

ZEESM



Special Economic Zone of Social
Market Economy
Oecusse Pilot Project

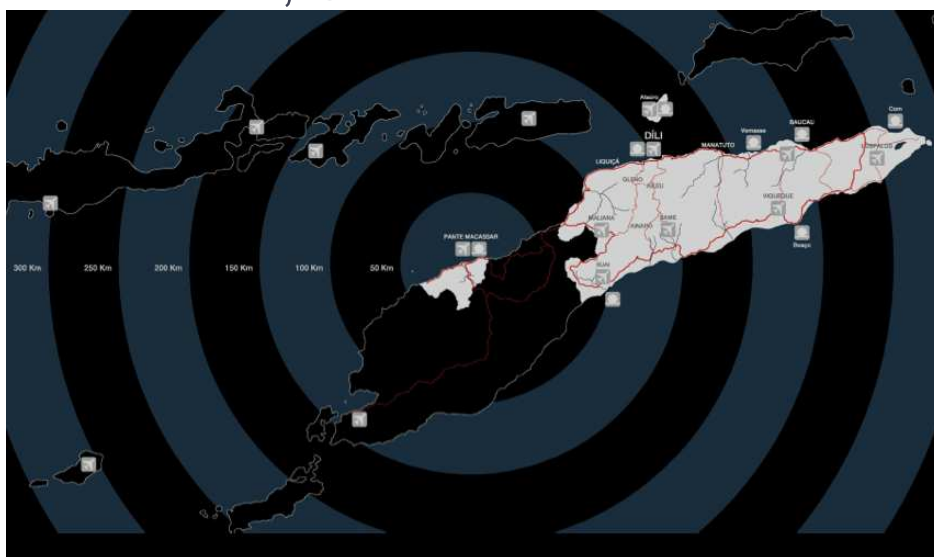
Overview

1. Background
2. Legal Framework
3. Vision of ZEESM
4. ZEESM Proposals
5. Summary from Situation Analysis
6. Priorities Starting 2014
7. Future Priorities

1. BACKGROUND

Where is Oecusse situated in Timor Leste?

Timor Leste, Oecusse

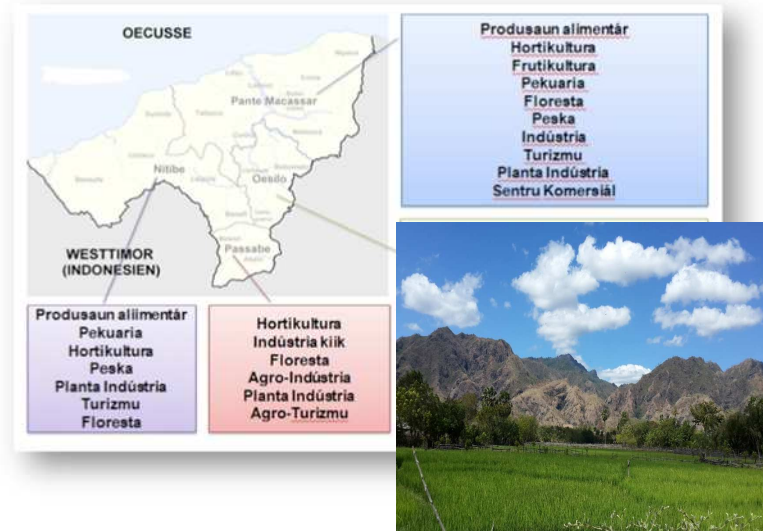




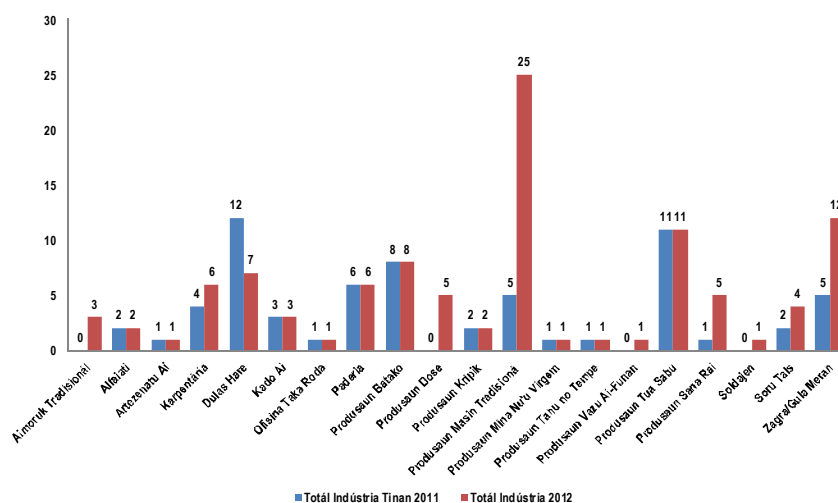
- The District of Oecusse, is an enclave of the Democratic Republic of Timor-Leste
- The landing place of the Portuguese almost 500 years ago, in Lifau
- An area of 814 km² divided into four Sub-Districts (Pante Macassar; Oesilo; Nitibe; and Passabe) and 18 villages, with a total population of 65,524



Current Small Size Business Activities



Current Industries in Oecusse

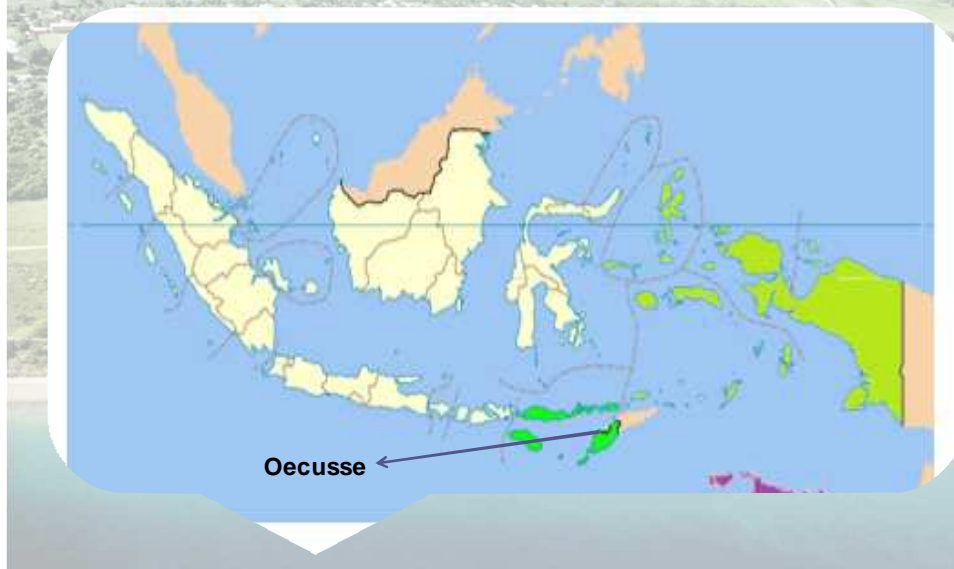




2. LEGAL FRAMEWORK

- Resolution No. 6/2013 was passed on 16 June 2013
- Based on the Government of Timor-Leste's Strategic Development Plan 2011 - 2030
- ZEESM principal focus is strategic financial and economic autonomous administration
- Dr Mari Alkatiri nominated as government-appointed leader and working in coordination with Minister of State and Council of Ministers
- In line with the Constitution of RDTL
- Decree Law in progress on the Creation of ZEESM

3. ZEESM VISION



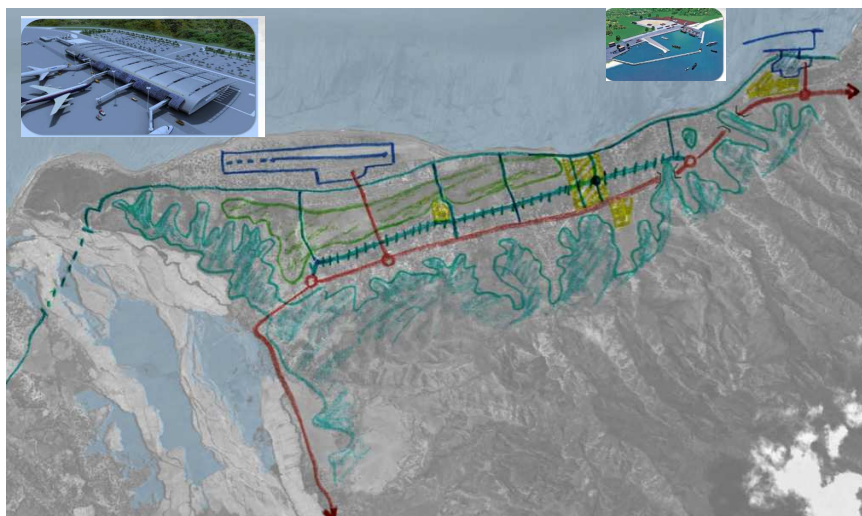
Regional and International Investment

- Capable of attracting and holding investors, service providers, and all kind of companies, from all around the globe to invest in the Region thru Oecusse
- Strategically located nearby an airport and a seaport, with easy accessibility to health, education and energy infrastructures

Promote Domestic Economic Growth Through Oecusse Port and Other Ports in TL



Facilities Port and Airport in Oecusse



- Managing company will manage and monitor ZEESM's conception and construction
- All companies will have to embrace a social responsibility regime
- Sustainability will be incorporated in the project in every possible and reasonable aspect



4. ZEESM PROPOSALS

Two proposals have been presented :

- Lusitania Foundation for University and Entrepreneurial Development (FLD), a Portuguese non-profit organisation that specialises in developing economic zones
- KUNIL Engineering Co. Ltd, a South Korean company which strives to create environmentally friendly living space and constructing indirect social infrastructures

1. FLD proposal

Central area featuring:

- Business areas A and B
- Docklands Area and Airport Development
- Industrial zone
- Residential Areas
- Tourism and Recreation Areas
- Cultural Centre, Museum, Auditorium and Library
- Centre for Training, Research and Development (R&D) and Headquarters of ZEESM

Special Designated Zone

Phase 1	Areas: business, industrial, residential and recreational
1.1	Docklands area
1.2	Industrial
1.3	Airport
Phase 2	The business, industrial and residential zones
Phase 3	Business districts, residential, tourist, recreational, cultural



Phase 1, 2014 – 2018

Investment 2013-2018	Public	Private
Total investment USD 2,443,050,000	USD 1,276,370,000	USD 1,421,160,000
Types of Investment	<ul style="list-style-type: none"> • Office of ZEESM • Airport • Commercial Port • Facilities for PNTL • Facilities for Fire Brigade • Power stations • Hydroelectricity • Sanitation - I • Housing Relocation • Production, Transmission and distribution Energy – I • Distribution of Gas • Roads - I • Telecommunication - I 	<ul style="list-style-type: none"> • Housing – I • Rehabilitation of Oecusse Regional Hospital • Business Hotels • Offices • Industrial Pole • Post Office • Logistics Area • Training Centre • Sports Area 1

Phase 2, 2019 – 2021

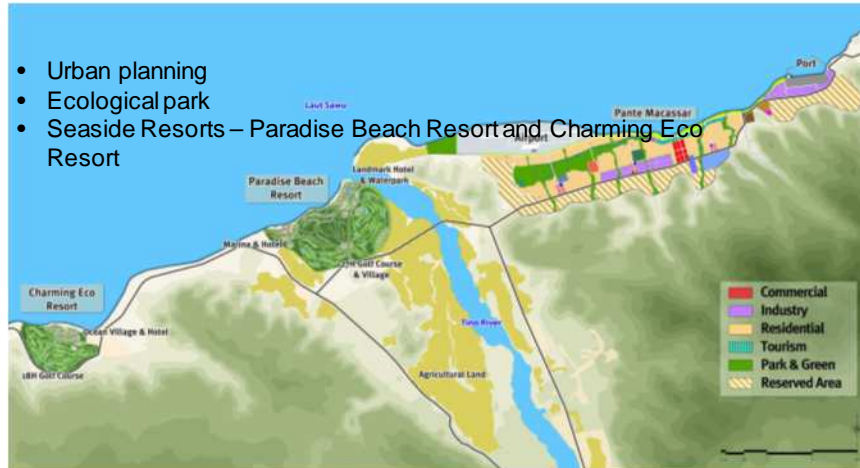
Investment 2019-2021	Public	Private
Total investment USD 966,392,000	USD 154,298,000	USD 812,094,000
Types of Investment	<ul style="list-style-type: none"> • Fishing Port • Wind Farm • Photovoltaic • Biomass Plant • Sanitation - II • Production, Transmission and distribution Energy - II • Distribution Gas - II • Roads - II • Telecommunication II 	<ul style="list-style-type: none"> • Housing - II • Schools • Apartments/ hotels • Offices • Commercial Areas/markets • Petrol Stations

Phase 3, 2022 – 2025

Investment 2022-2025	Public	Private
Total investment USD 710,988,000	USD 101,918,000	USD 609,071,000
Types of Investment	<ul style="list-style-type: none"> • Marina • Sanitation - III • Production, transmission and distribution - III • Roads - III • Telecommunications - III 	<ul style="list-style-type: none"> • Housing - III • Slaughterhouse • Supply Market • Cultural Center • Spiritual Center • Universities • Sports Areas - II • Hospital • Hotel Resort

2. KUNIL Engineering proposal

- Urban planning
- Ecological park
- Seaside Resorts – Paradise Beach Resort and Charming Eco Resort



Phase I, 2014 - 2018



Phase II, 2019 - 2023



Phase III, 2024 - 2028





5. SITUATION ANALYSIS SUMMARY

Understanding Current Situation of Oecusse-

Findings and Studies split into 5 sectors:

1. Land and Property
2. Infrastructure
3. Economic Development
4. Social Capital
5. Institutions

Land and Property

1. Ownership/Possession of land in ZEESM area is varied and State land is negligible
2. Land parcels in Pante Macassar are largely undisputed
3. Most land claims are settled
4. Communities are willing to allow use of their lands but have clear and specific expectations from Government
5. Property valuation, leasing process do not appear to be rule-based and transparent

Infrastructure

1. The condition of roads is generally poor but plans are underway to improve certain segments
2. Bridges are in a dilapidated condition
3. Water Supply and Sanitation services and regulation need urgent attention
4. Energy needs are largely unmet and supply is erratic
5. The air and maritime port need complete overhaul
6. Several telecom companies have established their presence
7. Irrigation system suffers from underinvestment
8. Natural resources for construction purposes are in adequate supply

Economic Development

1. Food inflation is hurting the poor
2. Banking services exist but cater to a small segment of population
3. District Revenues are low and have a narrow base
4. National development programs are targeting infrastructure development but implementation is slow
5. Access to capital and poor human resources are stalling growth of small scale commerce and industry
6. Micro-enterprises are growing
7. The Cooperatives Sector is small but facilitates entrepreneurs
8. Agriculture needs immediate, substantial Government support
9. Livestock has not received due attention and thus has witnessed a progressive decline
10. Illegal cattle trade abounds
11. Livestock needs better support systems and market-orientation
12. Forest coverage is declining alarmingly
13. Food industry has considerable potential
14. Fisheries remain an underdeveloped resource
15. Oecusse could be the next big tourism destination but it needs heavy upfront investments

Social Capital

1. Health services are minimal and of low quality
2. Health problems are acute for children and women and linked to social and customary practices
3. Education sector is characterised by poor quality of learning and infrastructure
4. Unemployment is very high
5. Vocational training facilities are scarce
6. Environmental risks are not receiving due attention and thus pose several economic risks
7. Social inclusion is promoted through various mechanisms, but gender inclusiveness remains a challenge

Institutions

1. Weaknesses in institutional capacity are potential risks for ZEESM
2. Rule of Law, transparency and accountability not well established
3. Intra-governmental coordination is a vital aspect of good governance, but not always evident
4. Public institutions in Oecusse suffer from common problems

6. PRIORITIES

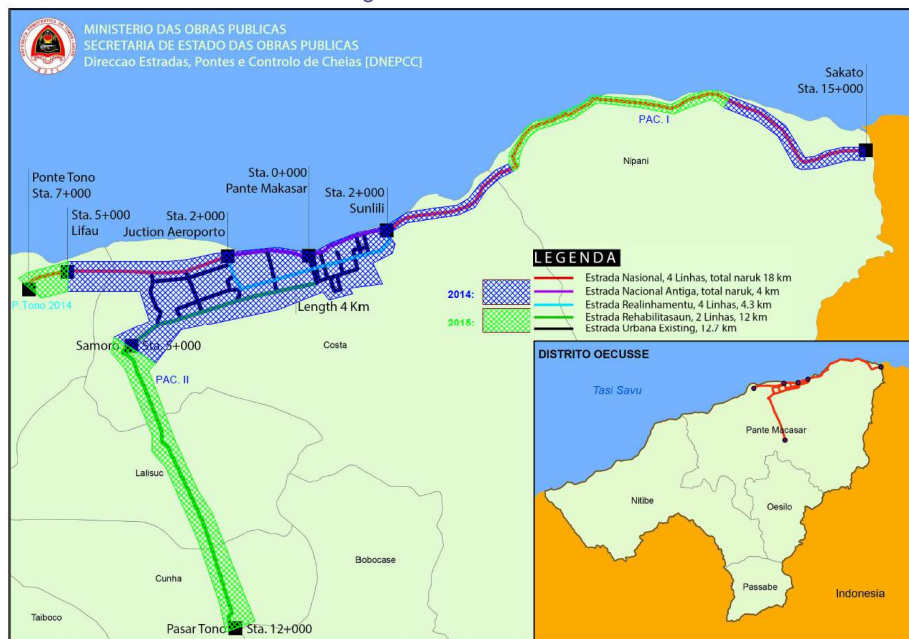
Priorities Starting in 2014-2015

Future Prioritizations

Priorities for 2014 - 2015

- Repairing road from Sakato to Lifau and Tono
- Palaban Airport – First phase
- Restoration of Lifau monument, including Fortaleza Chapel
- Water and Sanitation for central zone of Pante Macassar
- Urban roads in Central Zone Pante Macassar
- Rehabilitation of Jardim Santa Maria Pante Macassar and District Administrator's residence up to old Pante Macassar port
- Rehabilitation of ZEESM Residence
- Electricity for urban zones

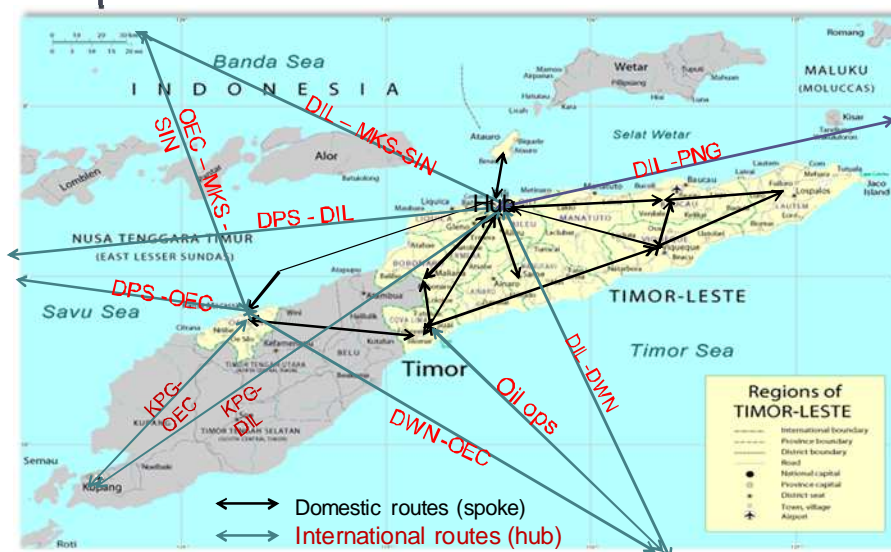
Roads Construction for Starting 2014 e 2015



500 years Celebration 2015

- Plan for Oecusse Referral Hospital to respond to emergencies
- Create Commission for Coordination between Government and ZEESM
- Address land title issues that will be affected by road construction works
- Prepare proposal detailing compensation for land and property that will be affected by road construction
- Rehousing Plan for those that are in urgent need

Airport Construction 2014



ASEAN OPEN SKY POLICY

Constructions of Oecusse Airport



Reconstruction of Lifau Monument



Future Prioritization in Public and Private Investments

- Oecusse ZEESM is more likely to succeed if there is a strategic prioritisation of:
 - (i) industries to target for foreign investment;
 - (ii) partnerships to foster for human resource development and knowledge transfers;
 - (iii) and a results-based framework that allows for effective performance monitoring

Thank you

