



DEVELOPMENT COOPERATION REPORT 2013

Presented at 2014 TLDPM (25-26 July 2014)

Executive Summary

Since independence, Official Development Assistance (ODA) has played a significant role for the development of Timor-Leste. Timor-Leste has worked to build a nation through meaningful development activities, in coordination with International Development Partners (DP). This has resulted in the provision of over a billion dollars in ODA to Timor-Leste. The ODA to Timor-Leste has remained more than US\$200 millions per annum in recent years, although ODA percentage to the combined sources budget (general state budget + ODA) has decreased. This has coincided with the rapidly increasing state budget financed by the Timor-Leste Petroleum Fund, established in 2005.

In 2011, Timor-Leste Strategic Development Plan 2011-2013 (SDP) was launched. The SDP articulates Timor-Leste's vision of development for the next two decades, and provides an integrated package of strategic policies, which aims to transform Timor-Leste from a low income to upper middle-income country, with a healthy, well educated and safe population by 2030. The Government of Timor-Leste and its Development Partners came to an agreement that the SDP will be the overarching framework for all programs and projects to align with in the future.

The *Development Cooperation Report 2013* presents a comprehensive picture of ODA to Timor-Leste in 2013, with an emphasis given to the alignment of ODA to Government priorities, namely the SDP.

This report has been divided into 3 sections:

1. Development Cooperation Overview
2. Donor Profiles
3. Ministry Profiles

The *Development Cooperation Overview* gives an overall view of ODA in Timor-Leste. In 2013, Timor-Leste was provided US\$230.9 million in ODA from 19 multilateral and 21 Bilateral DPs. Australia remained the largest DP, providing 31 percent of total ODA, followed by the Asian Development Bank, the European Union, and Portugal, each contributing 10% of total ODA.

Among the SDP sub-pillars, the major recipients of development assistance included: Education and Training (US \$34.2 million, 15%), Roads and Bridges (US\$ 37.4 million in grants and loans, 13%) Agriculture (US\$ 21.3 million, 9%), Security (US\$ 20.5 million, 9%), and Public Sector Management and Good Governance (US\$ 17.5 million, 8%). This section also provides an examination of aid effectiveness issues in Timor-Leste, with special attention paid to the alignment of DPs with the New Deal and g7+ principals.

Meanwhile, the *Donor Profiles* section focuses on six main areas in order to understand the work of each DP in Timor-Leste. The overview presents each DP's overall global strategy and work in other countries. The report then highlights the specific assistance that each DP is providing in Timor-Leste, including past work and future goals in the country. The last sections of each profile focus on specific country strategies and engagement in Timor-Leste, including a list of priority sectors, past and future disbursements, the top five DP projects in 2013 in terms of disbursements, a breakdown of the donor's disbursements by sector, and if applicable, a map of donor disbursement by district in 2013.

The *Ministry Profiles* section reviews DP disbursements to Timor-Leste Ministries in 2013. As the Line Ministries plan their budgets for 2015, an understanding of ODA disbursed in each Ministry is essential in order to make effective and accurate budgets. Consequently, this section examines all overall disbursements, commitments to Ministries, historical disbursements by district, and which DPs have disbursed ODA in each Ministry. Additionally, it provides a list of all projects in each Ministry in 2013 and any planned disbursements for 2014 and 2015. In 2013 the five Ministries that benefitted from the largest amounts of donor disbursements were the Ministry of Public Works (\$USD 44.95 million, 20%), the Ministry of Education (\$USD 29.77 million, 13%), the Ministry of Health (\$USD 29.3 million, 13%), the Ministry of Agriculture and Fisheries (\$USD 24.8 million, 11%) and the Ministry of Finance (\$USD 16.8 million, 7%).

The report was produced by the Development Partnership Management Unit (DPMU), Ministry of Finance, Government of Timor-Leste. It has composed with data from the Timor-Leste Aid Transparency Portal (ATP), the government database that DPs are responsible for providing data to regarding all of their financial contributions to the country. The Government requests DPs to update the ATP on a quarterly basis in order to to prepare the General State Budget and for general aid coordination, transparency, and effectiveness. The information in this report is based on a dataset generated from the ATP on 2 April 2014. The inability of DPs to provide data is viewed as a hindrance to the ability of the Government of Timor-Leste to accurately plan state budgets and achieve SDP goals. Challenges to accurate data include development partners not entering data, inaccurate reporting, and the fact that the Government's and some DP's fiscal years differ from each other. This is an ongoing challenge that all parties are working together to rectify. DPs are expected to provide accurate and timely data in accordance with the principles of The New Deal, agreed to at the Fourth High Level Forum in Busan. The report will be made available online at the Ministry of Finance homepage, www.mof.gov.tl, as well as in the ATP (<https://aidtransparency.gov.tl>).