



TIMOR-LESTE'S STRATEGIC DEVELOPMENT PLAN 2011 – 2030

OVERVIEW

- ✦ Timor-Leste's development strategy reflects the expressed wishes of the people of Timor-Leste based on self-realized independence within a robust democratic state and protected by the Constitution of the Democratic Republic of Timor-Leste.
- ✦ The year 2010 represents a watershed year. Timor-Leste has entered a period of rapid, double-digit growth, extended stability, and growing confidence. Collectively Timor-Leste is able to declare the motto of the day *Adeus Conflito, Benvindo Desenvolvimento (Good Bye Conflict, Welcome Development)*.

VISION FOR 2030

- ✘ Upper middle income country with strong institutions
- ✘ Productive sector expansion and job creation
- ✘ Trade deficit greatly reduced or eliminated

- ✘ Benefits to the people in the form of:
 - + Greatly increased disposable income
 - + Virtual eradication of poverty
 - + Improved health care leading to a decline in mortality rates. Life expectancy at birth at least 70 years.
 - + Improved education through investment in human capital. Leading to adult literacy rates over 90%.
 - + Employment opportunities in a variety of sectors, making use of newly acquired skills.
 - + Job security and guaranteed salary for employees.
 - + A fair and efficient justice system

THE FUTURE SUCCESS OF TIMOR-LESTE WILL BE DEFINED BY FOUR CORE PRINCIPLES:

- ✘ Political Cohesion
- ✘ Economic Potential
- ✘ National Integration
- ✘ Dynamism

CHALLENGES

AS A YOUNG AND POOR COUNTRY, TIMOR-LESTE ALSO FACES SEVERAL CRITICAL CHALLENGES. NONE OF THEM ARE UNSOLVABLE, BUT ALL MUST BE ADDRESSED. THE SDP IS THE VEHICLE.

- ✘ Urban-rural and regional imbalances
- ✘ Shortage of skilled human resources
- ✘ Fragile institutions
- ✘ Post-conflict mentality

OBJECTIVES

OBJECTIVE

- ✘ Sustainably invest oil revenues in the economy, in order to boost living standards, non-oil GDP per capita, and productivity in agriculture, industry, and human capital.

MECHANISM TO ACHIEVE OBJECTIVE

- ✘ Special Funds mark the beginning of this process, laying the foundations for private sector expansion.
- ✘ First decade: public sector is main driver of growth. Excess withdrawals from PF over this period.
- ✘ Second decade: private sector take over; FDI exceeding \$1billion a year during latter part of the Plan.
- ✘ After 2020 Government Expenditure returns to sustainable levels, consistent with ESI as private sector drives growth in the economy.

SPECIAL FUNDS

	2011	2012	2013	2014	2015
Infrastructure Funds	599.3	597.0	620.9	645.8	671.6
Human Capital Development Fund	25.0	30.0	35.0	40.0	45.0

Figures in millions of USD

Rapid development of infrastructure required to create opportunities for private sector and an efficient operating environment:

- Upgrade of the national road system by 2020
- National power grid linking all cities and district capitals by 2015
- Upgrade of the Dili port and airport
- Completion of a new bulk of LNG port facility and peripheral infrastructure in the south.
- Human Capital Development Fund to address the issue of lack of local capacity

HUMAN CAPITAL INVESTMENT

- ✘ Vocational Training
- ✘ Higher Education
- ✘ Primary and Secondary Education
- ✘ Health
- ✘ Nutrition
- ✘ Research & Development

KEY SECTORS

- ✘ **Short-term:** commercial agriculture – predominantly coffee.
 - + Agriculture sector expected to grow rapidly over the 20 year period,
 - + More lucrative jobs for many currently employed in “vulnerable” positions.
 - + Primary aim of the SDP is to ensure food security and substitution of some agricultural products and rice importation while developing the agriculture sector to produce more products for trading and exports.
 - + The SDP also views prioritized development of the agriculture sector as key in order to avoid an uncontrolled rush to the cities as the SDP takes-off.

KEY SECTORS

- ✘ **Medium to longer term:** Tourism, hydrocarbons and fisheries.
 - + SDP enables the environment for the private sector to develop through creating a more certain operating regime, including the creation of legislation and the proper institutional bodies with easy and affordable registration procedures.
 - + Majority of exports envisaged from tourism sector

STRUCTURAL CHANGE & DEVELOPMENT OF THE DISTRICTS

- ✘ Increasing share of Industry and Services in GDP → massive social transformation and migration.
- ✘ Dili will see population swelling before it eases, therefore...
 - + Important Dili can provide adequate facilities for newcomers, so capital expenditure channeled into Dili's development, following studies predicting higher migration levels.
 - + Encouraging new investors to locate businesses in the district capitals, especially Gleno, Maliana, Baucau, Suai, Same and Viqueque. Following development of infrastructure, will ease pressure on Dili.
- ✘ By 2030, Timor-Leste should have experienced a degree of natural migration away from major cities to rural areas by bringing health, education, basic infrastructure, and other facilities closer to people in rural areas.

CONCLUSION

VISION:

- ✘ High sustained inclusive growth, in Dili and districts
- ✘ Middle income country with virtually no poverty

GOVERNMENT IS COMMITTED TO:

- ✘ Implementing a best-practice fiscal policy framework
- ✘ Successful investment of petroleum income in the human capital, physical infrastructure, and strategic sectors of the country
- ✘ Fostering continued political stability
- ✘ Striving to attract FDI, which is critical to success of the Plan
- ✘ Raising and environmentally sustainable society