

**YELLOW ROAD WORKSHOP**  
22 - MAY - 2013

**RD2**

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22 - MAY - 2013

**AGENDA**

1. WHERE SHOULD WE GO?
2. WHERE ARE WE NOW?
3. WHAT SHOULD WE DO AND WHO SHOULD DO IT?

2

**YELLOW ROAD WORKSHOP**  
22 -May-2013

Timor-Leste

Where Should We Go?

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**WHERE SHOULD WE GO?**

**PED: Upper Middle Income Country by 2013**  
By 2030 Timor-Leste should be an upper-middle income country with a secure, well-educated and healthy population.

**Program 2012-2017**  
Create opportunities for all, in a fair and inclusive manner, to enable the growth of a dynamic and innovating economy.

**Annual Action Plan**

**WHERE SHOULD WE GO?**  
SDP Implementation Stage

**STRATEGIC DEVELOPMENT PLAN (SDP) 2011-2030**  
"Upper Middle Income Country by 2030"

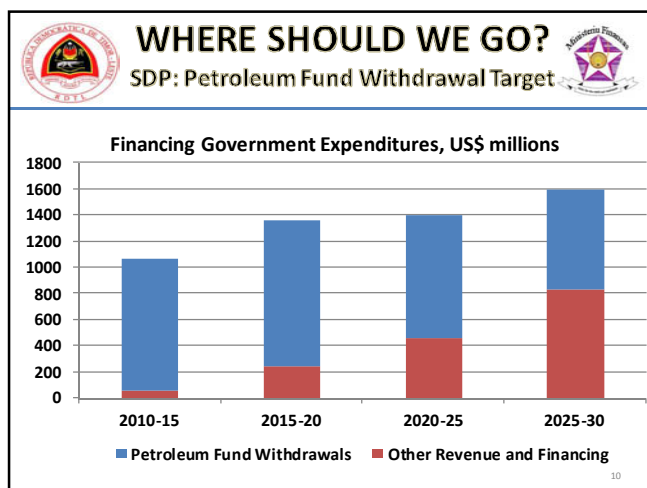
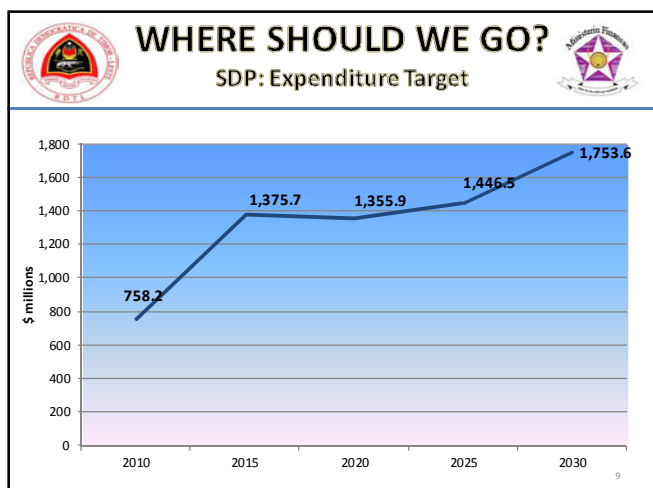
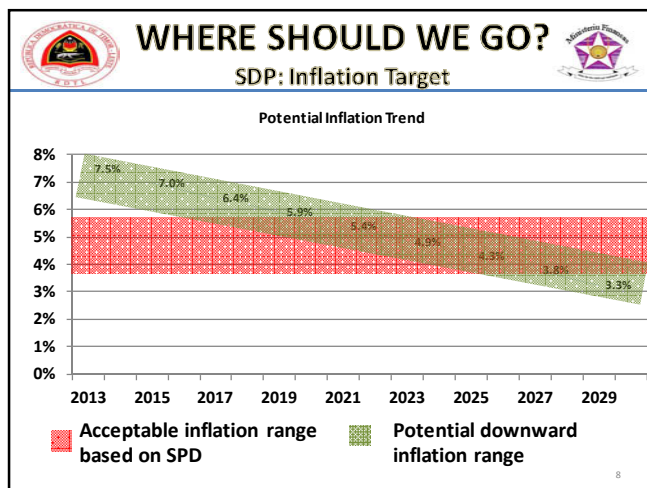
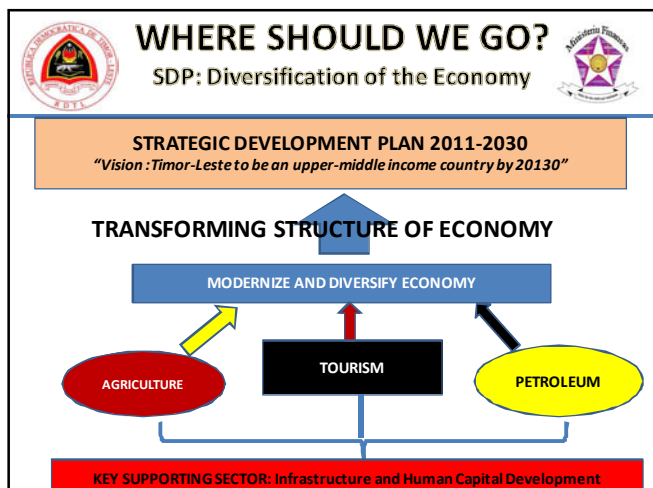
Short-Term 2011-2015 → Mid-Term 2016-2020 → Long-Term 2021-2030

<b>STAGE I</b>	<b>STAGE II</b>	<b>STAGE III</b>
<ul style="list-style-type: none"> <li>•Human Resource Development;</li> <li>•Infrastructure;</li> <li>•Strategic Industries</li> <li>•MDGs no "New Deal"</li> </ul>	<ul style="list-style-type: none"> <li>•Infrastructure;</li> <li>•Strengthening Human Resources;</li> <li>•Market Formation.</li> </ul>	<ul style="list-style-type: none"> <li>•Eradication of Extreme Poverty;</li> <li>•Strong Private Sector &amp; "Kooperativa";</li> <li>•Diversify Non-Oil Economy</li> </ul>

**WHERE SHOULD WE GO?**  
Requirements to Achieve SDP Vision

- I. Institutional Framework:**  
Strong and credible institutions.
- II. Social Capital:**  
Qualify and adequate human resources.
- III. Infrastructure:**  
Adequate and appropriate infrastructure.
- III. Macroeconomic Stability:**
  - High, inclusive and sustainable economic growth;
  - Moderate inflation;
  - high employment and productivity;
  - Sustainable fiscal policy.

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### WHERE SHOULD WE GO?

SDP: Economic Growth Target

SENARIU	INDIKADOR IHA 2030		INVESTIMUNTU (Average) "USD Billion"	TRABALADOR (Average) "000 pesos"	PRODUTIVIDADE (TFP) (Kresimentu %)
	Rendimentu > USD 3,946	Edukasaun (Tinan 12)			
Senariu A: Low Growth Rate (8.5%)	USD 2,611	Tinan 8.3	USD 1.153	470	1.6
Senariu B: Moderate Growth Rate (9.5%)	USD 3,136	Tinan 8.9	USD 1.301	517	1.8
Senariu C: High Growth Rate With Labor Intensive (11%)	USD 4,117	Tinan 12.4	USD 1.134	752	1.4
Senariu D: High Growth Rate With Capital Intensive	USD 4,117	Tinan 12.4	USD 2.117	517	1.2

Nota: Uza dadus Konta Nasional 2004-2010 husi DNE.

### WHERE SHOULD WE GO?

SDP: Main Target 2015

**OBJECTIVE: Create opportunities for all, in a fair and inclusive manner, to enable the growth of a dynamic and innovating economy.**

**Main Targets in 2015**

- Social Capital**
  - 93% of children have accessed to good quality of basic education;
  - Health clinic for villages with population 1,500 and 2,000;
  - Approximately 55,000 houses built for poor people.
- Economy**
  - Productivity in agricultural sector increased significantly, robust development in tourism sector, and private sector involved in all industries, primarily from Small and Medium Enterprises
- Infrastructure**
  - All rural roads rehabilitated;
  - 75% of rural population accessed to clean and save water;
  - 24/7 electricity and telecommunication services for all people;
  - All the existing sea ports been rehabilitated.

## WHERE SHOULD WE GO?

**New Deal: 3 inseparable components (PSG, FOCUS, TRUST)**  
*(change of behaviour) of both the Gov and DPs*

**PSG**  
(Peacebuilding and Statebuilding Goals)

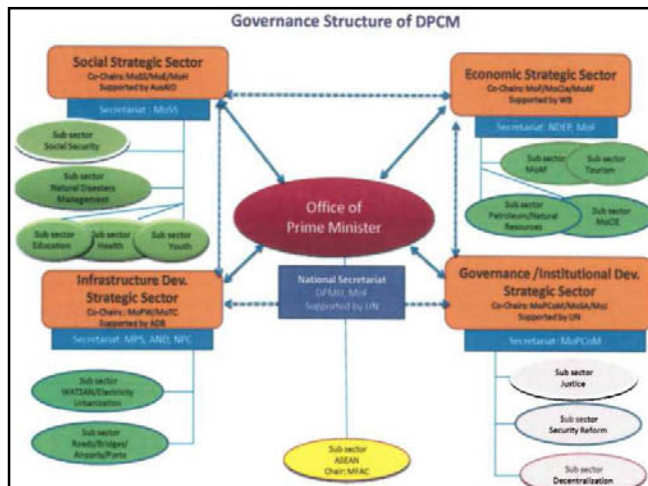
1. Legitimate Politics
2. Security
3. Justice
4. Economic Foundation
5. Revenues & Services

**FOCUS**

- Fragility Spectrum
- One vision, one plan
- Compact
- Use PSGs to monitor progress
- Support political dialogue and leadership

**TRUST**

- Transparency
- Risk-sharing
- Use and strengthen country systems
- Strengthen capacities
- Timely and predictable Aid



## WHERE SHOULD WE GO?

**SDP Matrix (1)**

SECTOR ESTRATÉGICO ECONÓMICO		Metas para 2017			
Sector No.	Descrição	Elab. Pro. Min.	Metas	Unid.	Indicador
<b>SENVOLVIMENTO RURAL</b>					
DR-1	Construção de mais de 55.000 casas, o equivalente a 5 casas por aldeia todos os anos, num processo de reordenamento comunitário das aldeias (as habitações incluindo energia solar, água e saneamento) – Programa ODM Suco	Elab. Pro. Min.	55.000	casas	55.000
DR-2	Programa Nacional para o Desenvolvimento de Suco através de concessões públicas às comunidades de sucos para desenvolverem as suas próprias infra-estruturas				
	Desenvolvimento de agro-indústrias – desenvolver estudos de mercado e correspondência entre mercados, assim como desenvolver estratégias de comercialização, avaliação, planeamento, políticas e advocacia, formação e assistência, desenvolvimento de produtos agro-industriais				
	Desenvolvimento do Centro de Capacitação para G...				

## WHERE SHOULD WE GO?

**Conclusion**

- By 2030 Timor-Leste should be an upper-middle income country with a secure, well-educated and healthy population.
- To achieve SDP vision, we should implement SDP in short, mid, and long-terms;
- To achieve SDP vision, we should meet all the necessary requirements.
- Never loose sight of our vulnerabilities – hence ensure “New Deal” is implemented;
- SDP matrix is an instrument to coordinate, monitor and evaluate progress of our work.

## Where Are We Now?

**Outline**

Opportunities and challenges in the area of:

- Social capital
- Infrastructure
- Economy:
  - Economy growth
  - Inflation
  - Fiscal policy: 1) Domestic revenue; 2) Petroleum Revenue; and 3) Budget execution.

## WHERE ARE WE NOW?

**SDP Matrix**

Target 2017	Target 2013	Responsible Entities	Dev. Partners	Source
SDP 2013 Metas anuais e trimestrais				

### Where Are We Now? TL Fragility Assessment

PSG Objectives	Fragility Phase				
	Phase 1: Crisis	Phase 2: Build & Reform	Phase 3: Transition	Phase 4: Transformation	Phase 5: Resilience
Legitimate Politics					
Security					
Justice					
Economic Foundations					
Revenues & Services					

### Where Are We Now? Social Capital: Results and Challenges (1)

No	SOCIAL CAPITAL INDICATORS	Responsible Entities	Result 2009	Target 2015	Status
1	Poverty Rate	All	41	14	-
2	Children age <= 5 underweight	MoH	45	31	-
3	Primary School Enrollment	MoE	82.7	100	+
4	Students up to grade 5 <sup>th</sup>	MoE	65.9	100	-
5	Mortality of children less than 5 years old (per 1,000)	MoH	64	<96	Achieved
6	Infant mortality (per 1,000)	MoH	44	<53	Achieved
7	Children receive "Imunisasiun Sarampu"	MoH	68.2	100	-
8	Mother mortality (per 100,000)	MoH	450	<252	-
9	% mother get assistance from nurse and/or doctor when give birth	MoH	29.6	60	+
10	Utilization of contraception tools	MoH	22.4	40	+
11	Treatment before give birth(ANC 1)	MoH	86	75	Achieved
12	Population with age 15-24 that understand HIV/AIDS	MoH	37.4	80	-
13	Malaria (per 1,000)	MoH	113	45	-
14	Children under 5 years old sleep in insecticide mosquito net	MoH	45.5	100	-
15	Incidencia TB (per 100,000)	MoH	145	138	+
	Prevalencia TB (per 100,000)	MoH	378	353	+

### Where Are We Now? Social Capital: Results and Challenges (2)

No	SOCIAL CAPITAL INDICATORS	Responsible Entities	Results 2009	Target 2015	Status
16	TB cases been detected (DOTS)	MoH	70	70	Achieved
	TB cases been cured (DOTS)	MoH	85	85	Achieved
17	Forestry land	MAF	50	55	-
18	Population access to clean water	MoPW	66	78	+
19	Population access to good sanitation.	MoPW & MoH	49	60	-
20	Life expectancy in 2011	All	62.5	?	+
21	Beneficiaries of veteran payments (%)	MSS	?	?	?
22	Beneficiaries of elderly subsidy (%)	MSS	?	?	?
23	Beneficiaries of "bolsa da mae" (%)	MSS & MoE	?	?	?
24	Number of beneficiaries of social assistance (disaster)	MSS	?	?	?
25	Beneficiaries of Public Servants Pension Program (%)	MSS	?	?	?
26	Average years of Schooling	MoE	?	?	?
27	% enrollment in secondary school	MoE	?	?	?
28	% enrollment in tertiary school	MoE	?	?	?

### Where Are We Now? Infrastructure: Results and Challenges

No	INFRASTRUCTURE INDICATORS	Responsible Entities	Results	Target 2015	Status
1	% km of national roads – constructed and rehabilitated;	MoPW	?	?	
2	% km of district roads - constructed and rehabilitated;	MoPW	?	?	
3	% km rural roads - constructed and rehabilitated;	MoPW	?	?	
4	% bridges - constructed and rehabilitated;	MoPW	?	?	
5	% National Airport - constructed and rehabilitated;	MoPW	?	?	
6	% Regional Airport - constructed and rehabilitated;	MoPW	?	?	
7	% Port - constructed and rehabilitated;	MoPW	?	?	
9	% School Buildings - constructed and rehabilitated;	MoPW	?	?	
10	% households access to electricity;	MoPW	?	?	
11	% health clinic - constructed and rehabilitated;	MoPW & MSS	?	?	
12	% population access to telephone services;	MTT	?	?	
13	% population access to internet.	MTT	?	?	

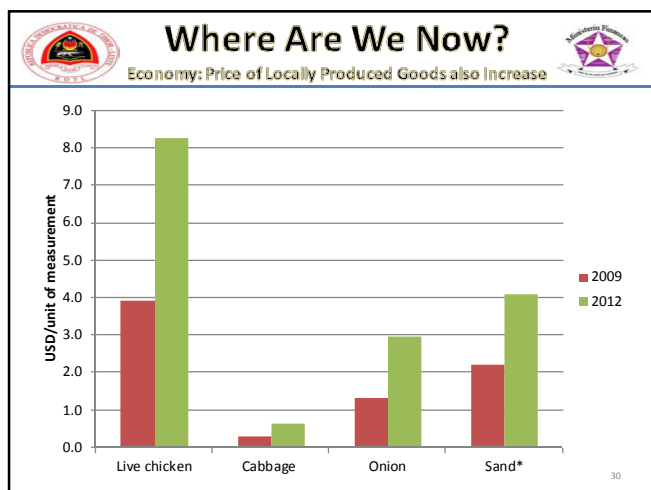
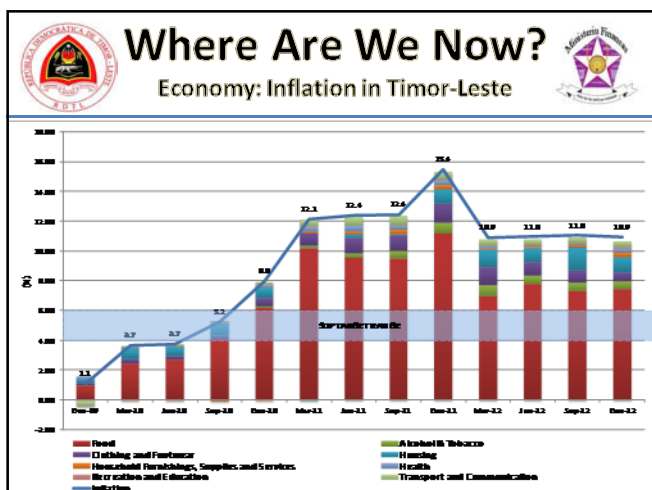
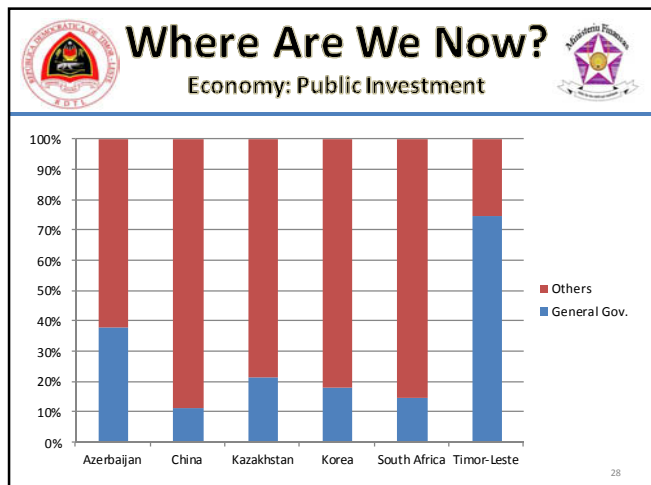
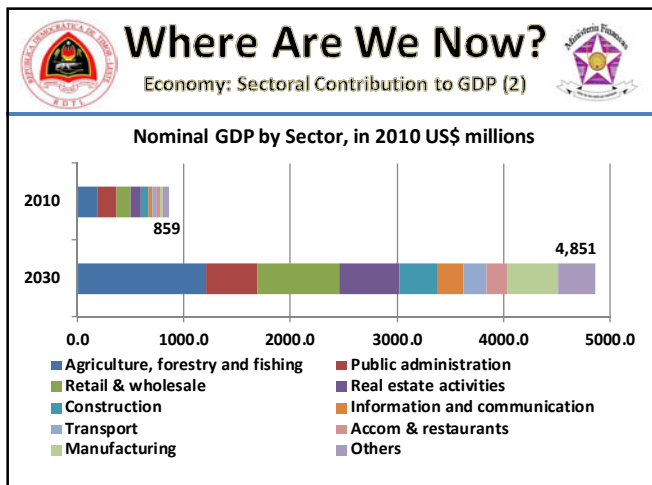
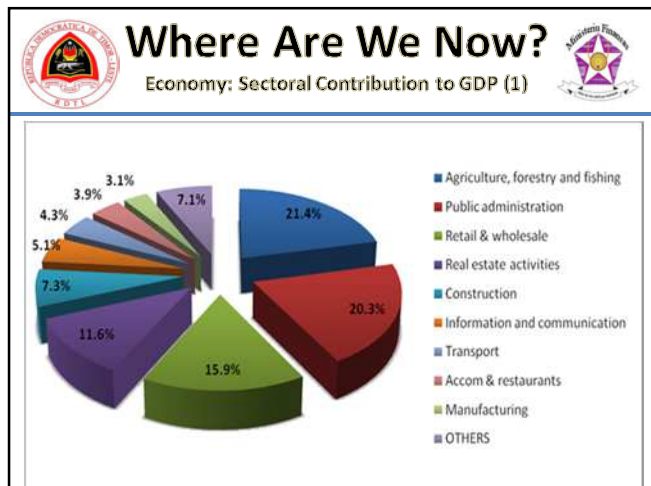
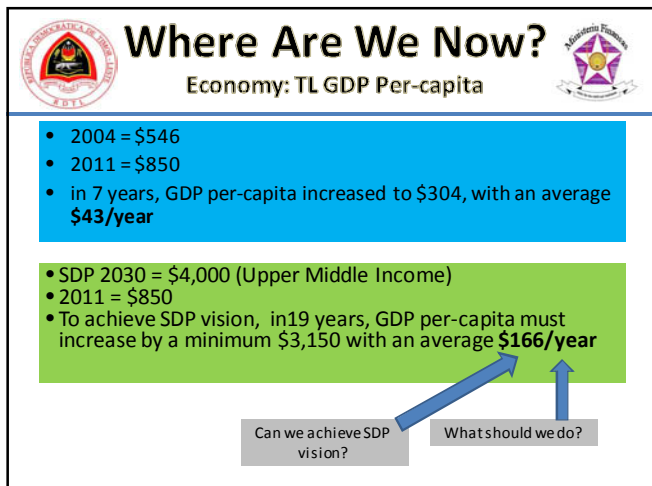
### Where Are We Now? Economy: Results and Challenges

No	ECONOMICS INDICATORS	Responsible Entities	Results 2012	Target 2015	Status
1	% Employment	SEFPOE	?	?	
2	% Trainees get employment	SEFPOE	?	?	
3	% Vulnerable employment	SEFPOE	?	?	
4	% Employment in formal sector	SEFPOE	?	?	
5	% FDI	SEAPRI	?	?	
6	% Investment from SME	SEAPRI	?	?	
7	Public investment (capital expenditure \$M) 2011	MoF & SEAPRI	588.2	?	
8	% Economic Growth	MoF	10.8	11.5	
9	Non-oil balance % of non-oil GDP	MoF	112.4	97.4	
10	% Inflation	All	10.9	4-6	
11	Domestic Revenue (\$M)	MoF	134.1	181.7	
12	% Non-oil deficit 2011	MoF	101.2	88.8	
13	Import (\$M) 2011	MCIA	339.6	?	
14	Export (\$M) 2011	MCIA	53.2	?	
15	Balance of import and export (\$M) 2011	MCIA	-286.4	?	

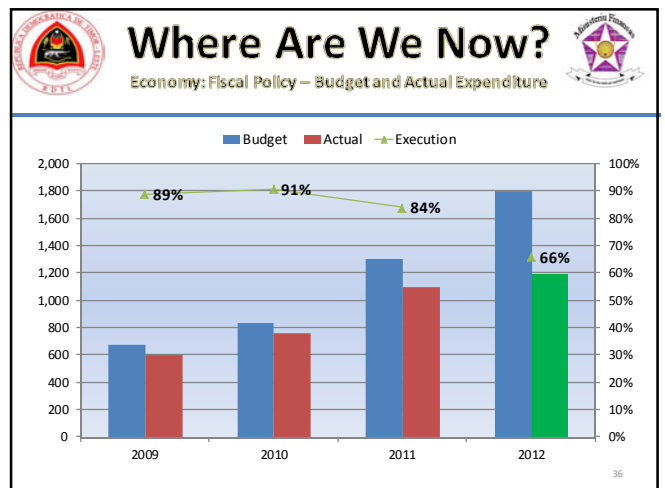
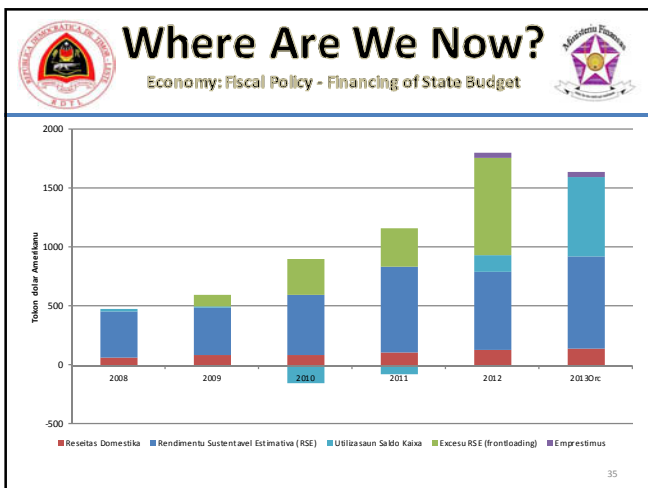
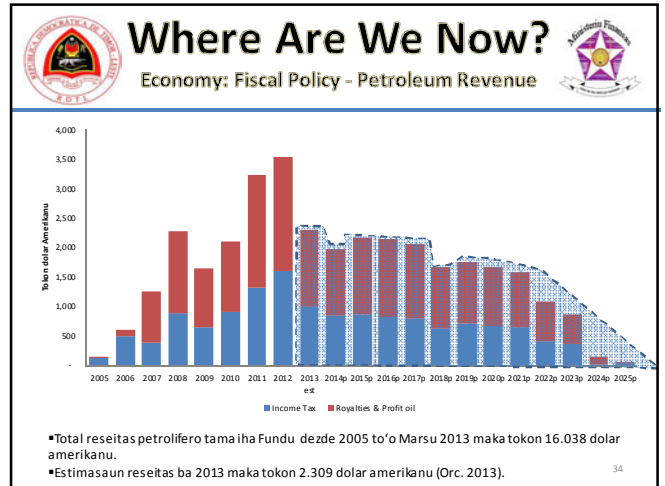
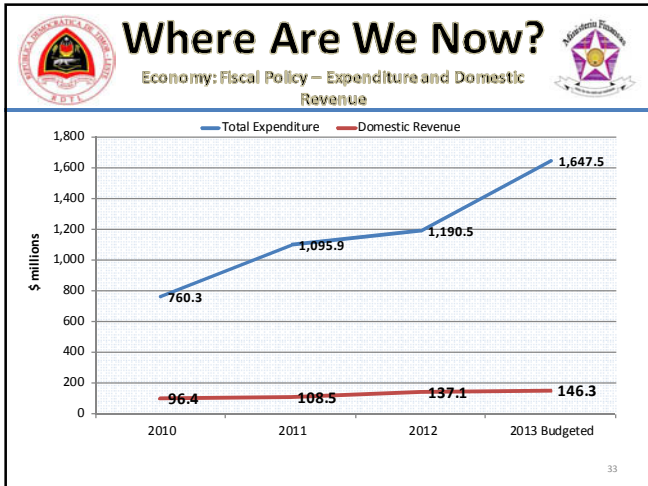
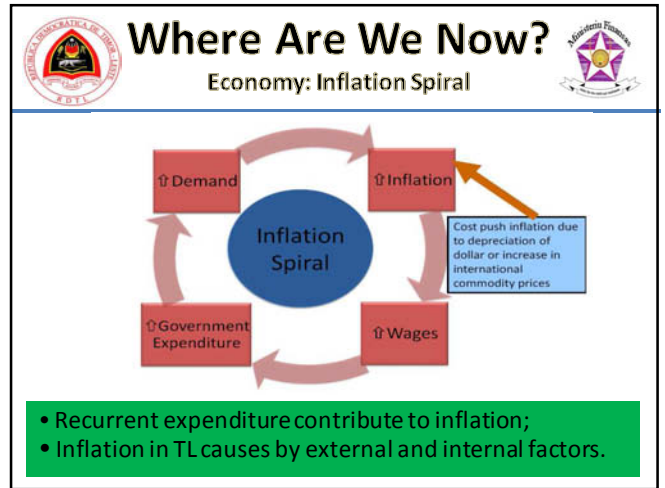
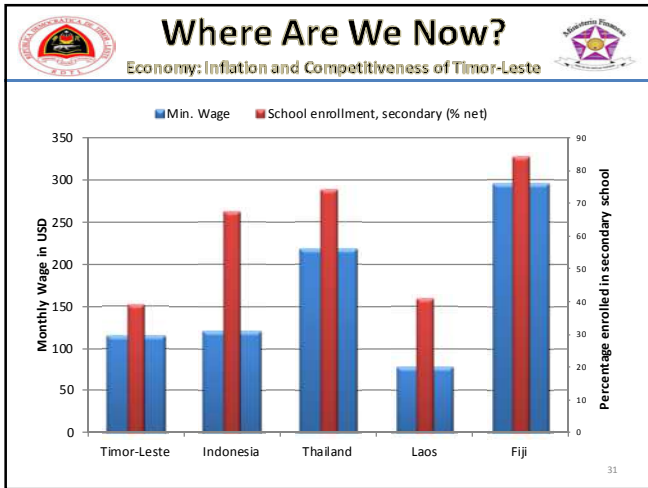
### Where Are We Now? Economy: TL Economic Growth

	2004	2005	2006	2007	2008	2009	2010	2011*
Total GDP Growth Rate (%)		54.8	61.9	-0.8	12.1	-7.0	-1.6	7.0
Oil GDP Growth Rate (%)		77.6	79.9	-2.7	11.6	-10.6	-4.1	6.0
Non-Oil GDP Growth Rate (%)		6.4	-1.8	11.6	14.7	12.8	9.5	10.8
Total GDP (\$M)	1,621.8	2,510.5	4,065.1	4,034.4	4,521.8	4,206.2	4,140.4	4,430.6
Oil GDP (\$M)	1,102.2	1,957.5	3,522.0	3,428.1	3,826.3	3,421.7	3,281.3	3,478.4
Non-Oil GDP (\$M)	519.6	553	543.1	606.3	695.5	784.6	859.1	952.2
Total GDP Per-Capita (\$)	1,703.6	2,578.5	4,082.5	3,961.7	4,341.7	3,949.0	3,800.9	3,954.5
Oil GDP Per-Capita(\$)	1,157.8	2,010.5	3,537.1	3,366.3	3,673.9	3,212.5	3,012.3	3,104.6
Non-Oil GDP Per-Capita (\$)	545.8	568.0	545.4	595.4	667.8	736.6	788.7	849.9

\*Preliminary Estimation.  
Note: All figures are based on the updated figures from National Account.



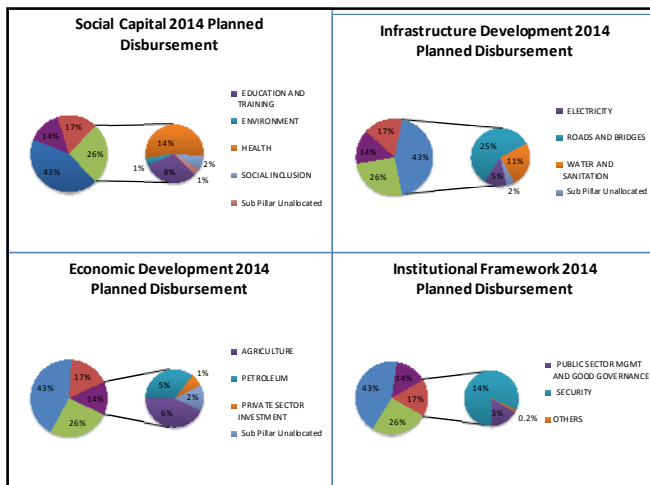
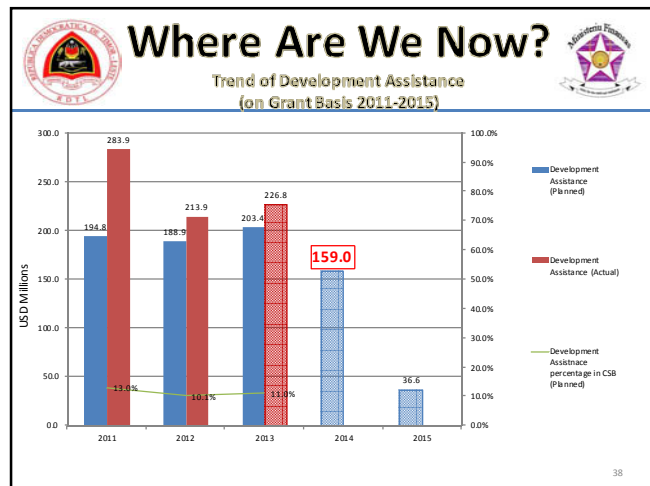




## Where Are We Now?

Economy: Classification of TL in WB Doing Business

	Classification of TL 2013	Classification of TL 2012	Observation
<b>Total 185 Countries</b>	169	169	0
Starting a Business	147	151	4
Dealing with Construction Permits	116	118	2
Getting Electricity	40	45	5
Registering Property	185	185	No change
Getting Credit	159	158	-1
Protecting Investors	139	136	-3
Paying Taxes	61	56	-5
Trading Across Borders	83	82	-1
Enforcing Contracts	185	185	No change
Resolving Insolvency	185	185	No change



## Where We Are Now?

### Conclusion

- Many progress been made in the area of social capital, infrastructure, and economy; however, no appropriate indicators in place to measure;
- High economic growth (drives by public sector), but inflation is also high;
- Needs to develop potential sectors to contribute more to TL's economic growth;
- Budget execution ± \$1.1 b

- ## Where We Are Now?
- Expected Outcomes from Discussion
- Same understanding SDP matrix and requirements to achieve SDP objectives;
  - Same understanding of measurement indicators;
  - Same understanding of "Timor-Leste's current status".