Major policy challenges and policy making in Timor-Leste

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Outlines

- Snapshot of Government policies & priorities
- Progresses
- Policy challenges
- The policy making processes
Focus strongly on two over-riding development goals:

a) To reduce poverty in all sectors and regions of the nation, and

b) To promote economic growth that is equitable and sustainable, improving the health, education, and well being of everyone in Timor.
Snapshots of government policies - Timor-Leste Development framework

- Strategic Development Plan 2011-2030
- Sustainable Development Goals

‘top-down development approach – creating an enabling environment for economic growth’

‘Bottom up development approach
- leave no one behind’
5 YEARS PROGRAM OF THE AMP

- “Economic diversification and job creation are priorities defined by this Executive to meet the challenges of modernity and to support a young, fast-growing population”

- We have the benefit of possessing energy riches, but we must put all our efforts in escaping the “resources curse” by building bridges that make a solid link between natural resources and progress (8th Gov Program).

- “will continue to invest in three key areas: social capital, infrastructure development and economic development, underpinned by an effective institutional framework that will help eliminate corruption and excessive bureaucracy and promote competence, professionalism, honesty and transparency” (8th Government Program).

ANNUAL ACTION PLAN – STATE BUDGET

- Translations of 5 years program by each state agencies (source Lao Hamutuk)

Appropriated Spending in the Proposed 2019 State Budget

$1.827 billion total

The Government says its priorities are education, health, agriculture, and water.

All together they will get 1/6th of state expenditures.
Timor-Leste Aspirations

- By 2030
- Timor-Leste become middle income country
- Everyone in Timor-Leste live a life with dignity
How TL intends to achieve its aspirations –
5 main pillars

- **Infrastructure for connectivity and growth** – inadequate and inappropriate infrastructure. (i) Hence basic infrastructure – road, port, airport, water and sanitation and electricity; (ii) sectoral infrastructure; (iii) operation and maintenance.

- **Human capital for productivity**; (i) early childhood development; (ii) quality of education and health service; (iii) addressing miss match and skill gap.

- **Inclusive development**; (i) youth, women and vulnerable people; (ii) continue cash transfer program; (iii) tax policy.

- **Economic diversification** – (a) structure of the economy more significant in the non-formal sector; (i) oil economy; (ii) less diversity; (iii) low productivity; (iv) small economic scale; (b) agriculture, tourism, petroleum and manufacturing; (c) enabling business environment; (d) promotes investment and jobs.

- **Improving public service delivery**; (i) strengthening institutional capacity; (ii) efficiency in bureaucracy; and (iii) decentralization.
Progress

- Number of people living under poverty decrease from 509,000 (2007 - 50%) to 489,000 (2014 – 42%);

- Basic infrastructure such as:
  - Road – (i) Dili Aileu Ainaro Corner; (ii) Tibar Ermera Corner
  - Nearly $1b investment in electricity has improved electricity coverage from 21% in 2003 to 83% in 2018;

- Relatively stable democracy – free and fair election (Timor-Leste is considered the most democratic country in Southeast Asia, according to The Economist’s independent evaluation of the Democracy Index)

- Enrolment rates in primary school increased as result of compulsory and free primary education policy and literacy rate – including progress on qualification framework

- Rate of women participation in politics at national level – highest in the South East Asia region as outcome of affirmative policy;

- Economic growth, though heavily dependent on oil revenue, has been relatively strong averaging 5.6 per cent per annum during the period since independence
Major policy challenges

- Economic Diversification (the Asia Foundation Tatoli survey both 2016 & 18)
  - The challenge for now and future is the limited supply of natural resources;

- Fiscal Sustainability (i) budget well beyond the ESI; (ii) inability of Government to allocate resources appropriately – confirm by Tatoli survey 2016 & 2018;

- Low priority on human capital - high unemployment rate
Policy Making & its challenges

- Structural challenges – absence of mechanism for inclusive public policy formulations – including system for public policy scrutiny and in efficiency available mechanism to ensure civil involvement – the only available consultation is with Parliament – public hearing.

- Structural policy – the budget priorities in recent years suggest that government view that diversifying the economy relies on (i) investment in major infrastructure such as electricity roads, port, etc; (ii) creating geographical concentration of economic activity such as ZEEMs ;(iii) injection of fund into local communities via social transfer aimed at addressing past in justice or needs amongst the marginalized- in doing this the Gov continuously reduce investment in agriculture and comparatively low priority on human capital.

- Capacity – the ability of policy makers or influencers to use available data

- Prioritization – who decided where the resource goes?
Conclusion

- Timor-Leste has clear policy and priorities however how those policy and priorities are translate into reality are often faced with capacity challenges and individual domination;
- Challenges are clear but way of addressing required both political commitments and capacity;
- If poverty in Timor-Leste was to be address – bottom-up development and capitalization of area of which majority live their life needed to be consider.
Obrigada – thank you