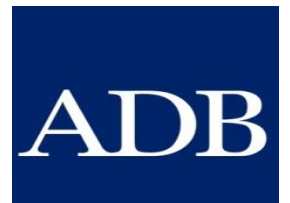




Poverty and Timor-Leste's Economic Development Strategy

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05 November 2014



Outline

1. Taking stock

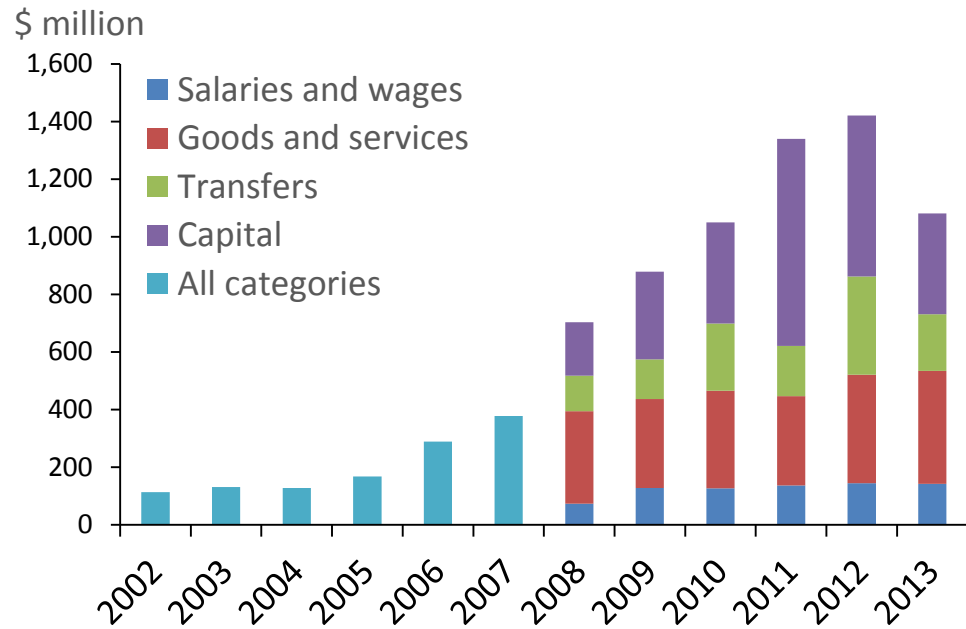
- Trends in public spending, poverty and nutrition

2. Looking ahead

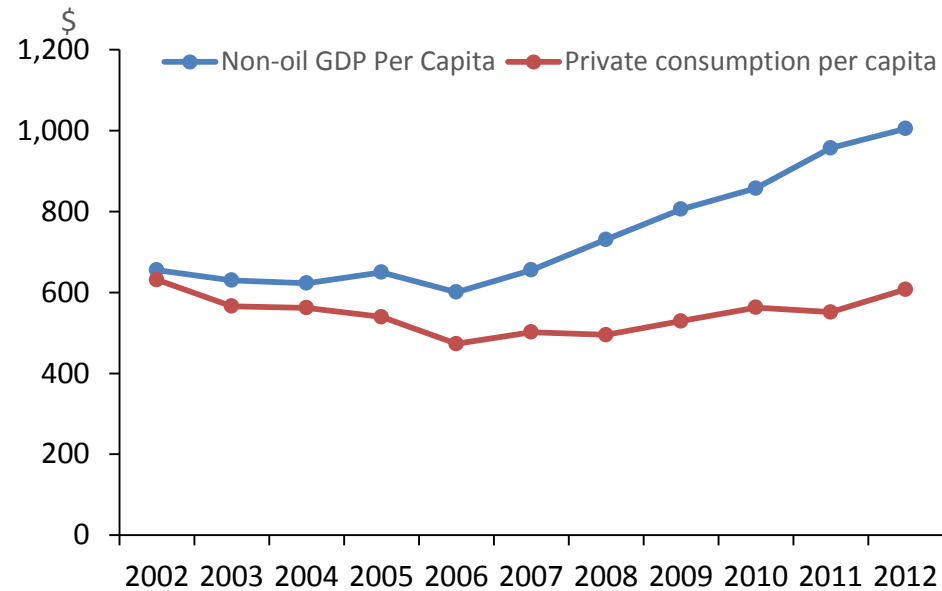
- Budget and revenue projections
- Strategic sectors

3. Some suggestions

The surge in public spending since 2007 has lifted non-oil GDP, but households' consumption has risen more slowly..

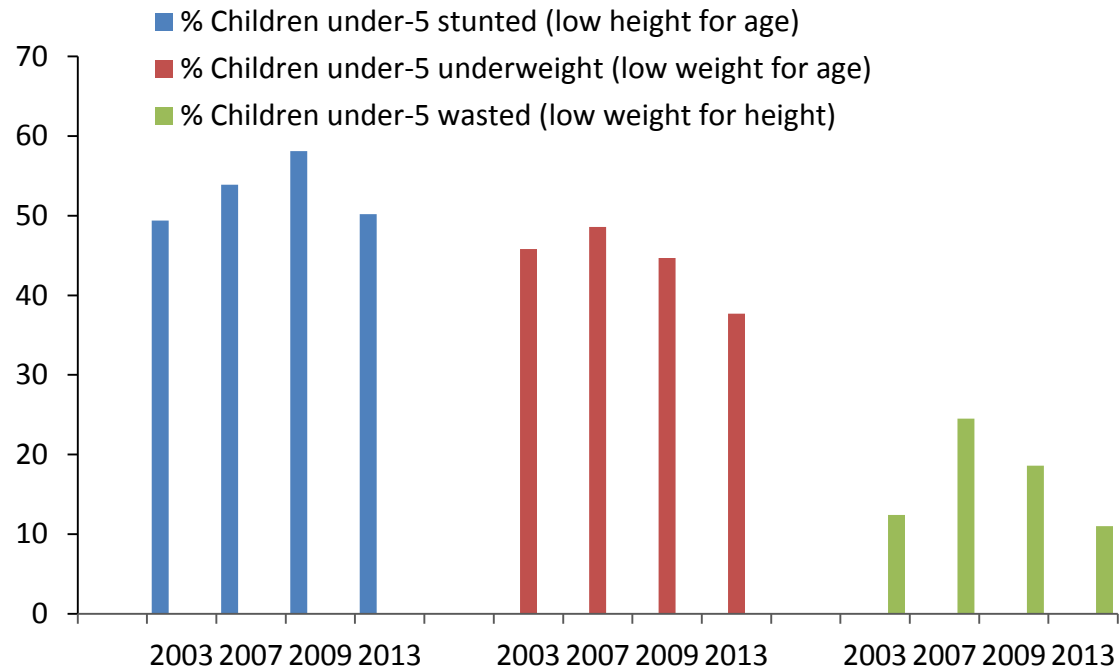


Source: RDTL Budget books (various years), Timor-Leste Transparency Portal

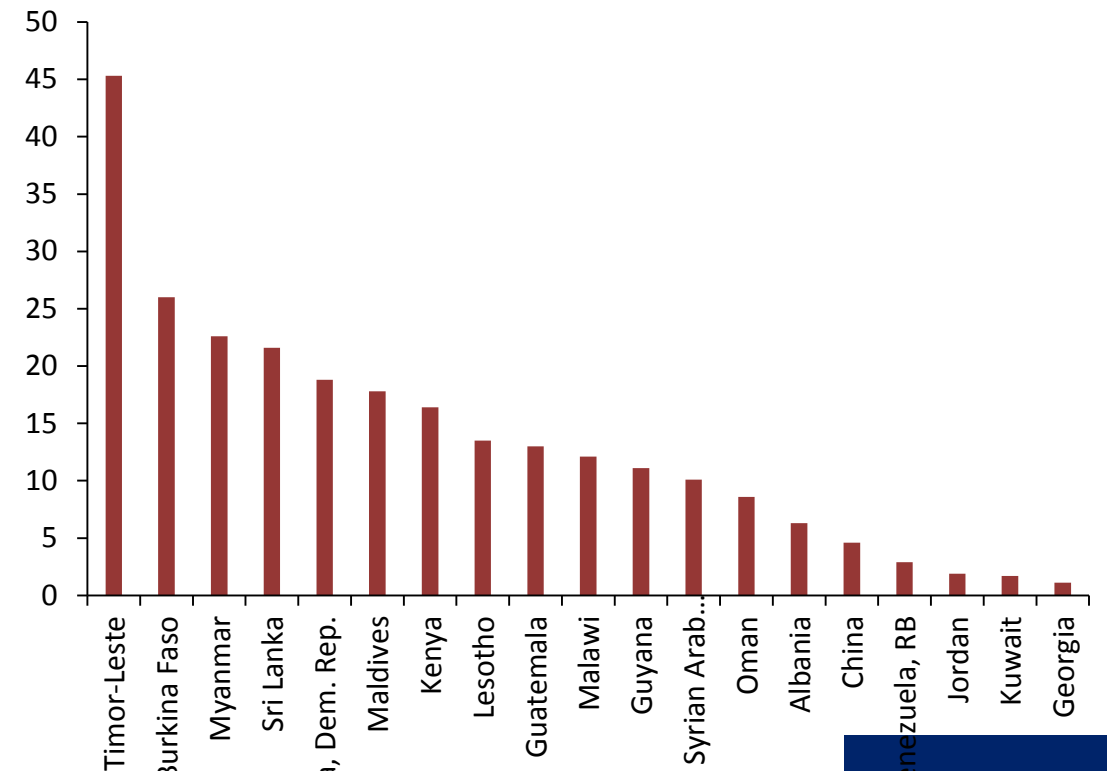


Source: Timor-Leste National Accounts 2000-2012

Service delivery has improved, but improvements in childhood nutrition have been slower.

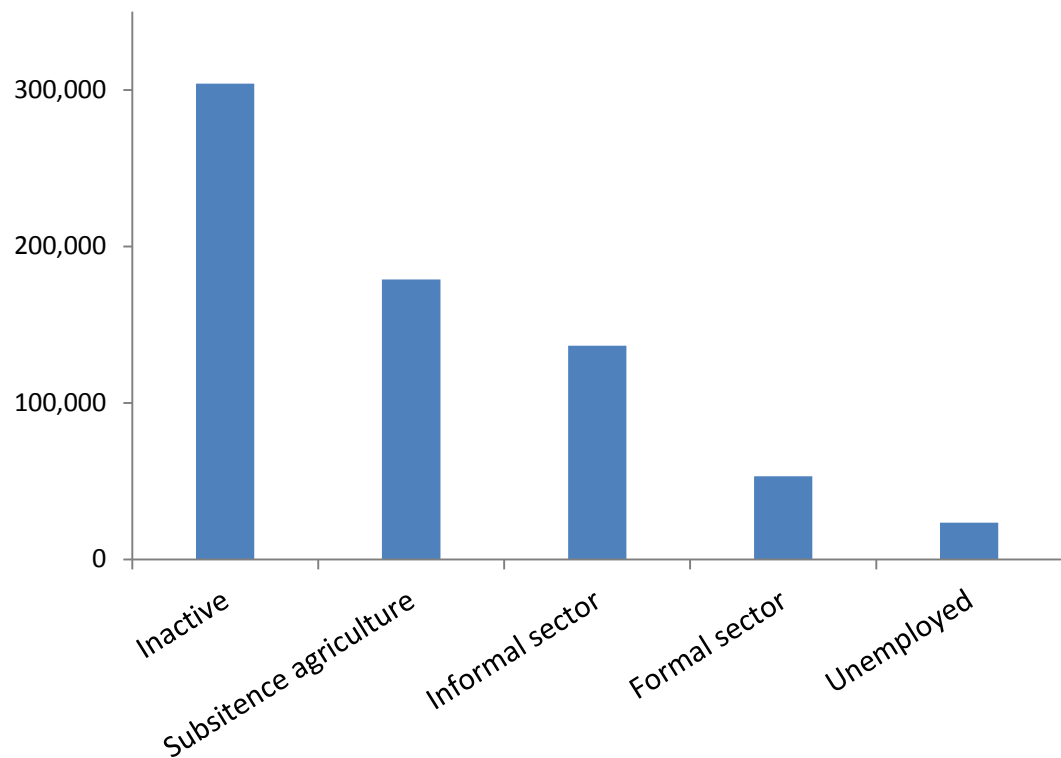


Source: Timor-Leste Demographic and Health Survey, 2003, 2009/10, Timor-Leste Survey Of Living Standards, 2007, Timor-Leste Nutrition Survey, 2013.

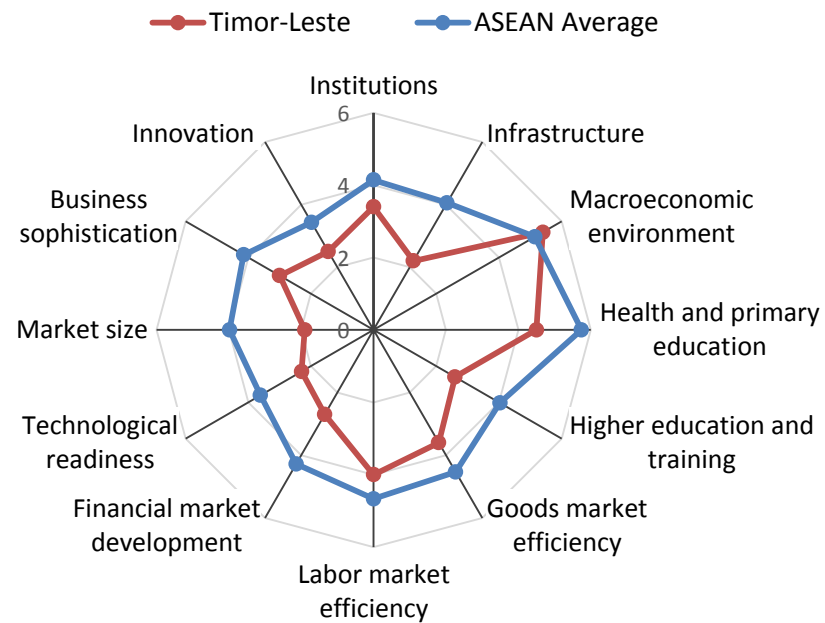


Source: World Development Indicators

And despite rapid growth, formal employment opportunities are limited, and international competitiveness lags..



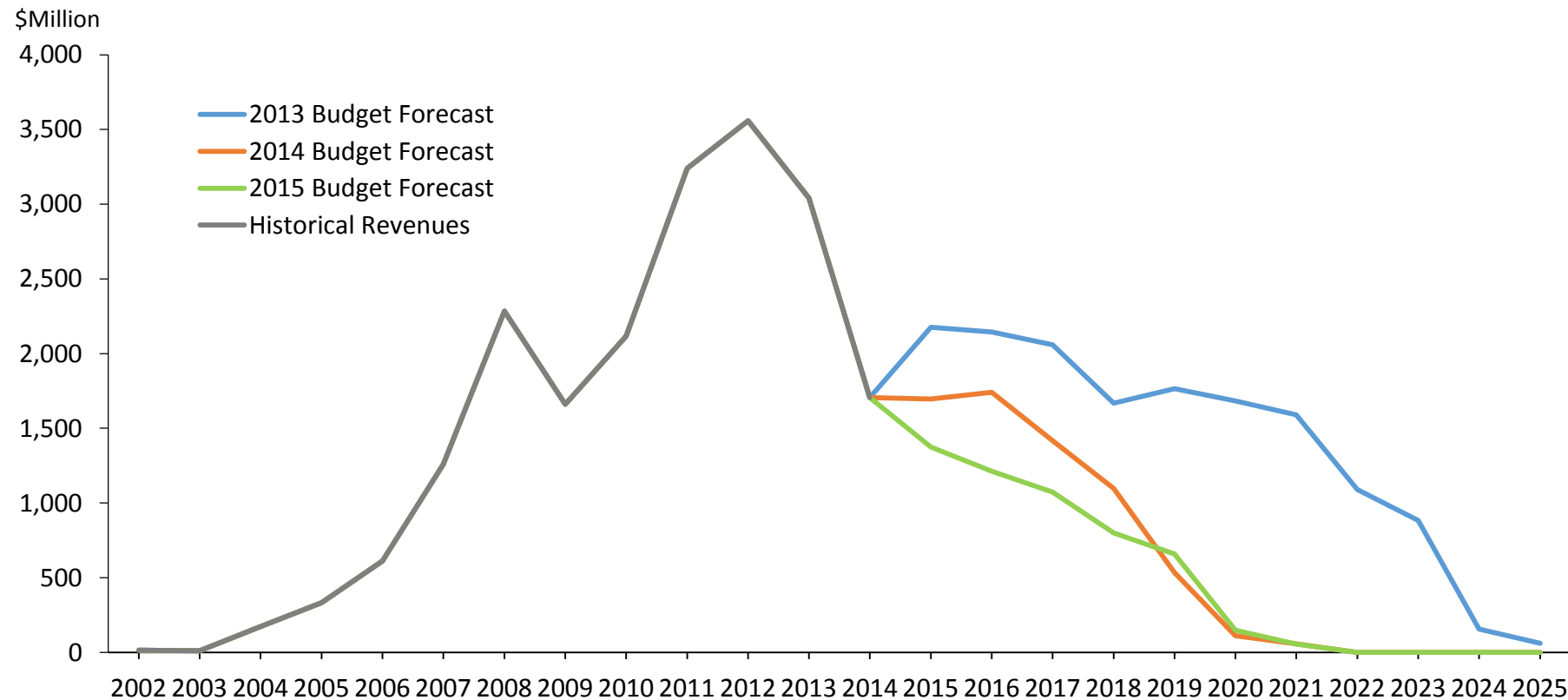
Source: Timor-Leste Labour Force Survey 2013 (DRAFT)



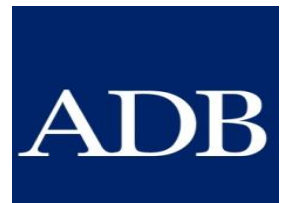
Source: World Economic Forum, Global Competitiveness Report 2013-2014



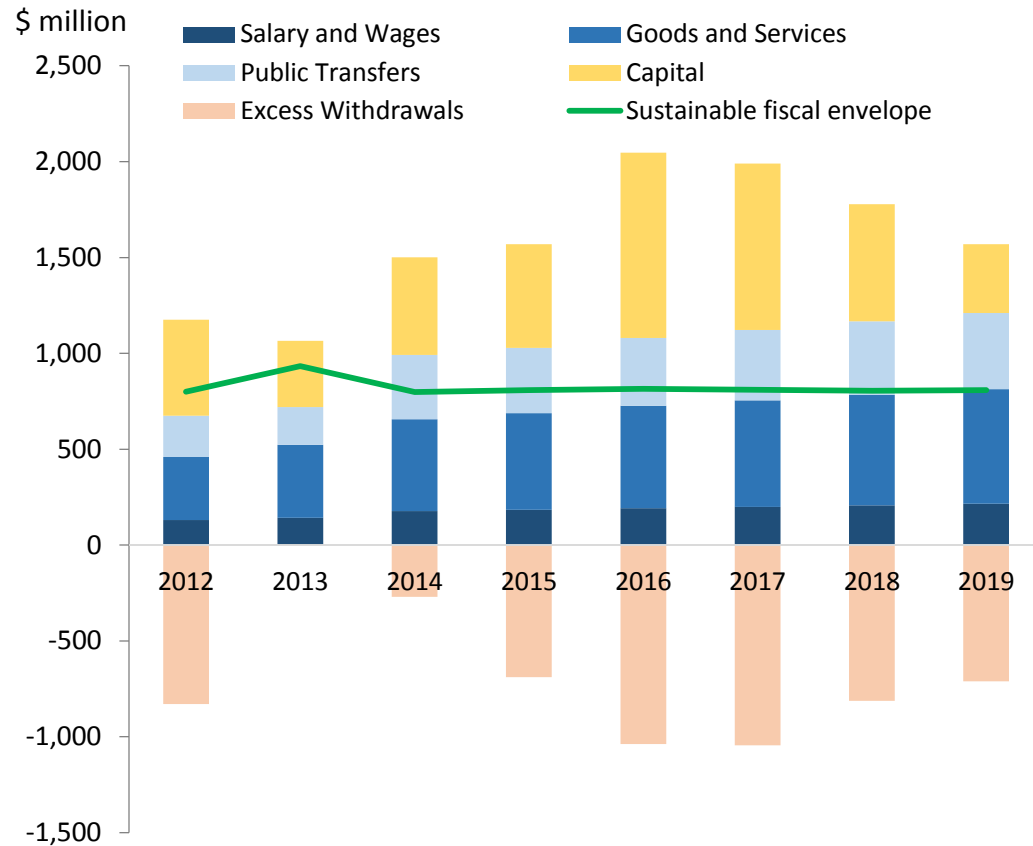
Declining oil revenues highlight the importance of fiscal sustainability and economic diversification..



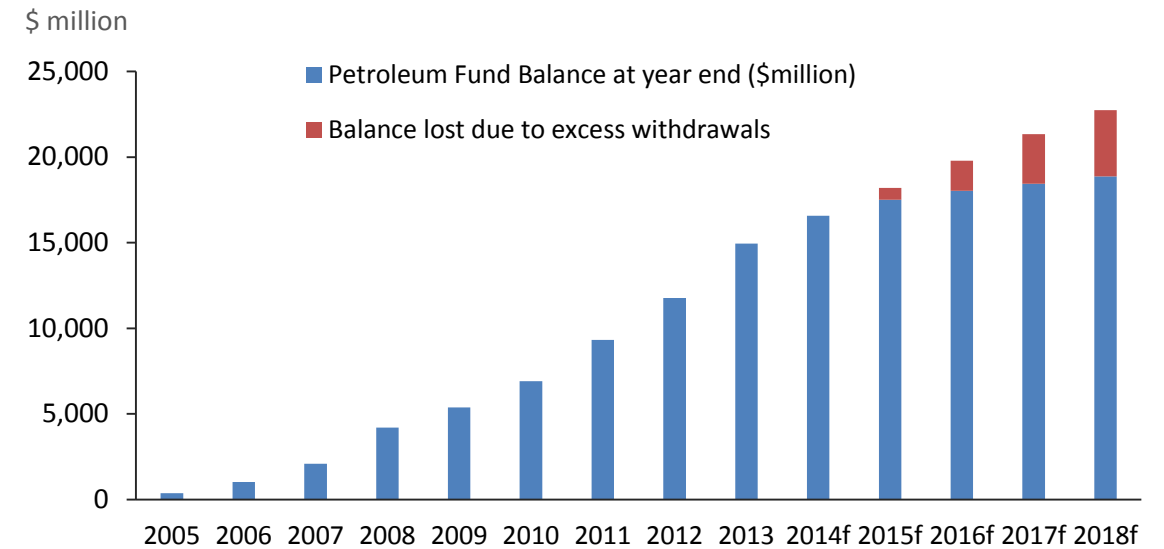
Source: RDTL Draft 2015 Budget, 2014 National Budget, 2013 National Budget



The draft 2015 Budget plans for spending to remain above sustainable levels until 2019..



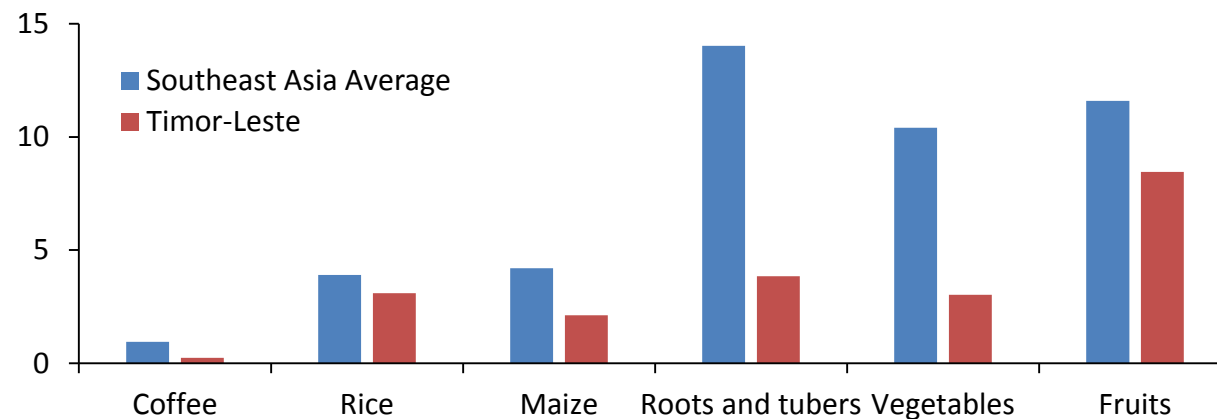
Source: RDTL Draft 2015 Budget



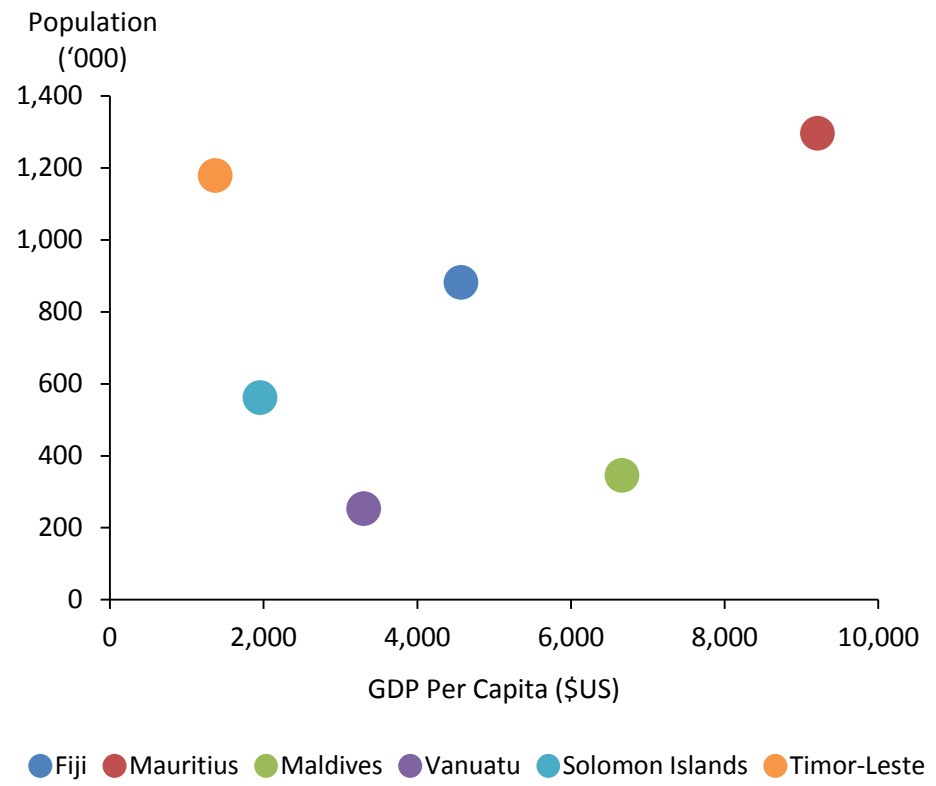
Source: RDTL Draft 2015 Budget, authors calculations

Agriculture is a key sector for growth and poverty reduction..

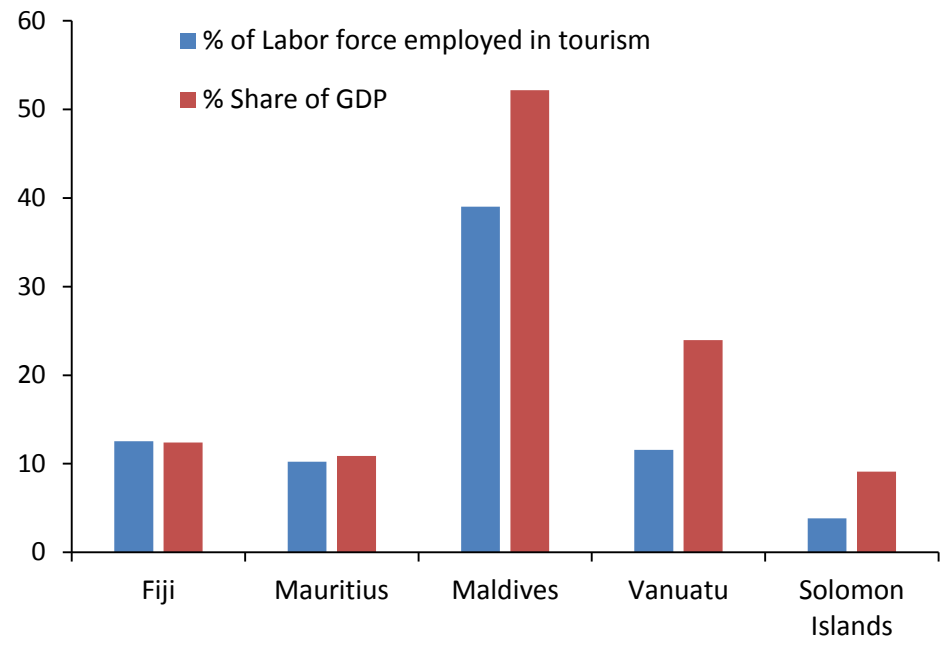
	GDP growth 1980-2011	Agriculture Growth 1980-2011	Agriculture TFP growth	Per capita Income per year	Population growth	Poverty (\$1.25 per day per capita)
Viet Nam	6.9 % p.a.	3.6%* p.a.	2.2% p.a.	\$259 ▼ \$1,235	1.6% p.a.	64 % in 1993 ▼ 17% in 2008
Indonesia	4.9 % p.a.	3.0% p.a.	1.8% p.a.	\$1,125 ▼ \$3,112	1.7% p.a.	63% in 1984 ▼ 18 % in 2011
Philippines	3.1 % p.a.	2.0% p.a.	1.3% p.a.	\$1,699 ▼ \$2,182	2.3% p.a.	35% in 1985 ▼ 18.4% in 2009



Tourism can be an important source of income and employment..



Source: World Development Indicators

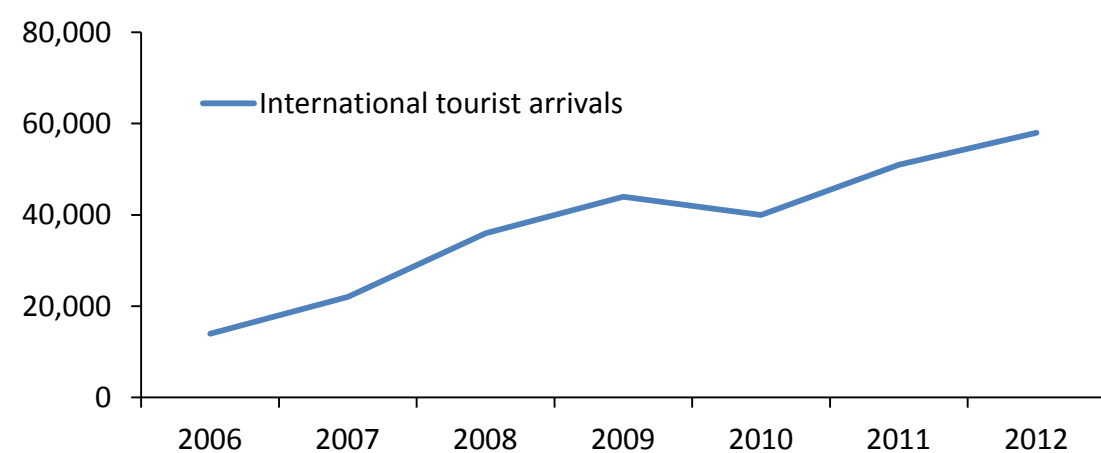


Source: World Travel and Tourism Council

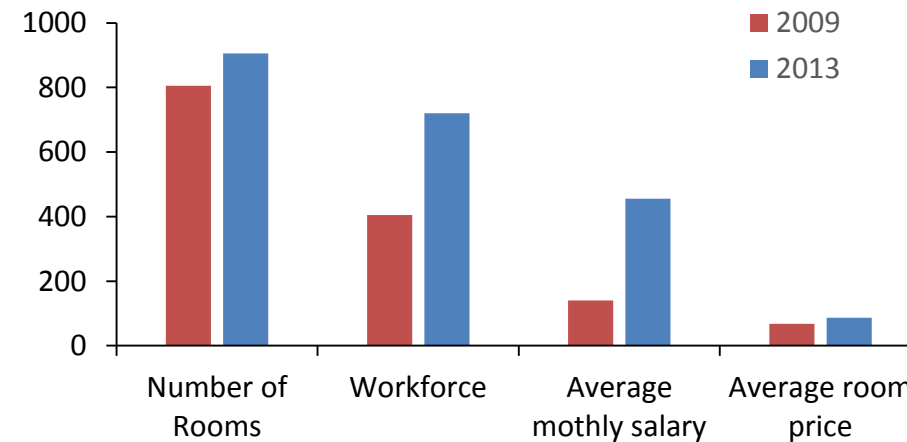


Tourism development in Timor-Leste

- National Strategy focuses on eco, marine, historical and adventure tourism. Some good work done already: training, infrastructure, identification of key sites etc.
- Key challenge is to build partnership between government and the private sector:
 - Work together to resolve constraints and grow the sector.
 - Identify relevant models / lessons from other countries
 - Investment facilitation
 - Improved data *(the two charts below are included to highlight issues with current data collection – in particular the failure to distinguish between tourists and other visitors, and to survey the sector as a whole)*



Source: World Development Indicators



Source: Timor-Leste in Figures, 2013, 2009: Survey of large hotels



Some suggestions on the strategic approach..

1. Look beyond non-oil GDP growth
 - Quality
 - Inclusiveness
2. Focus on quality / efficiency of public spending
 - Capital investments - rates of return & sustainability
 - Recurrent spending – prioritize human development
3. Support diversification
 - Provision of core public goods
 - Sector strategies to solve coordination failures



Thank you

