

TLDPM

25-26 July 2014



***Strategic Development Plan:
Managing For better results***

Presentation by Development Partners

Economic Strategic Sector

presented by the World Bank

**Timor-Leste & Development Partners Meeting
(TLDPM)**

Dili Convention Centre, 25-26 July 2014

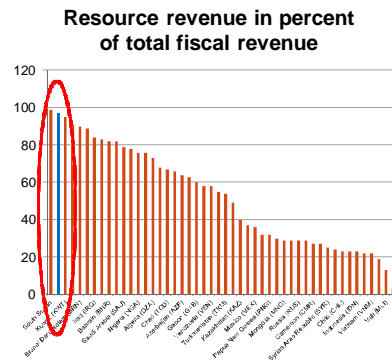
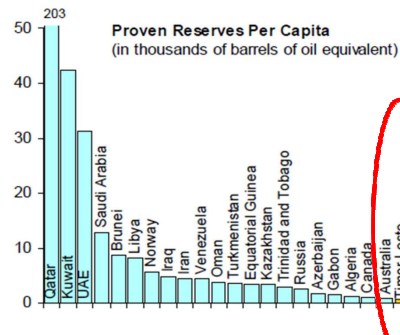
Economic Context

- 1) Timor-Leste is the second most petroleum dependent countries in the world. But it has created a world class system for revenue management, including the petroleum fund.
- 2) Government has been, the biggest contributor to growth as it invests in critical infrastructure, and meets pressing development needs through the budget.
- 3) Economic stability and fiscal sustainability will depend on the quality of this investment, and the related success in transforming public economic activity, to private.
- 4) But there are already challenges emerging to this transformation, relating to rising costs, and the pace and quality of budget execution.

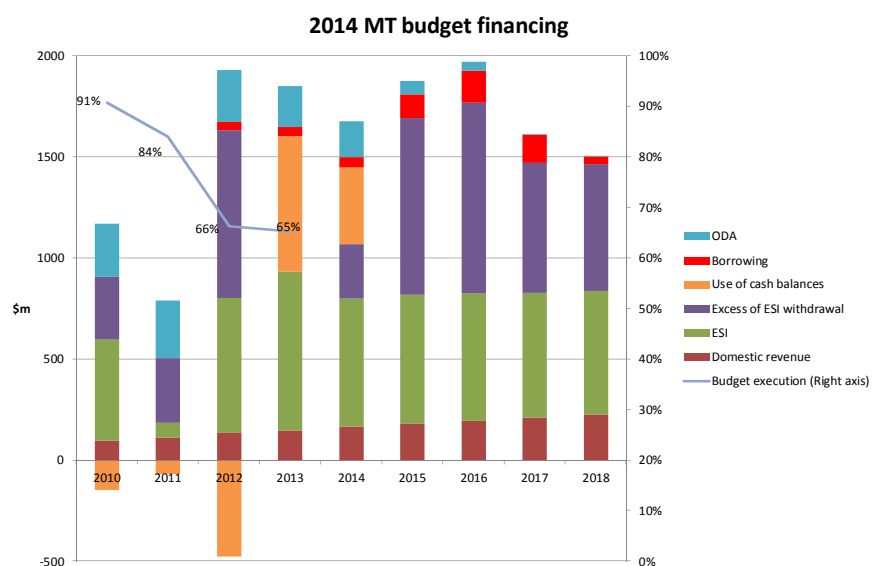
The significance of Petroleum for Timor-Leste's Economy

Petroleum endowment is low relative to others....

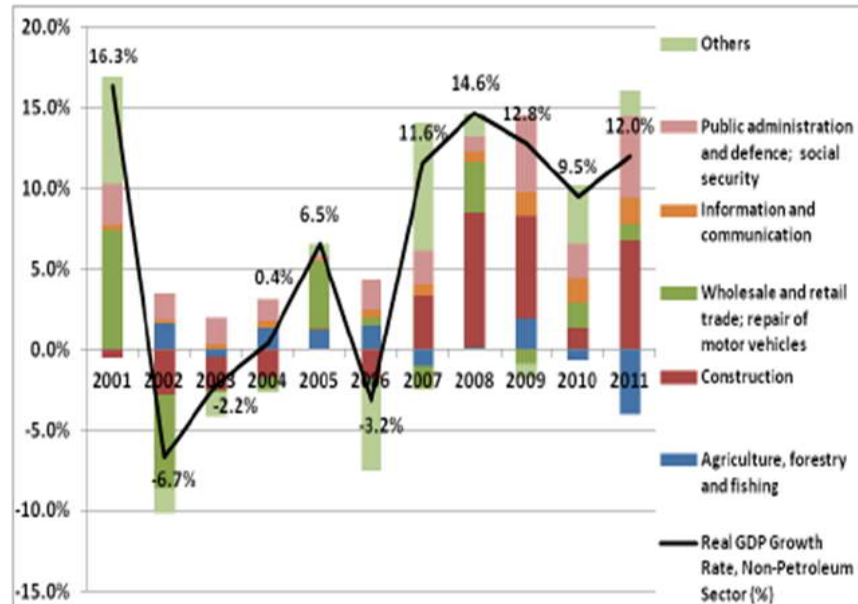
but one of the most dependent producers in the World by petroleum revenues....



...and is using these revenues to finance large budgets....



...but those contributions will fall when spending tapers to sustainable levels, requiring the private sector to pick up.



1- Overview of DP's assistance

1. Increased Agricultural Production	DPs
1.1 Increase Crop Production	✓
1.2 Maintain the Biodiversity in Timor-Leste	
1.3 Fisheries - Increase Fish production	
1.4 Improved livestock production	
1.5 Improve Agriculture Support Services	
1.6 Reorganization of MoAF	
1.7 Provide assistance in order to support the industry of processing of agricultural products	

1- Overview of DP's assistance

2. Natural Resources industry is developed	DPs
▪ 2.1 Management of oil revenues	
▪ 2.2 Development of human resources	
▪ 2.3 Onshore support infrastructure	
▪ 2.4 Onshore processing and distribution infrastructure	
▪ 2.5 Exploration and development of new potential oil/gas resources	
▪ 2.6 Development of mining sector	

1- Overview of DP's assistance

3. Job creation	DPs
▪ 3.1 Rural Development (Cooperatives and Community Development)	
▪ 3.2 Develop the tourism sector as an alternative to the oil sector	
▪ 3.3 Private Sector Development	
4. Economic Diversification	
▪ 4.1 Macroeconomic Stability and Poverty Reduction	
▪ 4.2 Promotion of Economic Diversification	

2. Key Progress / Achievements

- ☐ **Capacity development** for civil servants in the agriculture sector *[Goal 1, sub-goal 1.5]*;
- ☐ Horticulture working group - **engaging Government, Private sector, NGOs and CSOs** *[Goal 1: Agricultural Production/ Goal 4: Economic diversification]*;
- ☐ Adoption of **labor based techniques** for road construction with a **gender sensitive** approach, by MoPW *[Goal 3: Job creation]*;
- ☐ **Economic policy dialogue**, around fiscal improvements and prudence *[Goal 4: Economic Diversification]*.

3. Key Challenges

- ☐ Linking **DPCM** with the **planning and budgetary processes** of ministries
- ☐ **Operations and maintenance (O&M)** planning and budgeting
- ☐ Intra-sectoral and inter-sectoral **coordination** for effective implementation of DPCM
- ☐ Low level of **budget execution** and increase in '**bypassing systems**';
- ☐ Low capacity of TL **private sector**;
- ☐ **Land tenure & propriety rights** issues
- ☐ **Evidence-based** policy making, planning, and budgeting.

4. The Way Forward

- ☐ One Vision – One Plan (New Deal) : merge **DPCM** and internal **planning** and **budgeting** process of Ministries into a **single process**, setting realistic targets with clear accountability;
- ☐ Effective use of data for **evidence-based** policy making, planning and budgeting
- ☐ Engage in more dialogue with the **private sector** and take effective policy measures in supporting competitive and responsible **local enterprise development** in TL.
- ☐ **Value chain approach** for strategy design;
- ☐ Operationalize **institutional coordination** with accountability mechanisms particularly at sub-sector level;
- ☐ **Limit the bypassing of formal delivery systems** by ensuring that appropriate and efficient internal financial control mechanisms are in place and that the capacity to use them has been developed;