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Timor-Leste Growth Likely to Accelerate in 2016 on Rising Investment – ADB Report

DILI, TIMOR-LESTE – Economic growth is likely to accelerate in 2016 and 2017 on rising public and private investment, says the Asian Development Bank’s (ADB) new Asian Development Outlook (ADO) 2016 report.

ADO, ADB’s flagship annual economic publication forecasts GDP growth to reach 4.5% in 2016, rising to 5.5% in 2017. Inflation is projected to increase modestly to 2% in 2016 and 3% in 2017 as the deflationary effects of the strong dollar and low commodity prices ease.

“While the economic outlook for Timor-Leste remains bright, the country is facing declining oil royalties and this highlights the need to diversify the economy,” said Shane Rosenthal, ADB’s Country Director in Timor-Leste. “Timor-Leste’s growing youth population brings about a real opportunity to raise long-term growth prospects by investing in human capital and encouraging broader participation in the labor market.”

A public-private partnership to build a new international seaport west of Dili is expected to break ground in 2017 and require an investment of about $290 million, more than half of which will be financed by the private sector. The government is planning major investments in other economic infrastructure, the report says.

ADO notes that private sector development remains a focus for the Government of Timor-Leste as it aims to complete ambitious reforms to improve the business-enabling environment and stimulate financial sector development before national elections in mid-2017.

Since Timor-Leste became an ADB member in 2002, it has received six grants from the Trust Fund for East Timor ($52.8 million); five Asian Development Fund (ADF) grants ($85 million); and 41 technical assistance (TA) projects ($35.82 million). The country has also received five loans totaling $90 +11.78 million, which together with four ADF grants ($75 million) and ten TA projects ($24.64 million) are currently active.

ADB, based in Manila, is dedicated to reducing poverty in Asia and the Pacific through inclusive economic growth, environmentally sustainable growth, and regional integration. Established in 1966, it is owned by 67 members—48 from the region.

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