



República Democrática de Timor Leste  
Secretaria de Estado da Formação Profissional e Emprego



# National Employment Strategy



Democratic Republic of Timor-Leste  
**Secretariat of State for Vocational Training and Employment  
(SEFOPE)**

# **National Employment Strategy**

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## Foreword

**T**he policy makers in the country are seriously concerned with the challenges confronting with regard to our goal of generating significant employment and income opportunities that are also productive whereby we are able to address the “triplet”, namely: unemployment, poverty and economic slow down. Our concern is manifested further with regard to the very high unemployment amongst the Timorese youth and women. Cognizant of such a huge challenge, the State Secretariat for Vocational Training and Employment initiated the process of developing a National Employment Strategy (NES) in 2008.

The process of developing the NES was started with a careful review of the first National Development Plan, the IV Constitutional Government Program 2007-2011, the goals and targets set by the country towards meeting the Millennium Development Goals and the Sectoral Investment Programs (SIPs). This was done primarily with the aim of developing synergies of the NES with the national priorities and development plans.

This document of national importance - based on the ground realities and aiming at generating productive employment opportunities across Timor-Leste - is the outcome of collective wisdom and the necessary guidance provided by Prime Minister Kay Rala Xanana Gusmao.

The draft strategy was circulated to various Ministries and State Secretariats in June 2008 seeking their valuable inputs in improving this document. The SEFOPE also organized seminars for the working group comprising officials of various Ministries and State Secretariats. It was followed by bilateral meetings of the SEFOPE team together with the ILO with the concerned Ministries and State Secretariats to discuss and improve the set of recommendations and actions proposed in the areas that relate to their respective domain.

It is hoped that the strategy developed would be able to help in contributing to the goal of generating significant employment opportunities – fairly dispersed and diversified, thus strengthening the process of lifting people out of poverty, unemployment and under employment, in particular the Timorese youth and women.

In the preparation of this document, in addition to the dedicated officers of the SEFOPE, enormous inputs and assistance has been provided by the ILO team assigned to the UNDP/ILO STAGE Programme, funded by the European Commission. I place on record sincerest appreciations for the useful contributions made by them all in developing the National Employment Strategy.

Let us all work towards our common goal – providing opportunities for productive and gainful employment to all the adult and youth women and men work aspirants.

**Bendito Dos Santos Freitas**  
Secretario de Estado da Formação Profissional e Emprego

## List of Abbreviations

|              |                                                          |
|--------------|----------------------------------------------------------|
| ADB          | Asian Development Bank                                   |
| CCs          | Community Centers                                        |
| CGP          | Constitutional Government Program                        |
| DSCs         | Development Support Centers                              |
| DCDS/BCDS    | Dili and Baucau City Development Strategies              |
| EC           | European Commission                                      |
| EPF          | Education Policy Framework                               |
| GEA          | Global Employment Agenda                                 |
| GDP          | Gross Domestic Product                                   |
| GTs          | Growth Triangles                                         |
| GYBI         | Generate Yours Business Idea                             |
| FAO          | Food and Agriculture Organization                        |
| FEPAs        | Foreign Employment Promoter Agencies                     |
| HRD          | Human Resource Development                               |
| IFC          | International Finance Corporation                        |
| IFIs         | International Financial Institutions                     |
| ILO          | International Labor Organization                         |
| IOM          | International Organization of Migration                  |
| IYB          | Improve Your Business                                    |
| KAB          | Know About Business                                      |
| LBAT         | Labor Based Appropriate Technology                       |
| LFDI         | Labor Force Development Institute                        |
| LFPR         | Labor Force Participation Rate                           |
| LMIS         | Labor Market Information System                          |
| MDGs         | Millennium Development Goals                             |
| MoUs         | Memorandum of Understanding                              |
| NES          | National Employment Strategy                             |
| NAPYE        | National Action Plan on Youth Employment                 |
| NDP          | National Development Plan                                |
| NGOs         | Non Governmental Organizations                           |
| PWPs         | Public Works Programs                                    |
| SIPs         | Sectoral Investment Programs                             |
| SISSs        | Small Industrial and Storage Sites                       |
| RDTL/DRTL    | Democratic Republic of Timor-Leste                       |
| SIEs         | Small Industrial Estates                                 |
| SSNs         | Social Safety Nets                                       |
| SSVTE/SEFOPE | State Secretariat for Vocational Training and Employment |
| TLTC         | Timor-Leste Trading Corporation                          |

|       |                                                    |
|-------|----------------------------------------------------|
| TLUSC | Timor-Leste Utility Stores Corporation             |
| UNDP  | United Nations Development Program                 |
| UNO   | United Nations Organization                        |
| UNIDO | United Nations Industrial Development Organization |
| VSCs  | Village Support Centers                            |
| VTs   | Vocational Training System                         |
| WHO   | World Health Organization                          |
| WB    | World Bank                                         |

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# Introduction

“Endowed with some oil and gas resources, Timor-Leste cannot complain of not having enough financial means to turn our economy around and lift the living standards of our people. I introduced some major reforms with a view to streamlining a number of complicated bureaucratic procedures so that we could fast track budget execution and services delivery. The new government has accepted my fiscal reform proposal that will turn Timor-Leste into a tax free economy.

However, all this is not enough to improve living standards of the people. The vast majority of the people who have been poor for centuries cannot and should not wait. I have pledged to be the President of poor and intend to be their best advocate. I am establishing fast track mechanism under my personal leadership to provide direct assistance to individuals, groups or rural communities ... Coupled with public investments in infrastructure (roads, bridges, port and airport) and in agriculture, Timor-Leste should see in the medium term a significant reduction of unemployment and a decrease in the poverty levels.

Education and youth employment are areas that my presidency and new government are prioritizing with more public spending. My presidency, in partnership with government which under our Constitution holds primary executive responsibility to provide services to the people, is determined to accomplish the Millennium Development Goals by 2015”,

**President Jose Ramos Horta**

**T**he National Employment Strategy (NES), based on the current economic and social situation, aims at developing a mechanism and modalities that enables Timorese women and men work aspirants access to full, productive and freely chosen employment. It also aims at strengthening the employability and productivity of those engaged in precarious jobs and/or are underemployed. The policy has a special focus on country's youth; in fact their employment is stressed as a priority matter along with the handicapped and vulnerable sections of the society. It emphasizes that productive employment objective has to be carefully woven with adequate considerations on raising technical and vocational competence as well as the level of human capital. It also stresses greater and effective integration of human resource development and utilization in the very processes of economic development, in setting sectoral priorities and in allocation of financial resources.

This document draws its strength from the Constitutional provisions enshrining that all persons, irrespective of their sex, age or other factors, should have the same rights and opportunities for employment. However, the exception is the youth, the women and the persons with disabilities who may find themselves in a less favorable position in the labor market. Hence, the need for focused attention and targeted interventions for such target groups in terms of building human capital that relate well to their conditions as well as market needs. The NES points out that the priority task is to address youth unemployment and a National Action Plan on Youth Employment (NAPYE) is developed as a sequel to it.

The NES is harmonized with and takes into consideration important national documents, such as: the IV Constitutional Government Program (CGP) 2007-2011, the goals and targets set by the country towards meeting the Millennium Development Goals (MDGs), the Sectoral Investment Programs (SIPs), employment policies and schemes undertaken since independence.

In analyzing different key areas, it is worth mentioning that many parallels can be drawn with the Global Employment Agenda (GEA) of the International Labor Organization (ILO), both explicitly and implicitly. Our focus, for example, on: i) making employment central to economic and social policy making, ii) developing and strengthening labor market institutions, iii) emphasis both on quantity and quality of jobs, iv) creating favorable conditions for the growth of small and medium enterprises, v) involvement of social partners and civil society in formulation of employment policy, etc, see Box-1.

In fact, parallel to the NES development, National Vocational Training Policy is also in the final stages of completion. Indeed, this is a demonstration of coordinated and well integrated policy initiatives. These developments also demonstrate our understanding that sustainability of economic development is crucially linked with availability of gainful and productive employment to the able and willing to work adults in safer work environments and rights protected.

Indeed, the economic and social progress plans, and policies that need to be determined by the considerations on levels of productive employment generation are the areas that now receive increasing policy attention in Timor-Leste. This document is also an attempt to point out our focus on decent employment and poverty reduction outcomes of economic activities. The “vicious”

circle – low productivity, low income, low savings, low investment, lesser and low quality employment – can only be replaced with a “virtuous” circle – rising productivity, higher

#### Box-1

##### Key Elements of the Global Employment Agenda (GEA) Reflected in National Employment Strategy

- Making employment central in economic and social policy making,
- Emphasizing both the quantity and quality of jobs generated in the economy,
- Increasing employment intensity of growth and creation of decent employment through appropriate macro, trade, labor market and sectoral policies,
- Strengthening institutions to create an efficient and equitable labor market,
- Active involvement of employers’ and workers’ organisations and civil society in formulation of employment policy,
- Creating favourable conditions for growth of the private sector especially Small and Medium Enterprises (SMEs) and other labor absorbing sectors,
- Creating a competitive and productive world class labor force, and
- Strengthening institutional machinery for employment policy making, Human Resource Development (HRD) and monitoring labor market development.

income, higher savings, increasing investment, greater and quality employment, and social dialogue - where these considerations assume central place in Timor-Leste policy and program design, and implementation.

Thus, this document clearly realizes that sustainability of our socio-economic development is crucially linked with availability of gainful and productive employment to the able and willing to work Timorese women and men. The economic and social progress plans, and policies indeed are being determined now by the considerations on levels of productive employment generation and poverty reduction outcomes of the overall policy framework. The “vicious” circle has to be replaced with a “virtuous” circle; it is now the “stress”.

It is also important to point out that when high growth rates accompany a sustained rise in productivity also help in creating fairly dispersed productive employment opportunities. In this context, areas and sectors that are crucial for initiating and sustaining economic growth, and are also employment augmenting are identified in this document. It is clear that sustained growth with rising productivity is the first step but this process has to be linked with better institutions, good governance, functioning tri-partism, social protection and employment intensity of growth. Equally important is enhancing the ability of the poor, the youth, the women, the veterans and ex-combatants to integrate into the growth process. Increasing access to education and skills as well as infrastructure including financial services especially micro finance are the important components in this regard.

Equally important to note is that higher economic growth leads to rise in productive capacity that enables employment with rising productivity. Greater and productive employment releases resources not only of the employers towards (more) education and skilling of the workforce but, importantly, enables employed to spend more on the education and training of their children. Raised future productivity of the workforce is the foregone conclusion. This policy document, however, is also cognizant of numerous issues and challenges that are currently confronting policy and program design and implementation.

This strategy is being developed at a time when Gross Domestic Product (GDP) is on a decline. The economy is increasingly demonstrating its inability to generate jobs/work opportunities. The mismatch between demand and supply of labor force is amply demonstrated by an unemployment and underemployment rate considered very high for the developing county like Timor-Leste where as yet no regular system of Social Safety Nets (SSNs) has been evolved. While, 16,000 people join the workforce annually, the paid workers in the private sector are only 40,000. A-third of the population operates entirely outside the cash economy. A majority of the formal enterprises – 72 percent - employ less than 10 workers. Most firms obtain start-up capital from personal or family resources. The annual turn over of 45 percent of the formal and nearly 90 percent the informal urban firms is less than US\$ 5,000 per year.

The infrastructural bottlenecks especially in rural areas including access to market has added miseries to the majority of country's population. Despite source of livelihood of the majority, only 1/4<sup>th</sup> of crops are marketed and there too farmers have to walk, on average, two hours to nearby markets in sub-districts. Modern sector – the formal sector – is not only small but essentially comprises of few activities. Manufacturing is largely conspicuous with its absence; see Annex Tables 1-6. The labor market institutions – District

Employment Offices (DEOs), Labor Market Information System (LMIS), employment counseling and career guidance, etc – are not well known to the formal sector employers. Even the graduates of Vocational Training System (VTS) are linked with low or nil skills and certainly the relevance of skills is an area of serious concern. The skills delivery for agriculture related activities, such as: i) crop practices and productivity, ii) livestock, iii) poultry, iv) fisheries, v) forestry, vi) processing, vii) packaging, viii) dairy, etc. is extremely short. And same is largely true for business management, tourism, hospitality, office management, foreign language competency and entrepreneurship – trades that have larger employment potential.

Local government system, considered important in employment generation and human resource development context, is still in the process being developed.

The Timorese economy is characterized as having small markets, high costs, low skills base, poor physical infrastructure and incomplete legal institutions. Even land titles, as yet, are not clear.

This document nevertheless points towards optimism and necessary motivations in this regard are: gradual building and strengthening of institutions, policy coherence, and admission of weaknesses and strengths. Further, the Government defines job creation as a “priority” objective with special focus on young Timorese. We are also in a unique situation of unleashing demographic dividend - huge pool of youngsters. This is nevertheless contingent upon turning the youth into an asset for the country with proper skilling, education and professional training.

The National Employment Strategy provides a coordinated and integrated mechanism for the productive employment generation - fairly dispersed - and poverty reduction. In the process, it also indicates the areas needing vocational, technical and professional competence of the Timorese. In the different chapters, besides the issues raised and recommendations made, an action plan is also provided.

“The poor and disadvantaged particularly women, widows, orphans, and former combatants and veterans must be recognized as individuals with rights and potential agents that can contribute to economic growth and poverty reduction ... Poverty can potentially act as breeding ground for social instability and civil disorder, and it can trigger crime and strife ... enhancing skills and building human capabilities of poor is particularly important and can have a major impact on their productivity and human dignity”

**Prime Minister Kay Rala Xanana Gusmao**

## The Socio-Economic Context

The country has made tremendous progress in creating institutions of the state essential for running the economy. However, in an environment of a weaker private sector and limited immediate prospects for private investment, Government has to play a catalytic role in “kick-starting” the economy. The rising petroleum revenues and the determination for its judicious use, the Government has the much needed fiscal space that can be used in economic revival and sustaining growth in the short-term. The public investment and spending in infrastructural development projects, in education and health, and in developing social safety nets and support to the vulnerable are considered important in bolstering economic growth *inter alia* creating conditions for greater private sector participation in economic activities also attracting foreign direct investment. The SIPs are the necessary building blocks.

The NES is, however, cognizant of the fact that our economic performance has been volatile since the referendum for independence in 1999. The widespread destruction led the non- petroleum economy to shrink by a-third. The economy rebounded in 2000 and 2001 on the heels of increased foreign-backed expenditure in public administration and defense. The share of the United Nations in the Gross Domestic Product (GDP), for example, was 26.4 percent in 2000 and 24.8 percent in 2001; it declined to 5.1 percent in 2005. The economy contracted and entered into negative growth trajectory as foreign presence decreased from 2002; the years 2002 and 2003 witnessed negative GDP growth. Increased agricultural output and revitalization of the banking sector helped economy to grow in 2004, *albeit* marginally, and 2005. This then followed by a reversal that occurred due to the civil unrest of mid-2006; even the projected GDP growth of 1 percent could not be materialized – the year ended with a negative growth. The fixed investment in 2005 – US\$ 73.9 million- was half of the level attained in 2001 – US\$145.4 million. The country witnessed lowest fixed investment in recent years; in 2004 it plummeted to US\$ 59.9 million.

The industrial manufacturing base of the economy is rudimentary - local handicrafts mostly in weaving area, artistic artifacts in wood, sawmills, ceramics, small manufacturing units, such as: rice mills, processing of coffee and extracting industries. In terms of contribution to the GDP, it accounts for a mere 3.4 percent of the GDP. Establishments are mostly small- and some medium-scale. In terms of the structure of the economy, agriculture, industry together with services, and the public sector each currently accounts for about one third of the GDP. While, the share of the public sector has been steadily declining since 2001, agriculture has been recording an increase – it rose from 24 percent in 2001 to 32 percent in 2005. Within the agriculture, a redeeming feature is emergence of commercial agriculture that raised its share from 2.9 percent of the GDP in 2001 to 6.9 percent in 2004 and 2005. Transport and telecommunication, financial and other services, and whole sale and retail trade account respectively for 9.1 percent, 8.2 percent and 7.2 percent of the GDP. Within the industry and services sector, whose share has remained rather stagnant between 2000-05, transport and telecommunications has recorded the largest increase in share between 1999 and 2003, Annex Tables 1&2.

The non-petroleum economy has stagnated and hovering around US\$ 325mn in recent years. Virtually all Timorese earn their livelihood in the non-petroleum sectors of the economy where per capita income is stagnant in real terms since 2002. Contrary to this “stagnation”, the national income per person has doubled due to increased petroleum revenues.

The population of the country, about a million, is growing at a fairly high rate. The Labor Force Participation Rate (LFPR) is 69.1 percent for males and 51.7 percent for females. The size of labor force is 314,400; 57.5 percent of them are males. The labor force accounts for three-fifths of the working age population. The open unemployment rate is quite low - 1.8 percent; it is 2.2 percent for males and 1.2 percent for females. This low unemployment rate when accounting for discouraged workers is raised to 8.5 percent; 10 percent for males and 6.5 percent for females. The area of greatest concern nevertheless relates to the unemployment of the youth; their unemployment is 24.7 percent for the age group 15-19 years - 26.5 percent for males and 22.7 percent for females - and 16.6 percent for the age group 20-24 years - 20.5 percent for males and 12.1 percent for females. The youth unemployment in Dili and Baucau is as high as 43 percent. In fact, the overall unemployment in Dili is also very high; estimated to be 27 percent.

Subsistence agriculture and fisheries account for employment of as high as three-fourths of the workforce; 73.8 percent for males and 77.3 percent for females. However, this sector employs 22.8 percent of males as opposed to 60.6 percent of females in case of Dili. Self employed are 10.7 percent; they are 21.4 percent of employed in case of Dili. As opposed to 25.5 percent of the self employed males in Dili, the females are 15.8 percent. About 6 percent of employment is in the Government sector; more for males – 7.8 percent – than females – 3.2 percent. In Dili, the Government accounts for 21 percent of males employed and 10 percent of females employed. The employees are 12.2 percent of the overall employed and 34.7 percent of employed in Dili. The overall male employees are 15.1 percent; this ratio is 45.1 percent in case of Dili. Women employees are almost half of males; both overall and in Dili.

Such an employment pattern indeed is a pointer to lesser remunerative work. Unemployment and poverty levels are not only high but are rising. About two-fifths of the population was estimated to be poor in 2001, and this proportion seems to have increased, given the stagnation in real non- petroleum per capita incomes during 2001-2006. In 2005, youth (15-24 age group) unemployment was estimated at 40 percent. With about half the population under the age of 18 years, urban unemployment is destined to increase unless stronger economic growth with high employment intensity occurs and is sustained.

The current situation nonetheless reinforces the importance of integrating consideration on employment generation and poverty reduction in the very process of economic and sectoral plans, in setting priorities and in allocation of financial resources. The planned increases in public spending on infrastructural projects, construction and basic services, for example, are expected not only to raise the proportion of the public sector in the GDP but, importantly, create direct and indirect employment with spill over effects. The planned public investments, in addition to the employment pattern of the employed as well as nature and extent of unemployment, needs to be carefully looked into in terms of identifying needs and raising vocational, technical, entrepreneurial and professional competence of the work force. This strategy is an attempt in this direction.

## Employment Strategy

Employment is the outcome of growth process. Empirical evidence suggests that expansion in the economy reduces unemployment and poverty. However, it is contingent upon having a fair appreciation, understanding and integration of sectors/sub-sectors demonstrating growth and employment potential.

Many Asian countries devised policies in accordance with their own individual circumstances and environments. They believed in the importance of markets, but also realized that markets had to be created and governed, and that sometimes private sector might not do what needs to be done.

Thus, an active role of the government has paramount importance to steer different sectors towards growth and development, GOP (2008).

**T**his chapter is an attempt in understanding sectors/sub-sectors demonstrating growth and employment potential. Based on the priorities identified and guidelines provided in the sectoral investment priorities and proposed programs as well as the CGP; a number of specific programs/interventions – all intended to create conditions for greater and effective private sector participation in economic activities - are proposed to promote growth and employment together with an action plan in the following:

1. Employment Generation in Agriculture,
2. Employment Generation in Rural Areas,
3. Employment Generation in Infrastructure and Public Works Programs,
4. Employment Generation in Housing,
5. Employment Generation in Manufacturing,
6. Employment Generation in Domestic Trade,
7. Employment Generation in Tourism,
8. Overseas Employment, and
9. Employment Generation in Oil, Gas and Mineral Sector.

### 3. 1 Employment Generation in Agriculture

The sector and its development are of vital importance to mitigating widespread poverty, providing employment, and addressing the issue of food security ... The highest priority, and most urgent program required in the sector is the Food Security Program. This is an integrated program that includes a number of components from both the agriculture and forestry sub-sectors. It will also include activities in fisheries in future years. The components of the program are: i) Farming Systems in Upland Areas, ii) Improved Service Delivery, (iii) Capacity Development in Policy and Planning, and (iv) Integrated Agricultural Development Programs, RDTL (2006b).

The Government, among others, is stressing on: i) tapping water resources, irrigation channels, ii) creation of agriculture training centers at district level, iii) creation of food processing/seeds centers at regional and district level, iv) food reserve centers in districts, v) creation of tree nurseries, vi) reforestation, vii) technical training in fishing and aquaculture, viii) tree plantation, and ix) developing livestock industry – meat, milk, butter and cheese, RDTL (2007a).

Five strategic priorities have been formulated under the National Development Plan (NDP). First; improve food security and raise self reliance. Second; increase value added production and marketing. Third; achieve sustainable production and management of natural resources. Fourth; strengthen the balance of trade by promoting commodity exports. And fifth; increase income and employment in rural areas. Such priorities are reinforced by the revision currently underway of the SIPs for “agriculture and livestock”, “forestry” and “fisheries”.

The main food crops are: maize – grown by 81 percent farmers, rice – grown by 23 percent farmers; peanut, cassava and sweet potato. The main tree crops are: candlenut, coconut, coffee, cinnamon and cloves. Further, 90 percent farmers rear chickens and pigs. As high as 2/3<sup>rd</sup> of the products are consumed by producing households. Is it only the subsistence nature of agriculture or some other factors also responsible? Indeed it is not the subsistence agriculture “alone”. The agriculture sector and farm practices are confronted with a host of bottlenecks, such as: inadequate skills of farmers, lack and use of inputs and machinery, limited irrigation, lack of institutional credit, inefficient and insufficient agro processing technologies, inadequate market access and lack of transport facilities – indeed they are amongst the major constraints that Timorese agriculture sector is confronted with. The insecure land and property tenure issues add yet another dimension to the lack of crop diversification and farmers’ reluctance to investment. Only 3 percent of farmers use pesticides, chemical fertilizers and improved varieties of seeds.

Take for example the case of “Coffee”. Notwithstanding the fact that it is the primary non-petroleum export commodity fetching US\$ 8mn and benefiting approximately 28 percent of households; plants rehabilitation and pruning badly needed and long overdue is not done owing primarily to the fear of loss of income no matter at the expense of lesser output/incomes. The loss of coffee shade trees by aging and fungal disease without

replacements would result many leaving the industry as having not invested beyond immediate subsistence alternatives in the gap for new coffee plantations.

The onshore fisheries – largely subsistence – use smaller boats. The catch is largely for consumption and local sale. Coastal fisheries are extremely rich but lie in a narrow onshore zone of reef and are therefore particularly vulnerable to over-exploitation. Offshore resources include tuna, deep sea snappers, and deep sea shrimp. Sandalwood, teak, kayn mera and eucalyptus are important forest crops for the income of a few.

Despite the source of employment and livelihood of the majority of Timorese people, the agriculture sector with the exception of “Coffee” is responsible for trade deficit that accounts for a-third of the GDP. This situation clearly warrants a reversal not only for narrowing and eliminating trade deficit but, more importantly, raising income and living conditions of farmers. Some of the necessary steps needed in this regard are:

### **Crops**

- Subsidies on the use of chemical fertilizers, pesticides and improved varieties of seeds,
- Wider distribution of appropriate high-yield crop varieties,
- Pest management education, surveillance, control and mitigation,
- Tackling pre and post harvest losses,
- Post harvest handling technologies,
- Medicinal and herbal plants,
- Low cost agricultural machinery, and
- Improvement in irrigation channels.

### **Fisheries**

- Improvement of fishing boats and nets,
- Deep sea fishing, and
- Better fish handling, processing and marketing practices including industry partnerships for ice factories and logistical cooperatives.

### **Aquaculture**

- Aquaculture research and industry development, such as: pearls production operations.

### **Dairy**

- Dairy farms are promoted for the production of milk, butter, cheese, cream, etc., and
- Government and industry partnership to re-establish and educate public on dairy sector aiding economic and national nutritional development.

### **Livestock and Poultry**

- Commercial poultry and livestock farming,
- Effective animal disease surveillance system, and

- Industry partnerships for abattoirs and distribution/marketing infrastructure.

#### **General**

- Veterinary services,
- Diagnostic laboratories,
- Extension services,
- Access to input and output including export markets,
- Road links,
- Producer cooperatives,
- Micro credit schemes,
- Refrigerated transport,
- Storage facilities including cold storages,
- Raising farmers' skills – cropping pattern, cropping practices, pest control, agro business and marketing, livestock breeding, dairy farming, poultry farming, fisheries – inland, coastal and deep sea fishing, and aquaculture,
- Food and product safety regulations,
- Repair and maintenance services,
- Provision of support services, including information on diversification of agricultural production, animal husbandry, water harvesting techniques, prices, and
- Legal and institutional framework for property rights.

### **3. 1.i Raising Productivity, Income and Employment in Agriculture**

The needed steps indicated above do demand immediate attention – raising productivity, income and employment indeed are crucially linked with the level of response. Limitations of resources; human and financial, however, point towards picking up important areas of intervention and also pilot testing of some. This is done in this section by selecting: i) raising farm productivity, ii) coffee production, iii) coffee quality and a marketing strategy with brand name, iv) storage facilities for crops, v) improved irrigation, vii) improved fishing boats and nets, viii) dairy farms, ix) poultry farms, and x) raising farmers' awareness and skills – these are developing an integrated and coordinated approach for addressing bottlenecks and effecting growth. While, these all selected areas are important for our goal of raising productivity, income and employment in the agriculture, an attempt nevertheless has also been made to point out the steps/measures needed to be taken immediately.

Table-1 next is an attempt to elaborate this in a matrix form, namely: a) what is needed, b) what is to be done, c) concerned ministry, d) how it will be done, and e) donors'/external support needed. Pilot testing of some schemes is an important component of the strategy.

**Table-1**  
Raising Productivity, Income and Employment in Agriculture

| What is needed?                                                         | What is to be done<br>i.e. Target/Action?                                                                                                                                                                                               | Concerned<br>Ministry                                | How it will be done?                                                                                                                                                                                                                                                                                                                                                                                                                      | Donors'/<br>external<br>support<br>needed                                                                    |
|-------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| Raising farm<br>productivity for<br>Maize and Rice<br>Crops.            | Use of pesticides,<br>fertilizers and<br>improved varieties<br>of seeds by<br>farmers is <b>doubled<br/>in one year and<br/>subsequently<br/>increased by not<br/>less 5 percent<br/>annually.</b>                                      | Ministry of<br>Agriculture and<br>Fisheries          | <b>4-5 Sucos</b> having greater penetration<br>of these crops <b>are selected</b> in close<br><b>cooperation with</b> farmers'<br>associations and local community.<br>Necessary awareness and even<br>small training would be needed, and<br>this to be arranged preferably through<br>NGO training providers.<br><br>Budgetary allocations made by the<br>Government for the Subsidies.<br><br>To be <b>pilot tested</b> for two years. | FAO may<br>be partner<br>for the pilot<br>project.                                                           |
| -----<br>Coffee production is<br>raised.                                | -----<br>Coffees plants<br>rehabilitation and<br>pruning is done by<br><b>at least 5 percent<br/>of farmers in 2009<br/>and the<br/>percentage of<br/>farmers doing this<br/>subsequently<br/>increased by 10<br/>percent annually.</b> | -----<br>Ministry of<br>Agriculture and<br>Fisheries | -----<br><b>4-5 Sucos</b> having greater penetration<br>of coffee crop are selected <b>in close<br/>cooperation with</b> Cooperative Café<br>Timor and local community.<br><br><b>Necessary awareness</b> of the coffee<br>farmers about crop rehabilitation,<br>pruning, etc and <b>training is<br/>organized</b> preferably through NGO<br>training providers.<br><br>To be <b>pilot tested</b> for one year.                           | -----<br>The FAO<br>may be<br>partner for<br>the pilot<br>projects.                                          |
| -----<br>Coffee quality and a<br>marketing strategy<br>with brand name. | -----<br><b>Model</b> coffee<br>processing and<br>drying method<br><b>established.</b>                                                                                                                                                  | -----<br>Ministry of<br>Agriculture and<br>Fisheries | -----<br>Coffee Industry Association is<br>established and industry sets up<br>international export standards as well<br>as develops marketing strategy.                                                                                                                                                                                                                                                                                  | -----<br>UNDP and<br>UNIDO are<br>integrated<br>in providing<br>necessary<br>technical<br>back-<br>stopping. |
| -----<br>Storage facility for<br>crops.                                 | -----<br><b>5 new storage<br/>facilities</b> for crops<br>are established<br>annually.                                                                                                                                                  | -----<br>Ministry of<br>Agriculture and<br>Fisheries | -----<br>Necessary funds are earmarked from<br>the regular budget under the SIP and<br><b>location-specific framers'<br/>cooperatives</b> are effectively<br>integrated in site selection,<br>construction and management of<br>storages.                                                                                                                                                                                                 | -----<br>FAO and<br>ILO are<br>integrated<br>in providing<br>technical<br>back-<br>stopping.                 |
| -----<br>Improved irrigation.                                           | -----<br><b>5 water channels</b><br>are improved<br>through                                                                                                                                                                             | -----<br>Ministry of<br>Agriculture and<br>Fisheries | -----<br>Necessary funds are earmarked from<br>the regular budget under the SIP and<br><b>location-specific framers'</b>                                                                                                                                                                                                                                                                                                                  | -----<br>As above                                                                                            |

|                                  |                                                                                                                                                                                                                |                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                            |                                                                     |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
|                                  | rehabilitation and lining annually.                                                                                                                                                                            |                                                                                                                       | <b>cooperatives</b> are effectively integrated in selection of water channels for rehabilitation and lining.<br><br><b>This program</b> , however, needs to be undertaken <b>during the lean agriculture period</b> and is also used as <b>“cash for work”</b> .                                                                                                                           |                                                                     |
| Improved fishing boats and nets. | <b>Group of 10 fishermen</b> are using improved fishing boats and nets, and <b>similar number</b> added annually.                                                                                              | Ministry of Agriculture and Fisheries                                                                                 | Concessional credit is arranged.<br><br>Fishermen's cooperatives are integrated in selection of beneficiaries.                                                                                                                                                                                                                                                                             | FAO is integrated as partner for technical back-stopping.           |
| Aquaculture industry development | <b>2 pearl production farm</b> established in 2009 and <b>similar number</b> added annually.<br><br><b>A</b> Aquaculture vocational training, research and industry development <b>center is established</b> . | Ministry of Agriculture and Fisheries and Secretariat of State for Vocational Training and Employment (SSVTE/SEFO PE) | Aquaculture industry association is established.<br><br>Pearl farmers cooperative is established and integrated in site selection.<br><br>The trade development and cooperation facility under Timor Leste Youth Human Security Development Program with TradeInvest is effectively integrated.                                                                                            | FAO and ILO are integrated as partners for technical back-stopping. |
| Dairy Farms                      | <b>A model dairy farm</b> with processing products is established in close proximity of road link and <b>subsequently 2-3</b> a year are established.                                                          | Ministry of Agriculture and Fisheries                                                                                 | Dairy framers' cooperative is established and site selection is done with its involvement as well as the local community.<br><br>Necessary funds are earmarked from the regular budget under the SIP and location-specific poultry framers' cooperatives are effectively integrated in site/beneficiary selection and operationalization.<br><br><b>This is pilot tested for one year.</b> | FAO is integrated as partner for technical back-stopping.           |
| Poultry Farms                    | <b>5 modern poultry farms</b> are established and subsequently <b>similar number</b>                                                                                                                           | Ministry of Agriculture and Fisheries.                                                                                | Necessary funds are earmarked from the regular budget under the SIP and location-specific poultry framers' cooperatives are effectively integrated in site/beneficiary selection                                                                                                                                                                                                           | FAO is integrated as partner for technical back-stopping.           |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                            |                                                                      |                                                                                                                                                                                                                                              |                                                                                                                                       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| -----<br>Raising farmers' awareness and skills                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | done annually.<br><br>-----<br><b>Group of farmers in 10 Sucos</b> are provided necessary skills and <b>similar numbers done annually.</b> | -----<br>SEFOPE together with Ministry of Agriculture and Fisheries. | and operationalization.<br><br><b>This is pilot tested for one year.</b><br><br>-----<br>Training provider NGOs to develop activity-specific curricula under the supervision of the SSVTE.<br><br><b>This is pilot tested for two years.</b> | -----<br>ILO is integrated as partner for providing necessary technical back stopping and also meeting the cost of the pilot project. |
| <p><b><u>Mainstreaming Youth and Gender</u></b></p> <ol style="list-style-type: none"> <li>1. Numerous employment opportunities would be created through this approach. Youth and women each are 20 percent of the beneficiaries – for example of training – and employees of the work generated.</li> <li>2. Further, women and youth each are at least 1 out 5 beneficiaries of poultry and dairy farms as well as of improved fishing boats/nets.</li> <li>3. <i>The National Youth Council would need to be effectively involved in outreaching the youth.</i></li> </ol> |                                                                                                                                            |                                                                      |                                                                                                                                                                                                                                              |                                                                                                                                       |

It is important to highlight here that to the extent possible low cost technology as well as labor based appropriate technology is used for civil and construction work. Further, contractors are used from local areas/surrounding towns.

### 3.1. ii Immediate Actions/Measures

1. 4-5 Sucos having greater penetration of maize and rice crops are selected in close cooperation with farmers' associations and local community to raise productivity by doubling every year the use of pesticides, chemical fertilizers and improved varieties of seeds by farmers,
2. 5 new storage facilities for crops are established annually,
3. 5 water channels are improved through rehabilitation and lining annually,
4. A model dairy farm with processing products is established in close proximity of road link and subsequently 2-3 a year are established,
5. 5 modern poultry farms are established every year, and
6. Raising farmers' awareness and skills.

## 3.2 Employment Generation in Rural Areas and Surrounding Towns

**“The war for employment generation and poverty reduction has to be fought and successfully won in the rural areas and surrounding small town”, GOP (1989).**

The development of Aldeias 2,336 and 443 Sucos, and building their linkages at least with 65 sub-districts to increase market access for agriculture and other rural products has prime importance for income and productive employment generation as well as diversification of economic activities. All communities are currently confronted with a number of bottlenecks, such as: i) low human and financial capital, ii) lack of adequate knowledge on product markets, iii) lack of information on support institutions, iv) inadequate availability of the infrastructural facilities - roads, electricity, health care, etc, v) poor reach of extension services, vi) lack of repair and maintenance services, vii) absence of institutional credit and more so of the micro finance institutions, and viii) lack of visibility of labor market related services, such as: employment counseling, vocational guidance and vocational training.

These bottlenecks can be tackled rather effectively through evolving an integrated rural development approach. This strategy proposes establishment of “Growth Triangles” (GTs) to integrate rural areas by coordinating activities ranging from small retail trade, services, repair to skills development, production, marketing and maintenance as well as provision of basic infrastructural facilities and access to credit and government support services.

The Aldeias and Sucos, representing majority of the Timorese population, are providing livelihood *albeit* subsistence to four-fifths of the workforce. They need to be integrated in growth process so that majority is lifted out of poverty and subsistence conditions. The first tier of the GTs is the first step towards initiating the processes of their mainstreaming; focal points at the grassroots levels are established in the form of Village Support Centers (VSCs). The VSCs to provide basic support to the rural population and farmers, such as: repair, maintenance, small retail trade, small storage facility and, importantly, a link of farmers with extension services, access to information and networking. A cluster of 8-10 Aldeias is proposed to be picked up for the purpose of establishing the first tier of “growth triangle” to be initially supported by the Government but latter managed and operated by local community together with the management committee of the VSCs.

The basic infrastructure developed and economic activities created at the VSCs then need to be linked with a larger market access and service provisions. Hence, establishment of a Development Support Center (DSC) in a cluster of 4-5 VSCs could serve this purpose and act as the second tier of this GTs. The DSCs to be established where a road link already exists or can be provided quickly are to serve as an important instrument for effecting diversification of income and employment opportunities by focusing on removing development bottlenecks inherent in rural areas such as: lack of technical and entrepreneurial know-how, marketing access, lack of information, and lack of service centers, storage facilities and repair/maintenance facilities. The DSCs can be used to serve as: i) a source of information, guidance and counseling; ii) a marketing center; iii) a center for

supply of inputs; iv) a center for skills development and up gradation; v) a facilitator for linkages with markets in urban areas; vi) a link with credit institutions; and vii) provider of storage facility. Government support needs to be in the form of: i) allocating budgetary resources for the establishment of the DSCs; ii) provision of basic socio-physical infrastructure, namely: telecommunication, postal services, a health center with laboratory facilities and a secondary school in the vicinity; iii) a bank branch especially of the micro finance institution; and iv) making available extension services.

The third tier of the GTs is establishment of Small Industrial and Storage Sites (SISSs) in a cluster of 4-5 DSCs. The aim of establishment of SISSs is to promote local raw material and resource based small and medium scale manufacturing, larger storage facilities including cold storages and value addition of agriculture products. Indeed, the GTs does have the potential to address simultaneously socio-economic development needs, transformation and industrialization that is fairly dispersed and well coordinated with active and effective involvement of local communities.

### 3. 2.i Raising Productivity, Income and Employment in Rural Areas

Table-2 below is an attempt to elaborate establishment of GTs in a matrix form, namely: a) what is needed, b) what is to be done, c) concerned ministry, d) how it will be done, and e) donors'/external support needed. The NES prioritizes pilot testing of this proposal for better understanding in terms of replication.

**Table-2**  
**Raising Productivity, Income and Employment in Rural Areas**

| What is needed?                                                                             | What is to be done<br>i.e. Target/Action?                                                                                                                                                                                   | Concerned<br>Ministry                                                             | How it will be done?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Donors'/<br>external<br>support<br>needed                                                                                          |
|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Removal of development and infrastructural bottlenecks in rural areas and surrounding towns | <b>Establish two 3-tier Growth Triangles</b> , comprising: i) Village Support Center; ii) Development Support Center; and iii) a Small Industrial and Storage Site. <b>Latter, at least two GTs established every year.</b> | Ministry of Infra-structure/ Secretariat of State for Youth and Sports and SEFOPE | <p>Necessary funds are earmarked from the regular budget under the SIPs. Donors' support would be important.</p> <p>Site selections of VSCs and DSCs are done in close cooperation with concerned <b>Suco Chiefs and local community.</b></p> <p><b>Labor based appropriate</b> technology is used for civil and construction work.</p> <p><b>Low cost technology</b> is used for the construction.</p> <p>The <b>site selection</b> is either in a place where there <b>already exists</b> a drain or it is built.</p> <p>Selection of <b>SISSc</b> also to</p> | ILO may act as the facilitator for seeking donors' support, acting as coordinator and providing necessary technical back stopping. |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |  |  |                                                                                                                                                                             |  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |  |  | <p>integrate industry associations</p> <p><b>Local contractors</b> are used if need be some <b>training is also imparted</b>.</p> <p><b>Pilot tested for two years.</b></p> |  |
| <p><b><u>Mainstreaming Youth and Gender</u></b></p> <ol style="list-style-type: none"> <li>1. Numerous employment opportunities would be created through the establishment of GTs. This policy stresses that youth and women each are 20 percent of the beneficiaries – for example of training – and employees of the work generated.</li> <li>2. Further, at least 20 percent of undertakings in VSCs and DSCs are owned by women and youth.</li> <li>3. <i>The National Youth Council would need to be effectively involved in outreaching the youth.</i></li> </ol> |  |  |                                                                                                                                                                             |  |

It is important to point out that the development of GTs are complimentary to the strategy outlined in 3.1.i above that focuses on: i) raising farm productivity for Maize and Rice crops through greater use of chemical fertilizers, pesticides and improved variety of seeds, ii) raising coffee production, iii) building storage facilities for crops, iv) model dairy farm, and v) improving irrigation – together the set of strategy aims at initiating the process of productive employment generation, poverty reduction and diversification of economic activities in rural areas. Importantly, major traits of the strategy are based on the National Development Program and the Sectoral Investment Programs.

The NES stresses that:

1. To the extent possible low cost technology and labor based appropriate technology is used for civil and construction work;
2. Contractors are used from local areas/surrounding towns;
3. The VSCs, to the extent possible, are constructed where road link is available and the site is largely not affected by the rains and rain runoff/floods;
4. In selection of site for the DSCs additional consideration in site selection would be either availability of electricity or possibility of its quick provision; and
5. The VSCs, DSCs and SISSs have toilets, proper drains and waste disposal arrangements.

### 3.3 Employment Generation in Infrastructure and Public Works Program

Timor-Leste is currently confronted with the daunting task in the area of infrastructure development and provision of civic amenities. Rehabilitation and construction of infrastructure, including irrigation and drainage systems, building of feeder roads, creating storage facilities, developing markets, and local transport are some of the dimensions of the task. Yet another dimension of the challenge relates to safe water supplies and sanitation – currently major cause of illness, child mortality and even malnutrition. The NES development recognizes the important contribution that will be made in meeting these numerous challenges through the Timor-Leste's Year of Infrastructure.

The 6,000 km long road network comprising principal/main(1,200km), district/secondary (2,000km), feeder (1,800km) and dirt is generally in poor condition; it faces extensive damage during monsoonal rains. Secondary and feeder roads are less developed and during rainy season many Sucos are difficult to reach. A-fifth of Sucos is covered with dirt roads. Terrain, geo-hazards, such as: earthquakes and landslides, weather conditions and environmental degradation resulting in sediment changing river water courses, roads and bridges impose a considerable additional cost for the provision and maintenance of roads. The Government has set a five-year program and a ten-year vision for the road system to bring the road network up to a sustainable condition, ensure regular maintenance thereby minimizing life-cycle costs, road closures reduced and manageable, and road access made reliable. This plan offers a major opportunity for the development of domestic construction industry; it involves more than \$200 million of civil works and maintenance expenditures over the five year period, RDTL (2006c). This plan would be strengthened also in terms of resource allocations for the "Timor-Leste Year of Infrastructure".

The situation of safe water supply and excreta and sewage disposal is very serious. While, 76 percent of rural households do not have access to safe water supplies, it is largely for few hours where it exists. Even in Dili as high as 82 percent households do not have access to 24-hour safe water supplies. 87 percent of rural households do not have access to adequate excreta disposal facilities. In Dili, a-quarter of households has no access, while this ratio is 40 percent for urban households outside the capital.

#### 3.3.i Raising Productivity, Income and Employment in Infrastructure and Public Works Programs

An integrated rural accessibility planning exercise is needed with stakeholders' participation. The parameter to be used is the distance that a household needs to travel to obtain services, such as: school, health clinic, market, etc. This would greatly help in determining the community priorities in addressing socio-physical infrastructure issues. This strategy emphasizes that to the extent possible and feasible; Labor Based Appropriate Technology (LBAT) is used for building, provision, repair, rehabilitation and maintenance of infrastructure. The use of LBAT, for example, in rehabilitation and building of rural roads is estimated to generate 1,500 - 2,500 work days of employment per kilo meter. In case of routine maintenance of roads the estimate is that one worker is employed for a 2 km length of a road. Further, periodic maintenance in dry season is estimated to generate 700

workdays per kilo meter. Indeed, significant employment dividends in addition to the contribution to the growth of economic activities, Edmonds (2007).

This strategy stresses that Public Works Programs (PWP) are developed with greater and effective involvement of communities especially in rural areas in design and implementation. Water storage schemes/reservoirs for the rain run off, lining of water courses, road connectivity for the Adelais and storm channels in rural areas are important areas that PWP would target for addressing the triplet – better infrastructure, cash employment and initiation and diversification of economic activities. To them are added: building and rehabilitation of water supply, pavement of streets, and building of “clean cities”, schools, health centers, and recreational centers for youth.

This strategy takes note of the findings of the World Bank that “it is feasible to put in place a nation-wide public works program that would employ at least 50,000 workers for 50 days per annum initially, building to 100,000 workers for 75 days at an annual cost of about US\$25 million. This program could be oriented to youth as well as to the poor, International Finance Corporation (IFC) & Asian Development Bank (ADB) (2007)

This strategy suggests initiation of work on: i) water storage schemes/reservoirs, ii) lining of water courses, iii) community centers in Sucos, iv) rural road connectivity, v) road repairs both in rural and urban areas, vi) road maintenance both in rural and urban areas, vii) health centers in Sucos, viii) pavements of streets, and ix) youth recreational centers as important infrastructure and public works program that carry greater employment, growth and development prospects. While, these all selected areas are important for our goal of raising productivity, income and employment in the agriculture, an attempt nevertheless has also been made to point out the steps/measures needed to be taken immediately.

It is stressed that in order to foster undertakings by small entrepreneurs, the projects as detailed in Table-3, are built on necessary considerations with regard to:

1. Adequate provisions of training;
2. Promotion of sub-contracting; and
3. Promotion of local contractors.

**Table-3**  
Raising Productivity, Income and Employment in  
Infrastructure and Public Works Programs

| What is needed?                                                 | What is to be done<br>i.e. Target/Action?                                                                                                                                                                                                                    | Concerned<br>Ministry                                                      | How it will be done?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Donors'/<br>external<br>support<br>needed                                                                                                                                                                                         |
|-----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Water storage<br>schemes<br>/reservoirs for the<br>rain run off | <b>5 reservoirs/<br/>water storages</b><br>are built every year                                                                                                                                                                                              | Ministry of<br>Infrastructure/<br>Ministry of<br>Agriculture and<br>SEFOPE | Necessary funds are earmarked from<br>the regular budget under the SIPs.<br>Donors' support would be important.<br><br><b>Site selection</b> is done in close<br>cooperation with concerned <b>Suco<br/>Chiefs and local community</b> .<br><br><b>Low cost technology</b> is used for the<br>construction.<br><br><b>Labor based appropriate<br/>technology</b> is used for civil and<br>construction work.<br><br><b>Local contractors</b> are used if need<br>be some training is also imparted.<br><br>Necessary <b>training needs assessed</b><br>and <b>provided</b> largely through NGO<br>training providers.<br><br><b>This program</b> , however, needs to be<br>undertaken <b>during the lean<br/>agriculture period</b> and is also used<br>as <b>"cash for work"</b> . | FAO may<br>act as the<br>facilitator<br>for seeking<br>donors'<br>support and<br>providing<br>necessary<br>technical<br>back<br>stopping.<br><br>ILO to<br>provide<br>support<br>with regard<br>to training<br>and use of<br>LBAT |
| -----<br>Lining of water<br>courses                             | -----<br><b>Lining of 5 water<br/>courses</b> every<br>year                                                                                                                                                                                                  | -----                                                                      | -----<br>As above                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | -----<br>As above<br>-----                                                                                                                                                                                                        |
| -----<br>Community centers<br>in Sucos                          | -----<br><b>Community<br/>centers (CCs) are<br/>built in 5 Sucos<br/>every year</b> to<br>serve as a source<br>of information,<br>meeting place,<br>small library, indoor<br>games, youth club<br>and women club. If<br>possible a sports<br>ground as well. | -----<br>As above                                                          | -----<br>As above but with the <b>exception</b> that<br>this program <b>does need to be<br/>started</b> in the "lean agriculture<br>period".                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | -----<br>As above                                                                                                                                                                                                                 |
| -----<br>Rural road<br>connectivity                             | -----<br><b>Road access is<br/>provided to 5<br/>Sucos</b> every year                                                                                                                                                                                        | -----<br>Ministry of<br>Education and                                      | -----<br>As above<br><br><b>This program</b> , however, needs to be                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | -----<br>The World<br>Bank and                                                                                                                                                                                                    |

|                         |                                                                                                             |                                                              |                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                         |
|-------------------------|-------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
|                         |                                                                                                             | Culture/<br>Ministry of<br>Infrastructure                    | undertaken <b>during the lean agriculture period</b> and is also used as <b>"cash for work"</b> .                                                                                                                                                                                                                                                                                                          | ADB may act as necessary facilitator.                                                                                   |
| Rural road repair       | <b>A 300 km rural road is repaired every year.</b>                                                          | Ministry of Infrastructure and SEFOPE                        | As above                                                                                                                                                                                                                                                                                                                                                                                                   | ILO to provide training related back-stopping.                                                                          |
| Rural road maintenance  | The coverage of rural road maintenance work is increased by <b>300 Km every year.</b>                       | As above                                                     | As above                                                                                                                                                                                                                                                                                                                                                                                                   | As above                                                                                                                |
| Health centers in Sucos | <b>In 5 Sucos health centers are built every year;</b> preferably near the 1 <sup>st</sup> tier of the GTs. | As above                                                     | As above but with the <b>exception</b> that this program <b>does need to be started</b> in the "lean agriculture period".                                                                                                                                                                                                                                                                                  | As above                                                                                                                |
| Pavement of streets     | <b>25 percent</b> of streets in Dili and <b>15 percent</b> of streets in Baucau are paved every year.       | Ministry of Health/<br>Ministry of Infrastructure and SEFOPE | Necessary funds are earmarked from the regular budget under the SIPs. Donors' support would be important.<br><br><b>Local contractors</b> are used if need be <b>some training</b> is also imparted.<br><br><b>Labor based appropriate technology</b> is used for civil and construction work.<br><br>Necessary <b>training needs assessed</b> and <b>provided</b> largely through NGO training providers. | WHO to take the lead as a necessary facilitator and donors' coordinator. ILO to provide training related back-stopping. |
| Roads repair            | <b>300 Km</b> of roads are <b>repaired every year.</b>                                                      | Ministry of Infrastructure and SEFOPE                        | Necessary funds are earmarked from the regular budget under the SIPs. Donors' support would be important.<br><br><b>Labor based appropriate technology</b> is used.<br><br>Necessary <b>training needs assessed</b> and <b>provided</b> largely through NGO training providers.                                                                                                                            | World Bank and ADB act as necessary facilitator.<br><br>ILO to provide training related back-stopping.                  |
| Road maintenance        | The coverage of road maintenance                                                                            |                                                              | As above                                                                                                                                                                                                                                                                                                                                                                                                   | As above                                                                                                                |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                 |                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| -----<br>Recreational centers for youth                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | work is <b>increased by 300 Km every year.</b><br><br>-----<br><b>3 Youth Centers</b> in Dili and <b>1 in Baucau</b> are built and subsequently <b>every year 1 Center</b> is built in <b>2 other Districts</b> | -----<br>As above<br><br>-----<br>As above<br><br>-----<br>Ministry of Infrastructure/<br><br>Secretariat of State for Youth and Sports and SEFOPE | -----<br>Necessary funds are earmarked from the regular budget under the SIPs. Donors' support would be important.<br><br><b>Low cost technology</b> is used for the construction.<br><br><b>Labor based appropriate technology</b> is used for civil and construction work.<br><br><b>Local contractors</b> are used if need be some training is also imparted.<br><br>Necessary <b>training needs assessed</b> and <b>provided</b> largely through NGO training providers. | -----<br>As above<br><br>-----<br>World Bank and ADB may act as necessary facilitator.<br><br>ILO to provide training related back-stopping. |
| <p><b><u>Mainstreaming Youth and Gender</u></b></p> <ol style="list-style-type: none"> <li>1. Numerous employment opportunities would be created through the strategy elaborated in this table. It is stressed that youth and women each are 20 percent of the beneficiaries – for example of training – and employees of the work generated.</li> <li>2. At least 10 percent of the local contractors are youth and women.</li> <li>3. At least 5 percent of work is given to “sub-contractors”.</li> <li>4. Further, half of the youth centers established in urban areas are for women.</li> <li>5. Half of the space in community centers in Sucos would be earmarked for youth and women; and</li> <li>6. The National Youth Council would need to be effectively involved in outreaching youth.</li> </ol> |                                                                                                                                                                                                                 |                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                              |

### 3. 3.ii Immediate Actions/Measures

1. 5 reservoirs/water storages are built every year,
2. Lining of 5 water courses every year,

3. Community centers (CCs) are built in 5 Sucos every year to serve as a source of information, meeting place, small library, indoor games, youth club and women club; it may also have a sports ground as well,
4. Road access is provided to 5 Sucos every year,
5. In 5 Sucos health centers are built every year; preferably near the 1<sup>st</sup> tier of the Growth Triangles (GTs),
6. 3 Youth Centers in Dili and 1 in Baucau are built and subsequently every year 1 Center is built in 2 other Districts, and
7. 25 percent of streets in Dili and 15 percent of streets in Baucau are paved every year.

### 3.4 Employment Generation in the Housing Sector

“The Government will give priority to the construction of houses for all the Timorese but especially to those that are in the most vulnerable conditions, by promoting the implementation of an urbanization plan in Dili and in other districts on the basis of the work already done by the GERTIL which designed cities of Dili and Baucau, RDTL (2007a).

Approximately 70 percent of all buildings in the country, including an estimated 68,000 houses (about 40 percent of the housing stock) were destroyed in the post-referendum violence of 1999. About 65 percent of the population was displaced and over 40 percent rendered homeless, with many more left to live in damaged or sub-standard housing. About half of the houses in urban areas have access to piped water supply, 58 percent to a private toilet and 74 percent to an electricity supply. Only 58 percent of all houses in urban areas were built of permanent materials. Corresponding figures in rural areas are far lower, RDTL (2006d).

The urban population is estimated to grow annually by 5.0 to 5.2 percent implying that 28 percent of the total population i.e. 357,000 will be the urban residents by 2015. The demand for houses in urban areas during 2004-2015 is estimated to be about 60,000. The Dili and Baucau City Development Strategies (DCDS/BCDS) aim to fully exploit: i) Dili's comparative advantage as the strategically located capital city, administrative center and focus of economic growth for Timor Leste, and ii) Baucau's comparative advantage as the strategically located regional capital and administrative center, as well as its potential for future economic growth, RDTL (2006d).

Dili has 98 informal settlements. Detailed design including community-led implementation of upgrading works has been worked out. Further, there is the phase-1 of new low cost housing sites (Hera and Tibar) in Dili. This is designed to accommodate the growing demand for serviced land for low cost housing in the Dili urban area. Pilot upgrading projects in informal settlements in each of the priority regional and district centers are/being identified. The upgrading projects are to be based on the principles and guidelines as set out in the National Housing Policy.

This strategy while taking note of the poor housing conditions nevertheless looks at the current situation and the “policy focus” as a significant area displaying not only employment potential but considerable linkages with the growth of trade, services, transport and manufacturing. Of paramount importance, this strategy stresses, is:

1. Designing and following an integrated approach with community participation;
2. Recourse to low cost technology;
3. Where possible and feasible effective use of LBAT;
4. A matching focus on industry development as well as service and trade; and
5. Importantly, designing of appropriate skills development programs.

The industrial linkages in developing housing sector, in the context of Timor-Leste, would include: i) cement blocks; ii) steel; iii) paints and varnishes; iv) electricity cables and fittings; v) sanitary ware; vi) pipes; vii) tiles; viii) ceramic materials; ix) household appliances; x) wood items; and xi) other construction material industries.

### 3. 4.i Raising Productivity, Income and Employment in Housing

This strategy is simultaneously focusing on: i) informal settlements, ii) low cost housing, and iii) housing clusters. It also suggests that shopping centers and markets are made integral part of the housing development/construction, see table-4.

**Table-4**  
Raising Productivity, Income and Employment in Housing

| What is needed?                 | What is to be done i.e. Target/Action?                                                                                                                                                                                             | Concerned Ministry                    | How it will be done?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Donors'/ external support indicated                                            |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| Upgrading informal settlements. | <b>Upgrading 5 settlements in Dili and 3 in Baucau</b> in the first instance to be <b>followed by 10 up gradation annually</b> subsequent.                                                                                         | Ministry of Infrastructure and SEFOPE | Necessary funds as indicated in the SIP. Donors' support would be important.<br><br>Informal settlements <b>selected in close cooperation</b> with local communities and the concerned Suco Chiefs<br><br><b>Labor based appropriate technology</b> is used for civil and construction work.<br><br><b>Low cost technology</b> is used for the construction.<br><br>To be <b>developed in phased</b> manner.<br>Necessary <b>training needs assessed</b> and <b>provided</b> largely through NGO training providers. | UNDP, European Commission (EC) and Aus-Aid.<br>ILO for the training component. |
| Low cost housing.               | <b>1 Low cost housing in Hera and Tibar and 2 other Districts.</b> Subsequently <b>every year two low cost housing</b> in other remaining Districts.<br><br>A <b>small market and small shopping</b> center is part of the scheme. | Ministry of Infrastructure and SEFOPE | Necessary funds as indicated in the SIP. Donors' support would be important.<br><br><b>Labor based appropriate technology</b> is used for civil and construction work.<br><br>Necessary <b>training needs assessed</b> and <b>provided</b> largely through NGO training providers.                                                                                                                                                                                                                                   | UNDP, European Commission and Aus-Aid.<br>ILO for the training component.      |
| Housing clusters.               | <b>1 housing cluster with all civic amenities each in Dili, Baucau and one another District.</b>                                                                                                                                   | Ministry of Infrastructure and SEFOPE | As above                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | As above                                                                       |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                      |  |  |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|--|--|--|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | A market and shopping center is part of the cluster. |  |  |  |
| <p><b><u>Mainstreaming Youth and Gender</u></b></p> <ol style="list-style-type: none"> <li>1. Numerous employment opportunities would be created through the strategy elaborated in this table. It is stressed that youth and women each are 20 percent of the beneficiaries – for example of training – and employees of the work generated.</li> <li>2. At least 10 percent of the sub-contractors in urban areas and local contractors in rural areas are youth and women.</li> <li>3. Women and youth each are earmarked a-quarter of the shops and business spaces created.</li> <li>4. <i>The National Youth Council would need to be effectively involved in outreaching the youth.</i></li> </ol> |                                                      |  |  |  |

### 3. 4.ii Immediate Actions/Measures

1. Upgrading 5 settlements in Dili and 3 in Baucau
2. A low cost housing in Hera and Tibar and 2 other Districts.
3. A housing cluster with all civic amenities each in Dili, Baucau and one another District

### 3. 5 Employment Generation in the Manufacturing Sector

Current manufacturing comprises of local handicrafts mostly in weaving area, artistic artifacts in wood, sawmills, ceramics, small manufacturing units, such as: rice mills and for the processing of coffee and extracting industries notably extraction of salt. About three-fourths of formal enterprises employ less than 10 workers and 45 percent have a turnover of less than US\$ 5,000 per year. The exception however is the petroleum and energy related undertakings – they in any case are capital intensive.

The current situation does point that the process of industrialization initially would be indigenous driven – construction-, household consumers- and agro-related. Small and medium sized firms/industries would correspond rather well with the entrepreneurial skills and resource availability. Creation of a critical base and essential infrastructure is expected to initiate also the process of Foreign Direct Investment (FDI) attraction. Sections 3.1-3.4 above point broader areas that would need to be part of a “well integrated” industrial policy. The focus would be on:

- |                                     |                                          |
|-------------------------------------|------------------------------------------|
| 1. Cement blocks,                   | 9. Furniture,                            |
| 2. Paints and varnishes,            | 10. Wood items,                          |
| 3. Electricity cables and fittings, | 11. Coffee processing,                   |
| 4. Sanitary ware,                   | 12. Agro processing,                     |
| 5. Pipes,                           | 13. Dairy products, and                  |
| 6. Tiles,                           | 14. Consumer items.                      |
| 7. Ceramic materials,               | 15. Food processing                      |
| 8. Household appliances,            | 16. Aquaculture and fisheries processing |

Necessary support for the development of industries would be as under:

- Establishment of Small Industrial Estates (SIEs) in Dili and Baucau,
- In addition to the SIEs, formation and up-gradation of business clusters,
- Providing business development services, including strengthening and expanding the “Centros de Desenvolvimento Empresarial”
- Promoting a credit market for entrepreneurs,
- Developing activity-specific employers (industry) associations and
- Addressing factors raising cost of doing business in Timor-Leste.

The Ministry of Tourism, Trade and Industry – the most concerned ministry - with regard to the manufacturing development, this strategy also stresses a simultaneous focus on: i) establishing industrial and export parks, ii) a deep sea port, and iii) petroleum operations and related infrastructure development in Suai and South coast.

Affirmative action would be needed on tackling issues affecting business growth in terms of cost of business, such as: i) high cost of telecommunication; telephone call 4 times expensive than Indonesia, ii) most costly commercial electricity in the world, iii) erratic power supply; electricity supply largely confined to few hours per night in districts, iv) contract enforcement that is ranked worst in the world, v) time involved in starting a business; it is 92 days, vi) cost of starting business is estimated to be 125 percent of the per capita GDP, and vii) weak protection to foreign investors relative to comparator, WB (2006).

### 3. 5.ii Immediate Actions/Measures

- Establishment of Small Industrial Estates (SIEs) in Dili and Baucau,
- Establishment of an industrial and export park,
- Formation and up-gradation of business clusters,
- Providing business development services, including strengthening and expanding the “Centros de Desenvolvimento Empresarial”, and
- Developing activity-specific employers (industry) associations.

### 3. 6 Employment Generation in the Domestic Trade

“Domestic trade is one of the wealth creation sources, which have not been subject to the adequate interventions that push on the national capacity of Timorese tradesmen, inverting the current tendency of the small foreign tradesmen being in control of commerce in East Timor”, RDTL( 2007a).

Enormous employment potential exists in domestic trade ranging from small kiosks to retail and whole sale as well as hotels, restaurants, repairs and maintenance. Looking into the hundreds of millions of dollars worth of imports – a significant proportion belonging to wide range of household and consumer items, this strategy proposes the establishment of Timor-Leste Trading Corporation (TLTC). The TLTC is entrusted with the imports of household and consumer items together with establishment of a number of stores and cold storages for the stock and regular supplies.

Currently, there is weaker penetration of Timorese in business and trade that needs to be tackled by developing local expertise and business acumen – the Government to take initiative in this regard. This policy, therefore, suggests establishment of Timor-Leste Utility Stores Corporation (TLUSC) with the task of establishing departmental stores - catering for household and consumer items - in Districts and Sub-Districts. The TLUSC also tasked to develop a chain of marketing outlets in cities in rural areas preferably through franchising to the locals.

While necessary oversight would be a “must”, these two entities need to be given autonomy in their work and with the seed money from the Government, they should work for emerging as profit making bodies. It, however, needs to be clarified that these two proposals in no way are pointer for developing “state” monopolies. The purpose for suggesting establishment of corporations is that door is open for the private sector to become the “partner”. In the meanwhile, necessary infrastructure is created for business and trade in the country.

Fruits, vegetables and handicrafts pour in the cities notably Dili from rural areas. This strategy also suggests earmarking special space for “Sunday” and “Weekend” markets where farmers and rural artisans directly sell their produce to the customers.

Districts and Sub-Districts are made responsible for identification of sites and development of markets separately for: i) motor garages, automobile parts, repair and maintenance, ii) construction related items, iii) household and consumer items, iv) range of services, and iv) “Sunday” and “Weekend” markets.

#### Mainstreaming Youth and Gender

Women and youth each are: i) given a-quarter of the jobs in TLTC and TLUSC and a similar proportion while franchising, and ii) a-quarter of beneficiaries of the space created in different markets. The National Youth Council would need to be effectively involved in outreaching the youth.

### 3. 6.ii Immediate Actions/Measures

- Establishment of Timor-Leste Trading Corporation (TLTC). The TLTC is entrusted with the imports of household and consumer items together with establishment of a number of stores and cold storages for the stock and regular supplies.
- Establishment of Timor-Leste Utility Stores Corporation (TLUSC) with the task of establishing departmental stores - catering for household and consumer items - in Districts and Sub-Districts.
- Development of markets in at least 2 Districts separately for: i) motor garages, automobile parts, repair and maintenance, ii) construction related items, iii) household and consumer items, iv) range of services, and iv) “Sunday” and “Weekend” markets.

### 3. 7 Generating Employment in Tourism

The Government has a focus on developing tourism by: i) better information on country's beaches and mountains, ii) eco tourism, iii) seeking private foreign investment, iv) developing protected zones especially dedicated to tourism, and vi) promoting tourism related training, RDTL (2007a).

The South East Asian region has demonstrated as how increasing flows of international tourists in search of serenity, natural beauty, beaches, water supports, adventure, and clean and safer environments is effectively directed towards the region. Tens of millions of tourists are inbound to Singapore, Malaysia, Indonesia, Thailand and the Philippines every year. In South Asia, Maldives that is a country with a population size of less than half a million but confronted with problem of population spreading over hundreds of small islands and atolls turned this location and geographical disadvantage into greater attraction for international tourists – a large number of islands developed into paradise for tourists and more so in search of water sports, clean beaches and serenity.

Timor-Leste is also situating on beaches and mountains, and boasts serenity and tranquility. We have also attraction for “eco tourism”. Proximity to Australia and an important tourist destination “Bali”, do point to the potential that exists. This strategy, however, is of the view that greater and effective integration of foreign investors, tour operators, hotel chains and travel agents would be necessary in tapping the vast Timor-Leste tourism potential. Road shows would be an important facilitator in this regard that needs to be organized after clearly dedicating protected areas for tourism. In addition, regional arrangements for packaged tours with tour operators are worked out.

Singaporeans, Chinese and Koreans are increasingly spending holidays abroad and are always seeking competitive “packages” that need to be tapped into. Some cooperative arrangements would need to be worked out with the official agencies responsible for tourism as well as private tour operators especially in Australia, Malaysia, China and Singapore.

#### 3. 7.i Generating Income and Employment in Tourism

Development of tourism infrastructure and secondary infrastructure to support domestic and international tourism market growth is important; it has to be developed. This document considers that numerous actions and targets indicated in the preceding sub-sections do cover consideration, indirectly though, on the development of tourism infrastructure. In addition, steps needing attention are: ii) arranging package tours; ii) organizing road shows; and iii) signing of MOUs, see table-5.

**Table-5**  
Generating Income and Employment in Tourism

| What is needed?             | What is to be done i.e. Target/Action?                                                                                                                     | Concerned Ministry                                                                    | How it will be done?                                                                                                                                                                                                                                                                                                                                                                                                   | Donors'/ external support indicated                                    |
|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| Package tours               | <b>5 package tours</b> are organized in 2009 and <b>at least similar number</b> in subsequent years.                                                       | Ministry of Tourism, Trade and Industry/ Ministry of Education and Culture and SEFOPE | <p><b>Details</b> to be worked out in <b>close cooperation</b> with tour operators both within Timor Leste and selected other countries.</p> <p><b>Starting points:</b> i) Darwin-Bali-Dili, ii) Malaysia-Bali-Dili, and iii) Singapore-Bali-Dili.</p> <p>Necessary <b>training needs assessed</b> and <b>provided</b> largely through NGO training providers.</p>                                                     | World Tourism Organization and AusAID. ILO for the training component. |
| Road Shows                  | <b>5 road shows</b> are organized in 2009 and <b>at least similar number</b> in subsequent years.                                                          | Ministry of Tourism, Commerce and Industry/ Ministry of Foreign Affairs and SEFOPE    | <p><b>Details</b> to be worked out in close cooperation with <b>Timorese Missions</b> abroad as well as <b>Timorese Diaspora/community</b>.</p> <p><b>Tour operators</b> – within and outside the country – are integrated.</p> <p><b>Leaflets</b> prepared.</p> <p><b>Pilot tested</b> for two years.</p> <p>Necessary <b>training needs assessed</b> and <b>provided</b> largely through NGO training providers.</p> | World Tourism Organization and AusAID. ILO for the training component. |
| Memorandum of Understanding | <b>Discussion on MOUs</b> initiated and <b>signed with at least</b> official agencies <b>responsible for tourism</b> in Australia, Malaysia and Singapore. | As above                                                                              | <p>From the regular budget.</p> <p><b>Timorese</b> tour/travel operators <b>as well as</b> from Australia, Malaysia and Singapore <b>are involved</b>.</p>                                                                                                                                                                                                                                                             | Not applicable                                                         |

### 3. 7.ii Immediate Actions/Measures

- 5 package tours are organized in 2009 with starting points as: i) Darwin-Bali-Dili, ii) Malaysia-Bali-Dili, and iii) Singapore-Bali-Dili.
- 5 road shows are organized in 2009 starting with Australia, Malaysia and Singapore, and

- Discussion on MOUs initiated and signed with at least official agencies responsible for tourism in Australia, Malaysia and Singapore.

### 3. 8 Overseas Employment

“Through cooperation between our governments, I am confident that we can assist Australia in addressing its labor shortages, while providing valuable employment and vocational training opportunities for Timorese people”.

**Prime Minister Kay Rala Xanana Gusmao's letter to the Prime Minister of Australia, the Hon. Kevin Rudd, 13 June 2008.**

In the global migration map of over 190 million people working and living in a country of not their birth/origin, and over 90 million being the migrant workers, the visibility of the Timorese is indeed very small.

Many South East Asian countries are benefiting from the migration flows. The Philippines, for example, has already developed its “niche” in tapping the vast employment potential overseas and preparing not only women and men according to the needs overseas but having also developed institutions to protect Filipinos overseas as well as for their reintegration on return. Private employment agencies and overseas employment promoters have been instrumental in seeking demand overseas in a number of labor sending countries in the Asian region.

In recent years, however, countries are also entering into bi-lateral agreements and signing Memorandum of Understanding (MoUs). Some developed countries, such as: Australia, New Zealand and Canada have developed “point” system for linking immigration with the requirements of domestic industry and labor market requirements.

Timor-Leste nationals now travel to a number of countries for employment, studies and vocational training independently or through the Office of Overseas Employment or through development sponsorship programs.

Timor-Leste would need to carefully look into these all developments and in particular seek MoUs with Korea, Malaysia and Singapore. Bi-lateral negotiations also need to be started for exploring the possibilities of meeting some of the labor shortages in Australia.

The Timorese Diaspora, though small, needs to be tapped for: i) getting their expertise and professional advice in the area of their competency especially now as we are in the midst of preparing the second National Development Plan, ii) supporting migration, iii) attracting foreign investors, and iv) even promoting tourism.

Yet another area that we may look into is the implications of selective in-migration. The countries in the region - Singapore and Malaysia – have demonstrated the usefulness of foreign workers in meeting development needs. However, in case of Timor-Leste, this would need to be linked with foreign direct investment and in developing infrastructure for the tourism.

### 3. 8.i Tapping Overseas Employment

The actions proposed by the strategy include: i) initiation of negotiations and signing of MoUs, ii) encouraging establishment of private foreign employment promoters, formation of their association and networking overseas, iii) road shows, see table-6.

**Table-6**  
Tapping Overseas Employment

| What is needed?             | What is to be done<br>i.e. Target/Action?                                                                                                                                           | Concerned<br>Ministry                                                         | How it will be done?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Donors'/<br>external<br>support<br>indicated                                 |
|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| Memorandum of Understanding | <b>Negotiations started and at least MoUs</b> are signed with the Australian and Korean Governments, and subsequently pursued with Singapore, Malaysia, Hong Kong and Taiwan China. | Ministry of Foreign Affairs/<br>Ministry of Education and Culture, and SEFOPE | <p>A <b>list of Timorese by education</b> and competence – tertiary educated by type, passed out of secondary technical schools, skilled workers and even farmers – is <b>prepared by gender</b>.</p> <p><b>Discussion</b> with Korean Federation of Small Industry is initiated.</p> <p><b>Information</b> on likely skills in demand <b>obtained</b> and appropriate <b>training started</b> largely through NGO training providers</p> <p><b>Negotiations</b> started with the i) Korean Government on <b>putting Timor-Leste as one of the “preferred”</b> source country, and ii) Australian Government as a <b>follow up</b> the letter of Prime Minister to his Australian counterpart.</p> | IOM & ILO for the technical back-stopping and helping in the negotiations.   |
| Road Shows                  | <b>5 road shows</b> are organized in 2009 and <b>at least similar number</b> in subsequent years.                                                                                   | Ministry of Foreign Affairs/Ministry of Education and Culture and SEFOPE      | <p>To be <b>coincided with</b> the “road shows” for promoting tourism.</p> <p>Details to <b>be worked out</b> in close cooperation with Timorese Missions abroad as well as Timorese Diaspora/community.</p> <p><b>Handbook/leaflets</b> on Timorese by education and competence – tertiary educated by type, passed out of secondary technical schools, skilled workers and even farmers –</p>                                                                                                                                                                                                                                                                                                    | IOM and ILO for the technical back-stopping and helping in the negotiations. |

|                              |                                                                                                                         |        |                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                              |
|------------------------------|-------------------------------------------------------------------------------------------------------------------------|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
|                              |                                                                                                                         |        | <p><b>are prepared by gender.</b></p> <p>Private foreign employment promoters <b>are part</b> of the road shows.</p> <p>Necessary <b>training needs assessed</b> and <b>provided</b> largely through NGO training providers.</p>                                                                                                                                                                                                     |                                                                              |
| Foreign Employment Promoters | Foreign Employment Promoters Association is established with a Constitution, Code of Conduct and elected office bearers | SEFOPE | <p>Foreign employment promoter agencies (FEPAs) <b>are established</b> as private business entities and <b>registered</b> with the SEFOPE</p> <p><b>Rules</b> governing FEPAs work are <b>formulated</b> by the SEFOPE</p> <p>.</p> <p><b>Training</b> - largely through NGO training providers - <b>is provided</b> on the roles, functions and practices of FEPAs.</p> <p><b>Handbooks/leaflets</b> are prepared by the FEPAs.</p> | IOM & ILO for the technical back-stopping and information on best practices. |

### 3. 8.ii Immediate Actions/Measures

- Negotiations started and at least MoUs are signed with the Australian and Korean Governments,
- 5 road shows are organized in 2009, and
- Foreign Employment Promoters Association is established with a Constitution, Code of Conduct and elected office bearers.

## 3.9 Employment Generation in Oil, Gas and Mineral Sector

Timor Leste is endowed with mineral and natural resources. The country is known to possess copper, gold and silver deposits. It also has marble, gypsum, phosphate, etc. In addition to the principal off-shore petroleum deposits in the South Coast, the main gas reserves are in the Bayu Undan field. However, less is known about the on-shore and near shore petroleum resources. The greater sun-rise field is known to have trillions of cubic feet of gas reserves.

The true nature and extent of the mineral and natural resource base of the country however is not fully known. We have only carried out an initial inventory of on-shore potential with the support of UN-ESCAP. It now needs to be supplemented by carrying out a detailed feasibility study. Simultaneously, a strategy is worked out for effectively tapping the country's natural and mineral resources including also a mechanism attracting foreign investors. The sector also possesses employment potential albeit in small number but would require skilled, highly skilled and technical and professional human resources. Thus, a focus of human resource development would be high on the agenda.

### 3.9.i Development of the Oil, Gas and Mineral Sector for Employment Generation

The actions proposed by the strategy include:

- i) Carrying out a detailed feasibility study to ascertain the nature and extent of resource availability – on- and off-shore,
- ii) Developing an incentive package for the investors in particular the foreign investors, and
- iii) Developing human resources for the sector, see table-7.

**Table-7**  
Development of the Oil, Gas and Mineral Sector for Employment Generation

| What is needed?                                              | What is to be done<br>i.e. Target/Action?                                                                                                   | Concerned<br>Ministry                                                                   | How it will be done?                                                                                                                                                                                                                                                  | Donors'/<br>external<br>support<br>indicated                                   |
|--------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| Understanding the nature and extent of resource availability | <b>A detailed Feasibility study is carried out</b> with to ascertain the nature and extent of resource availability both on- and off-shore. | Secretariat of State for Natural Resources                                              | A <b>working group</b> is formed to develop terms of references (TORs) of the feasibility study.<br><br>The <b>TORs developed</b> are duly incorporates the work done in the initial study undertaken with the support of the UN-ESCAP.                               | UNDP and AusAid support is sought                                              |
| A sectoral policy for attracting investors                   | <b>Developing an incentive package</b> for the investors in particular the foreign investors                                                | Ministry of Trade and Industry together with Secretariat of State for Natural Resources | A <b>working group</b> is formed to develop the incentive package.<br><br><b>Wider dissemination</b> of the package after its development.<br><br>Timorese <b>Diaspora resources</b> also involved in the dissemination of package and attracting foreign investment. | As above                                                                       |
| Addressing human resource constraint                         | <b>Developing</b> human resources for the sector                                                                                            | SEFOPE together with Secretariat of State for Natural Resources                         | An oil, gas and mineral resources-specific vocational and technical training institute is established.<br><br>Sector-specific employers' organization is formed                                                                                                       | ILO & UNIDO for the technical back-stopping and information on best practices. |

## Human Resource Development and Raising Technical, Vocational and Professional Competence

The Government lays stress on: i) improving articulation between general secondary education, technical education and professional training, ii) professional training, iii) technical and professional schooling, and iv) meals, canteens and transport services to school children, RDTL (2007a).

In the aftermath of 1999 as East Timor moved towards independence, 90 percent of school infrastructure and facilities were destroyed. Concerted efforts, however, have led us to normalize schooling for more than 3/4<sup>th</sup> of 285,000 school children. The National Development Plan goal is to “achieve” at least one school in each Suco. As a sequel, an Education Policy Framework (EPF) 2004-08 was prepared.

We, in Timor-Leste, are also confronted with the challenge of making an effective response to the as high as 265,000 illiterates in the age group of 15 and above. Yet another challenge relates to improving access of the rural poor to training facilities. The quality and relevance of education and more so of the vocational training is an area of even greater challenge.

The major source of livelihood for Timorese is agriculture – maize and rice crops, coffee, livestock, poultry, forestry and fisheries. The section on “Employment Generation in Agriculture” in Chapter 3 above has directly and indirectly indicated the need for education and training. That chapter also prioritizes on developing poultry farms, aquaculture and fisheries, model dairy farms and maintenance/building of irrigation channels. Lifting the majority of Timorese out of poverty and from subsistence farming, among others, is crucially linked with raising not only awareness of farmers but also vocational and technical competence. Employment and development outcomes would then be greater and sustainable. This Strategy, therefore, strongly urges developing mechanisms that responds well to the skill up-gradation of those engaged in agriculture and also engaged in other activities.

The “Growth Triangles” in chapter-3 above points to numerous skill and training needs related to construction – plumbers, steel fixers, masons, carpenters, electricians, management, service delivery, organizing business, running stores, etc.

In another section dealing with public works program and infrastructure in Chapter-3, a strategy is developed for initiation of work in: i) water storage schemes/reservoirs, ii) lining of water courses, iii) community centers in Sucos, iv) rural road connectivity, v) road repairs both in rural and urban areas, vi) road maintenance both in rural and urban areas, vii) health centers in Sucos, viii) pavements of streets, and ix) youth recreational centers. While nature and extent of skills and training requirements would need to be worked out, broad indications

already exist – the range of skills and training would be from engineering, health and paramedic personnel, construction related, managers, supervisors, technicians for repair and maintenance, etc.

In the part in chapter-3 dealing with housing and focus on: i) informal settlements, ii) low cost housing, and iii) housing clusters the skills needed would range from construction related to engineers and architects, contractors, managers and supervisors, organizing business, store management, etc. Similarly, sections dealing with employment in manufacturing, domestic trade and tourism do indicate their human resource requirements. Largely, it would be for general educated, business graduates, accountants, auditors, tour operators, IT professionals, engineers, technicians, and skilled work force. It is stressed that majority of openings would be for young women and men. Hence, education – proper education, training and skill up-gradation appears a “must”.

Of paramount importance is that besides reducing early exit from education and improving access to quality of basic education, responsiveness of education to labor market needs is enhanced. Mechanisms would need to be carefully worked out for gradually integrating instructions on business and entrepreneurship as well as orientation on vocational training/skills development in the delivery of general education beginning with lower secondary education i.e. after six years of schooling. Generate Your Own Business Idea (GYBI), Improve Your Business (IYB), and Know About Business (KAB), for example, should be part of the general secondary school curriculum. Similarly, the technical secondary schools should have instructions on entrepreneurship and business/stores management.

Increased teachers training, midday meal in schools and provision of school transport are the important areas needing effective response.

## Labor Market Information System

**E**ffectiveness of an employment strategy is crucially linked with sufficiently available, reliable and disaggregated information on the employed and unemployed, workforce and industry needs. Information is needed on: i) unemployed: who are they; their gender, education and literacy level, where are they, how long they are unemployed, whether they have earlier work experience?, and ii) employed: their gender, their education and literacy level, where are they employed; activities and areas, relevance of education and skills with the work/job, how much time they took to get a job/work, is this their first job or they have changed jobs/work, and what is their wage/income level as well as working conditions? An exercise on proper development of human resources would also need the aforementioned information. This information would also be useful for vocational guidance and employment counseling. Employment services could also be rendered with the availability of such information, Ghayur (2006).

A functioning Labor Market Information System (LMIS) is the key to an institutional mechanism looking into employment generation, placement, vocational guidance and training, and human resource development. The LMIS undertakes labor market monitoring and labor market analysis as well as provides employment services and placement, vocational guidance and employment counseling. It also registers unemployed as well as seeks notification of vacancies from the employers. Of crucial importance in the development of a LMIS is that it integrates well stakeholders as well as different regions/Districts. In Timor-Leste, a LMIS having vertical integration with the Districts, sub-Districts and the proposed 2<sup>nd</sup> tier of the GTs - would suit well with our stress to generate an employment and HRD led development and growth that is fairly diversified and dispersed. Thus a four-tier LMIS would be:

1. The SEFOPE as the first tier and main coordinating body,
2. The Employment Centers in Districts as 2<sup>nd</sup> tier,
3. The Sub-Districts as the 3<sup>rd</sup> tier, and
4. All the DSCs of proposed GTs in a Sub-District as the 4<sup>th</sup> tier.

Each tier then to develop horizontal integration with different stakeholders including employers and workers organizations, education and training institutions, cooperatives, concerned Non Governmental Organizations (NGOs) and farmers' associations. Districts (Employment Centers) would act as the focal point in terms of providing services, registration and placement of unemployed, labor market monitoring, etc and sending all the data to the SEFOPE.

The responsibilities of the LMIS would include: i) registering unemployed, ii) seeking notifications of vacancies both in the public and private sector, iii) providing vocational guidance and employment counseling, iv) facilitating placement/job-matching, v) arranging vocational training for unemployed, vi) temporary paid public works programs (cash for work

programs, vii) arranging/facilitating micro credit schemes primarily for the young educated unemployed – both women and men - to establish and launch their own businesses, viii) wage subsidies to promote the employment of veterans and disadvantaged unemployed individuals, especially vulnerable groups of unemployed, such as disabled, young school leavers, and women, ix) developing and maintaining data bank.

The LMIS as indicated above together with modernizing of public employment service in terms of job-matching services, comprehensive and up-to-date labor market information and analysis, and vocational guidance and counseling would be taken as a pilot project together with the necessary technical and financial backstopping of the ILO.

## Conclusions and Recommendations

The National Employment Strategy (NES) is harmonized with and takes into consideration the National Development Plan (NDP), the IV Constitutional Government Program (CGP) 2007-2011, the goals and targets set by the country towards meeting the Millennium Development Goals (MDGs), the Sectoral Investment Programs (SIPs), employment policies and schemes undertaken since independence, other national policy documents, and the Global Employment Agenda (GEA) of the ILO. This document is cognizant of numerous issues and challenges that are currently confronting policy and program design and implementation. It is, for example, developed at a time when GDP is on a decline. The economy is increasingly demonstrating its inability to generate work opportunities commensurate with unemployed and fresh entrants into the labor market. The mismatch between demand and supply of labor force is amply demonstrated by a very high unemployment and underemployment rate especially of our youth. Further, the majority of the workforce is employed in subsistence agriculture and other small and petty activities in rural areas. A-third of the population operates entirely outside the cash economy. The proportion of workforce in formal enterprises is small. Moreover, majority of such enterprises - 72 percent - employ less than 10 workers. Most firms obtain start-up capital from personal or family resources. The annual turn over of 45 percent of the formal and nearly 90 percent the informal urban firms is less than US\$ 5,000 per year. Modern formal sector is not only small but essentially comprises of few activities. Manufacturing is largely conspicuous with its absence.

Despite small numbers, the graduates of vocational training system (VTS) are linked with low or nil skills and certainly the relevance of skills to the labor market needs is an area of serious concern. The skills delivery for agriculture related activities, such as: i) crops, ii) livestock, iii) poultry, iv) fisheries and aquaculture, v) forestry, vi) processing, vii) packaging, viii) dairy, etc. is extremely short if not “non-existent”. Indeed, it is largely true for business management, tourism, hospitality, office management, foreign language competency and entrepreneurship and the trades that have larger employment potential.

This document nevertheless points towards optimism and necessary motivations in this regard are the gradual building and strengthening of institutions, policy coherence, and admission of weaknesses and strengths. Furthermore, we are also in a unique situation of unleashing demographic dividend in a huge pool of youth. This is nevertheless contingent upon turning the youth into an asset for the country’s early recovery and economic development with proper education, skilling and professional training.

The NES provides a coordinated and integrated mechanism for fairly dispersed productive employment generation and poverty reduction. In the process it has developed concrete actions to be taken; for important initiatives “pilot testing” has been proposed. The employment generation has been indicated separately for: i) agriculture, ii) rural areas, iii) infrastructure and public works programs, iv) housing, v) manufacturing, vi) domestic trade, vii) tourism, and viii) overseas employment. In the process, it has also indicated areas

needing vocational, technical and professional competence of the Timorese to be developed.

The strategy has emphasized that the development of Aldeias and Sucos, and building their linkages at least with sub-districts to increase market access for agriculture and other rural products has prime importance for income and productive employment generation as well as diversification of economic activities. The Aldeias and Sucos are currently confronted with a number of growth and development bottlenecks that can be tackled effectively through evolving an integrated rural development approach. This strategy proposes establishment of “Growth Triangles” to integrate rural areas by coordinating activities ranging from small retail trade, services, repair to skills development, production, marketing and maintenance as well as provision of basic infrastructural facilities and access to credit and government support services.

In agriculture, the NES has addressed wide ranging issues acting as constraints and developed proposals related to: i) raising farm productivity, ii) improving coffee production as well as its quality and a marketing strategy with brand name, iii) storage facilities for crops, iv) improved irrigation, vi) improved fishing boats and nets, vii) development of aquaculture, and viii) establishment of dairy and poultry farms.

In the area of public works program and infrastructure, this document has made proposals with regard to: i) water storage schemes/reservoirs, ii) lining of water courses, iii) community centers in Sucos, iv) rural road connectivity, v) road repairs both in rural and urban areas, vi) road maintenance both in rural and urban areas, vii) health centers in Sucos, viii) pavements of streets, and ix) youth recreational centers. In housing, it has developed proposals with regard to: i) improvement of informal settlements, ii) building low cost housing, and iii) building housing clusters. In the area of manufacturing, domestic trade and tourism, it has pointed out employment potential for a range of workforce - from construction related workers to technicians, engineers and architects, contractors, managers and supervisors, traders/business men, store managers general educated, business graduates, accountants, auditors, IT professionals, engineers, technicians, and skilled workforce. Road shows, networking, bilateral agreements, MoUs, promotion of overseas employment promoters agencies and integration of Timorese Diasporas are important proposals made with action plans.

It is stressed that majority of openings would be for young women and men, hence adequate education, training and skill up-grading is a “must”. The NES emphasizes that besides reducing early exit from education and improving access to quality of basic education, enhancing responsiveness of education to labor market needs is a “must”. Mechanisms would need to be carefully worked out for gradually integrating instructions on business and entrepreneurship as well as orientation on vocational training and trade skills in the delivery of general education beginning with lower secondary education i.e. after six years of schooling. Generate Yours Business Idea (GYBI), Improve Your Business (IYB) and Know About Business (KAB), for example, should be part of the general secondary school curriculum. Similarly, the technical secondary schools should have instructions on entrepreneurship, and business and stores management.

Mainstreaming youth and gender is the cross cutting theme of this strategy. The National Youth Policy (NYP) of Timor-Leste defines youth as aged from 16-30 years (RDTL

2007c). This age-group has to be looked into while implementing youth-related actions as proposed in this strategy. The NYP also aims at establishing a “youth employment strategy” by the Secretariat of State for Youth and Support in cooperation with the SEFOPE.

This document also suggests establishment of a four-tier well integrated Labor Market Information System (LMIS) to look into data, registration, placement, employment counseling, vocational guidance, and cash for work program – with District Employment Centers as focal points.

An effective implementation of this strategy would require:

- Formation of an inter-ministerial coordinating committee for developing greater synergies with sectoral policies and the second National Development Plan currently under preparation as well as integrating employment and HRD in the very process of development, developing sectoral policies and in allocation of financial resource.

The inter-ministerial coordinating committee is comprised of: a) ministries of: i) agriculture, ii) economy and planning, iii) education and culture, iv) finance, v) foreign affairs, vi) health, vii) public works, viii) transport and communications, and ix) tourism, commerce and industry, and b) state secretariats for: i) fisheries, ii) vocational training and employment, and iii) youth and sports. Necessary coordination will be provided by the SEFOPE.

- Nomination of “Focal Persons” in each of the Ministry/State Secretariat that are part of the inter-ministerial coordinating committee.
- Establishment of a “National Employment Strategy Implementation Unit” (NESIU) in the SEFOPE for coordinating and monitoring implementation of the NES.
- Development of a National Action Plan on Youth Employment (NAPYE) by carefully looking into the set of recommendations made in the NES. The NAPYE development is done in close collaboration with State Secretariat for Youth and Sports for building greater synergies with the National Youth Policy that has also stressed development of National Youth Employment Policy.
- Development of National Technical Education and Vocational Training Policy duly integrating different dimensions and actions proposed in the NES.
- Early action on making Labor Force Development Institute (INDMO) fully functional.
- Development of a comprehensive and well coordinated Labor Market Information System.
- Strengthening and expanding the “Centros de Desenvolvimento Empresarial”

“Since independence, Timor-Leste has made tremendous progress in creating the institutions of the state essential for running the economy. The area lacking has been the economic performance that translates into decent employment and poverty reduction. Indeed, with limited immediate prospects for private investment, the Government has to act as the major driver of the economy by kick-starting through well designed and targeted interventions that addresses the “triplets – economic growth, employment generation and poverty reduction. “

**The National Employment Strategy is an attempt of the Timorese people and Government in this regard.**

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**Annex Table-1**  
Socioeconomic Indicators

|                             | 1999 | 2000  | 2001  | 2002  | 2003  | 2004 | 2005 | 2006 |
|-----------------------------|------|-------|-------|-------|-------|------|------|------|
| GDP Growth (%)              | -35  | 15.4  | 16.6  | -6.7  | -6.2  | 0.3  | 2.3  | ..   |
| Inflation (CPI, % p.a.)     | ..   | 3.0   | 3.6   | (0.4) | 0.1   | 0.8  | 1.8  | ..   |
| Fixed investment (US\$ mil) | ..   | 118.8 | 145.4 | 118.9 | 105.0 | 59.9 | 73.9 | ..   |
| GDP per capita (US\$)       | 351  | 401   | 444   | 398   | 359   | 352  | 352  | 347  |
| Population (thousands)      | 780  | 788   | 830   | 863   | 898   | 918  | 939  | 961  |
| Number of poor (thousands)  | 270  | ..    | 329   | ..    | ..    | ..   | ..   | ..   |

Sources: IMF World Economic Outlook Database (September 2006) and Government of Timor Leste: *Combating Poverty as a National Cause* (Dili, 2006).

**Annex Table-2**  
Share of GDP by Industrial Origin (*Per cent, 2000 constant market prices*)

| Sector                                       | 1999        | 2000        | 2001        | 2002        | 2003        | 2004        | 2005        |
|----------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Agriculture, forestry &amp; fisheries</b> | <b>34.2</b> | <b>25.8</b> | <b>24.0</b> | <b>27.3</b> | <b>29.0</b> | <b>30.6</b> | <b>31.8</b> |
| Food sector                                  |             | 22.1        | 20.7        | 21.9        | 21.8        | 23.2        | 24.3        |
| Commercial agriculture                       |             | 3.2         | 2.9         | 4.9         | 6.7         | 6.9         | 6.9         |
| Commercial forestry & fisheries              |             | 0.5         | 0.4         | 0.4         | 0.5         | 0.6         | 0.6         |
| <b>Industry and services</b>                 | <b>27.1</b> | <b>31.0</b> | <b>29.3</b> | <b>31.3</b> | <b>32.9</b> | <b>33.4</b> | <b>33.4</b> |
| Mining and quarrying                         | 1.1         | 1.2         | 1.0         | 0.9         | 0.8         |             |             |
| Manufacturing                                | 2.8         | 2.8         | 3.0         | 3.2         | 3.4         |             |             |
| Private construction                         | 4.5         | 5.0         | 4.4         | 4.4         | 4.3         |             |             |
| Transport & telecommunication                | 5.7         | 7.2         | 6.9         | 8.0         | 9.1         |             |             |
| Wholesale and retail trade                   | 6.3         | 7.8         | 6.9         | 6.9         | 7.2         |             |             |
| Financial and other                          | 6.7         | 7.1         | 7.1         | 7.8         | 8.2         |             |             |
| <b>Public sector</b>                         | <b>38.7</b> | <b>43.2</b> | <b>46.7</b> | <b>41.4</b> | <b>38.1</b> | <b>36.0</b> | <b>34.8</b> |
| Government services                          | 21.0        | 7.2         | 13.9        | 16.8        | 20.4        | 21.9        | 23.0        |
| Public utilities                             | 0.8         | 0.9         | 0.4         | 0.8         | 1.1         | 1.2         | 1.4         |
| Public construction                          | 7.9         | 8.7         | 7.6         | 6.3         | 4.6         | 4.3         | 5.3         |
| United Nations                               | 9.0         | 26.4        | 24.8        | 17.5        | 12.0        | 8.6         | 5.1         |
| <b>Total non-oil GDP</b>                     | <b>100</b>  | <b>100</b>  | <b>100</b>  | <b>100</b>  | <b>100</b>  | <b>100</b>  | <b>100</b>  |
| Non oil GDP (US\$ millions)                  | 278.2       | 316.3       | 368.4       | 343.9       | 322.6       | 323.8       | 331         |

Source: Government of Timor Leste, 2006.

**Annex Table-3**  
Employment Status by Gender and Region – National and Dili in 2004

|                                | National |       |       | Dili  |       |       |
|--------------------------------|----------|-------|-------|-------|-------|-------|
|                                | Total    | Men   | Women | Total | Men   | Women |
| Government                     | 5.8%     | 7.8%  | 3.2%  | 16.3% | 21.0% | 10.0% |
| UN                             | 1.0%     | 1.4%  | 0.6%  | 2.5%  | 3.1%  | 1.6%  |
| NGOs                           | 2.2%     | 2.9%  | 1.2%  | 8.4%  | 11.3% | 4.5%  |
| Private industry               | 3.2%     | 3.0%  | 3.6%  | 7.7%  | 9.7%  | 4.9%  |
| Self-employed                  | 10.7%    | 9.0%  | 12.9% | 21.4% | 25.5% | 15.8% |
| Subsistence farming & fishing  | 75.3%    | 73.8% | 77.3% | 38.8% | 22.8% | 60.6% |
| Looking and available for work | 1.8%     | 2.2%  | 1.2%  | 4.9%  | 6.6%  | 2.5%  |

Source: 2004 Census

**Annex Table-4**  
Employment by Sector and Gender– National and Dili in 2004  
(Percent)

|              | National |      | Dili |      |
|--------------|----------|------|------|------|
|              | 2001     | 2004 | 2001 | 2004 |
| <b>Men</b>   |          |      |      |      |
| Agriculture  | 82.3     | 82.3 | 22.5 | 26.9 |
| Industry     | 4.3      | 2.2  | 13.9 | 7.1  |
| Services     | 13.4     | 15.5 | 63.9 | 66.0 |
|              |          |      |      |      |
| <b>Women</b> |          |      |      |      |
| Agriculture  | 80.8     | 83.2 | 15.1 | 63.4 |
| Industry     | 3.2      | 0.8  | 2.9  | 1.2  |
| Services     | 16.0     | 16.0 | 82.0 | 35.4 |

Source: TLSS 2001 and calculations based on TLC 2004

**Annex Table-5**  
Sectoral Composition of Urban Formal Enterprises

| Industry                                    | Percent Formal Enterprises |
|---------------------------------------------|----------------------------|
| Wholesale/Retail Trade & Maintenance/Repair | 40.7                       |
| Construction                                | 19.8                       |
| Health, Education & Other Social Services   | 17.8                       |
| Other                                       | 12.8                       |
| Hotels & Restaurants                        | 12.4                       |
| Transport, Storage Communication            | 5.4                        |
| Mining, Quarry, Electricity, Gas            | 3.1                        |
| Manufacturing                               | 2.5                        |
| Agriculture & Allied                        | 0.8                        |

Source: UES 2004 in World Bank, 2005, op. cit.

**Annex Table-6**  
Unemployment by Gender and Region — National and Dili in 2004

|                                                        | National   | Dili        |
|--------------------------------------------------------|------------|-------------|
| <b>Open unemployment (%)</b>                           | <b>1.8</b> | <b>4.9</b>  |
| Men                                                    | 2.2        | 6.6         |
| Women                                                  | 1.2        | 2.5         |
| <b>Unemployment, including discouraged workers (%)</b> | <b>8.5</b> | <b>23.0</b> |
| Men                                                    | 10.0       | 28.4        |
| Women                                                  | 6.5        | 14.2        |

Source: TLC 2004

**Annex Table-7**  
Agriculture Land by Irrigation Status and Regions  
(ooo ha)

| Region  | Land | Irrigated | Percent Irrigated |
|---------|------|-----------|-------------------|
| East    | 61   | 28        | 46                |
| Central | 139  | 17        | 13                |
| West    | 41   | 07        | 17                |

Source: HDR 2006

**Annex - A**  
Ministry-Specific Targets/Actions

| <b>I: Ministry of Agriculture and Fisheries</b>                       |                                                                                                                                                                                                        |                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                   |
|-----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| What is needed?                                                       | What is to be done<br>i.e. Target/Action?                                                                                                                                                              | Main<br>Concerned<br>Ministry/<br><br>State<br>Secretariat | How it will be done?                                                                                                                                                                                                                                                                                                                                                                                                     | Donors'/<br>external<br>support<br>needed                                         |
| Raising farm productivity for Maize and Rice Crops.                   | Use of pesticides, fertilizers and improved varieties of seeds by farmers is <b>doubled in one year and subsequently increased by not less 5 percent annually.</b>                                     | Ministry of Agriculture and Fisheries                      | <b>4-5 Sucos</b> having greater penetration of these crops <b>are selected</b> in close <b>cooperation with</b> farmers' associations and local community.<br><br>Necessary awareness and even small training would be needed, and this to be arranged preferably through NGO training providers.<br><br>Budgetary allocations made by the Government for the Subsidies.<br><br>To be <b>pilot tested</b> for two years. | FAO may be partner for the pilot project.                                         |
| -----<br><br>Coffee production is raised.                             | -----<br><br>Coffees plants rehabilitation and pruning is done by <b>at least 5 percent of farmers in 2009 and the percentage of farmers doing this subsequently increased by 10 percent annually.</b> | -----<br><br>Ministry of Agriculture and Fisheries         | -----<br><br><b>4-5 Sucos</b> having greater penetration of coffee crop are selected <b>in close cooperation with</b> Cooperative Café Timor and local community.<br><br><b>Necessary awareness</b> of the coffee farmers about crop rehabilitation, pruning, etc and <b>training is organized</b> preferably through NGO training providers.<br><br>To be <b>pilot tested</b> for one year.                             | -----<br><br>The FAO may be partner for the pilot projects.                       |
| -----<br><br>Coffee quality and a marketing strategy with brand name. | -----<br><br><b>Model</b> coffee processing and drying method <b>established.</b>                                                                                                                      | -----<br><br>Ministry of Agriculture and Fisheries         | -----<br><br>Coffee Industry Association is established and industry sets up international export standards as well as develops marketing strategy.                                                                                                                                                                                                                                                                      | -----<br><br>UNDP and UNIDO are integrated in providing necessary technical back- |

|                                  |                                                                                                                                                                                           |                                       |                                                                                                                                                                                                                                                                                                                                                                     |                                                                     |
|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| Storage facility for crops.      | 5 new storage facilities for crops are established annually.                                                                                                                              | Ministry of Agriculture and Fisheries | Necessary funds are earmarked from the regular budget under the SIP and <b>location-specific framers' cooperatives</b> are effectively integrated in site selection, construction and management of storages.                                                                                                                                                       | FAO and ILO are integrated in providing technical back-stopping.    |
| Improved irrigation.             | 5 water channels are improved through rehabilitation and lining annually.                                                                                                                 | Ministry of Agriculture and Fisheries | Necessary funds are earmarked from the regular budget under the SIP and <b>location-specific framers' cooperatives</b> are effectively integrated in selection of water channels for rehabilitation and lining.<br><br><b>This program</b> , however, needs to be undertaken <b>during the lean agriculture period</b> and is also used as <b>"cash for work"</b> . | As above                                                            |
| Improved fishing boats and nets. | Group of 10 fishermen are using improved fishing boats and nets, and <b>similar number</b> added annually.                                                                                | Ministry of Agriculture and Fisheries | Concessional credit is arranged.<br><br>Fishermen's cooperatives are integrated in selection of beneficiaries.                                                                                                                                                                                                                                                      | FAO is integrated as partner for technical back-stopping.           |
| Aquaculture industry development | 2 pearl production farm established in 2009 and <b>similar number</b> added annually.<br><br>An Aquaculture vocational training, research and industry development center is established. | Ministry of Agriculture and Fisheries | Aquaculture industry association is established.<br><br>Pearl farmers cooperative is established and integrated in site selection.<br><br>The trade development and cooperation facility under Timor Leste Youth Human Security Development Program with TradeInvest is                                                                                             | FAO and ILO are integrated as partners for technical back-stopping. |

|                                       |                                                                                                                                                                                        |                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                              |
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| Dairy Farms                           | <p>-----</p> <p><b>A model dairy farm</b> with processing products is established in close proximity of road link and <b>subsequently 2-3</b> a year are established.</p> <p>-----</p> | <p>Fisheries and Secretariat of State for Vocational Training and Employment (SSVTE/SEFOPE)</p> <p>-----</p> <p>Ministry of Agriculture and Fisheries</p> <p>-----</p> | <p>effectively integrated.</p> <p>-----</p> <p>Dairy framers' cooperative is established and site selection is done with its involvement as well as the local community.</p> <p>Necessary funds are earmarked from the regular budget under the SIP and location-specific poultry framers' cooperatives are effectively integrated in site/beneficiary selection and operationalization.</p> <p><b>This is pilot tested for one year.</b></p> <p>-----</p> <p>Necessary funds are earmarked from the regular budget under the SIP and location-specific poultry framers' cooperatives are effectively integrated in site/beneficiary selection and operationalization.</p> <p><b>This is pilot tested for one year.</b></p> <p>-----</p> <p>Training provider NGOs to develop activity-specific curricula under the supervision of the SSVTE.</p> <p><b>This is pilot tested for two years.</b></p> | <p>-----</p> <p>FAO is integrated as partner for technical back-stopping.</p> <p>-----</p> <p>FAO is integrated as partner for technical back-stopping.</p> <p>-----</p> <p>ILO is integrated as partner for providing necessary technical back stopping and also meeting the cost of the pilot project.</p> |
| Poultry Farms                         | <p>-----</p> <p><b>5 modern poultry farms</b> are established and subsequently <b>similar number done annually.</b></p> <p>-----</p>                                                   | <p>SEFOPE</p> <p>-----</p> <p>together with Ministry of Agriculture and Fisheries.</p> <p>-----</p>                                                                    | <p>-----</p> <p>-----</p> <p>-----</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <p>-----</p> <p>-----</p> <p>-----</p>                                                                                                                                                                                                                                                                       |
| Raising farmers' awareness and skills | <p>-----</p> <p><b>Group of farmers in 10 Sucos</b> are provided necessary skills and <b>similar numbers done annually.</b></p> <p>-----</p>                                           | <p>SEFOPE</p> <p>-----</p> <p>together with Ministry of Agriculture and Fisheries.</p> <p>-----</p>                                                                    | <p>-----</p> <p>-----</p> <p>-----</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <p>-----</p> <p>-----</p> <p>-----</p>                                                                                                                                                                                                                                                                       |

| II: Ministry of Infrastructure                                                              |                                                                                                                                                                                                                                                |                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                         |
|---------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| What is needed?                                                                             | What is to be done i.e. Target/Action?                                                                                                                                                                                                         | Main Concerned Ministry     | How it will be done?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Donors'/ external support needed                                                                                                                                                        |
| Removal of development and infrastructural bottlenecks in rural areas and surrounding towns | <b>Establish two 3-tier Growth Triangles</b> , comprising: i) Village Support Center (VSC); ii) Development Support Center (DSC); and iii) a Small Industrial and Storage Site (SISS). <b>Latter, at least two GTs established every year.</b> | Ministry of Infra-structure | <p>Necessary funds are earmarked from the regular budget under the SIPs. Donors' support would be important.</p> <p>Site selections of VSCs and DSCs are done in close cooperation with concerned <b>Suco Chiefs and local community</b>.</p> <p><b>Labor based appropriate</b> technology is used for civil and construction work.</p> <p><b>Low cost technology</b> is used for the construction.</p> <p>The <b>site selection</b> is either in a place where there <b>already exists</b> a drain or it is built.</p> <p>Selection of <b>SISSc</b> also to integrate industry associations</p> <p><b>Local contractors</b> are used if need be some <b>training is also imparted</b>.</p> <p><b>Pilot tested for two years.</b></p> | ILO may act as the facilitator for seeking donors' support, acting as coordinator and providing necessary technical back stopping.                                                      |
| Water storage schemes/<br><br>reservoirs for the rain run off                               | <b>5 reservoirs/ water storages are built every year</b>                                                                                                                                                                                       | As above                    | <p>Necessary funds are earmarked from the regular budget under the SIPs. Donors' support would be important.</p> <p>Site selection is done in close cooperation with concerned Suco Chiefs and local community.</p> <p>Low cost technology is used for the construction.</p> <p>Labor based appropriate technology is used for civil and construction work.</p> <p>Local contractors are used if need be some training is also imparted.</p> <p>Necessary training needs assessed and provided largely through NGO training providers.</p> <p>This program, however, needs to be undertaken during the lean agriculture period and is also used as</p>                                                                                | <p>FAO may act as the facilitator for seeking donors' support and providing necessary technical back stopping</p> <p>ILO to provide support with regard to training and use of LBAT</p> |

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|                                                 |                                                                                                                                                                                                                                                                                   |                            | "cash for work".                                                                                                               | -----                                                                     |
|                                                 |                                                                                                                                                                                                                                                                                   |                            | -----                                                                                                                          |                                                                           |
|                                                 |                                                                                                                                                                                                                                                                                   |                            | As above                                                                                                                       | As above                                                                  |
|                                                 |                                                                                                                                                                                                                                                                                   |                            | -----                                                                                                                          | -----                                                                     |
| -----<br>Lining of water<br>courses<br>-----    | -----<br><b>Lining of 5 water<br/>courses every<br/>year</b><br>-----                                                                                                                                                                                                             | -----<br>As above<br>----- | -----<br>As above but with the exception that<br>this program does need to be started<br>in the "lean agriculture period".     | As above                                                                  |
| -----<br>Community centers<br>in Sucos<br>----- | -----<br><b>Community<br/>centers (CCs) are<br/>built in 5 Sucos<br/>every year to<br/>serve as a source<br/>of information,<br/>meeting place,<br/>small library,<br/>indoor games,<br/>youth club and<br/>women club. If<br/>possible a sports<br/>ground as well.</b><br>----- | -----<br>As above<br>----- |                                                                                                                                |                                                                           |
|                                                 |                                                                                                                                                                                                                                                                                   |                            | -----                                                                                                                          | -----                                                                     |
|                                                 |                                                                                                                                                                                                                                                                                   |                            | As above                                                                                                                       | The World<br>Bank and<br>ADB may<br>act as<br>necess-ary<br>facilita-tor. |
| -----<br>Rural road<br>connectivity<br>-----    | -----<br><b>Road access is<br/>provided to 5<br/>Sucos every year</b><br>-----                                                                                                                                                                                                    | -----<br>As above<br>----- | This program, however, needs to be<br>undertaken during the lean<br>agriculture period and is also used as<br>"cash for work". | ILO to<br>provide<br>training<br>related<br>back-<br>stopping             |
|                                                 |                                                                                                                                                                                                                                                                                   |                            | -----                                                                                                                          | -----                                                                     |
|                                                 |                                                                                                                                                                                                                                                                                   |                            | As above                                                                                                                       | As above                                                                  |
|                                                 |                                                                                                                                                                                                                                                                                   |                            | -----                                                                                                                          | -----                                                                     |
| -----<br>Rural road repair<br>-----             | -----<br><b>A 300 km rural<br/>road is repaired<br/>every year.</b><br>-----                                                                                                                                                                                                      | -----<br>As above<br>----- | -----<br>As above                                                                                                              | As above                                                                  |
|                                                 |                                                                                                                                                                                                                                                                                   |                            | -----                                                                                                                          | -----                                                                     |
|                                                 | <b>The coverage of</b>                                                                                                                                                                                                                                                            |                            | As above                                                                                                                       |                                                                           |

|                                 |                                                                                                                             |                                                                |                                                                                                                                                                                                                                                                     |                                                               |
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| -----<br>Rural road maintenance | <b>rural road maintenance work is increased by 300 Km every year.</b>                                                       | -----<br>As above                                              | -----<br>Necessary funds are earmarked from the regular budget under the SIPs. Donors' support would be important.                                                                                                                                                  | -----<br>World Bank and ADB act as necessary facilitator.     |
| -----<br>Pavement of streets    | <b>25 percent of streets in Dili and 15 percent of streets in Baucau are paved every year.</b>                              | -----<br>Ministry of Public Works and SEFOPE                   | -----<br>Local contractors are used if need be some training is also imparted.<br><br>Labor based appropriate technology is used for civil and construction work.<br><br>Necessary training needs assessed and provided largely through NGO training providers.     | -----<br>ILO to provide training related back-stopping        |
| -----<br>Roads repair           | <b>300 Km of roads are repaired every year.</b>                                                                             | -----<br>As above and Ministry of Transport and Communication. | -----<br>Necessary funds are earmarked from the regular budget under the SIPs. Donors' support would be important.<br><br>Labor based appropriate technology is used.<br><br>Necessary training needs assessed and provided largely through NGO training providers. | -----<br>As above                                             |
| -----<br>Road maintenance       | <b>The coverage of road maintenance work is increased by 300 Km every year.</b>                                             | -----<br>As above                                              | -----<br>Necessary funds are earmarked from the regular budget under the SIPs. Donors' support would be important.<br><br>Low cost technology is used for the construction.<br><br>Labor based appropriate technology is used for civil and construction work.      | -----<br>World Bank and ADB may act as necessary facilitator. |
| -----<br>Recreational centers   | <b>3 Youth Centers in Dili and 1 in Baucau are built and subsequently every year 1 Center is built in 2 other Districts</b> | -----<br>Ministry of                                           | -----<br>Local contractors are used if need be some training is also imparted.                                                                                                                                                                                      | -----<br>ILO to provide training related back-                |

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| for youth                                                                              |                                                                                                                                                              | Public Works/<br>Ministry of<br>Agriculture/<br>Secretariat of<br>State for Youth<br>and Sports and<br>SEFOPE | Necessary training needs assessed<br>and provided largely through NGO<br>training providers.                                                                                                                                                                                                                                        | stopping.                                                                                                                    |
| <b>III: Secretariat of State for Vocational Training and Employment (SSVTE/SEFOPE)</b> |                                                                                                                                                              |                                                                                                               |                                                                                                                                                                                                                                                                                                                                     |                                                                                                                              |
| What is needed?                                                                        | What is to be done<br>i.e. Target/Action?                                                                                                                    | Main<br>Concerned<br>Ministry/<br><br>State<br>Secretariat                                                    | How it will be done?                                                                                                                                                                                                                                                                                                                | Donors'/<br>external<br>support<br>needed                                                                                    |
| Raising farmers' awareness and skills                                                  | <b>Group of farmers in 10 Sucos</b> are provided necessary skills and <b>similar numbers done annually.</b>                                                  | Secretariat of State for Vocational Training and Employment (SSVTE/SEFOPE).                                   | Training provider NGOs to develop activity-specific curricula under the supervision of the SSVTE.<br><br><b>This is pilot tested for two years.</b>                                                                                                                                                                                 | ILO is integrated as partner for providing necessary technical back stopping and also meeting the cost of the pilot project. |
| Aquaculture industry development                                                       | <b>An Aquaculture vocational training, research and industry development center is established.</b>                                                          | SEFOPE                                                                                                        | The trade development and cooperation facility under Timor Leste Youth Human Security Development Program with TradeInvest is effectively integrated                                                                                                                                                                                | FAO and ILO are integrated as partners for technical back-stopping.                                                          |
| <b>Overseas Employment</b>                                                             |                                                                                                                                                              |                                                                                                               |                                                                                                                                                                                                                                                                                                                                     |                                                                                                                              |
| Memorandum of Understanding                                                            | <b>Negotiations started and at least MoUs</b> are signed with the Australian and Korean Governments, and subsequently pursued with Singapore, Malaysia, Hong | Ministry of Foreign Affairs/<br>Ministry of Education and Culture, and SEFOPE                                 | A <b>list of Timorese by education</b> and competence – tertiary educated by type, passed out of secondary technical schools, skilled workers and even farmers – is <b>prepared by gender.</b><br><br><b>Discussion</b> with Korean Federation of Small Industry is initiated.<br><br><b>Information</b> on likely skills in demand | International Organization of Migration (IOM) and<br><br>ILO for the technical back-stopping                                 |

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|                                                                                                                                                                                                                  | Kong and Taiwan China.                                                                                                  |                                                                                          | <p><b>obtained</b> and appropriate <b>training started</b> largely through NGO training providers</p> <p><b>Negotiations</b> started with the i) Korean Government on <b>putting Timor-Leste as one of the “preferred”</b> source country, and ii) Australian Government as <b>a follow up</b> the letter of Prime Minister to his Australian counterpart.</p>                                                                                                                                                                                                                                                            | and helping in the negotiations.                                               |
| Road Shows                                                                                                                                                                                                       | <b>5 road shows</b> are organized in 2009 and <b>at least similar number</b> in subsequent years.                       | Ministry of Foreign Affairs and Cooperation/Ministry of Education and Culture and SEFOPE | <p>To be <b>coincided with</b> the “road shows” for promoting tourism.</p> <p>Details to <b>be worked out</b> in close cooperation with Timorese Missions abroad as well as Timorese Diaspora/community.</p> <p><b>Handbook/leaflets</b> on Timorese by education and competence – tertiary educated by type, passed out of secondary technical schools, skilled workers and even farmers – <b>are prepared by gender</b>.</p> <p>Private foreign employment promoters <b>are part</b> of the road shows.</p> <p>Necessary <b>training needs assessed</b> and <b>provided</b> largely through NGO training providers.</p> | IOM and ILO for the technical back-stopping and helping in the negotiations.   |
| Foreign Employment Promoters                                                                                                                                                                                     | Foreign Employment Promoters Association is established with a Constitution, Code of Conduct and elected office bearers | SEFOPE                                                                                   | <p>Foreign employment promoter agencies (FEPAs) <b>are established</b> as private business entities and <b>registered</b> with the SEFOPE</p> <p><b>Rules</b> governing FEPAs work are <b>formulated</b> by the SEFOPE</p> <p>.</p> <p><b>Training</b> - largely through NGO training providers - <b>is provided</b> on the roles, functions and practices of FEPAs.</p> <p><b>Handbooks/leaflets</b> are prepared by the FEPAs.</p>                                                                                                                                                                                      | IOM and ILO for the technical back-stopping and information on best practices. |
| <p><i>It is pointed that the SEFOPE would need to be involved in: i) those actions/targets of other ministries that require skilling, training and re-training, and ii) developing a comprehensive LMIS.</i></p> |                                                                                                                         |                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                |
| <b>IV: Ministry of Health</b>                                                                                                                                                                                    |                                                                                                                         |                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                |
| What is needed?                                                                                                                                                                                                  | What is to be done                                                                                                      | Main Concerned                                                                           | How it will be done?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Donors'/ external                                                              |

|                                             |                                                                                                                                                                                                                 |                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                          |
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|                                             | i.e. Target/Action?                                                                                                                                                                                             | Ministry/<br>State<br>Secretariat                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | support<br>needed                                                                                                                                                        |
| Health centers in<br>Sucos                  | <b>In 5 Sucos health centers are built every year; preferably near the 1st tier of the GTs.</b>                                                                                                                 | Ministry of<br>Health                                      | <p>Necessary funds are earmarked from the regular budget under the SIPs. Donors' support would be important.</p> <p>Site selection is done in close cooperation with concerned Suco Chiefs and local community.</p> <p>Low cost technology is used for the construction.</p> <p>Labor based appropriate technology is used for civil and construction work.</p> <p>Local contractors are used if need be some training is also imparted.</p> <p>Necessary training needs assessed and provided largely through NGO training providers.</p> <p>This program is also used as "cash for work".</p> | <p>WHO to take the lead as a necessary facilitator and donors' coordinator.</p> <p>ILO to provide training related back-stopping.</p>                                    |
| <b>V: Ministry of Education and Culture</b> |                                                                                                                                                                                                                 |                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                          |
| What is needed?                             | What is to be done<br>i.e. Target/Action?                                                                                                                                                                       | Main<br>Concerned<br>Ministry/<br><br>State<br>Secretariat | How it will be done?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Donors'/<br>external<br>support<br>needed                                                                                                                                |
| Community centers<br>in Sucos               | <b>Community centers (CCs) are built in 5 Sucos every year</b> to serve as a source of information, meeting place, small library, indoor games, youth club and women club. If possible a sports ground as well. | Ministry of<br>Education and<br>Culture                    | <p>Necessary funds are earmarked from the regular budget under the SIPs. Donors' support would be important.</p> <p><b>Site selection</b> is done in close cooperation with concerned <b>Suco Chiefs and local community.</b></p> <p><b>Low cost technology</b> is used for the construction.</p> <p><b>Labor based appropriate technology</b> is used for civil and construction work.</p> <p><b>Local contractors</b> are used if need be some training is also imparted.</p> <p>Necessary <b>training needs assessed</b> and <b>provided</b> largely through NGO</p>                         | <p>FAO may act as the facilitator for seeking donors' support and providing necessary technical back stopping.</p> <p>ILO to provide support with regard to training</p> |

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|                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                            |                                                                                                                                    | training providers.<br><br><b>This program</b> is also used as “ <b>cash for work</b> ”.                                                                                                                                                                                                                                                                                                                         | and use of LBAT                                                               |
| <i>It may be pointed out that the ministry would need to develop a mechanism of developing a framework of HRD and raising vocational and technical competence of the work force that correspond well with the set of actions and targets indicated in this strategy for different ministries and state secretariats.</i> |                                                                                                                                                            |                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                               |
| <b>VI: Ministry of Tourism, Trade and Industry</b>                                                                                                                                                                                                                                                                       |                                                                                                                                                            |                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                               |
| Package tours                                                                                                                                                                                                                                                                                                            | <b>5 package tours</b> are organized in 2009 and <b>at least similar number</b> in subsequent years.                                                       | Ministry of Tourism, Commerce and Industry/ Ministry of Education and Culture/ Ministry of Transport and Communications and SEFOPE | <b>Details</b> to be worked out in <b>close cooperation</b> with tour operators both within Timor Leste and selected other countries.<br><br><b>Starting points:</b> i) Darwin-Bali-Dili, ii) Malaysia-Bali-Dili, and iii) Singapore-Bali-Dili.<br><br>Necessary <b>training needs assessed</b> and <b>provided</b> largely through NGO training providers.                                                      | World Tourism Organization and AusAID.<br><br>ILO for the training component. |
| Road Shows                                                                                                                                                                                                                                                                                                               | <b>5 road shows</b> are organized in 2009 and <b>at least similar number</b> in subsequent years.                                                          | Ministry of Foreign Affairs/ Ministry of Tourism, Commerce and Industry and SEFOPE                                                 | <b>Details</b> to be worked out in close cooperation with <b>Timorese Missions</b> abroad as well as <b>Timorese Diaspora/community</b> .<br><br><b>Tour operators</b> – within and outside the country – are integrated.<br><br><b>Leaflets</b> prepared.<br><br><b>Pilot tested</b> for two years.<br><br>Necessary <b>training needs assessed</b> and <b>provided</b> largely through NGO training providers. | World Tourism Organization and AusAID.<br><br>ILO for the training component. |
| Memorandum of Understanding                                                                                                                                                                                                                                                                                              | <b>Discussion on MOUs</b> initiated and <b>signed with at least</b> official agencies <b>responsible for tourism</b> in Australia, Malaysia and Singapore. | As above                                                                                                                           | From the regular budget.<br><br><b>Timorese</b> tour/travel operators <b>as well as</b> from Australia, Malaysia and Singapore <b>are involved</b> .                                                                                                                                                                                                                                                             | Not applicable                                                                |
| <i>The ministry also works for the establishment of: i) Timor-Leste Trading Corporation (TLTC), ii) Timor-Leste Utility Stores Corporation (TLUSC), and iii) development of markets in Districts and Sub-Districts.</i>                                                                                                  |                                                                                                                                                            |                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                               |
| <i>The ministry also works for the: a) establishment of Small Industrial Estates (SIEs) in Dili and Baucau, b)</i>                                                                                                                                                                                                       |                                                                                                                                                            |                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                               |

*establishment of an industrial and export park, c) formation and up-gradation of business clusters, d) providing business development services, including strengthening and expanding the "Centros de Desenvolvimento Empresarial", and e) developing activity-specific employers (industry) associations.*

**VII: Secretariat of State for Natural Resources**

|                                                              |                                                                                                                                             |                                                                                         |                                                                                                                                                                                                                                                                       |                                                                                  |
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| Understanding the nature and extent of resource availability | <b>A detailed Feasibility study is carried out</b> with to ascertain the nature and extent of resource availability both on- and off-shore. | Secretariat of State for Natural Resources                                              | A <b>working group</b> is formed to develop terms of references (TORs) of the feasibility study.<br><br>The <b>TORs developed</b> are duly incorporates the work done in the initial study undertaken with the support of the UN-ESCAP.                               | UNDP and AusAid support is sought                                                |
| A sectoral policy for attracting investors                   | <b>Developing an incentive package</b> for the investors in particular the foreign investors                                                | Ministry of Trade and Industry together with Secretariat of State for Natural Resources | A <b>working group</b> is formed to develop the incentive package.<br><br><b>Wider dissemination</b> of the package after its development.<br><br>Timorese <b>Diaspora resources</b> also involved in the dissemination of package and attracting foreign investment. | As above                                                                         |
| Addressing human resource constraint                         | <b>Developing</b> human resources for the sector                                                                                            | SEFOPE together with Secretariat of State for Natural Resources                         | An oil, gas and mineral resources-specific vocational and technical training institute is established.<br><br>Sector-specific employers' organization is formed                                                                                                       | ILO and UNIDO for the technical back-stopping and information on best practices. |

