



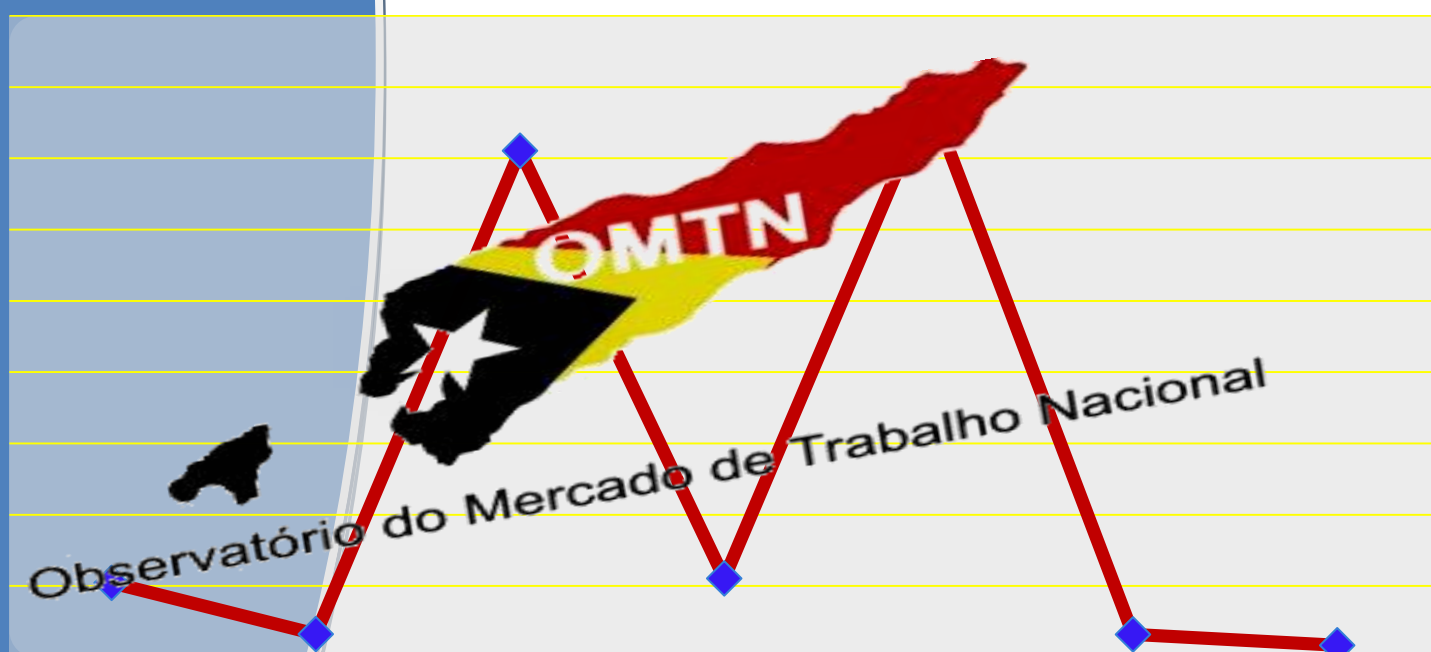
REPÚBLICA DEMOCRÁTICA DE TIMOR-LESTE

SECRETARIA DE ESTADO PARA A POLITICA DE FORMAÇÃO PROFISSIONAL E EMPREGO

**DIRECÇÃO GERAL
DEPARTAMENTO DE INFORMAÇÃO DO MERCADO DE TRABALHO**

**INFORMASAUN MERKADU TRABALLU
LABOR MARKET OUTLOOK**

Edisaun Dahuluk
(Dezembro 2013)
First Edition
(December 2013)



Introduction

This is the 1st Edition of the “Labour Market Outlook” (LMO), a short analytical brief, which will be published on a periodic basis to provide a snapshot of the labour market situation in Timor-Leste.

Through the LMOs we would like to help the readers to better understand the underlying dynamics in the economy and how it is affecting employment and the labour market. The purpose of this brief is not to provide an in-depth analysis of employment and key labour market indicators. That level of analysis can be done using large sets of data from surveys which in Timor-Leste are usually conducted every three to four years.

The LMOs are meant to capture emerging trends based on studies, short surveys, expert opinions, and data from national surveys as and when new data becomes available. The LMOs will also include an update on jobs and training placement services provided by the SEPFOPE.

There are still major gaps in data availability. However, we believe that more can be done to use available data to inform economic and employment policies in the country. We hope that the LMO will be able to contribute in policy development through regular analysis of the economy and employment situation in the country.

In this issue of the LMO we look at the data from the National Accounts 2011, the Business Activity Survey (BAS) 2011⁸, and preliminary findings from an Enterprise Survey which was carried out by the Labour Market Department of SEPFOPE. Besides this, there are latest figures from 2013 on vocational training enrolments and job placements supported by SEPFOPE.

Feature Article

Economy and Jobs

Between 2006 and 2011 the Timorese non-oil economy recorded an average annual growth of 12.1%⁹. The oil sector growth on the other hand has been rather erratic with a spike in 2008 and negative growth in 2009 and 2010. The oil sector expanded by 6% in 2011. The sectors that have led the growth in the non-oil sector include construction and information & communication which have grown (annual average in constant prices) at 40% and 28.5% respectively. Manufacturing growth peaked in 2009 but then sharply fell in 2010 and 2011.

In contrast to positive growth in construction and information & communication, the growth in the agriculture sector has been on a downward trend. The agriculture output shrunk by 19.6% from 2010 to 2011. In fact from 2000-2011 the size of the agriculture sector has remained almost unchanged¹⁰.

Being the largest sector for employment¹¹ weak or negative growth in the agriculture sector is a concern. Structural change through industrialization does tend to create greater momentum in the other sectors of the economy and usually labour moves out from the agriculture sector.

Nonetheless, the lack of growth is worrying as agriculture development can have positive spill-over effects through growth in agribusinesses and other related industries. This is important in the structural transformation of a country and for reducing poverty.

In recent years most of the jobs were created in the construction sector. According to the BAS 2011 the number of workers in the construction increased from 6,400 to 18,000 from 2010 to 2011. While there has been a significant increase in the number of jobs in this sector, it is likely that many of these jobs are of a short-term nature.

The 2013 SEPFOPE Enterprise Survey confirms the temporary nature of employment in the construction industry. This survey was carried out in May 2013 targeting 807 businesses in the country. The survey shows that by May 2013 firms in the construction sector had laid off 2,513 temporary workers from a total of 5,508 in November 2012 (Figure 1). Also, in the trade

⁸ General Director of Statistics, Ministry of Finance

⁹ Calculations based on Timor-Leste National Accounts 2000-2011

¹⁰ Timor-Leste National Accounts 2000-2011: In 2000 the agriculture value added was 155.3 million USD while in 2011 it was 153.2 million USD in constant prices.

¹¹ According to the Labour Force Survey 2010 around 50% of the workforce was employed in agriculture

sector around 35% of the temporary workers were laid off. Overall though, in this period, for various industries there was a 2.5% increase in the total number of permanent workers. Overall, companies value higher qualifications and specialized skills. When asked, 74% of the businesses prioritized technical skills and experience as the main criteria for hiring future workers. Businesses prioritized a broad range of skills for future, particularly in

the construction industry (Figure 2). Also, there appears to be demand for broad set of technical skills in the trade industry. However, it is likely that several trading companies are involved in various sectors such as construction and services which would explain the need for a wide range of technical competencies in these businesses.

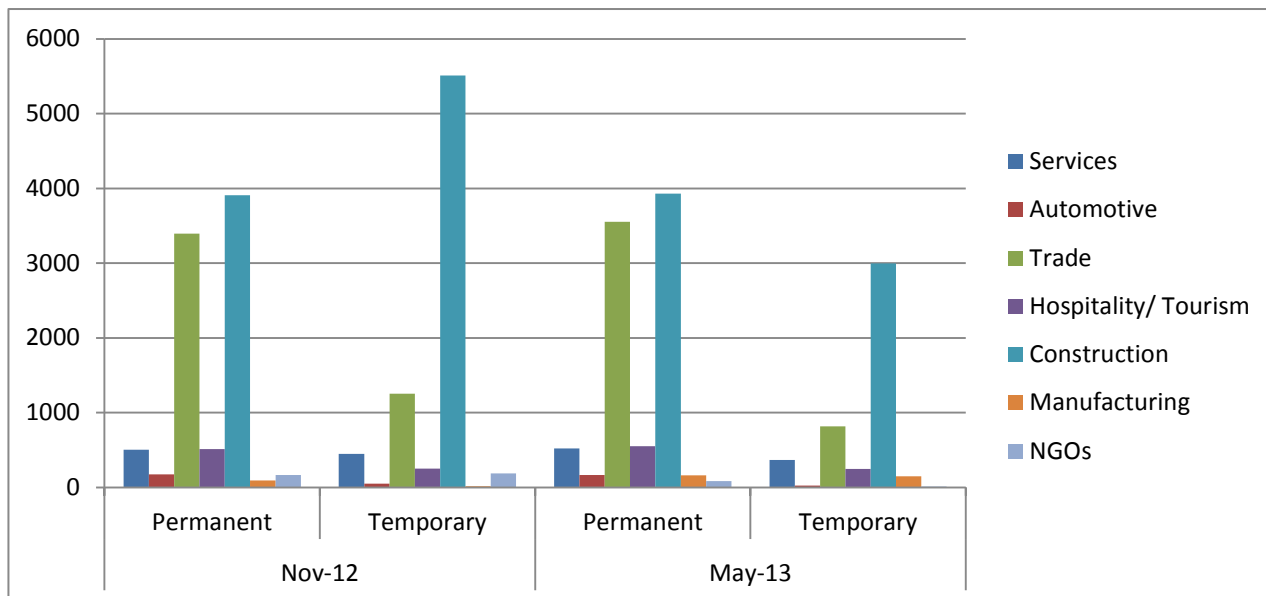


Figure 1 Number of Workers (Nov 2012 and May 2013)

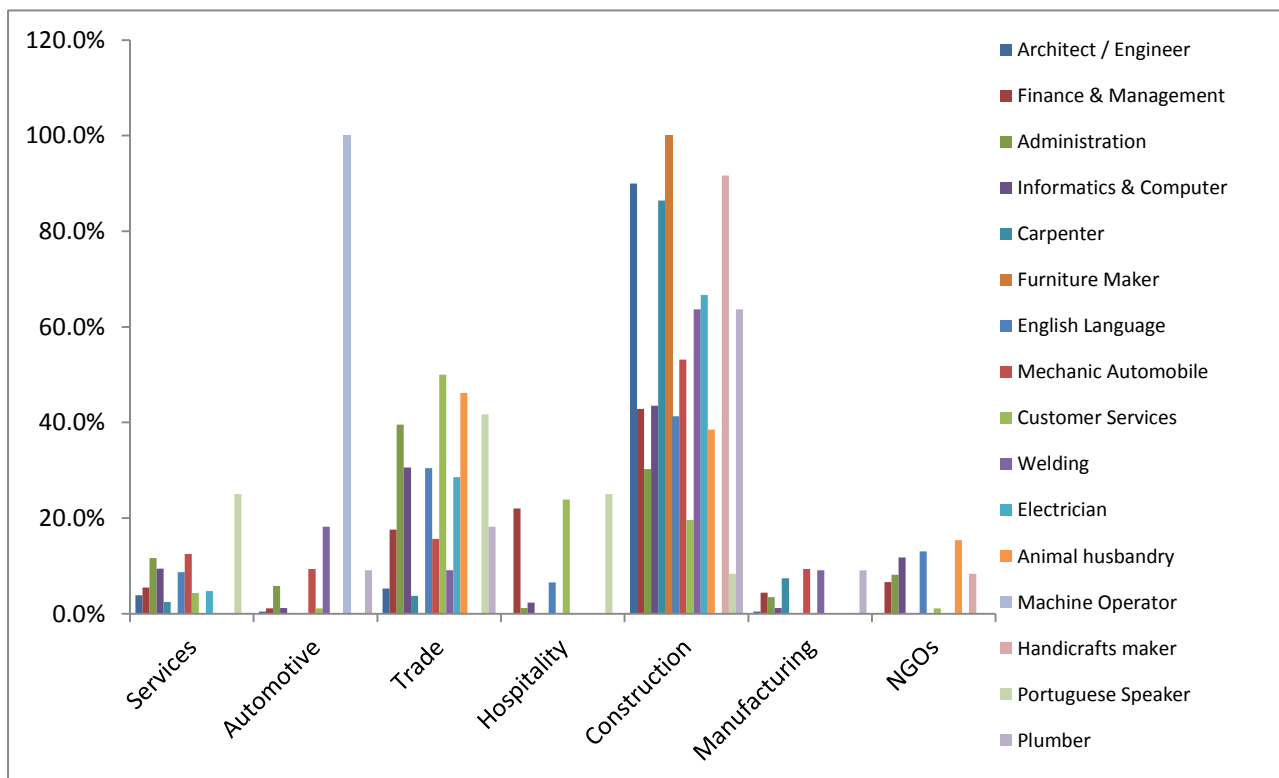


Figure 2 Type of Skills Needed by Sectors (Percentage of Businesses)

Policy Issues

Employment and livelihoods provide a pathway for low income households to improve their socio-economic welfare and move out of poverty. In a market economy the private sector is the engine of growth and jobs. Natural resources that a country possesses can also be source of economic development. Evidence has shown that economic policy geared towards harnessing market forces and effective use of natural resources can unleash rapid economic growth that is pro-poor and inclusive¹². Public policy in Timor-Leste should therefore focus on measures to steer the economy towards a job-rich growth.

There are signs that the Timorese economy is gradually diversifying. Agriculture still remains the largest sector for employment, but the proportion of workers in this sector is decreasing¹³. As discussed above, jobs are being created in industries such as construction. This in turn is creating more demand for technical and professional skills. The SEPFOP's Enterprise Survey 2013 clearly shows that businesses are putting more emphasis on specialized technical skills.

In light of these shifts in the economy and the labour market, it is important that adequate public investments and training courses are made available so that people can learn skills which are needed by businesses in the country.

Alongside investments in human capital, public policy should focus on creating avenues for a more *inclusive growth*. The aim should be to help more people to engage in productive economic activities. It is critical that policy actions across all economic sectors- such as agriculture, industry, oil and mining, tourism to name a few- are carefully assessed in terms of potential for creation of decent jobs.

Evidence and objective analysis should inform future policy actions. This would mean investing more in collection, analysis, and using of employment statistics in policy development. It will also require policy coherence so that public institutions involved in the development and execution of economic policies are able to complement each other's programmes.

One of the ways synergies can be built by public institutions is through "employment targeting". In this regard, the number of decent jobs created as a result of public investments can be a useful indicator for measuring results. There are analytical tools available which can be utilized for this purpose¹⁴. These tools

allow policy makers to carefully analyse potential impact from programmes and how best to mainstream employment enhancing strategies into programmes

As one of the youngest nations in the world, Timor-Leste has embarked on an ambitious plan to achieve middle income status by 2030. The Strategic Development Plan articulates the long-term vision and prioritizes initiatives to promote human capital, productivity, and a growth strategy that puts Timor-Leste on the path to sustainable development. Mainstreaming employment and continued support for building skills and competencies of the workforce will be key for achieving these national aspirations.

Employment & Training Services

Client Registrations

A total of 12,462 clients registered with the Employment and Career Guidance Centers (CEOPS) from Jan-Oct 2013. Clients included 43% females. The registration numbers tend to vary over the months (Figure 3). Usually, a lot more clients register if overseas vacancies are announced. From the total number of clients registered 55% were job seekers while the rest wanted to enroll for vocational or business training.

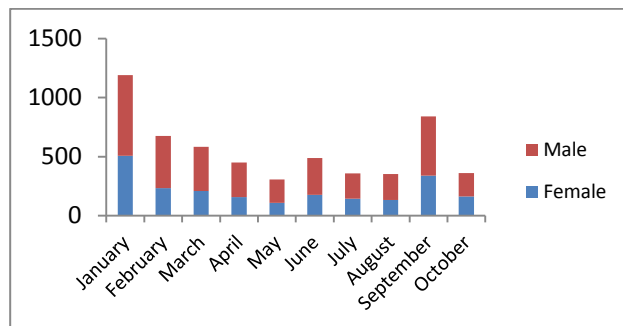


Figure 3 Client Registrations

A majority (97%) of registered clients who sought training wanted to enroll for vocational training courses. The remaining (3%) were interested in getting business development training. These clients were referred to the Instituto de Apoio ao Desenvolvimento Empresarial (IADE) to enroll for relevant business training courses.

From those seeking work 81 clients were assisted to find employment. This included 27 females and 54 men. Almost half of those employed were in the communication sector. Most of those employed are aged between 25-39 years.

¹² A good example is the success of East and Southeast Asia where public policy and markets have combined to produce high growth rates, employment creation, and commensurate cuts in poverty rates.

¹³ Census 2004 & 2010 and LFS 2010 show this trend.

¹⁴ UN Toolkit for Mainstreaming Employment:

A majority (73%) of those who found work have completed secondary school, professional course or tertiary education (Figure 4).

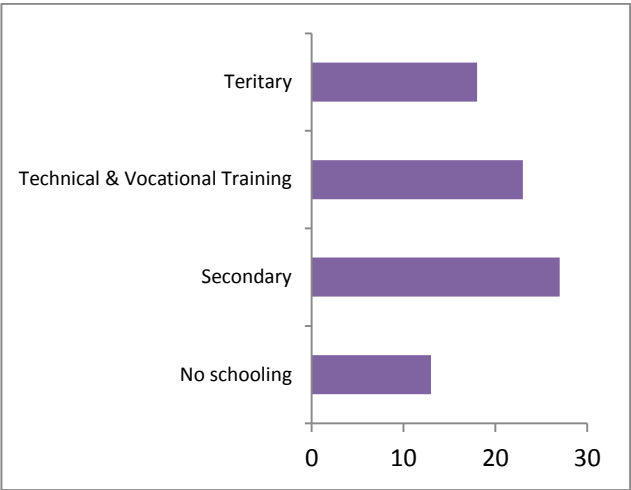


Figure 4 Employment by Education

In 2013 (as of Oct 31) SEPFOPE assisted a total 221 Timorese to find work in South Korea. Those employed were placed mainly in the manufacturing and fisheries sector (Figure 5). In this period SEPFOPE also assisted 33 men and women to find seasonal employment in Australia. Those employed found work mainly in the agriculture and the hospitality sector.

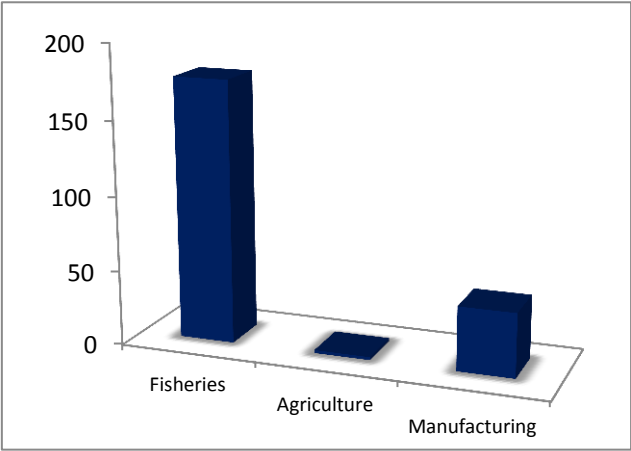


Figure 5 Employment by Sectors 2013 (South Korea)

From Jan – Oct 2013 the Labour Inspection Department of SEPFOPE visited 403 businesses to check occupational safety, number of workers, and

compliance to labour standards. A majority of companies visited (69%) are foreign owned (Figure 6).

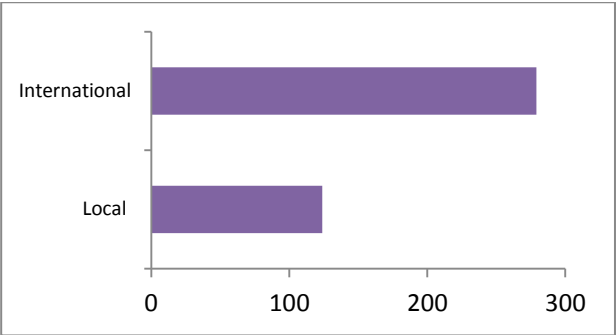


Figure 6 Number of Companies Registered by SEPFOPE

The number of local and international staff working in the companies visited totals 4,349. Around 26% of the employees in these companies are international workers (Figure 7).

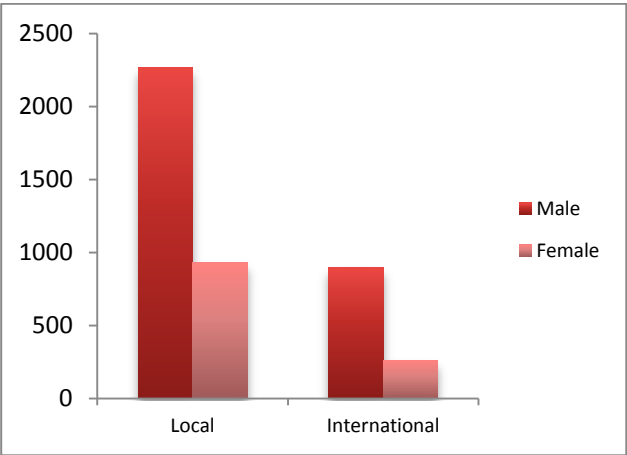


Figure 7 Breakdown of Workers

For more information, please contact
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