



MINISTÉRIO DAS FINANÇAS



MINISTÉRIO DOS NEGÓCIOS
ESTRANGEIROS E COOPERAÇÃO

MINUTES OF MEETING

QUARTERLY DEVELOPMENT PARTNERS MEETING

MoF - Auditorium Kay Rala Xanana Gusmão

19 February 2021

I. Opening Remarks

Development partners have been crucial to Timor-Leste's recent history. From the birth of our Nation, the Restoration of Independence nineteen years ago, and throughout the development trajectory, the work and experience of partnerships have been significant for a country arising out of destruction and long-suffering, be it in the form of sharing knowledge and expertise, building infrastructures, providing financial resources and transferring technologies to support the achievement of the Sustainable Development Goals.

On behalf of my Government, I would like to sincerely thank you for your continuous support to our development process and for assisting us in dealing with the challenges facing the country. This is the opportunity to share your views of what makes partnership work and produce concrete results and transform people's lives. Your presence in this auditorium is indeed a true testimony of partnership's response to our development agenda.

The year 2020 was particularly the most challenging one. After two consecutive years of negative growth, the recovery in 2019 was not enough to create productive and decent jobs, raise incomes, and reduce inequalities. The small gain in 2019 was simply erased by the application of a ten-month duodecimal regime due to rejection of the budget by Parliament and the Covid-19 pandemic which, combined, made the economy fall into a third recession just in four years.

Thankfully, Timor-Leste has, so far, been one of the countries with the lowest active cases of Covid-19 and with no fatalities. Our success is largely due to swift Government action, including the closing of borders and the establishment of the Covid-19 Fund, as well as effective support and cooperation from our Development Partners. Allow me to express my sincere gratitude to all the assistance that our Development Partners have provided during such a critical time.

Let me also take this opportunity to personally thank our frontline workers, nurses and doctors, as well as the security forces who have tirelessly kept our borders under control. But, Timor-Leste will have to recover its economy and return to its growth path toward a more inclusive development, with people at the center, where no one is left behind. I believe that this can be realized, because partnerships have produced results.

In fact, in our projections, we expect to see, in this year, a rise in the contribution of the Development Partners to the non-oil GDP (gross domestic product) to 5.7%, after a significant drop of 23.4% in 2020, breaking a long term trend of this GDP component. Most of the expenditure will be allocated in health supplies, including vaccines to prevent and mitigate the impacts of Covid-19.

More detailed information on vaccines will be presented by Honorable Ambassador of Australia, Mr. Peter Roberts, who will be speaking on the Development Partners' response to Covid-19. So, the Development Partners' contribution will certainly be important to stimulate growth of our non-oil GDP.

We all know that the Covid-19 pandemic has exposed serious vulnerabilities across many countries, and Timor-Leste is not an exception. The arrival of Covid-19 to our land was neither contemplated by the Strategic Development Plan nor by the Program of the Government. This is the reason for the approval of the Economic Recovery Plan in August last year.

However, the Government will have to secure additional financial resources in the event of potential waves of the pandemic, whilst at the same time, trying to get its growth trajectory back on track to achieve the development agenda. This is the reason for upscaling investments in education, health, housing, water and sanitation, and productive sectors like agriculture and tourism, which are much needed.

The State Budget that was passed by 67% of the votes in Parliament and fairly soon promulgated by His Excellency the President of the Republic confirms the end of the political impasse and we hope to see a growth rate of close to 4% this year.

This year's budget is based on programs—a transition from the item-based budget, that has been in place since the Restoration of Independence. It is guided by the Economic Recovery Plan.

Excellences, Ladies and Gentlemen,

I came to this meeting today with a renewed conviction that together we can achieve major progress this year and beyond, because we share a vision which puts people at the center of our actions.

It is certainly important to put our attention on the quality and results of our partnership.

So, I look forward to hearing bold commitments to act and invest towards a more inclusive development, where people are at the center. A tour-de-table will provide the opportunity to our Development Partners to share insights and provide high-level updates regarding programming and assistance.

Borrowing the words of Great Leader Nelson Mandela who once said, and I quote: "It always seems impossible, until it's done."

With those words, I declare this Quarterly Development Partners Meeting to order.

I thank you.

II. Update on OGE 2021 and Government policies on economic recovery (Presentation slide attached)

III. Government Health Sector COVID-19 Response (Presentation slide attached)

IV. Development Partner Health Sector COVID-19 Response (Presentation slide attached)

V. Q&A on Health Sector Response

a. Questions

1. Civil Society (CS):

1. DP's commitment for vaccine is 20%, how is the preparation of the GoTL'S commitment to expedite the remaining 80% and why there has not been a greenlight yet?
2. There have been some declarations from politicians to discourage communities to not cooperate with the government vaccine's program, therefore, requested the Government to create regulations to forbid those that spread incorrect information about the effectivity of vaccine to public.

3. Thanking the Australian Ambassador and WHO for mentioning in their presentation about the involvement of CS in the mechanism of awareness building for C19 vaccine.

2. Vice Minister of State Administration - suggestion

- Given the current situation of Indonesian, especially in Belo District, which has 17 death cases, and after discussion with the border securities, recommended as follows:
 - 1). Increase number of security personnel that securing our border with Indonesian to prevent illegal movement
 - 2). Provide drone for more coverage
 - 3). MoH and NGO should work closely with local authorities in disseminating the information on Vaccine to societies.

3. Ambassador of China

In fight of C19, China has two approaches:

1. Make quick and tough decision on preventing the spread of C19, which was effective. Likewise in TL, strict major have been taken for the preventions of COVID.
2. Multilevel in fight of C19. From the very beginning Chinese Government provides donations (e.g face masks) to > 100 countries. In Vaccine rollout, they provide equitable and reasonable allocation, especially to poor countries. They also support WHO to play more role in Vaccine's roll out, and promise to provide 10 million dosage of vaccine to WHO. They currently apply for certificate of vaccination from WHO, and the vaccine is expected to be available to international communities by March or April. These are the contribution to multilateral communities and WHO covax. They are also ready to deliver vaccine to TL once it is approved. Besides WHO, china provide donations to > 50 countries of Chinese Vaccine. They hope to join WHO Covax in TL in fight of C19.

b. Answers:

1. Minister of Finance: from Ministry of Finance perspective, there is no problem when the Council of Minister decided to do ratification in increasing C19 budget for 2nd phase vaccine, which will be done in June/July.
2. MoH : i) For 1st phase, DPs is committed to donate 20% of COVAX facility to all front liners, while the remaining 80% financing from the GoTL still awaits the decision of COM.
ii) For public awareness on COVID 19 preventions requires everyone's responsibility to follow WHO & MoH C19 protocols and recommends everyone to get vaccine.

VI. Commission for Coordination and Monitoring Institutional Reforms (Presentation slide attached)

VII. Development Partner Tour de Table:

All ambassadors, international Agencies, private sectors and NGOs starting their interventions by congratulating the GoTL for its successful in the management of pandemic C19 and thanking the GoTL for the courage to re-activate the Development Partners Meeting after 2 years vacuum.

Specific statement are as follows:

1. **Ambassador of European Union (EU):** EU concerns related to C19 is that nobody is saved until everybody is saved, which is why the EU supports around 50% of COVAX , and it is extremely important initiatives to ensure the vaccines process rollout effectively.

1st pillar for future EU-TL cooperation in the next 7 years is focused on: sustainable economic recovery, economic diversification, private sector development, technical vocational training, improving investment framework, regional integration, and support in preparation for ASEAN accession, and hope to sign economic partnership agreement with TL, renewable energy.

2nd pillar is focused on good governance: public sector management, institutional reform process, support in Public Financial Management (PFM), Social inclusion and continue work with relevant entities to achieve comprehensive results in this area.

Future strategy will be framed by the government economic recovery plan that provides an excellent guide for EU work together with Strategic Development Plan (SDP). There are some other key issues that EU ensure to cover includes digitalization and E-governance, green economy, connectivity, CS engagement and ensuring CS has a voice in everything EU does. EU works closely with Portugal, European investment Bank and other European entities to ensure there is a maximum support for TL, and will seek to support more financial sources through lending and guarantees.

2. **UN Coordinator:**

2020 was a difficult year for countries around the world: market being destructed, family lost their loved ones, etc. Congratulated all DPs for their contributions.

2021 is the first year of the UN new sustainable development cooperation framework document. It aims to support and accelerate TL to progress toward achieving its plan. The UN system supports multi-sectoral C19 responses and recovery efforts, which are relying on government preparation in response C19 and economic recovery plan. When the UN started their cooperation framework, and one thing was essentially reminds of everything in the UN system that is in the next few years really matters. The UN fully supports Vaccine plan and fiscal reform. Also supports social sector development including gender based violence program, and socio-economic assessment for social protection, education, health services, and water & sanitation. Long-term recovery depends very much on Private Sector growth and creation of sustainable decent workflow. This year, the UN will accelerate digitalization program, and conduct socio-economic impact assessment with MCAE, and 2nd impact assessment with other line ministries. The UN coordinator concluded his statement by pointing our three important points in the UN system: supports food system summit, climate change and periodic review on human rights issue.

3. **Ambassador of Portugal:** Government of Portugal continues to support Education Sector particularly on vocational education and regional foundation, health sector in particular combating COVID 19, Vaccine as well as support maternal and child health, and provides extraordinary contribution to world food program as well funding to UNICEF TL.
4. **Ambassador of South Korea:** South Korea continuously cooperates with the GoTL to combat C19 and economic recovery plan.
5. **Ambassador of US:** the MCC program provided \$4m globally and to TL : \$2m for the ICU include training set up, operation and maintenance of the units, and work closely with MoH on all C19 related issues and programs.
6. **Ambassador of Australia:** last year Australia & all Dps provided \$100m to sponsor C19 and PNDS program, and some extra \$ 25 million for this year to focus on C19 activities. Australian government is pleased that the TL Council of Minister has endorsed their C19 response plan. Technical supports on all programs are continuing, some are updating. Continuous partnerships on governance development program, human development program (health and education), social support with MSSI, rural development (PDNS) program, police programs (PNTL). They hope to

continue more work on budget support also cooperate closely with the government in respond to C19.

7. **Counselor of Indonesian:** Providing bilateral assistance, contributed to Covax program, capacity building. As a co-chair Indonesia put TL as a priority for affordable vaccine. Indonesian Embassy coordinates closely with PNTL, FDTL, UPF on land border security, and take a strict measure to arrest and jail illegal trespasses.
8. **World Bank:** the WB in TL is guided by the country partnership framework published 2020-2024 and it is fully aligned with the priority of the SDP. The 1st pillar is on private sector development plan, economic stability including fiscal issues. 2nd pillar human capital service delivery with health, education and social protection. Lastly, connecting infrastructure (physical, transport and digital technology). The WB will support the Government on institutional and implementation capacity. There are 5 active projects and total commitment of \$205 million including 2 projects on roads, 1 water supply & sanitation, Education and Agriculture.

On C19 response, WB allocated to TL \$7m, and extra \$5m under the WB Covid facilities fund.

In term of the pipeline 2020-2023, the WB allocated \$90 million for the following sectors: aviation, tourism, economic reform, human capital development. For the advisory services support includes public expenditure review, bi-annual economic monitoring, poverty monitoring exercise and other on private sector development. WB has also contributed to PFM, social protection. The International Finance Corporation has been working on social financing inclusion, tourism infrastructure, agribusiness, health and housing (PPP projects). The bank will continue to support the government to realize the government plan including reforms, public assistance, assist government's poverty watch, PFM, social protection, IFC- PP Projects, SDP and others gov's plan.

9. **Ambassador of New Zealand:** will continue to work on: C19 plan, education, agriculture - coffee farming, fish farming continue to work with civil society and private sector on food security, tourism, and development sustainable businesses. In security's program, the NZ will continue to work with PNTL, human race development program, continue support TL on regional aspiration for ASEAN.
10. **Ambassador of Japan:** Japan has committed to support the government TL on C19 response. Their total assistance is greater than \$10m, also include 48 ambulances worth \$5million. Currently discussing additional assistance on vaccine, upgrading hospital facilities, and support C19 resilience direction facilities. Japanese government assistance is divided into 3 pillars: i) Support on Infrastructure building: UNTL Eng. Faculty-Hera completed, Dili Port- Jetty construction and new Airport Project and other infrastructures building. li) Human resource building: special scholarship for civil servants to study in Japan, Education (building small schools). iii) Providing social services. For other programs: construction of small schools, and water safety areas. They look forward to providing strong commitment for Nation Building.
11. **WFP:** i) For *Sesta Basica (food basket) program*, WFP is happy to work with MCAE, MTCI and other line ministries on how to improve its efficiency, effectiveness , and social impact so they are interesting to know the government's next step on the remaining 40% , also how they can have a medium and long term plan. And will help to improve the efficiency of the program in the medium and long term. ii) On aviation connectivity – how the WFP can continue to allow the private sector to fly into the space. WFP and the UN system airline that could target air service connectivity with Kuala Lumpur, so far there are 19 flights that bringing 1,400 passengers, also bringing in up to 15,000 medical supplies (PPE & test kits). For the next stage, they welcome government and private sectors include Air Timor for a possible chance of flying into country. WFP is ready to share all the SOPs and health screening.

- 12. Ambassador of China:** China has two commitment to TL i) will continue work closely with international organization team (UN, WHO and other partners) to fight C19. ii) In terms of bilateral support, Chinese government will continue TL in combating C19 and support Economic Recovery. E.g. Tibar Bay Port continues progressing as Chinese workers continue to work during the pandemic and provide more employment to Timorese. China is ready to offer more support if Government request.
- 13. Private Sector (PS) - Mr. Oscar Lima:** private sectors fully support economic recovery program, include \$200 and food basket programs. Sr. Oscar emphasized that *Sesta Basica* is a very good program and needs to continue. It helps diversifying PS as they invest more on the agriculture sectors, and also motivates farmers to grow more crops.
- 14. MTCI comments:**
1. During the C19 period, Government of TL constantly relies on the dedication and commitments of the DPS
 2. TL has immediate needs on social sector, border (looking for cooperation how to prevent in terms of efficiency and efficacy work in controlling border) and economic production sector, in particular how to diversify economy, work on regional cooperation, and promote tourism while in pandemic period.
- 15. ADB representative:** As the vaccination plan has been approved, ADB will work closely with Ministry of Finance and UNICEF on supporting vaccination facility. On the economic recovery plan, ADB has a diverse range of projects Provide including technical assistance for water, aviation, electrical system distribution, agriculture (coffee projects through grants financing \$4 millions). ADB has been supporting TL to ASEAN accession and WTO for the last 5-6 years and they will continue with this effort, and recommended the government in completing fact finding mission with the ASEAN economic relation last December.

VIII. Closing

1. Minister of Finance on the reactivation of Development Partners meeting and sectoral meeting on the monthly basis prior to next QDPM. Tentative schedule for next DP meeting is attached.
2. Minister of Foreign Affairs & Cooperation: Her Excellency Minister expressed her profound gratitude to all development partners for their continuous support to TL. She added that QDPM helps to further strengthen cooperation mechanism on multilateral and bilateral level. TL is working closely with all DPs on Poverty reduction, food security, economic recovery, COVID 19 response etc.