



TIMOR-LESTE

DECENT WORK COUNTRY PROGRAMME
2008 – 2013

Table of Contents

ABBREVIATION.....	4
I. TIMOR-LESTE IN CONTEXT	5
II. ILO DECENT WORK COUNTRY PROGRAMME.....	8
III. UN JOINT PROGRAMME AND ILO'S DWCP IN TIMOR-LESTE	9
IV. DWCP PRIORITIES AND OUTCOMES	10
 ENHANCING YOUTH EMPLOYMENT	11
• <i>Youth-focused socio-economic development policies and programmes formulated and implemented</i>	<i>11</i>
• <i>Key labour market information system supporting social and economic development policy and programme process.....</i>	<i>13</i>
• <i>Improved quality and relevancy of skills training courses by public and private training institutions.....</i>	<i>14</i>
 INTEGRATING EMPLOYMENT IN RURAL ECONOMIC DEVELOPMENT	15
• <i>More employment generated by rural infrastructure investment programmes.....</i>	<i>15</i>
• <i>More and better services to improve micro and small enterprises in rural areas..</i>	<i>16</i>
 CREATING LABOUR MARKET GOVERNANCE.....	18
• <i>Right-based national labour legislation.....</i>	<i>18</i>
• <i>Increased institutional capacity of employers' and workers' organizations to participate effectively in social and labour policy processes.....</i>	<i>19</i>
V. MANAGEMENT AND IMPLEMENTATION FRAMEWORKS.....	21

Abbreviation

BCPR	Biennium Country Programme Review
DWCP	Decent Work Country Programme
EFTL	Timor-Leste Employers' Forum
GDP	Gross Domestic Product
GTZ	German International Cooperation Agency
IDP	Internally Displaced People
ILO	International Labour Organization
INDMO	Institute for Labour Force Development
IYEN	International Youth Employment Network
KSTL	Confederation of Trade Unions of Timor-Leste
LMI	Labour Market Information Unit
MDG	Millennium Development Goals
NYEAP	National Youth Employment Action Plan
SEFOPE	Secretariat of State for Vocational Training and Employment
STAGE	Skills Training for Gainful Employment
UN	United Nations
UNDAF	United Nations for Development Assistance Framework
UNDP	United Nations Development Programme

I. Timor-Leste in Context

Timor-Leste is a young nation which is currently recovering from a deep political crisis. It is a country of young people with a population of 924,642 growing at 5.8% per year and a fertility rate of 7.8 births per woman¹. 48% of the population is below the age of 17 and youth (aged from 15 to 29) account for about a quarter of the Timorese people.² Moreover, the Timor-Leste Living Standards Survey 2001 highlights that the young age structure of the Timorese population continues to generate large cohorts of youth and the increasing trend will continue during the next 5 years, where the proportion of young people would flatten at 28%.

From a macro-economic point of view, after several years of weak economic performance that stemmed from the withdrawal of UN personnel, there was a strong recovery in 2005 when the economy grew at 6.2% in real terms. Unfortunately, the social and political turmoil in 2006 and 2007 has reversed the gains of the previous year. The economy contracted by 5.8%, with real non-oil GDP declining to \$296 million — the same level registered in 2004. In addition, domestic inflation increased during 2006, as a result of supply disruptions, and a weak performance in agriculture due to unfavorable weather. During 2006, real non-oil GDP per capita declined to the lowest level since 2000. This weak economic performance has led to a sharp increase in open unemployment and higher levels of under-employment that has, in turn, exacerbated the social and political problems that originated from the crisis of 2006. In light of these developments, it is obvious that the incidence of poverty has increased. Informal estimates suggest that as much as 42% of the population (about 430,000 people) is now below the national poverty line. Moreover, the sluggish economic growth coupled with supply-side imperfections, such as lack of skills, inappropriate training and weak human capital have had detrimental effects on the labour market and its functionality. Timorese youth entering the labour market are hardest hit by these problems: women in particular face a twin challenge of cultural norms which assign them to caring and reproductive roles and, consequently, deprive them of access to skills development to take advantage of emerging employment opportunities. On the demand side, lack of economic growth translates into lack of employment opportunities, while every year 15,000–20,000 young people enter the labour market. Given the labour force size (321,200 in 2007), this means that the labour market is growing at approximately 4-5% a year.³

With volatile GDP growth rates, the formal sector remains in an infant state, employing only 14.6% of the labour force, while the rest, mostly women, is engaged in the vast and growing feminized informal sector. Gender disparities in employment are significant. Recent statistics shows a significantly higher men's labour force participation rate of 69.3% than that of women at 48.1%. Only 35% of waged workers in the non-agricultural sector are women. And 55% of Timorese women, particularly those living in rural areas compared to 46% men are illiterate.

For youth, the new labour market entrants face a mismatch between the supply of skills they are able to offer and the demand for skills and expertise required by employers. A major cause behind this mismatch is that many youth drop out of school too early (due to crisis or family poverty) or receive education and training which are not suited to the requirements of the labour market. Additionally, when they, mostly male, do manage to find a job, it is subject

¹ Timor Leste 2004 census data.

² Timor-Leste 2004, Population Census

³ MDG Monitoring data updated on 14 July 2008.

to low wages, in low productive activities, with little or no job security. Under-employment is, without any doubt, one of the underlying causes of the growing tendency towards rural-urban migration with the rural youth migrating in large numbers to cities to eke out a living. As a result, urban population is growing at an average rate of 5% per annum⁴. This fusion of recent rural-urban migration with associated unmet aspirations and pent-up frustrations was understandably a significant factor fuelling the 2006 / 2007 crisis.

Considering the data above, it is clear that in Timor-Leste, there is an urgent need to create employment opportunities and enhance people's capacity to generate income in rural areas. Around 70% of the population of Timor-Leste lives in the rural areas where the incidence of poverty is high as compared to that in the urban centres. As a result, almost 90% of the poor are in rural areas and poverty has become primarily a rural phenomenon. The factors contributing to rural poverty include low returns in agriculture and limited non-farm livelihood opportunities, as well as limited access to basic social services (e.g. education, health and water) and infrastructure (e.g. markets and roads).

Furthermore, the lack of productive and quality work opportunities represents a serious cost not just to the young people themselves, but also to their families, societies and economies. Women carry a heavy load of family responsibilities while male youth are highly mobile because of the fragile political conditions: such gender trends have restricted their participation and thus benefits from development process. The cost of lost production and wasted human potential to economic and social development is extremely high and the work deficits for young people have made them vulnerable to external influences and have lead to dysfunctional behaviours, with rising levels of crime, violence and political extremism.

These social and economic development challenges are further accentuated by a limited coverage of basic services and employment programmes in the country. The national labour/employment administration system is in a fledging stage while striving to expand the scope of its programmes in terms of quantity and quality. 4 out of 13 districts in the country have established government employment facilities. Likewise, there is limited presence of national civil service organizations, citizens' associations, social groups, workers' organizations, and employers' organizations, and service providers. Expansion of government facilities and rural transport system is in process but staffing new offices and new programmes is challenged by the country's shortage of skilled workers.

The international community recognizes the need to simultaneously support the delivery of basic services to the rural poor and assist the Government of Timor-Leste create an infrastructure and system of social and economic development process. The proportion of overseas development aid to Timor-Leste's gross national incomes has declined over the years from 56.8% in 1999 to 24.73% in 2006. Increasingly as administration capacity has increased technical cooperation programmes are being delivered through a budget coordination plan. Specialized technical assistance to the Government of Timor-Leste will increasingly gain prominence to leverage the impact of national investment programmes.

Taking into account the above-mentioned factors, the challenges of political crisis, rural poverty, gender disparity in employment, and youth unemployment represent the core focus of the 2009-2013 Decent Work Country Programme for Timor-Leste, which in turn supports achievements of national development priorities as defined in the Programme of the IV Constitutional Government for 2007-2012.⁵ These priorities are:

⁴ Estimates made by the Macroeconomic and Tax Policy Unit, Ministry of Finance.

⁵ The National Development Plan 2008-2012 is being formulated at the time of DWCP formulation.

- Reforming the management of the State with a focus on human resources development, decentralization, and budget execution;
- Economic growth;
- Employment and skills development for youth
- Infrastructure development
- Internal security and the rule of law
- Promotion of basic freedoms
- Foreign policy

Following the reaffirmation of its member states expressed through the Declaration on Social Justice in June 2008, the Decent Work Country Programme presents a strategic framework which defines the joint 5-year programme priorities of the Government of Timor-Leste, employers' organization, workers' organizations, and the ILO and its development partners. It addresses specifically the primary concerns of Timorese tripartite institutions: employability of Timorese women and men and employment creation.

The implementation strategy prescribed by this DWCP is that of embedded technical assistance within the national labour administration and budget coordination between state and non-state budgets. Such an approach seeks to increase the existing capacity of the Government of Timor-Leste in administration and management of employment policy and programmes. ILO's experiences in Timor-Leste chiefly from the European Commission-financed UNDP/ILO Skills Training for Gainful Employment Programme have demonstrated the effectiveness and efficiency of the approach and sustainability of the results as STAGE Programme initiatives have been upscaled and absorbed into national programmes.

The DWCP implementation will support employment programmes of the Government of Timor-Leste. In particular, it will facilitate inter-ministerial and inter-agency collaboration to maximize employment gains from national budget execution. The programme beneficiaries will be the national labour administration, i.e., the Secretariat of State for Vocational Training and Employment (SEFOPE), employers, workers, and skills training and employment services providers.⁶

⁶ The Secretariat of State for Vocational Training and Employment is a national labour administration with a ministry status. It is a government office with employment mandate.

II. ILO Decent Work Country Programme

As a United Nations Specialized Agency, the ILO's mandate is *to promote opportunities for all women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity*. This Decent Work Country Programme (DWCP) translates that mandate into the ILO's contribution at country-level in Timor-Leste towards the achievement of the *Millennium Development Goals* (MDGs), the United Nations Development Assistance Framework of 2009-2013 (UNDAF) and national development strategies.

The DWCP expands and elaborates UNDAF outcomes for Timor Leste which has three specific components:

- stronger democratic institutions and mechanisms for social cohesion are consolidated.
- vulnerable groups experience a significant improvement in sustainable livelihoods, poverty reduction and disaster risk management within an overarching crisis prevention and recovery context.
- children, young people, women and men have improved quality of life through reduced malnutrition, morbidity and mortality; strengthened learning achievement; and enhanced social protection.

The DWCP reflects the principles of the ILO Declaration on the Fair Globalization, endorsed by at the International Labour Conference in June 2008. It is a framework for resource mobilization, and for delivering coordinated support to advance *decent work* priorities in Timor-Leste. Reflecting the ILO's tripartite constituents' priorities, the DWCP provides a framework for the integration of the ILO's contribution to national development initiatives, the identification of opportunities for United Nations joint programme development, and the promotion of *decent work* in the wider development and poverty alleviation context.

The DWCP has been developed with the ILO constituents, building on the ILO's technical cooperation experiences in Timor-Leste, on-going partnerships with national organizations, including workers' and employers' organizations, and recommendations from programme evaluations of various ILO technical programmes in Timor-Leste during 2006-08. The DWCP is based upon, and aligned with, key national development priorities of the Government of Timor-Leste, the ILO and the UN System. Inter-connected priorities for realizing *decent work* and poverty reduction in Timor-Leste during this *Asian Decent Work Decade* are reflected in the DWCP. The formulation of the DWCP has involved wide-ranging consultations with the constituents and other stakeholders. The ILO Office for Indonesia and Timor-Leste and the ILO Liaison Officer in Dili have specifically worked together with all Divisions of the Secretariat of State for Vocational Training and Employment, the Employers' Forum and the main trade union, KSTL, in the formulation of the DWCP. At the tripartite consultation of 1 October 2008 in Dili, the Government of Timor-Leste, KSTL, and EFTL endorsed the programme priorities, strategies, and result framework of the DWPC.

III. UN Joint Programme and ILO's DWCP in Timor-Leste




The DWCP was developed by reference to the specific priorities of the ILO constituents with the key areas of ILO's mandate contained in the UNDAF.

The DWCP provides the framework for ILO's contribution to the UNDAF and the basis for reporting on UNDAF results. The DWCP priorities reflect the areas where ILO is considered to be the lead agency for UNDAF outcomes and provide the basis for ILO engagement in UN joint programme development. It is expected that the ongoing UN Reform process at country level in Timor-Leste will offer further opportunities for ILO's contribution to a more unified UN Programme for Timor-Leste.



With gender, tripartism, social dialogue and normative action as mainstreamed issues, three Priorities (with their corresponding Outcomes, Strategies, and Indicators of Achievement) have been identified for the ILO in Timor-Leste, reflecting the circumstances and priorities of the Government, the ILO mandate, and the focus of the social partners. The ILO's leadership and comparative advantage in the identified priority areas is evidenced by its status as the lead agency in coordinating various UNDAF outcomes and its track record on technical cooperation.

IV. DWCP Priorities and Outcomes



A. Enhancing Youth Employment

-  Youth-focused socio-economic development policies and programmes formulated and implemented
-  Key labour market information system supporting social and economic development policy and programme process
-  Improved quality and relevancy of skills training courses by public and private training institutions

B. Integrating Employment into Rural Economic Development

-  More employment generated by rural infrastructure investment programmes
-  More and better services to improve micro and small enterprises in rural areas

C. Creating Labour Market Governance

-  Right-based national labour legislative system
-  Increased institutional capacity of employers' and workers' organisations to participate effectively in social and labour policy process

Promotion of gender equality and tripartism, and institutional capacity building are cross-cutting themes in the above programme priorities and outcomes.

Achieving the priority outcomes will define ILO's allocation of human resources and budget, resource mobilization and programme development.

Enhancing Youth Employment

Youth is a nation's asset for future social and economic prosperity. To prepare youth for a gainful entry into the labour market, an integrated approach that combines supportive policies and targeted measures and address labour demand and supply, as well as the quantity and the quality of employment is necessary. In this programme priority, targeted technical assistance aims at building government capacities in policy and programme formulation and administration, progress monitoring and evaluation, and inter-agency coordination. Relevant public and private entities will be guided in their development of integrated policies, programmes, and monitoring tools that tackle the cultural, social, and economic impediments that have kept young women and men from achieving their full potential and meeting the demands of the labour market.

The Timor-Leste National Development Plan (2003-2006) and the United Nations Development Assistance Framework (2008-2013) prioritize, as a key element of poverty reduction strategy, the strengthening of the Government's capacities to plan, design, and administer its programmes. Within the UN system the ILO is to take a lead on promoting employment generation initiatives particularly in the areas of employment services, labour market information, vocational skills development, and entrepreneurship education for in- and out-of-school youth.

The ILO's three main areas of work for the achievement of this priority are:

Youth-focused socio-economic development policies and programmes formulated and implemented

ILO Convention No. 122 on Employment Policy and recent international experiences with the International Youth Employment Network (IYEN) have provided general guidance for the work in Timor-Leste in recent years. In 2006-2007, the ILO in collaboration with the World Bank and GTZ conducted a Youth Employment Study, which gave insights into the mismatch between job expectations and skills and opportunities in the labour market. In this connection, the ILO has supported the Secretariat of State for Vocational Training and Employment in the formulation of the *National Action Plan on Youth Employment* (NYEAP).

The NYEAP prescribes necessary interventions in national education, vocational skills training, and business support programmes. Its implementation will require inter-ministerial coordination and participation of the private sector, workers' organizations, and employers' organizations in the policies and programmes. Improving the services for youth and expanding them to the district level will be necessary.

The newly established National Labour Force Development Institute (INDMO) will be a key institution to ensure long-term policy formulation and the centrality of youth in other important national policies. These include the National Skills Development Strategy and the National Employment Strategy, both of which are policy instruments to guide public investments and multi-sector partnerships.

PROGRAMME STRATEGY:

Through its technical cooperation projects and partnerships with UN agencies in Timor-Leste and as a lead agency in the UNDAF on youth employment, ILO will provide a range of assistance to the SEFOPE particularly in its participation in the government-donor joint committee on National Development Priorities and inter-ministerial bodies set up to oversee the formulation, implementation, and monitoring of the National Youth Employment Action Plan. A team of international experts will be working within the SEFOPE structures to support the expansion of government facilities and youth-oriented employment services to all 13 districts. Technical assistance will be extended to government, workers, employers and civil society organizations, including women's and youth groups. Gender will be addressed at the technical and institutional levels.

<i>Performance Indicators</i>	<i>Targets</i>
A. Draft National Skills Development Strategy, and draft National Action Plan for Youth Employment submitted for review by tripartite partners	A. Endorsement of the National Skills Development Strategy and the National Youth Employment Action Plan by June 2009
B. National education system and employment support programmes adopted ILO's youth employment tools to prepare male and female youths for gainful entry into the labour market	B. At least 5 ILO tools are integrated into education and employment support programme that are administered by district government offices in all 13 districts, benefiting at least 70,000 people, (at least 40% women and 50% youth)
C. INDMO actively engaged/ liaised with relevant national agencies in the formulation of national policies that concern youth	C. All concerned agencies consult and engage INDMO every time (from the very beginning) in the national policy formulation process.
D. SEFOPE set up Gender Focal Point System and gender mainstreaming strategy	D. Increased share of women with access to SEFOPE employment programmes

Technical Cooperation Projects:

Ongoing:

TIM/03/014/C01/11 – Skills Training for Gainful Employment (STAGE), 2004-2009, USD 5,758,413 (funded by the European Commission, and implemented in partnership with UNDP)

TIM/07/M03/AUS – Youth Employment Promotion Programme, 2008-2012, USD 6,700,000 (funded by AusAID)

Pipeline/Resource gap:

USD 5,000,000 for Government Capacity Building

Key labour market information system supporting social and economic development policy and programme process

Key labour market information when regularly collected and analyzed provides crucial information for policy makers and national administration to identify how to enhance productivity and growth. It also gives a basis to identify and assess the extent to which vulnerable populations are able to access services and the social and economic barriers that work to exclude them. Timor-Leste does not have reliable national and district data for use in employment policies and programmes.

The Labour Market Information Department (LMI Department) under the Secretariat of State for Vocational Training and Employment has been regularly collecting labour market information and disseminating the information to government and development organizations in Timor-Leste. Most importantly, it works closely with the Employment Unit, which provides employment services to job seekers and potential employers at the national and district levels. SEFOPE issued the first publication on Key Labour Market Information in November 2007.

Further strengthening the capacity of the LMI Department will be important. Work will focus on completing the computerized labour market information database (SIMU) for use by national and district LMI and Employment staff.

PROGRAMME STRATEGY: Dedicated technical assistance will be provided to SEFOPE in the upgrading of the SIMU database system so that it could effectively support the expanding employment programme. Technical support will be provided to the Directorate of National Statistics and the LMI department to conduct Timor-Leste's first National Labour Force Participation Survey and other employment-related studies. Partnerships with other international organizations are foreseen.	
<i>Performance Indicators</i>	<i>Targets</i>
A. Timor-Leste Labour Force Participation Survey carried out by the Directorate of National Statistics and with ILO technical support B. Starting in 2009, key labour market information bulletin is issued by SEFOPE on a bi-annual basis.	A. Reliable national sex-disaggregated employment data available for programme and policy development and monitoring B. Labour market information disseminated to the public and youth by key institutions such as schools, training providers and employment centers
Technical Cooperation Projects:	
Ongoing: TIM/06/M06/IRL – Timor-Leste Labour Market Information System, 2006-2008, USD 245,000 (funded by Irish Aid) Pipeline/Resource gap: USD 1,000,000 for Labour Market Information	

Improved quality and relevancy of skills training courses by public and private training institutions

A higher skill level of the workforce is foundational to increased competitiveness and productivity of the Timorese labour market. Skills training programmes within and outside the national education system will need to be placed under one quality assurance framework so as to bridge the gap between skills supply and demand and enable economic growth at all levels. A national competency-based skills training system will guide the development of course curriculum, training delivery, and participation of the private sector in the determination of priority skills for national investments.

The National Labour Force Development Institute (INDMO) has the mandate in relation to the national skills training system. INDMO identifies national priorities and works in support of other line ministries in particular SEFOPE and the Ministry of Education.

Of strategic importance will be the development of the National Skills Development Strategy which outlines areas of priorities, plans of action, and the nature of the participation of public and private sectors. Effective implementation of the strategy through regular monitoring and reviews by SEFOPE units will contribute to a gradual upgrading of the skills level in Timor-Leste.

PROGRAMME STRATEGY:

ILO technical assistance through a range of technical cooperation projects will target the institutional capacity building of INDMO in policy development, management structure and practices, and programme implementation. A National Skills Development strategy is priority policy document requested for ILO's technical assistance. Country-level projects will coordinate and collaborate with sub-regional and regional project and initiatives. Facilitation services will be provided to the Government of Timor-Leste for its participation in regional and sub-regional skills networks.

<i>Performance Indicators</i>	<i>Targets</i>
A. National competency standards defined and implemented by accredited private training providers and trainers	A.1 Skills standards in at least 4 priority industry sectors specified by 2012 A.2 Increased employability of youth and women graduates from training courses provided by SEFOPE's skills training networks
<i>Technical Cooperation Projects:</i>	
Ongoing: TIM/03/014/C01/11 – Skills Training for Gainful Employment (STAGE), 2004-2009 TIM/07/M03/AUS – Youth Employment Promotion Programme, 2008-2012 Pipeline/Resource gap: To be defined.	

Integrating Employment in Rural Economic Development

The Timorese rural economy provides livelihoods, incomes, and jobs to the majority of its population where the effects of the country's social, economic, and political vulnerabilities are acute. Transfers of appropriate technologies, greater market efficiency, and generation of short-term employment opportunities can gradually stimulate growth. Enhanced rural economic development will also support political stabilization, as the IDPs are being reintegrated to rural communities which already faced with scarce resources, poor economic connectivity, and periodic food insecurity crisis.

The National Recovery Strategy (December 2007) identifies 5 pillars to ensure effective reintegration of internally displaced people into rural communities. These priorities are: housing, security and stability, social protection, local economy and community trust building. These strategic areas complement the national development priorities which recognize the high-level of rural poverty and chronic food insecurity caused by low rural productivity and drought. In support of national programmes to address these priorities, the UNDAF (2008-2013) identifies a set of challenges relating to rural development in Timor-Leste: the lack of road networks, chronic food insecurity, poor social and economic service delivery networks, and feminization of poverty. As the government is embarking on a reintegration programme in 2008, creating employment and rapid economic growth in rural areas will help alleviate social and economic pressures faced by the rural communities that will host the internally displaced returnees. In this regard, the government's rural infrastructure investment programmes and expansion of livelihoods programmes in terms of geographic scopes and quality are of strategic importance to the country's economic growth and political stability.

More employment generated by rural infrastructure investment programmes

Rural infrastructure in Timor-Leste is either non-existent or in poor condition for any productive activities. As a result, national efforts to expand social and economic services delivery coverage are compromised in quality and quantity. Communities are isolated from one another with restricted or no flow of services, goods, and information from economic centers to communities of producers. Such isolation fuels tensions between communities, political frictions, and outbursts of violence. Improvement of rural infrastructure of all kinds and simultaneously generating rural employment is high on the agenda of the Government of Timor-Leste, e.g., the National Recovery Strategy (December 2007).

National authorities responsible for infrastructure development and employment are the Ministries of Infrastructure and Economy and Development, and the Secretariat of State for Vocational Training and Employment.

Infrastructure development programmes that can generate employment for local community members, both men and women, and support better capacity of private actors in the infrastructure sector are much needed. These entail the establishment of a public procurement system that is responsive to the high unemployment rate and the low technical and management competencies, as well as the absence, of local construction contractors and district Public Works and SEFOPE units

PROGRAMME STRATEGY:

The ILO will draw from its international experiences in employment intensive infrastructure programme covering planning, rehabilitation, maintenance, and training to assist Government of Timor-Leste and other development partners to center employment concerns in rural economic development investment and programmes. Technical cooperation projects will be implemented through a budget-coordination strategy and in close coordination with SEFOPE's various employment-support services. Training efforts will target government technicians, administration and procurement personnel, small scale contractors, and local communities.

<i>Performance Indicators</i>	<i>Targets</i>
A. ILO employment-intensive infrastructure works approach integrated in nationally funded rural infrastructure investment programmes.	A. 400,000 workerdays created per year, 40% of which are performed by women
Technical Cooperation Projects:	
Ongoing: TIM/07/M03/AUS – Youth Employment Promotion Programme, 2008-2012 TIM/08/M50/NOR – Investment Budget Execution Support for Rural Infrastructure Development and Employment Generation (TIM Works), 2008-2010 USD 5,900,000 (funded by Norway, European Commission and Irish Aid), with direct contribution of the Government of Timor-Leste USD 2,392,800 Regular Budget Supplementary Account – Infrastructure for Rural Development, 2008-2009, USD 236,808 Pipeline/Resource Gap: USD 60 millions	

 **More and better services to improve micro and small enterprises in rural areas**

Timorese rural producers do not have access to modern and appropriate production technologies that would assist them to maximize local resources and interact with the market profitably. Government and non-government actors could provide the much needed assistance in the upgrading of local production from subsistence level to commercially profitable enterprises are not present in all districts. Those that are in place are in a fledging state and not skilled to assist those who wish to start businesses.

Support to enterprise development in the rural agriculture and fisheries sectors require multifaceted support and will have to be part of the overall rural economic development framework. Good interaction and joint programming between government units and non-government bodies are basic requirements in rural development programmes to prevent scattered service delivery. Gender-specific measures to influence more equitable division of labour in the home and support productive and gainful activities of men and women in

local economies can contribute to social sustainability of rural economic development programme.

PROGRAMME STRATEGY:

A range of technical assistance will be provided to the Government of Timor-Leste in the formulation of an enterprise support programme which integrates skills development, business training, and access to credit. ILO standard tools for enterprise development and entrepreneurship education will be adapted to the Timor-Leste contexts and used in development of new programmes and implementing and assessing existing ones.

In partnership with SEFOPE and Ministry of Economy and Development, the ILO will continue its technical support to private business development services providers to develop new services that target business improvements and market access for micro and small enterprises in rural areas. Sector-specific business support programmes that are youth- and gender-sensitive are foreseen in order to maximize the impact of local economic development efforts.

<i>Performance Indicators</i>	<i>Targets</i>
A. Socio-economic development mapping identified priority sectors for rural economic development and programme formulation	A. SEFOPE, Ministry of Economy Development and Secretariat of State for Rural Development and Cooperatives identified priority areas of intervention in all 13 districts for government investments through the national rural development programmes by 2010
B. ILO's enterprise development tools introduced into the portfolio of business development services providers	<p>B-1. Government and national development partners are able to design and implement livelihoods programmes for women and youth which aim at creation of sustainable enterprises</p> <p>B-2. BDS providers are able to provide quality market-driven services in all 13 districts</p>
<i>Technical Cooperation Projects:</i>	
<p>Ongoing:</p> <p>TIM/58/960/34– Women in Self-Employment, March – November 2008, USD 461,010 ILO Budget Contribution</p> <p>Pipeline/Resource gap:</p> <p>Private Sector Development, USD 3,000,000</p> <p>Business Expansion Service Training Programme, USD 1,000,000</p>	

Creating Labour Market Governance

Democratic processes and enabling legislative environment bolster a well functioning labour market. Governments, employers' and workers' organizations are key labour market actors. Their active participation and social and economic policy formulation and implementation help ensure the efficiency and effectiveness of employment and labour policies. The ILO Conventions are the basis of international labour standards and they become binding when a country ratifies them. ILO's member states have endorsed the Fundamental Principles and Rights at Work as a set of undeniable human rights in the world of work: they concern freedom of association, forced labour, non-discrimination, and child labour. In 2008, the ILO's comparative advantage with its expertise in employment and governing body represented by Government, employers' and workers' organization was reaffirmed through the ILO Declaration on Social Justice.

Timor-Leste became a member of the International Labour Organization in 2003. The National Development Vision (2002) and the subsequent National Development Plan envision the strengthening of democratic processes in all sectors of the society and promulgating enabling legislation as the chief means of poverty reduction and sustainable development.

Timor-Leste has indicated its commitment to ratification of the ILO core Conventions, starting with Conventions 29 and 182, and later Conventions 87, 98, and 144 in the following years as it started the process for national labour code reform.. In early 2008, the National Labour Board, comprising of representatives of Government, workers and employers was created to review and recommend labour and employment policies. The National Labour Board is further composed of a National Wage Board and a National Labour Relations Board. These developments indicate national efforts to put in place an effective national labour administration that will draw from international experiences and standards while creating official channels for employers and workers to participate in labour and employment policies process.

Right-based national labour legislation

Labour market growth is often underpinned by national labour legislation that is in line with international labour standards and effectively enforced by capable labour administration units. Creating a rule of law that can govern the Timorese world of work and ensure social justice in employment will have to be carried out through a participatory means to ensure the acceptance of the rules by the key stakeholders, i.e. workers and employers. In this regard, the international labour standards as adopted by the ILO's member states provide suitable guidelines for defining the rights and responsibilities of government, employers, and workers and the set up of an effective national labour administration system.

Since its acceptance of membership to the ILO, Timor-Leste has undertaken a preparatory process to ratify international labour standards. Nonetheless as an ILO member State, Timor-Leste has an obligation to submit every year a report on the progress it has made to ensure national labour laws adhere to the Fundamental Principles and Rights at Works as

defined in the 8 ILO Conventions concerning freedom of association, forced labour, discrimination at work, and child labour. National employers' and workers' organizations as direct stakeholders in labour laws and practices are also expected to submit such reports.

The international labour standards and national legal review process are complementary. Existing laws in Timor-Leste related to labour and employment will be reviewed and new ones promulgated so that they adequately integrate relevant international standards. This is a consultative process. Thus a national mechanism for tripartite consultation will have to provide for regular consultations between Government and employers' and workers' organizations. The Timor-Leste Employers' Forum and the National Trade Union Confederation of Timor-Leste will be supported and prepared to effectively participate in these processes.

PROGRAMME STRATEGY:

Targeted support to SEFOPE in the review of core and priority ILO conventions, ratification, and reporting.

Targeted technical assistance to SEFOPE in the integration of the Fundamental Principles and Rights at Work and the accompanying recommendations into national labour legislation and ministerial decrees

Awareness raising and technical assistance to employers and workers with respect to their roles in the international labour standards system, i.e., the ratification and reporting process, and in tripartite consultation processes at the national level.

<i>Performance Indicators</i>	<i>Targets</i>
A. Government reviewed core and priority ILO conventions and submitted ratification instruments for endorsement by the national parliament	A-1. Timor-Leste ratified at least 5 ILO conventions by 2013 A-2 Government of Timor-Leste made reporting obligations to ratified conventions
<i>Technical Cooperation Projects:</i>	
Ongoing: ILO regular budget contribution Pipeline/Resource gap: Legal Advisory Support Services, USD 1,000,000	

 **Increased institutional capacity of employers' and workers' organizations to participate effectively in social and labour policy processes**

Employers' and workers' organizations have distinctive roles to play in employment policy settings. Each has specific knowledge about issues that hinder growth and productivity. Their respective organization can represent the voices of individual employers and workers who are the backbone of the Timorese economies. But at present

these organizations have limited organizing capacity and small memberships. Internal governance structure and effective management systems will need to be set up.

The National Labour Law (2007), unfortunately, does not have specific provisions on labour administration and a tripartite consultation process. While the law will have to be amended on a priority basis, setting up a minimum capacity for effective participation by employers' and workers' organizations is an on-going process. Bipartite labour relations at the workplace level will need to be cultivated.

As the Timor-Leste Employers' Forum and the KSTL expand their network inside and outside the country, they will be able to further strengthen their organizations and support labour administration processes. In this connection they are developing as effective organizations that are able to expand their membership base, provide relevant services to meet the needs of their members, and develop their respective potentials to inform policy makers of potential employment and labour concerns.

PROGRAMME STRATEGY:

ILO regular budget will be devoted to support the national tripartite partners in their effort to increase national legal literacy on labour and employment matters. Additional support will be drawn from those available at the ILO Turin International Training Center. When feasible, support from international employers and workers' organizations will be sought to develop programmes and activities, including the strengthening of the Timor-Leste Employers' Forum and the National Trade Union Confederation of Timor-Leste. In addition, employers' and workers' representatives will be engaged in employment programmes of SEFOPE through ILO-SEFOPE technical cooperation initiatives.

<i>Performance Indicators</i>	<i>Targets</i>
A. Employers' organization is able to develop new services for their members	A-1. Timor-Leste Employers' Forum has 10% membership increased by 2013 over 2007 A-2. Timor-Leste Employers' Forum offers at least 2 service programmes to their members by 2013
B. Workers' organization organizes a training programme to its members	B-1. Timor-Leste Workers' Union Confederation has 10% membership increased by 2013 over 2007 B-2. Timor-Leste Workers' Union Confederation offers at least 2 services programmes to their members by 2013
<i>Technical Cooperation Projects:</i>	
Ongoing: ILO Budget Contribution Pipeline/Resource gap: USD 3,000,000	

V. Management and Implementation Frameworks

The DWCP provides a broad framework for ILO programme operations in Timor-Leste, where political security remains fragile and local institutions in all sectors are building up their respective human resources capacity. National basic service programmes are in grave need of technical assistance and management support. The achievement of the Outcomes of the DWCP requires at the minimum:

- a. Coordination on institutional capacity building with technical cooperation projects in Indonesia, the International Training Center in Turin, relevant technical cooperation projects and initiatives implemented in Portuguese speaking countries
- b. Active engagement with the UN system and international development institutions in Timor-Leste in programme development, implementation, and monitoring in order to ensure sustainable impacts and visibility of the ILO
- c. Budget coordination between ILO's technical cooperation and national budget
- d. Delivery of technical assistance that meets the absorptive capacity of local institutions and compensates for shortcomings and gaps in the government's programme and budget administration.
- e. Flexible programme management and regular review of programme targeting approach, taking account of the country's vulnerability to conflicts, nascent national administration but commitment to accelerate development process
- f. Mainstreaming of the principles of the international labour standards, tripartism, gender equality promotion and social dialogue at project management levels
- g. Aid and budget coordination among development agencies, donors, and the Government of Timor-Leste

Implementation progress will be reported to the national constituents and the ILO governing body, and shared with UN partners and on an annual basis.

The monitoring and evaluation of the DWCP will be under the responsibility of the ILO Regional Office for Asia and Pacific and the Evaluation Department in Geneva. Thematic evaluation on selected priorities will be initiated in collaboration with relevant ILO technical units at subregional, regional, and headquarters level so as to identify emerging needs and opportunities for more effective mainstreaming of the DWCP priorities within the UNDAF and national priorities.

The ILO Regional Office for Asia and the Pacific will be responsible for the Biennial Country Programme Review (BCPR) scheduled at the mid-term of the Timor-Leste DWCP. The BCPR assesses progress made towards achievement of outcomes, the relevance of strategies and design of the DWCP. National constituents will be engaged in the processes. As appropriate, the BCPR will trigger necessary adjustments to the DWCP to ensure ILO's contribution towards national development objectives.