2016 Timor-Leste & Development Partners Meeting (TLDPM)

Financing for Sustainable Development in Timor-Leste

SDG 9, a Donor Perspective

Presented by: xxx

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SDG Status in Timor-Leste

Most Timorese citizens do not have access to decent employment. To change this, the government, development partners and the private sector must work together to address 3 core challenges:

1. **Increasing private investment**
   - General improvement of business environment
   - Specific sector strategies – agriculture, tourism, industry
   - Financial sector development

2. **Improving human capital and skills development**
   - Primary education, health, nutrition
   - Relevant secondary education system
   - Market oriented tertiary training

3. **Improving labor market regulation**
   - Realistic minimum wage polices
   - Balance between worker protection and flexibility
   - Appropriate regulation of labor migration
## Donor Portfolio in this Area

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<td><strong>Increasing Private Investment</strong></td>
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<td>Business enabling environment</td>
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<td>Policies and investments for productive</td>
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<td>sectors</td>
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<td>Financial sector development</td>
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<td><strong>Building Human Capital</strong></td>
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<td>Primary education, health, nutrition</td>
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Suggested Way Forward for Achievement/Implementation of SDG

- Increasing Private Investment
  - Government strategies are sound – key issues are prioritization, sequencing, and quality of implementation.
  - Where sector policies are being developed / revised, need to have an explicit focus on private investment with linkages to FDI promotion.

- Building Human Capital
  - Need to assess whether current investment in nutrition, primary education and basic healthcare is sufficient.
  - Develop and implement appropriate policies for secondary & tertiary education.
  - Use public investment in TVET to strengthen linkages between employers and training providers.

- Improving labor market regulation
  - Use new national survey data to guide review of minimum wage policy.
  - Work with employers to reduce costs of compliance with the labor code.
  - Facilitate the use of foreign labor to meet skills gaps while encouraging skills transfer.
  - Develop systems to support and protect Timorese migrant workers.
Areas for Improved Partnerships

- **Increasing private investment**
  - Addressing fundamental constraints – e.g. Land, property rights, contract enforcement, will have highest long run pay off. Important to prioritize.
  - With appropriate supporting policies there is potential to use donor & government funded projects in agriculture, forestry, fisheries & tourism to ‘crowd in’ private investment. Need to work together to map policy requirements and resolve constraints.
  - Ongoing financial sector reforms are well aligned to fundamental constraints. Potential for innovation but additional actions must be carefully designed.

- **Building human capital**
  - The government is expected to lead the provision of basic healthcare and primary and secondary education with financing and technical support from development partners.
  - Supporting policies can leverage private expertise for tertiary education and TVET but still likely to require some public financing. Development partners can help to structure these linkages.

- **Improving labor market regulation**
  - National employment strategy will provide guiding framework for partnerships, supported by national conference in August.
  - Develop information systems to manage/support migrant workers
  - Resolve / streamline work permit bottlenecks