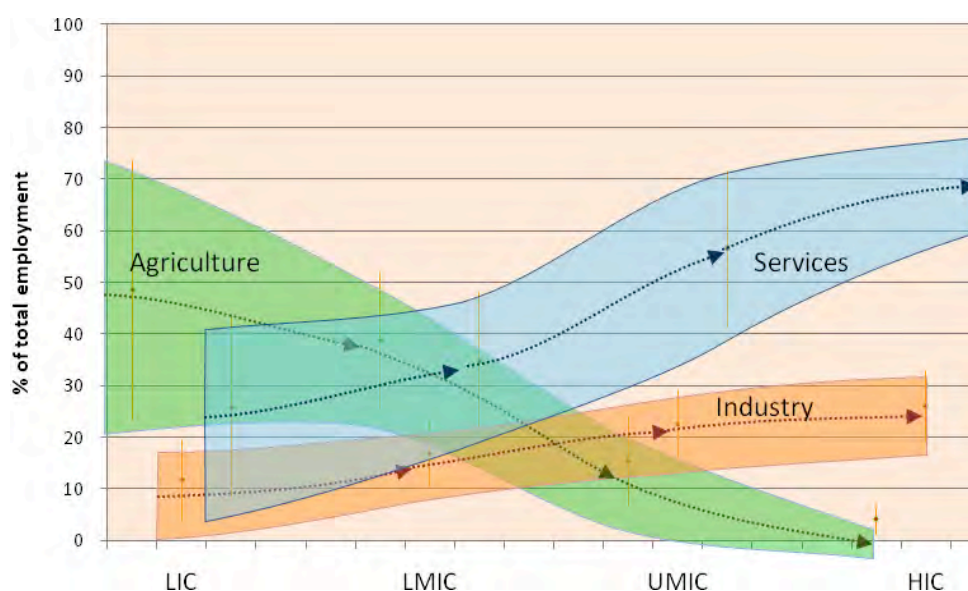
Restructuring the economy

To achieve our economic vision, we will need to transform the structure of Timor-Leste's economy – moving away from the current heavy weighting towards agriculture and the public sector towards a growing private sector, mature industries and an expanding services sector. It will also require a more efficient agriculture sector.

The economic strategies and actions in the Strategic Development Plan are designed to bring about this structural shift. This includes actions to develop our human resources through education and training, provide private sector capital through a National Development Bank and financial sector initiatives, improve the business environment through regulatory reform and focus on the development of strategic industries. Along with the development of core and productive infrastructure to provide a foundation for growth, the Strategic Development Plan will precipitate a sustained restructuring of the Timor-Leste economy.

This transformation will result in a shift in the demand for labour and skills, and changes to employment patterns. This will follow a sectoral employment shift from an agriculture-based economy to an industry- and services-based economy, as indicated by figure 30. The Human Capital Development Fund (see Part 2 — Education and Training) has been established to respond to these changes in labour demand, which will follow the changing structure of our economy. International experience has shown that as countries move from lower income to middle income status, there is a gradual decline in agricultural employment and rises in labour demand in both the industry and services sectors.

Figure 30 Employment share shift by sector from lower income country to high income country



Source: Modelling undertaken for the Strategic Development Plan

However, Timor-Leste is predominantly agricultural and our policy focus must first be on developing the efficiency and productivity of this sector. The development of industries within this sector will be an important first step towards industrialisation as the achievement of upper middle income status will require both an increase in agricultural production and the development of an industrial sector.

As noted earlier, while current levels of public expenditure are a primary driver of the economy — and necessary to build a foundation for social and economic development — they are not sustainable over the longer term. Over time, private sector expenditure and private sector domestic capital formation will need to supplant government expenditure as the primary driver of economic growth. This change in the structure of Timor-Leste's economy will be facilitated by both the Infrastructure Fund and the Human Capital Development Fund.

The transition in the structure of our economy will also see private services overtake public services as a share of the services sector.

Setting economic targets

Economic modelling has been undertaken in developing the Strategic Development Plan to identify credible and achievable macroeconomic targets for Timor-Leste's future economic growth and development. This modelling uses historical economic data from Timor-Leste, supplemented by the experiences of other countries with similar circumstances.

However, economic forecasting and target setting over multi-year and multi-decade periods are always subject to uncertainty and are vulnerable to external economic circumstances, as well as domestic events. As such, it is impossible to predict future economic conditions with certainty. Governments have to be flexible and responsive to a changing global economic environment and domestic events and trends. Accordingly, achieving the targets in the Strategic Development Plan is not guaranteed; however, these targets are realistic given Timor-Leste's strong economic performance over the last four years and indicative trends in the broader global economy.

The economic modelling is also based on certain assumptions regarding future social and economic circumstances, which will influence the accuracy of future targets. These assumptions include:

- There will be capable public sector management able to execute budget expenditure effectively, with an execution rate of at least 95%.
- The efficiency of public and private sector spending will improve, reflected in Incremental Capital Output Ratios for both sectors.
- Inflation rates will remain well below double digits and in the range of 4% to 6% over the long-term.
- Taxation revenue will continue to increase due to an increase in private sector investment and improvements in basic infrastructure, productivity and efficiency across all sectors of the economy.
- Recurrent expenditure, including on civil service wages and salaries, will be prudent.
- Extensive development of human resources will occur in all major industrial sectors.

Government expenditure

A primary assumption of the modelling relates to government expenditure levels and a projected increase in spending in the areas of education, health, housing, food security and core infrastructure throughout Timor-Leste. Projected expenditure levels, consistent with target revenues, are set out in table 11.

Table 11 Revenue and expenditure targets, 2010 to 2030 (\$ million)

COMPONENTS	2010		2015		2020		2025		2030	Total 2011-2030
2011-2030										
Total revenues	907.4		1,376.1		1,356.3		1,445.5		1,754.0	28,138.5
Non-Oil domestic revenue	96.4		163.7		324.4		594.0		1,072.4	8,606.1
Petroleum Fund withdrawals	811.0		1,212.4		1,031.9		851.5		681.6	19,532.4
Total expenditures	758.2		1,375.7		1,355.9		1,446.5		1,753.6	28,138.5

Note: The extra withdrawal from the Petroleum Fund in 2010 of \$149 million was accumulated as part of the Infrastructure Fund in the 2011 State Budget.

Source: Macroeconomic Directorate, other than 2010 figures which are from the Treasury Directorate, Ministry of Finance, 2011

Table 11 displays target non-oil revenues between 2011 and 2030 (the 2010 figure is actual) based on recovering a conservative percentage of the expanding Timor-Leste economy. The government follows a frontloading scenario in which withdrawals exceeding the ESI are initially higher, falling to zero as non-oil revenues and private sector investment rise. Under this scenario, the Petroleum Fund Balance in 2020 will be \$18.3 billion and \$22.9 billion by 2030. The ESI in 2030 will be \$681.6 million (calculated to take account of the previous withdrawals in excess of the ESI).

However, it should be noted that the Strategic Development Plan is not a budget document. As noted in the 2002 National Development Plan: 'a plan that is forced into a budget is not a plan at all, but an allocation process.' The modelling that has been undertaken for the Strategic Development Plan identifies the scope of expenditure required over the next 20 years to achieve our targets and produce strong economic growth to build our nation. Table 11 only shows the scope of public expenditure required to deliver double digit economic growth over the next decade and a moderate growth scenario for the following decade. The difference with the high growth scenario is the increase in domestic revenue that will complement the Petroleum Fund withdrawals.

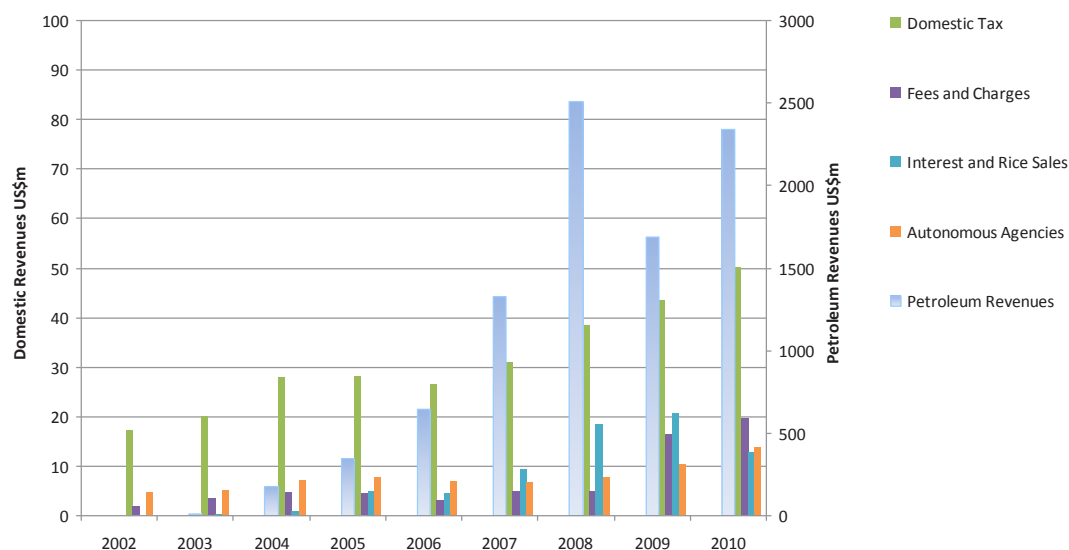
Revenue sources – oil and gas and non-oil and gas revenue

Timor-Leste's prime revenue sources are from our resources wealth of oil and natural gas, as well as from State taxation and charges.

Timor-Leste's taxation base is currently small relative to the contribution from the oil and gas sector. However, as the economy and the private sector expand, taxation and other forms of domestic revenue will continue to grow and make a greater contribution to public financing. As the economy develops, it is anticipated that the tax base will move away from its weighting towards revenue from customs and trade and towards taxes on income and capital gains. This will allow comprehensive tax reform to be undertaken to widen the tax base and increase State revenue.

Sources of non-tax domestic revenue include income from autonomous agencies, such as Electricidade de Timor-Leste. It is anticipated that this source of revenue will increase as Timor-Leste considers the establishment of statutory authorities to manage State functions on a more commercial basis (see Part 5 — Institutional Framework, Structure of the Public Sector). Other non-tax domestic revenue includes items such as income derived from the sale of rice.

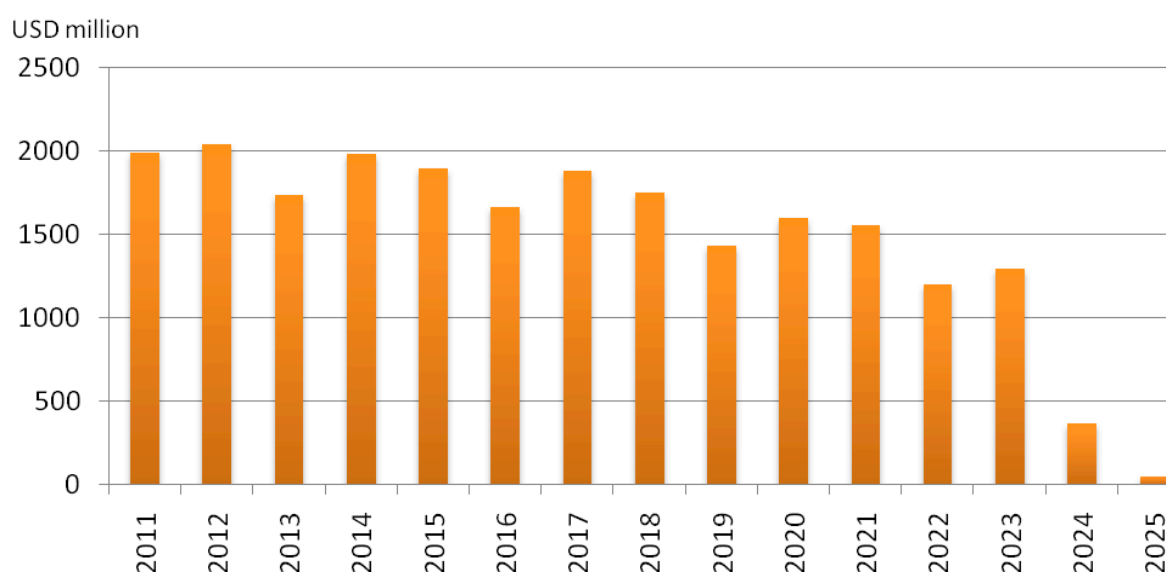
Figure 31 shows the composition of State revenue in previous years, illustrating our current heavy reliance on petroleum revenue.

Figure 31 State revenues (including oil and gas)

Source: Processed from the Timor-Leste General State Budget 2010

Revenue sources – oil and gas revenue

Timor-Leste's main field is Bayu-Undan in the Joint Petroleum Development Area, which will continue to be a source of revenue until around 2025. An additional field, Kitan, contains approximately 34.5 million barrels of recoverable oil and will also begin to provide revenue in 2011. This field is expected to be depleted in 2017. The projected revenue from Bayu-Undan and Kitan is set out in the figure below.

Figure 32 Bayu-Undan and Kitan revenue projection

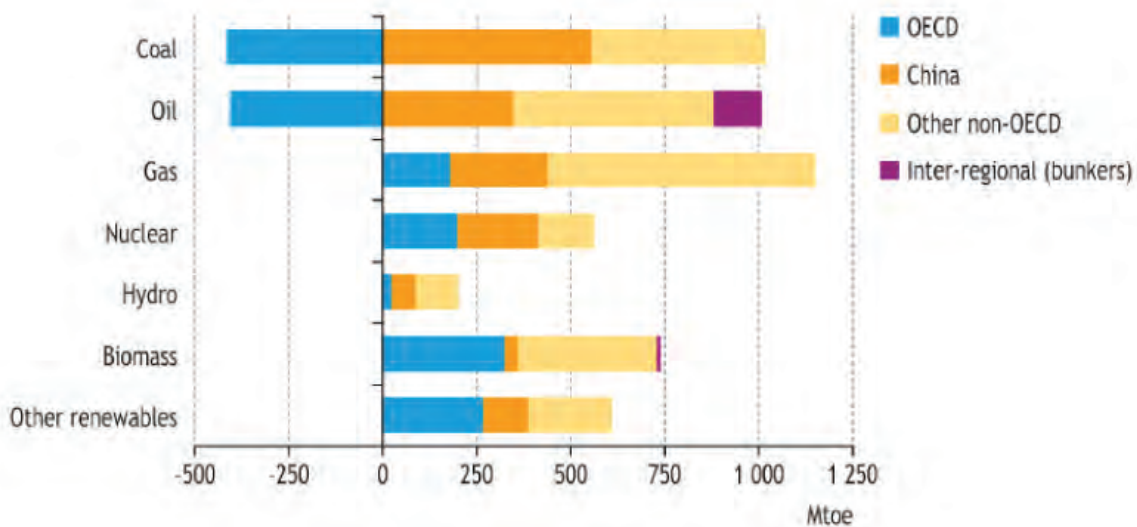
Source: National Directorate of the Petroleum Fund, Ministry of Finance

The Greater Sunrise oil and gas field will contribute significant future returns when it comes on line and there is also potential for the future discovery of further natural resources.

The modelling undertaken for the Strategic Development Plan assumes that a petroleum-based downstream industry including LNG, petrochemicals, refineries, fertilisers and other petroleum based sectors will add value of another \$2.5 billion per year to the domestic economy.

Returns from Timor-Leste's petroleum resources are affected by world oil prices. As future petroleum prices are extremely difficult to predict, it is almost impossible to determine with a high degree of accuracy the future revenue to our Petroleum Fund. While our petroleum revenue projections are conservative, there is a possibility of extended periods of high oil prices over the next two decades which would substantially increase these revenues and our budget capacity. Periods of high oil prices will, in part, be driven by growing demand from the world's emerging economies, as reflected in figure 33.

Figure 33 Incremental primary energy demand by fuel and region, 2011 to 2035



Source: International Energy Agency: World Energy Outlook 2010. Adapted from Petroleum Fund Directorate, Ministry of Finance, 2011

In the future, on a low production scenario, the Bayu-Undan field is predicted to extract a further 624 million barrels of oil equivalent, with production levels gradually tapering off before running out in 2025. With the Kitan field also coming on line in the second part of 2011, revenues from the petroleum sector are estimated to be \$1.99 billion in 2011 and \$2.04 billion in 2012. In 2015 and 2020, revenues are projected to be \$1.9 billion and \$1.6 billion respectively. On conservative estimates, the total projected revenue for the remaining life of Bayu Undan and Kitan is \$22 billion. The Greater Sunrise field and any potential future finds will substantially increase our oil revenue estimates in the next two decades.

Grants, concessional loans

To finance State expenditure, and in particular infrastructure projects, grants and concessional loans will be considered. This may provide favourable public financing options to support infrastructure programs such as the rehabilitation of roads and bridges.

In the future — and as the financial sector develops and our economy expands — the issuance of government debt could also be considered as an alternative funding source.

Private finance

A further financing mechanism that will be explored to fund the infrastructure program of the Strategic Development Plan is Public Private Partnerships. Under a Public Private Partnerships arrangement, funding for infrastructure is provided by the private sector. However, regular and periodic payments are generally required from the public sector to the private investor. Payments occur when the infrastructure is built and operated in accordance with conditions specified in the Public Private Partnership contract.

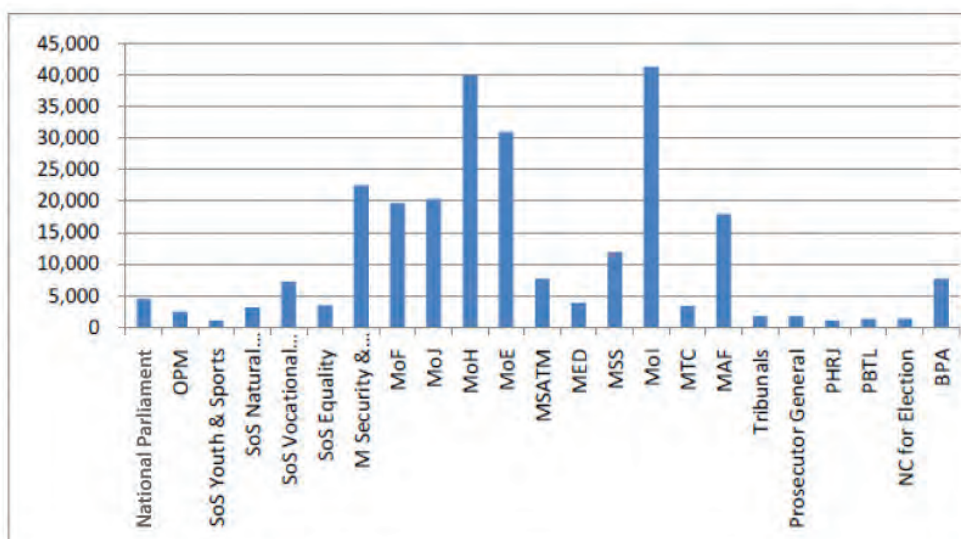
Any Public Private Partnerships must provide better value for money than if the State undertook the projects itself. In some instances, infrastructure and related services provided by the private sector can be more efficient if the gains from expert management and other attributes outweigh the higher costs of funding incurred by the private investor. Public Private Partnerships would also support the expansion of the private sector in Timor-Leste and could be considered for projects such as sea port and airport developments.

Development partners' expenditure

Timor-Leste is fortunate to have a range of generous development partners that will also provide support and financial assistance to help us to achieve our development objectives. This assistance is provided across all aspects of government and makes a significant contribution to our nation. The distribution of development assistance across State ministries and agencies is illustrated below.

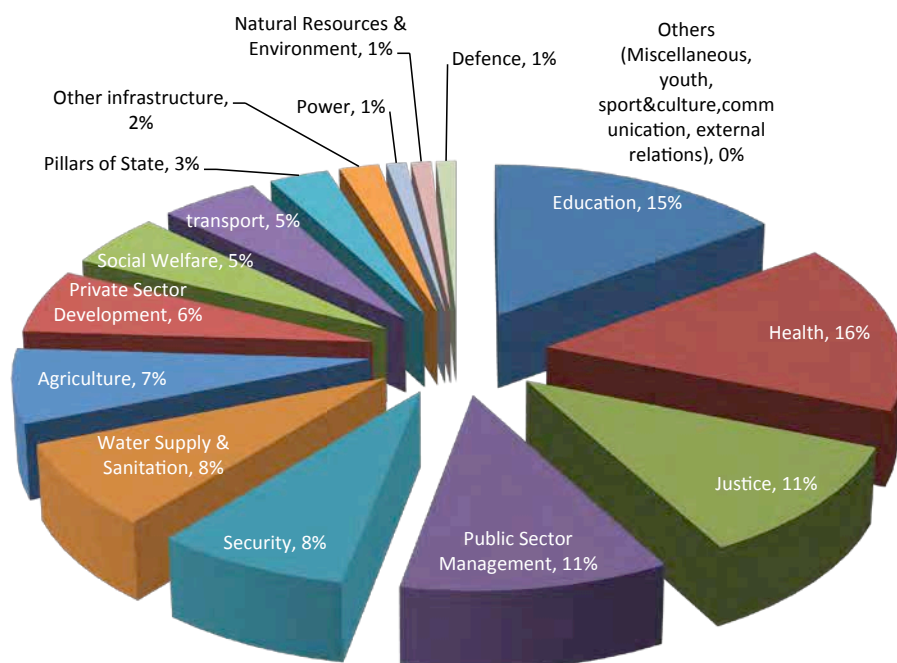
Figure 34 Development Partner Fund Allocation in 2010

US\$, 000



Source: Ministry of Finance, 2010

In 2010, this support was directed primarily to six areas: health – \$40 million (16%), education – \$38 million (15%), justice – \$28 million (11%), public sector management – \$27.4 million (11%), water and sanitation – \$21.2 million (8%), and security – \$21.0 million (8%). This distribution is illustrated in figure 35.

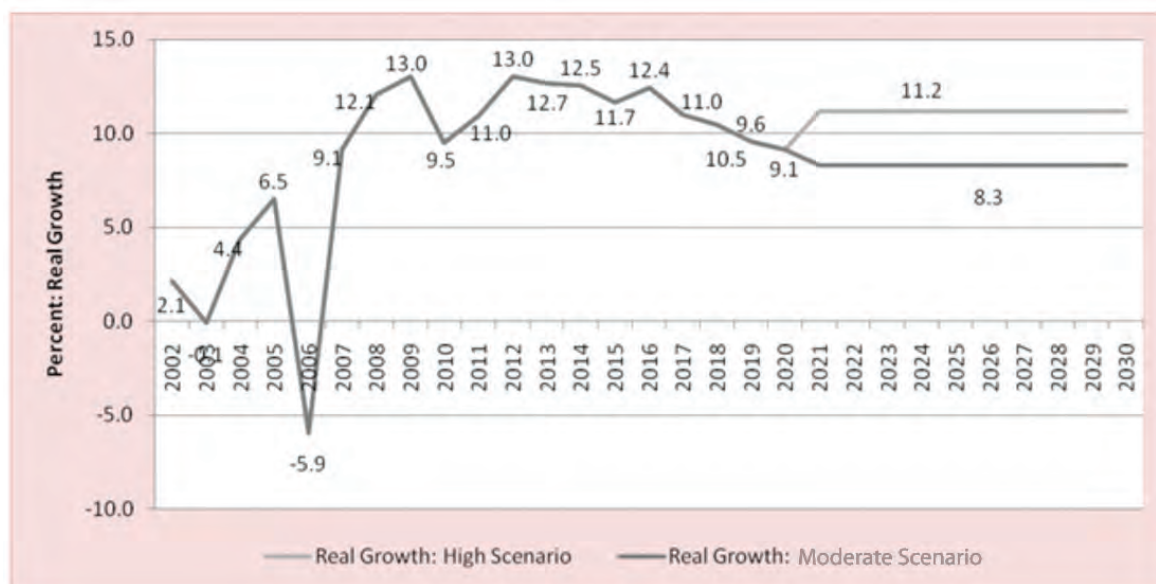
Figure 35 Fund Allocation per Sector in 2010

Source: Ministry of Finance, 2010

Economic growth targets

The macroeconomic model adopted in preparing the Strategic Development Plan is based on the assumptions set out above, as well as the expectation (especially in the second decade) that the proportion of government spending decreases as private sector activity expands.

The model also assumes that the productivity of Timor-Leste's agriculture sector will increase; that there will be a growth in small scale industries and manufacturing; and that there will be more private investment in the oil and gas sector in response to measures taken through the Strategic Development Plan. In these circumstances, the model sets an annual average growth target of 11.3% to 2020 in real terms and a moderate rate of 8.3% to 2030. Growth targets to 2030 are set out in figure 36.

Figure 36 Real Non-Oil GDP growth (2002 to 2010) and targets for 2011 to 2030 (percent)

Source: Macroeconomic Directorate, Ministry of Finance, 2011

Modelling for the moderate growth scenario indicates that a target could be set for a rise in per capita income (including petroleum revenue) from \$2,560 in 2010 to around \$6,330 in 2030, an increase of 4.63% per annum on average.* Excluding petroleum revenue, Non-Oil GDP per capita could be targeted to rise from \$610 in 2010 to \$2,030 in 2020 and to \$5,690 in 2030. This level of income would put Timor-Leste among the lower middle income category of countries in 2014 and the upper middle income category in 2025 and beyond.

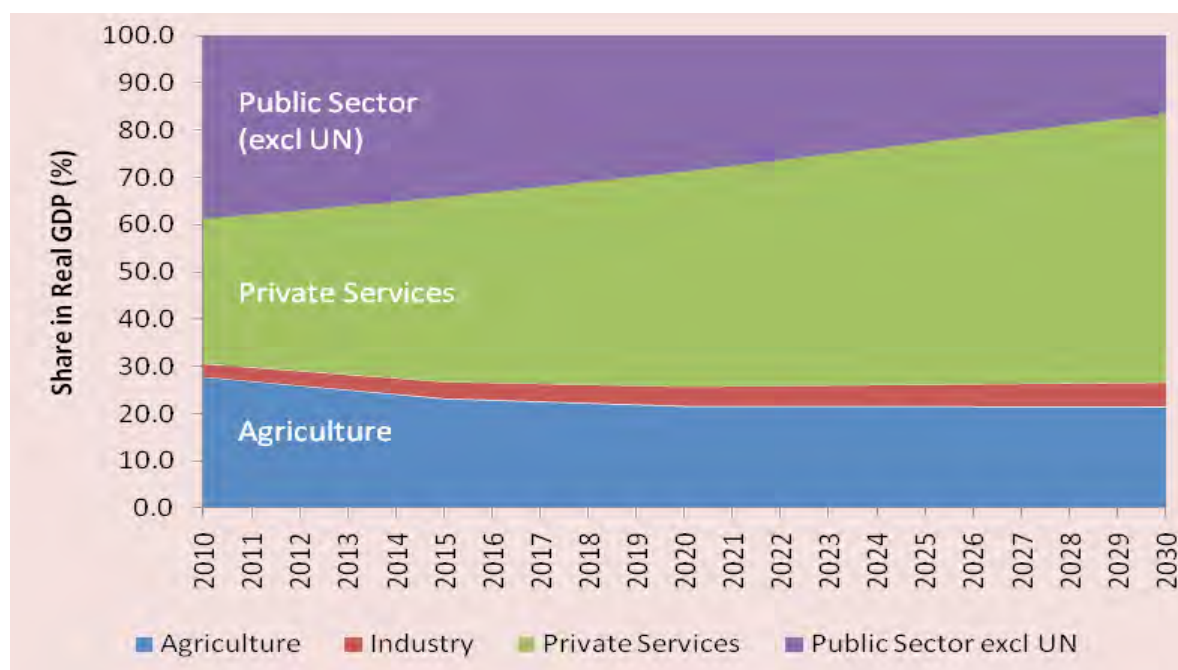
The alternative modelling scenario produces a high growth outcome with annual average growth of 11.2% for the second decade of the Strategic Development Plan. This high growth scenario assumes a higher proportion of private sector investment and increased productivity. Under this scenario, Non-Oil GDP per capita would be targeted to rise from \$610 in 2010 to \$7,880 by 2030.

Erring on the side of caution, the financial modelling does not include revenue from Greater Sunrise. When this field comes on line, it will provide greater budget flexibility and reduce significantly any need for further withdrawals from the Petroleum Fund additional to the ESI.

Both high and low growth scenarios take into account that the productivity growth of Timor-Leste's work force will not be optimal in the immediate future due primarily to the low levels of skills, education and experience of our workforce. With the strong focus on human resources development adopted by the Strategic Development Plan (see Part 2– Education and Training), average worker productivity is projected to increase over time.

With any moderate growth of the Timor-Leste economy, the proportional contribution of different sectors of the economy to growth is also predicted to shift. Both low and high growth scenarios show a similar pattern emerging in the targeted production shares of each main sector through to 2030. Figure 37 shows the shift of the economy's structure towards private services and away from agriculture and the public sector under the lower growth scenario.

* Per capita targets are set based on the assumption that population growth rates fall by 0.08 percentage points a year from 2010.

Figure 37 Targeted production shares of Non-Oil GDP in percentage of GDP at 2000 prices

Source: Modelling undertaken for the Strategic Development Plan

Employment targets

These structural changes to our economy will also provide employment opportunities for our people. Within a decade, our labour force has increased by 35% from 300,000 people in 2001 to 405,000 people in 2010. However, while it is estimated that about 12,000 to 15,000 new job-seekers enter the labour force each year, the private sector currently provides very few employment opportunities for these job-seekers, most of whom are young people. In addition, the great majority of Timorese people are currently employed in low productivity jobs in subsistence agriculture.

As our economy changes and shifts towards a more productive agriculture sector and private sector services – and as investment in our education and training system builds a more skilled workforce – the Timorese people will make an increasing contribution to our economy.

In particular, the growth in the services sector is expected to create considerable employment opportunities for women. As economies develop, the services sector tends to expand. This is illustrated in table 12, which sets out average services sector employment for countries in different stages of economic development, along with projections for the gender mix of the services sector in Timor-Leste to 2030.

Table 12 Range of services sector employment in various countries and estimated condition in Timor-Leste

Classification	Range of % employment in services sector						TIMOR-LESTE: Current and future employment in services sector
	Male: % of male LF**			Female: % of female LF			
LIC*	3	–	60	0	–	65	2010: male 16% – female 17%
LMIC	20	–	60	15	–	70	2020: male 30% – female 40%
UMIC	40	–	65	40	–	100	2030: male 50% – female 70%
HIC	45	–	75	70	–	100	

* Low income countries (LIC), low middle income countries (LMIC), upper middle income countries (UMIC) and high income countries (HIC)

** Labour force Source: Modelling undertaken for the Strategic Development Plan

However, the gender mix is expected to be more balanced in regard to employment in the growing industry sector, as set out in table 13.

Table 13 Range of industry sector employment in various countries and estimated condition in Timor-Leste

Classification	Range of % employment in industry sector						TIMOR-LESTE: Current and future employment in industry sector
	Male: % of male LF**			Female: % of female LF			
LIC*	5%	–	5%	5%	–	15%	2010: male 16% – female 17%
LMIC	15%	–	15%	7.5%	–	30%	2020: male 30% – female 40%
UMIC	20%	–	20%	10%	–	25%	2030: male 50% – female 70%
HIC	25%	–	25%	7.5%	–	20%	

Source: Modelling undertaken for the Strategic Development Plan

The experience of other countries indicates that the level of vulnerable employment also decreases as countries become stronger economically. Vulnerable workers include those who work for themselves or who contribute to their families and those with no guaranteed salary each month and low levels of job security. The Strategic Development Plan also predicts that the level of vulnerable employment in Timor-Leste will reduce from the current levels of 78.5% for women and 65.9% for men to 40% in 2020 and 25% in 2030 for both genders.

MACROECONOMIC DIRECTIONS AND THE STRATEGIC DEVELOPMENT PLAN

The Strategic Development Plan will influence the broad direction for future fiscal and economic policy in Timor-Leste. In particular, the plan includes strategies and actions designed to achieve our economic vision and restructure and diversify our economy as outlined in the table below.

Table 14 Strategic Development Plan support for macroeconomic directions

2030 ECONOMIC VISION	SDP PART	ACTION AREA
Investment in core infrastructure	Part 3 – Infrastructure Development	Roads and Bridges Water and Sanitation Electricity Telecommunications
Bottlenecks removed	Part 3 – Infrastructure Development	Sea ports Airports
Penetration of broadband	Part 3 – Infrastructure Development	Telecommunications
Market economy and strong private sector	Part 4 – Economic Development	Rural Development Agriculture
Reform of the agriculture sector	Part 4 – Economic Development	Rural Development Agriculture
Self-sufficiency in food	Part 4 – Economic Development	Agriculture
Industrial base anchored by the petroleum sector	Part 4 – Economic Development	Petroleum
Light industries	Part 2 – Social Capital Part 4 – Economic Development	Culture and Heritage Private Sector Investment
Small and micro businesses	Part 4 – Economic Development	Agriculture Private Sector Investment
Thriving tourism sector	Part 4 – Economic Development	Tourism
Educated and skilled workforce	Part 2 – Social Capital	Education and Training





PART

7

CONCLUSION AND STAGING OF THE STRATEGIC DEVELOPMENT PLAN



The Strategic Development Plan provides a vision and actions for Timor-Leste that will guide our path to development until 2030.

PART 7 CONCLUSION AND STAGING OF THE STRATEGIC DEVELOPMENT PLAN

The Strategic Development Plan provides a vision and actions for Timor-Leste that will guide our path to development until 2030. It is a comprehensive plan that has been informed by extensive consultation and the work of our people. It builds on the remarkable progress we have already made as a nation in peace building and State building.

The Strategic Development Plan works towards Timor-Leste becoming a nation with a well educated and skilled population, quality universal health care, good infrastructure, a strong private sector operating in a diversified economy and a prosperous society with adequate income, food and shelter for all our people.

As we continue to build our young nation, we need to ensure that the development and structure of our economy supports Timor-Leste's advancement as a stable democracy and that our people are given every opportunity to improve their lives and wellbeing through taking up new education, employment and business opportunities.

Timor-Leste's Strategic Development Plan is an integrated package of strategic policies to be implemented in the short-term (one to five years), in the medium term (five to ten years) and in the long-term (ten to 20 years). Figure 38 shows the staging of the plan to 2030.

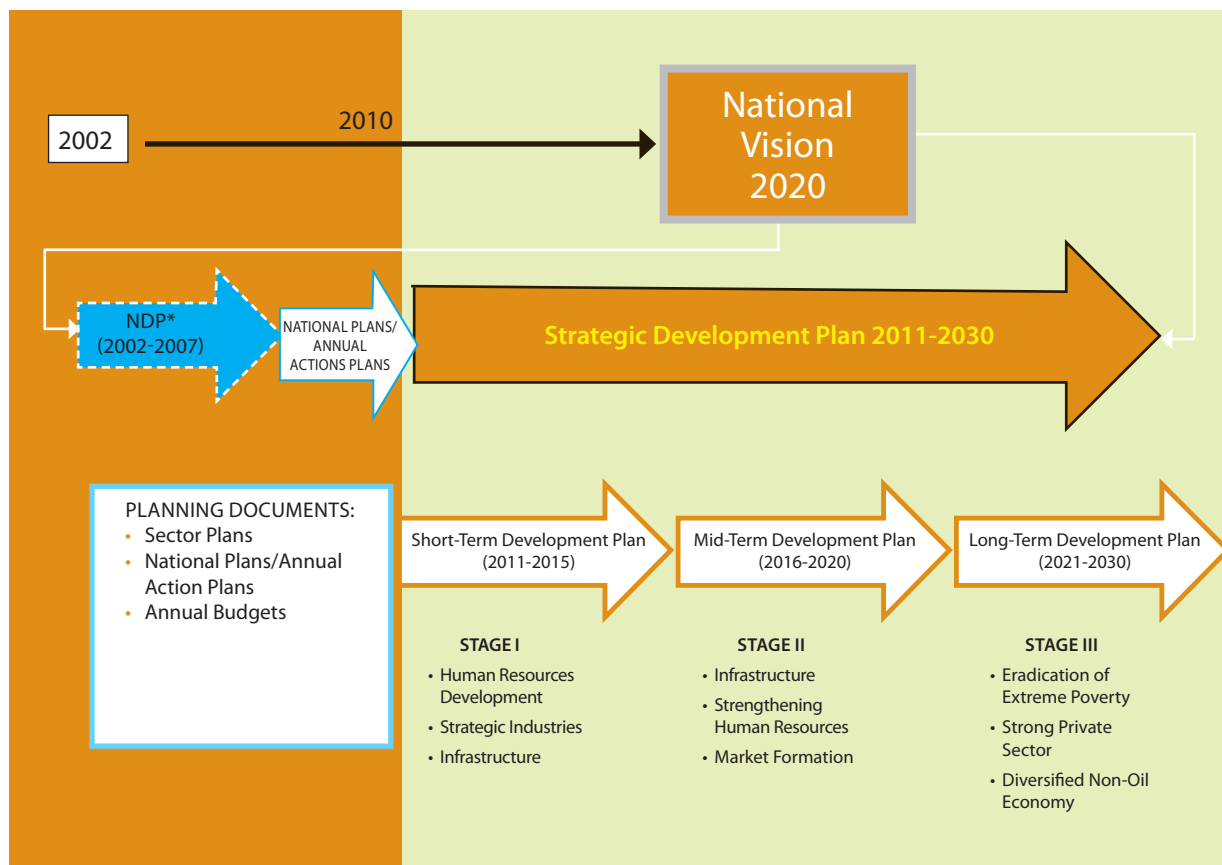
The primary actions and targets for each of the three stages are set out in Table 16. This table is not an exhaustive list of the actions to be taken in accordance with the Strategic Development Plan, but provides a useful summary of its direction and targets.

The Strategic Development Plan sets out what needs to be done to achieve the collective vision of the Timorese people for a peaceful and prosperous nation in 2030. It provides a framework for identifying and assessing priorities and a guide to implementing recommended strategies and actions. However, the successful implementation of the Plan will require the participation, goodwill and determination of the Timorese people.

We must harness our true strengths of resourcefulness, resilience and determination to make our nation strong. Our people have a history of achievement in the face of great difficulty and in circumstances where we were told that we would not succeed. The liberation of our people, and the attainment of our sovereignty, took continued determination and great sacrifice.

Today we face a new challenge to develop the nation we fought so hard to achieve. With the same values and commitment we brought to our independence struggle, and in a renewed spirit of solidarity, we can work together to realise our dreams. This new struggle will be difficult. It is easy to simply identify problems and criticise plans for change. The braver path is to recognise our strengths, build on our successes and work together for a better Timor-Leste and for a brighter future for all our people.

Figure 38 Staging of the Strategic Development Plan



*NDP = NATIONAL DEVELOPMENT PLAN

Table 15 Strategic Development Plan, summary of strategies, actions and targets

	2015 (Short Term)	2016 – 2020 (Medium Term)	2021 – 2030 (Long Term)
PART 2 SOCIAL CAPITAL			
EDUCATION AND TRAINING By 2030, the people of Timor-Leste will be educated and knowledgeable, able to live long and productive lives, and have access to a quality education that will allow them to participate in the economic, social and political development of our nation.	At least one half of all Timorese children, boys and girls alike, between three and five years old will be enrolled in and receiving quality pre-school education A new national pre-primary school curriculum, with teacher training programs and approved learning guides, will have been developed Quality basic education will be available for 93% of Timorese children A paradigm shift in the quality and relevance of secondary education will have occurred, allowing students to acquire the practical skills to enter employment or to learn the core scientific-humanistic knowledge needed to continue their studies in higher education Illiteracy in all age groups of the population will have been reduced and the introduction of the National Equivalence Program will have been completed, allowing accelerated completion of basic education for all graduates of recurrent education A Technical and Vocational Education and Training Plan will have been developed	A policy of social inclusion in education will have been developed and implemented The UNTL will have been expanded to seven faculties Timor-Leste will have a comprehensive, integrated system of higher education The new national system of standards, registration and qualifications will be extended to all districts A National Training Commitment will have been implemented, providing new training opportunities across Timor-Leste A National Labour Content Policy will be in place, ensuring that international and national businesses provide training opportunities Significant investment will have been made in building training facilities and in developing human resources in the vocational training sector A Centre for Employment and Vocational Guidance will be established in each district to provide employment services and advice The training and vocational education system will be providing Timor-Leste with the skilled people we need to continue to build our nation Comprehensive measures will be in place to ensure the right to education for groups that have been socially marginalised and to allow equity of educational opportunity regardless of ethnicity, language, socioeconomic status, religion, gender, health (HIV), disability or location (urban / rural)	All children from the country's 442 sucos will have access to a good quality pre-school or classroom located at a reasonably short distance from their homes All children will successfully complete a full course of quality basic education in order to progress to secondary education All children will have the opportunity to complete a full course of quality secondary education Graduates of the higher education system will have the advanced skills and knowledge needed to analyse, design, build and maintain the social and economic infrastructure of Timor-Leste All people who are over normal school age or who have not gone to school will have the opportunity and access to complete both basic and secondary education

	2015 (Short Term)	2016 – 2020 (Medium Term)	2021 – 2030 (Long Term)
HEALTH By 2030, Timor-Leste will have a healthier population as a result of comprehensive, high quality health services accessible to all Timorese people. In turn, this will have reduced poverty, raised income levels and improved national productivity.	Sucos with a population between 1,500 and 2,000 located in very remote areas will be serviced by Health Posts delivering a comprehensive package of services The delivery of health services by private providers and the not-for-profit sector will be fully regulated and be in compliance with the public health care system 70% of pregnant women will receive antenatal care at least four times and 65% of women will have an assisted delivery 90% of children will be immunized against polio, measles, tuberculosis, diphtheria and hepatitis B There will be increased awareness of HIV/AIDS, tuberculosis, malaria, and other vector-borne diseases 80% of malaria outbreaks will be controlled 90% of Ministry of Health buildings will have access to electricity, water and basic sanitation	All Health Posts will be staffed by at least one doctor, two nurses and two midwives There will be a Health Post for every 1,000 to 5,000 people Sub-district health centres will provide care for 5,000 to 15,000 people and manage approximately four Health Posts Villages more than one hour walking distance from a Health Post will have a local village midwife or community health worker who has been trained by the Ministry of Health Cardiac, renal and palliative health care services will be available at the National Hospital Cardiac, renal and palliative health care services will be available at the National Hospital 54 district health centres will be located in districts that do not have hospitals Focus will shift from primary care to the delivery of specialist health care	There will be a district hospital in all 13 districts There will be a specialist hospital in Dili 100% of health facilities will be fully equipped and staffed for management of chronic diseases 100% of health services health will be delivered from infrastructure that is functional, safe, environmentally friendly and sustainable There will be comprehensive high quality health services accessible to all Timorese people
SOCIAL INCLUSION By 2030, Timor-Leste will be a strong, cohesive and progressive nation where the rights and interests of its most vulnerable citizens are protected.	A universal contributory social security system will be in place that guarantees all Timorese workers a pension A Law on Orphan Care and Adoption will be operational, along with other measures to support vulnerable children 40% more children with disabilities will be in basic education A social safety net package for vulnerable families will have been developed A comprehensive program of State assistance will continue to ensure that veterans are living with dignity and economic security, and that their children have opportunities to succeed in the nation their parents fought to liberate A revised 'gender-friendly' curricula will be embedded at all levels of Timor-Leste's education system A Youth Fund will have been established and will be providing support for projects that support young people and their development	The proportion of women in the civil service and in the National Parliament will have reached at least one third 75% of Timorese girls will be completing a full course of quality Basic Education The State will continue to expand the programs and projects that support and honour our veterans and their families Extensive research of the history of the struggle for national liberation will be preserved and celebrated by our people A National Youth Centre will have been constructed in Dili and multipurpose Youth Centres will be operational in rural areas	Timor-Leste will be a gender-fair society where human dignity and women's rights are valued, protected and promoted by our laws and culture.

	2015 (Short Term)	2016 – 2020 (Medium Term)	2021 – 2030 (Long Term)
PART 2 SOCIAL CAPITAL			
ENVIRONMENT By 2030, Timor-Leste the strong bond between Timorese people and the environment will be restored and our natural resources and our environment will be managed sustainably for the benefit of all.	An Environmental Basic Law will be the legal framework to protect and conserve the environment A Designated National Authority for the Mechanisms of the Kyoto Protocol and a National Climate Change Centre will be operational Community based nurseries will be planting one million trees nationwide every year A National Biodiversity Law and a Wildlife Conservation Law will protect and conserve biodiversity in Timor-Leste Air, noise, soil pollution and vehicle emissions regulations will be in place Public awareness of environmental protection will have been enhanced	70% of National Adaptation Programs of Actions under the United Nations Framework Convention on Climate Change will have been implemented No families in Dili will have to cook with firewood	Timor-Leste will have an extensive network of land and marine national parks that protect representative samples of our biodiversity
CULTURE AND HERITAGE By 2030, Timor-Leste will have a vibrant creative industries sector that is making a very significant contribution to our economy and our sense of national identity.	The Museum and Cultural Centre of Timor-Leste and the National Library and Archives of Timor-Leste will be operational Regional Cultural Centres will be located in Baucau, Oecusse, Ainaro, Maliana and Atauro There will be a regular program of outdoor cinemas at sites around Dili and each district will have access to mobile cinemas on at least a monthly basis The National Academy of Arts and Creative Industries will be operational There will be appropriate village based accommodation around the country for cultural tourists	A national theatre and dance company will be established and will be conducting regular tours to the regions A degree in architecture will be offered at the National University	Regional Cultural Centres will be located in all 13 districts Around 5% of jobs in Timor-Leste will be in the creative industries sector
[PART 3] INFRASTRUCTURE DEVELOPMENT			
ROADS AND BRIDGES An extensive network of quality and well maintained roads will connect our communities, promote rural development, industry and tourism and provide access to markets.	The Dili – Manatuto – Baucau Road Link will have been fully upgraded and widened to international standards The Manatuto-Natarbora Road Link will have been fully upgraded and widened to international standards The Dili – Liquiça – Bobonaro Road links will be fully rehabilitated The Pante Makassar – Oesilo Pante Makassar – Citrana Oesilo – Tumin Road links will be completed All rural roads will have been rehabilitated by locally based contractors Road condition monitoring surveys will have been carried out each year on all improved roads for determining maintenance needs The plan for a National Ring Road will have been completed	All national and regional roads will have been fully rehabilitated to international standards The Dili – Aileu – Maubisse – Aituto – Ainaro – Cassa rehabilitation project will have been completed The Suai – Cassa – Hatu Udo – Betano – Natarbora – Viqueque – Beaço rehabilitation project will have been completed	The National Ring Road will have been completed New bridges will have been constructed to provide all-weather access on all national and district road routes

	2015 (Short Term)	2016 – 2020 (Medium Term)	2021 – 2030 (Long Term)
WATER AND SANITATION By 2030, all citizens in Timor-Leste will have access to clean water and improved sanitation	The Millennium Development Goal of 75% of Timor-Leste's rural population having access to safe, reliable and sustainable water will have been exceeded Improved sanitation facilities will be available in 60% of district urban areas The improved operation and maintenance of the Dili drainage system will result in a cleaner city and reduced flooding	All government schools will be connected to clean piped water There will be appropriate, well operated and maintained, sustainable infrastructure for the collection, treatment and disposal of sewage in Dili Drainage will be improved in all districts	All subdistricts will have improved drainage systems All districts and subdistricts will have appropriate sewerage systems
ELECTRICITY Access to electricity is a basic right and the foundation for our economic future. By 2015 everyone in Timor-Leste will have access to reliable electricity 24 hours a day	Everyone in Timor-Leste will have access to reliable electricity 24 hours a day Two new power stations will have been constructed in Hera and Betano providing 250 MW of electricity to support social and economic development across Timor-Leste A new management model for Timor-Leste's electricity sector will be in place based on international best practice The Lariguto wind farm will be constructed A Solar Centre will be established in Dili Feasibility studies will have been conducted on the long-term prospects of attracting gas processing facilities to Timor-Leste; on potential mini-hydro sites throughout Timor-Leste; and on the viability of building a thermoelectric power plant to generate electricity from Dili's household and industrial rubbish	At least half of Timor-Leste's energy needs will be provided by renewable energy sources Approximately 100,000 families will have access to solar powered electric light	All households in Timor-Leste will have access to electricity either by the conventional expansion of the electricity system or through the use of renewable energy

	2015 (Short Term)	2016 – 2020 (Medium Term)	2021 – 2030 (Long Term)
[PART 3] INFRASTRUCTURE DEVELOPMENT			
SEA PORTS New sea ports are a national priority to support our growing economy and meet future industry and freight demands.	The new sea port at Suai will be operational Port facilities will have been upgraded at Com, Atauro, Vemasse and Oe-Cusse Ambeno Construction of the new port at Tibar will have commenced	The Tibar Port will be operating efficiently as Timor-Leste's main port Port facilities will have been developed at Kairabela and on the south coast near Beaço	
AIRPORTS To meet the future demand for air traffic and boost key industry sectors, we will expand our international airport and build a network of district airports.	The Presidente Nicolau Lobato International Airport Masterplan will have been completed, including new terminal facilities and a longer runway A commercially-oriented airport authority will be managing Presidente Nicolau Lobato International Airport The District Aviation Plan will have been completed and works will be underway District airports at Maliana, Baucau and Oe-Cusse Ambeno will have been rehabilitated	Bacau airport will be operating as an alternative to Dili and as a military base A network of district airports will be fully operational, including airports at Suai, Baucau, Oe-Cusse Ambeno, Lospalos, Maliana, Viqueque, Atauro and Same Presidente Nicolau Lobato International Airport will be a modern international standard airport with a capacity to handle over one million passengers per year	
TELECOMMUNICATIONS We will build a modern telecommunications network that will connect people in Timor-Leste to each other and to the world.	There will be reliable and affordable mobile phone coverage provided to all Timorese people There will be reliable, affordable and high speed internet access available in all district capitals and surrounding areas All schools, health posts and health clinics will be connected to the internet The regulatory framework will be in place to manage a competitive telecommunications market	All Timor-Leste will have access to reliable, affordable and high speed internet All students and health professionals will have portable internet access devices Timor-Leste will be part of the technology enabled world	

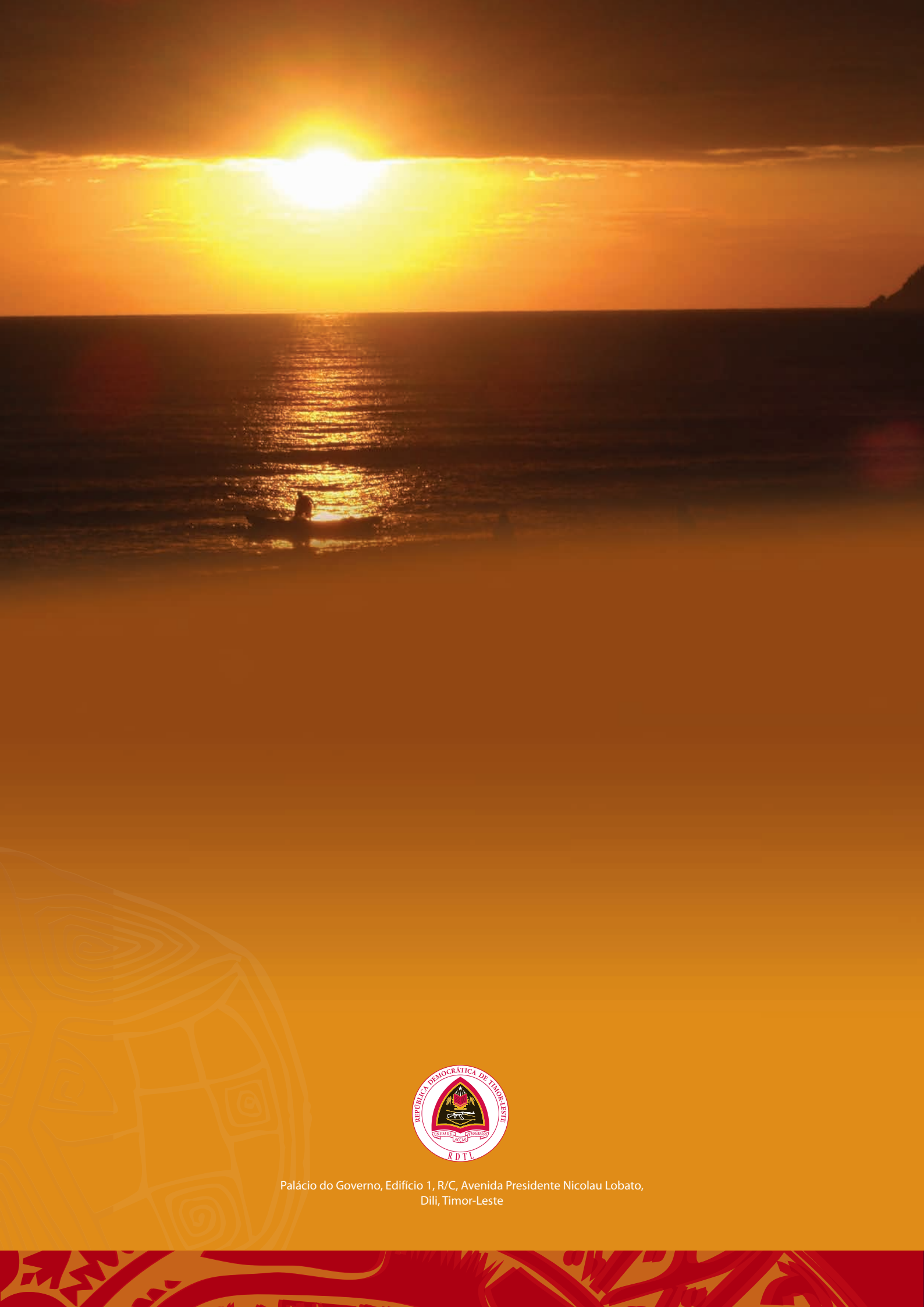
	2015 (Short Term)	2016 – 2020 (Medium Term)	2021 – 2030 (Long Term)
PART 4 ECONOMIC DEVELOPMENT			
RURAL DEVELOPMENT The creation of local jobs is the best way to improve the lives and livelihoods of people living in rural areas.	55,000 new homes will have been built by 2016 to support families across the nation under the Millennium Development Goals Suco Program Support will be provided to cooperatives undertaking private sector activity in a variety of areas A National Planning Framework will have been prepared to underpin Timor-Leste's development An on-request title service will be provided for farmers willing to pay for the service Strategic extension campaigns for agricultural commodities will have been developed and executed	A program of rural urbanisation will be completed, providing our people with road access, water and sanitation, schools, medical clinics, access to markets and power There will be 9,000 businesses registered with Business Development Centres	The private sector will be the primary source of growth in incomes and employment in rural areas of Timor-Leste
AGRICULTURE A thriving agricultural sector is needed to reduce poverty, provide food security and promote economic growth in rural areas and our nation as a whole.	Tonnage for rice (grain adjusted for losses) will have increased from 37,500 tonnes to 61,262 tonnes Productivity of maize will have increased from 1.25 to 1.54 per ha The Timor-Leste Agricultural Advisory Council will be formulating national policies for the sector and overseeing implementation The Timor-Leste Research and Development Institute will be guiding and planning additional investment into research, development and extension for all major agricultural sub-sectors A comprehensive irrigation scheme inventory will have been assembled Dam and groundwater pilot projects will have been developed and the results used to inform further development There will have been increased capital investment in key crops such as coffee and vanilla, candlenuts and palm oil Traditional fishing activities will have increased and fishing will have increased in the Exclusive Economic Zone A Forestry Management Plan and a National Bamboo Policy and Marketing Strategy will be in place Community-based nurseries will be planting one million trees	The food supply will have exceeded demand The area of irrigated rice will have increased by 40% from 50,000 ha to 70,000 ha Average maize yields will have increased to 2.5t/ha At least 50% of fruit and vegetables will be grown locally Livestock numbers will have increased by 20% Coffee production will have doubled following the rehabilitation of 40,000 hectares of coffee plantations There will be at least three types of aquaculture activities supporting coastal communities The fisheries sector will be export based and have expanded to include ocean fishing	On-farm rice storage losses will have reduced from 20% to about 5% Timor-Leste will have at least four niche cash crop products that can be consistently exported

	2015 (Short Term)	2016 – 2020 (Medium Term)	2021 – 2030 (Long Term)
PART 4 ECONOMIC DEVELOPMENT			
PETROLEUM We will establish a National Petroleum Company and give our people the skills and experience they need to lead and manage the development of our petroleum industry.	The construction of the Suai Port will have been completed The Suai airport will have been rehabilitated The first phase of the refinery project will have commenced The construction of the first section of road from Suai-Betano will have commenced Nova Suai development will have been completed First phase of Nova Betano will have commenced	The second phase of the Suai Supply Base will have been completed The first phase of the refinery project will have been completed The Beaço Port will be completed	The Tasi Mane project will have been completed, establishing a dynamic and integrated petroleum industry connected by a highway on the south coast of Timor-Leste
TOURISM With much to offer international visitors, we will position ourselves to provide a range of tourism experiences that take advantage of our natural beauty, culture and heritage.	Roads on key tourist routes, including the Great Northern Coast Road from Com to Balibo, and from Maliana through Ermerato Tibar, will have been rehabilitated and signposted A tourism and hospitality training centre will have been established in Dili Comprehensive tourist packages will be in place for each of the Eastern, Central and Western Tourist Zones An international tourist marketing strategy will be operating A program of developing tourism infrastructure will be underway involving the private sector Critical tourist infrastructure will have been built or rehabilitated, including the Dili airport and regional airports and improved telecommunications infrastructure Roads on key tourist routes, including the Great Northern Coast Road from Com to Balibo, and from Maliana through Ermerato Tibar, will have been rehabilitated and signposted Tourist Information Centres will have been established in Dili, Lospalos and Baucau.	Key tourism destinations will be operating with upgraded infrastructure, well established local activities and businesses, and promotional materials	Timor-Leste will have a well developed tourist industry attracting a large number of international visitors
INVESTMENT To build our nation and provide jobs and income for our people, we will attract investors to our key industry sectors, partner with international firms in building our infrastructure and support local firms to start-up and grow.	The Civil Code will be in force to support contract enforcement, a Land Law will give security of ownership and certainty in development and a Labour Law will have been passed to clearly define the legal rights and obligations of employers and employees Processes for business registration and licensing and obtaining a construction permit will be efficient The 'one-stop-shop' for business will be well established and operating effectively A National Development Bank will be operating The Timor-Leste Investment Agency will be established and contributing to the emergence of new industries and the diversification of the Timor-Leste economy The results of a comprehensive review to assess the benefits and risks of applying a special set of business laws and regulations in Special Economic Zones will have been implemented.	The Timor-Leste Microfinance Institute will be re-named the Banco Nacional Comercial de Timor-Leste and will be operating as a small commercial bank providing loans and banking services to people in every district across the country	

	2015 (Short Term)	2016 – 2020 (Medium Term)	2021 – 2030 (Long Term)
PART 5 INSTITUTIONAL FRAMEWORK			
SECURITY We will build a security sector that can undertake its role of serving our people and ensuring the peace, safety and stability of our nation.	Security sector reconstruction and reform will have delivered the human resources and institutional framework necessary to provide effective operational capacity across key areas, including crime prevention and investigation, public safety and border control	A modern and effective legal framework will be governing the security sector A well trained and professional Traffic and Road Safety Unit will ensure that our roads are safe and that road laws are obeyed Human resources training and professional development will be providing a skilled and modern PNTL	The security sector, including the PNTL, will be fully reformed and be operating with skilled and committed professionals supported by modern infrastructure and equipment
DEFENCE We will ensure that FALINTIL-FDTL has the capability to defend our nation, while also supporting Timor-Leste's internal security and civil society, and contributing to efforts to tackle threats to regional and global peace and stability.	The F-FDTL will be operating as a conventional, professional defence force Legal frameworks will be in place to establish democratic control over the F-FDTL There will be closer coordination and cooperation between the F-FDTL and the PNTL, with roles and responsibilities clearly defined Having transferring specialised skills, knowledge and experience to a new generation of F-FDTL members, veterans in the F-FDTL will be supported to retire with dignity and assisted with career transitions and resettlement plans Women in the F-FDTL will have a greater role in national defence and more opportunities to progress their careers The F-FDTL will be deployed in United Nations peacekeeping operations with training and logistics support from defence partners Systems and information technologies will have been integrated into a system of Command, Control, Communications, Computers and Intelligence Timor-Leste will have consolidated and strengthened our relationships with our regional and global partners and friends	The F-FDTL will be operating as a credible, well equipped defence force with the capability and versatility to carry out a range of missions and to contribute to both national security and national development The F-FDTL will be a democratic and accountable force based on respect for the rule of law and respect for human rights, with high standards of discipline	The naval competent of the F-FDTL will be well trained with the necessary infrastructure to control and protect our territorial waters and participate as a full partner in international naval exercises The F-FDTL will have the capacity to effectively address multiple military commitments simultaneously

	2015 (Short Term)	2016 – 2020 (Medium Term)	2021 – 2030 (Long Term)
PART 5 INSTITUTIONAL FRAMEWORK			
FOREIGN AFFAIRS At an international level, we will protect and promote the interests of the people of Timor-Leste and safeguard and consolidate the independence of our nation.	Timor-Leste will have full membership of ASEAN, with embassies in all ASEAN countries Timor-Leste will have membership of relevant global institutions and organisations that best serve the needs of our people A comprehensive assessment of overseas missions will have been conducted and implemented A Foreign Policy White Paper will have been published setting out a comprehensive vision for Timor-Leste's foreign policy Timor-Leste will have diplomatic missions capable of a broad range of quality services, including particular expertise in attracting inward trade, investment and tourism into the country Timor-Leste will be playing a leading role in the CPLP Timor-Leste will be supporting the g7+ by contributing to its financing and in any other productive ways where we are requested to provide assistance All necessary diplomatic legislation will be in place	Timor-Leste will be a key member of ASEAN, with recognised expertise in economic development, small-nation management, good governance and aid effectiveness and delivery We will have achieved membership of specialised UN Committees and agencies Timor-Leste will be recognised as a model and reference on regional conflict resolution and peace building The Ministry of Foreign Affairs will be playing a pivotal role in attracting business, investment and jobs to Timor-Leste as a zone for financial service and information technology	Timor-Leste will have assumed a position of global peacemaker and mediator and be actively playing a role in preventing and ending conflicts PNTL and F-FDTL will have the capability to be fully utilised by the United Nations in its peacekeeping/peace forcing activities Timor-Leste will have at least 30 international embassies
JUSTICE We will adopt a comprehensive strategy to build the Timor-Leste justice system and enhance its capacity to fulfil its role and functions.	There will be systematic and effective coordination of the justice sector in Timor-Leste and its institutions The justice system will be able to open, conduct and complete all types of court cases, especially criminal cases, in an effective manner and within a reasonable period of time The justice sector will be capable of identifying and filling positions with motivated and qualified national staff The principles of non-discrimination, sensitivity to gender issues and the protection of vulnerable groups and human rights will be guaranteed in the justice sector An autonomous, independent body able to manage the cadastre of lands and the immovable property of the State, and to implement legislation to govern property and the use of land in Timor-Leste, will have been established Customary law and community justice mechanisms will be regulated and the systematic monitoring of their conformity to human rights will be implemented	The services of the justice sector will be available in all districts and all Timorese will be able to access effective and efficient justice and legal services	

	2015 (Short Term)	2016 – 2020 (Medium Term)	2021 – 2030 (Long Term)
PUBLIC SECTOR MANAGEMENT AND GOOD GOVERNANCE The public sector in Timor-Leste will be central to building trust in government, which is a prerequisite of nation building.	A comprehensive system and culture of performance management will be instituted across the Timor-Leste civil service An executive development program for all senior managers will be in place There will be a culture and practice of workforce planning in the civil service A Code of Conduct for Members of Government will have been developed and be in force Legislation will have been introduced to the National Parliament to protect whistle blowers	Legislation will provide a right of citizens to access information held by the State that impacts upon them Modern information technology will have been adopted by the civil service to support joined-up government and e-government initiatives A review of the structure of the public sector will have been conducted to determine if there are benefits in establishing statutory authorities to exercise certain public functions on behalf of the State	
IMPLEMENTATION The Strategic Development Plan and our major infrastructure projects will be implemented as cost effectively and efficiently as possible.	As the National Development Agency develops its capacity, expertise and human resources, it will transition into the Economic Policy and Investment Agency The Economic Policy and Investment Agency will be effectively undertaking a national economic planning function, an oversight and monitoring role and implementing large and complex government programs and projects.		
PART 6 MACROECONOMIC DIRECTION			
OUR ECONOMIC VISION By 2030 Timor-Leste will have joined the ranks of upper middle income countries, eradicated extreme poverty and established a sustainable and diversified non-oil economy.	The productivity of the agriculture sector will have increased significantly, the tourism sector will be thriving and expanding and there will be higher levels of private sector activity across all industries, including the growth of small and micro businesses	Timor-Leste will have enjoyed ten years of high economic growth with the completion of major productive infrastructure and economic reforms providing a foundation for the private sector to drive growth into the future	Timor-Leste will have joined the ranks of upper middle income countries, eradicated extreme poverty and established a sustainable and diversified non-oil economy



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