



Secretaria de Estado da
Formação Profissional e Emprego
(SEFOPE)



Fact Sheet

Self Employment Promotion and Enterprise Development

Timor-Leste

Through a cycle of conflict and peace, Timorese have shown their economic resilience when receiving adequate and quality assistance in skills training, business development, and access to credit. The Employment and Vocational Training Fund managed by the Secretariat of State for Vocational Training and Employment has enabled **5,639** businesses/income generating activities and repayment rate for micro loans reached nearly 100%. Support for micro business creation is much needed however, it is also necessary to ensure that these businesses can grow further.

In Timor-Leste, micro and small enterprises are severely under-developed. Challenges and constraints remain to



their further growth. Most consumer products are imported, which is a major constriction to developing a local manufacturing industry. Only a few micro and small enterprises are able to identify and seize business opportunities and access markets. A lack of access to finance, high-end business management training and counseling, investment capacity, information, technology, relevant skills training, product design and other types of business development services (BDS) has significantly hampered the business environment.

In the current absence of growth-oriented enterprises that can generate jobs for the majority poor, self-employment and enterprise development can be an effective tool for policy makers, local authorities, and civil society to revive local economies and income earning opportunities. Self-

employment, as a means to access the labour market and set up new entrepreneurial activities, is gaining weight in Timor-Leste, in qualitative and quantitative terms. A number of quality business management trainers have been trained and demonstrated their ability to coach aspiring and existing entrepreneurs. Their potentials to enhance their services are undeniable.

ILO's technical assistance to the Government of Timor-Leste since 2004 follows the principles and guidelines as set forth in the ILO Recommendations No. 189 *Job Creation in Small and Medium Enterprises*, which aims at generating a vibrant job-creating, poverty fighting private sector.

Government of Timor-Leste Initiatives

Since 2005, the Government of Timor-Leste has implemented a self-employment promotion programme through the partnership of the Department of Self-Employment of the Secretariat of State for Vocational Training and Employment and the Institute for Business Support (IADE) of the Ministry of Economy and Development with its 5 Business Development Centers in Dili, Baucau, Maliana, Maubisse and Oecusse districts. The ILO provides technical assistance to this partnership particularly with the aims to:

- Enhancing the business environment for micro and small enterprises, through improving the capacity of IADE's and its Business Development Centers
- Promoting self-employment, through enhancing the technical and business management skills of potential entrepreneurs
- Facilitating the access to market for micro and small entrepreneurs

A range of ILO international business training programmes have been tailored to Timor-Leste contexts, integrated into the curriculum of the Business Development Centers and used by trainers associated with the Business Development Centers. These programmes include Generate Your Business Idea (GYBI); Start Your Business (SYB); Improve Your Business (IYB); GET Ahead (Gender and Entrepreneurship Together), and Improve Your Exhibition Skills (IYES).

The experiences in past years have been valuable. In

keeping with its quest for local relevance, sustainability and ownership, the self-employment promotion approach, used by SEFOPE, IADE and ILO, has evolved considerably from the time it was first introduced in Timor-Leste. From small scale pilot interventions, a medium-term strategy for local economic development has emerged. A traditional approach which sees training as a major contribution to enterprise development is giving way to a system of integrated mechanisms including community mobilizations, local networking, market access, linkages to finance, women-friendly business development services, gender equality promotion. This system presents a holistic Local Economic Development



approach.

The ILO is committed to supporting SEFOPE and IADE to deliver results to their local economic development plans in 13 districts of Timor-Leste. The implementation of these plans would entail promoting a common definition of priorities, strengthening local-oriented capacities, searching for synergies through networking practices, reinforcing forward and backward linkages in the most relevant economic chains and providing the local community groups with voices and opportunities. Aiming to regenerate local economies, these plans strive to create community trust and assets and a business culture of participation and partnerships.

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Donors

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