



NATIONAL MEDIUM - TERM PLAN 2027 - 2030

*Final Implementation Phase of the
Strategic Development Plan 2011-2030*



INCLUSIVE
DEVELOPMENT



SUSTAINABLE
GROWTH



GOOD
GOVERNANCE



STRONGER
TOGETHER



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ABBREVIATIONS

ABBREVIATION	FULL FORM
A4AI	Alliance for Affordable Internet
ACNOC	ASEAN Chairmanship National Organizing Council
ADB	Asian Development Bank
ANAAA	National Agency for Academic Assessment and Accreditation
API	Advance Passenger Information
ASEAN	Association of Southeast Asian Nations
ASYCUDA	Automated System for Customs Data
BAS	Business Activity Survey
BCTL	Banco Central de Timor-Leste (Central Bank of Timor-Leste)
BESS	Battery Energy Storage System
BMA	Bone Marrow Aspiration
BOP	Balance of Payments
CARAT	Cooperation Afloat Readiness and Training (US Navy bilateral maritime exercise)
CBD	Convention on Biological Diversity
CCI	Creative and Cultural Industries
CFJJ	Centre for Legal and Judicial Training
CHC	Community Health Centre

CMEA	Coordinating Ministry for Economic Affairs
CMEF	Full form not specified in source documents
CPD	Continuing Professional Development
CPLP	Comunidade dos Países de Língua Portuguesa (Community of Portuguese Language Countries)
CSIRT	Cybersecurity Incident Response Team
DRR	Disaster Risk Reduction
E-Gate	Electronic gate (automated border control)
E-Health	Electronic Health
E-Visa	Electronic Visa
EEZ	Exclusive Economic Zone
EGNA	Early Grade Numeracy Assessment
EGRA	Early Grade Reading Assessment
EhD	Ema ho Defisiensia (People with Disability)
EMIS	Education Management Information System
EPI	Expanded Program on Immunization
FELINO	CPLP multilateral joint military exercise (proper name)
FLPR	Female Labor Force Participation Rate
FMIS	Financial Management Information System
FSM	Fecal Sludge Management
G2G	Government to Government
GDP	Gross Domestic Product

GEDSI	Gender Equality, Disability and Social Inclusion
GHO	Global Health Observatory
GLOBOCAN	Global Cancer Observatory
GNI	Gross National Income
GRB	Gender-Responsive Budgeting
GRP	Government Resource Planning (system)
GSMA	Global System for Mobile Communications Association
HCI	Human Capital Index
HEIs	Higher Education Institutions
HMIS	Health Management Information System
HPV	Human Papilloma Virus
IARC	International Agency for Research on Cancer
IBDS	Institute for Business Development Support
ICAO	International Civil Aviation Organization
ILO	International Labor Organization
IMCC	Interministerial Coordination Commission
IMF	International Monetary Fund
INETL	Instituto Nacional de Estatística de Timor-Leste (National Institute of Statistics of Timor-Leste)
ITU	International Telecommunication Union
IUU	Illegal, Unreported and Unregulated (Fishing)
IVA	Integrated Vulnerability Assessment

KPI/KPIs	Key Performance Indicator(s)
KRA/KRAs	Key Result Area(s)
LFPR	Labor Force Participation Rate
LFS	Labor Force Survey
LPDP	Lembaga Pengelola Dana Pendidikan - Indonesia (Education Fund Management Institution)
MCH	Maternal and Child Health
MDA	Maritime Domain Awareness
MFI/MFIs	Microfinance Institution(s)
MIDAS	Migration Information and Data Analysis System (border management system)
MIR	Mortality-to-Incidence Ratio
MRI	Magnetic Resonance Imaging
MSA	Ministry of State Administration
MSME/MSMEs	Micro, Small and Medium Enterprise(s)
MTC	Ministry of Transport and Communications
MTEF	Medium-Term Expenditure Framework
MTP	Medium-Term Plan
NAP	National Adaptation Plan
NAPA	National Adaptation Priority Action
NBSAP	National Biodiversity Strategy and Action Plan
NCC	National Cancer Centre

NCD/NCDs	Non-Communicable Disease(s)
NDC	Nationally Determined Contribution
NDCCP	National Directorate of Community Conflict Prevention
NEET	Not in Education, Employment or Training
NPTA	National Public Transport Authority
NRAMS	National Road Asset Management System
NRW	Non-Revenue Water
O&M	Operations and Maintenance
OPDs	Organizations of Persons with Disabilities
OSS	One-Stop Shop
PALM	Pacific Australia Labor Mobility
PBCR	Population-Based Cancer Registry
PBMC	Performance-Based Maintenance Contract
PET-CT	Positron Emission Tomography-Computed Tomography
PFM	Public Financial Management
PMOT/PMOTs	Municipal Spatial Plan(s) (Plano Municipal de Ordenamento do Território)
PNOT	National Territorial Plan (Plano Nacional de Ordenamento do Território)
PNR	Passenger Name Record
PPP	Public-Private Partnership
PSO	Public Service Obligation

PWD/PWDs	Persons with Disabilities
RAEOA	Região Administrativa Especial de Oecusse-Ambeno (Special Administrative Region of Oe-Cusse Ambeno)
RMNCH	Reproductive, Maternal, Newborn and Child Health
SAIDI	System Average Interruption Duration Index
SARA	Service Availability and Readiness Assessment
SDG	Sustainable Development Goals
SDP	Strategic Development Plan 2011-2030
SEA-PLM	Southeast Asia Primary Learning Metrics
SIGAP-FOUN	Integrated Public Administration Management System (new); "FOUN" is Tetum for "new"
SIGAS	Sistema de Informação de Gestão da Assistência Social
SIGI	Sectoral management information system (digital government enabler)
SME/SMEs	Small and Medium Enterprise(s)
SNF	Specialized Nutritious Food
SNQ	Sistema Nasional Kualifikasaun (National Qualifications System)
SO/SOs	Strategic Objective(s)
STEM	Science, Technology, Engineering, and Mathematics
T&D	Transmission and Distribution
TCF	Teacher Competency Framework
TLNB	Timor-Leste National Bank
TLSSC	Timor-Leste South Submarine Cable

TVET	Technical and Vocational Education and Training
UHC	Universal Health Coverage
UPF	Border Patrol Unit, PNTL
USARPAC	United States Army Pacific
USG	Ultrasound Sonography
VAT	Value-Added Tax
WASH	Water, Sanitation and Hygiene
WFP	World Food Program
WHO	World Health Organization
WTO	World Trade Organization

FOREWORD



Timor-Leste embarked on its nation-rebuilding journey since 2002, starting almost from nothing. From the outset, we knew that lasting peace and progress would require more than just physical reconstruction of infrastructure: it would require a clear long-term vision, concrete planning and the participation of all Timorese citizens and our key partners. **The Strategic Development Plan (SDP) became that shared vision to guide our collective efforts toward 2030.**

The Medium-Term Plan (MTP) 2027-2030 represents a defining moment in this journey. As we enter the final and most decisive phase of the Strategic Development Plan, this document sets out our government's unwavering commitment to transforming Timor-Leste into a prosperous, inclusive, and resilient upper-middle-income country by 2030.

Over the past two decades, we have built something remarkable from very modest beginnings. From the ashes of conflict, we have established peace and stability that now positions us among the ten most peaceful nations in the Asia-Pacific region. We have strengthened our democratic institutions, consolidated our systems of governance, and secured our rightful place as ASEAN's newest member. We have constructed the physical foundations of a modern economy: electricity networks, ports, airports, and digital infrastructure: that connect our communities and open pathways to opportunity. Overall, when we look back, Timor-Leste possesses all the qualities of modern state and necessary conditions for modern economy.

These achievements are genuine, hard-won. They are testament to the dedication of our people and the partnership of our development partners. Yet we must be honest: we have not progressed at the pace and scale the SDP originally envisioned in transforming our economy toward one that is more sustainable, more productive, and capable of generating income, jobs, and exports from beyond the public sector.

The hard truth is that our economy remain heavily dependent on petroleum revenues to finance our public expenditures. Our per capita income of approximately USD 1,341; far from upper-middle-income status. Poverty persists in many dimensions of society, particularly in rural areas. Our young people struggle to find decent employment. Our children still face a learning crisis, with only 30 percent of Grade 3 students meeting minimum literacy proficiency. Malnutrition, at 45% remains one of the highest rates among our youngest citizens in ASEAN. Too many of our citizens lack adequate health services, social protection, and access to quality infrastructure.

These are not failures; they are the honest acknowledgment of where we stand and of the urgency with which we must act in the years that remain to 2030.

The MTP 2027-2030 is our government's strategic response to these challenges. It is not a wish list but a disciplined, focused, and fiscally realistic framework for action. We have made difficult choices about national priorities within the constraints we face declining Petroleum Fund revenues, limited fiscal space, constrained institutional capacity, and



growing external uncertainties arising from geopolitical tensions, climate change and global economic volatility.

This Plan focuses on what matters most: **economic transformation through diversification, private sector-led growth, and structural reform.**

We will accelerate our efforts to build competitive capacity in agriculture, fisheries, tourism, manufacturing, and services. We will complete critical infrastructure investments that remain unfinished ensuring that our roads connect farmers to markets, our water systems function reliably, our irrigation system will enable to increase their agriculture productivity, and our electricity grid operates efficiently, our internet connection is cheap and accessible, and international airport is expanded and functional. We will modernize our institutions, strengthen the rules of law and our judiciary, and create the enabling environment that private investors need to take root and flourish.

Across the Plan, we will mainstream equality, inclusion, climate resilience and environmental sustainability to ensure that development benefits all Timorese.

Our commitment is organized around three core Pillars:

First, we commit to sustained economic growth and employment creation. We target non-oil GDP growth of 6.0-7.5 percent annually during 2027-2030, accelerating to 7-8 percent beyond 2030; driven primarily by growing domestic consumption, private investment, and non-oil export. We will expand employment opportunities for women, men, young people and vulnerable groups, while ensuring that investment contribute to climate resilience and environmental sustainability.

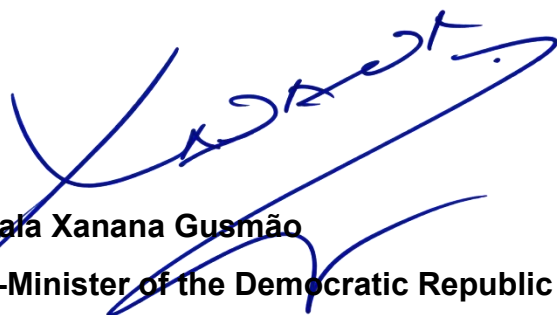
Second, we commit to improving the quality of public services and human development outcomes. Education, healthcare, water, electricity, and social protection must work reliably for all Timorese citizens. We will address the learning crisis in our schools, reduce child malnutrition, improve maternal health, and expand social protection to the vulnerable. We recognize that development is ultimately about improving the lives and well-being of our people.

Third, we commit to strengthening accountable, gender responsive governance, institutional capacity, and fiscal sustainability. Our Petroleum Fund has been invaluable in building our nation, but we cannot depend on it indefinitely. We must broaden our domestic tax base, improve the quality budget execution to ensure that every cent that we spend has real impact on our citizens, strengthen our judiciary, and build state institutions capable of delivering quality of public services consistently. This is the foundation upon which all else depends.

A plan is only as good as its implementation. This MTP is deliberately designed to be implementable: focused on a limited number of priorities that can be financed, executed, and monitored within our real-world constraints. We have established a comprehensive, results-oriented Monitoring, Evaluation and Reporting system that links directly to our annual budget processes. Evidence will drive our decision-making. If interventions are not working, we will adjust. If new opportunities arise, we will respond swiftly.

The next four years will determine whether the vision of the SDP is substantially achieved. We must therefore accelerate our efforts, learn from our mistakes, improve our processes and systems and deepen participation at every level of society.

I call on all institutions, municipalities, development partners, the private sector, civil society, and every Timorese citizen to fully commit to the National Medium-Term Plan 2027-2030. The foundations have been laid. Now we must complete the transformation **for sustainable and inclusive development, sustainable and diversified economy, sustained income growth, decent employment, quality public services, equal opportunities for all and the well-being of all Timorese today and for generations to come.**



Kay Rala Xanana Gusmão
Prime-Minister of the Democratic Republic of Timor-Leste

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The Government of Timor-Leste presents the Medium-Term Plan (MTP) 2027-2030 with sincere appreciation for all who shaped it. I thank the **Prime Minister, His Excellency Kay Rala Xanana Gusmão**, for his leadership, vision, and guidance, and for the key messages set out in the preface. I also thank the Coordinating Ministers, the Members of the Council of Ministers, and the Interministerial Coordinating Committee for their strategic direction and oversight. Their commitment ensured that this Plan responds to the country's most pressing development challenges and advances the aspirations of the Strategic Development Plan 2011-2030.

I recognize the members of government who led the preparation of each area of the Plan:

- **His Excellency Francisco Kalbuadi Lay**, Vice Prime Minister, Coordinating Minister for Economic Affairs, and Minister of Tourism and Environment, who led the pillar on Economic Diversification.
- **His Excellency Eng. Mariano ASSANAMI Sabino**, Vice Prime Minister, Coordinating Minister of Social Affairs, and Minister of Rural Development and Community Housing, who led the pillar on Social and Human Capital Development.
- **His Excellency Agio Pereira**, Minister for the Presidency of the Council of Ministers, who led the pillar on Institutional Development.
- **Her Excellency Santina J. R. Ferreira Viegas Cardoso**, Minister of Finance, who guided the Plan across all pillars.

I commend the technical team that developed the Plan. The Integrated Planning Unit (UPI) of the Ministry of Planning and Strategic Investment (MPIE) led the preparation, coordination, consultation, drafting, and finalization of the document. Under its Coordinator, **Ms. Epi Orleães**, the Unit defined the methodology, supervised all pillars, coordinated across government, and kept the Plan evidence-based, coherent, fiscally realistic, and results-oriented.

I thank the Sectoral Coordinators, whose work strengthened engagement with line ministries and ensured accurate and timely data:

- **Mr. Jorge Rui de Carvalho Martins**, MCAE General Coordinator.
- **Mr. Arcângelo de Jesus Gouveia Leite**, MCAS General Coordinator of the Specialized Unit.
- **Ms. Natália Liliana de Sá Sarmento**, PCM Coordinator for the Public Policy Cabinet.

I am proud that Timorese national experts designed and finalized this Plan. I also thank the administrative and logistics staff who supported the process throughout.

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I extend sincere appreciation to our development partners, in particular Australian Embassy through PROSIVU, for seconding a planning and infrastructure advisor and a senior researcher and policy analyst, and to the Economic Equity team for its independent external review. Their inputs, analysis, and reviews raised the Plan to international benchmarks and good practice, while keeping it firmly anchored in Timor-Leste's national context, priorities, and development aspirations.

The MTP 2027-2030 is the result of a rigorous, collaborative, and consultative process, from strategic diagnosis to interministerial validation and finalization. I am proud that it reflects the expertise of Timorese national experts within UPI, united by a shared commitment to an evidence-based, inclusive, and results-oriented national development agenda.



Enq. Gastão Francisco de Sousa
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EXECUTIVE SUMMARY

The MTP 2027-2030 at a Glance

The Medium-Term Plan (MTP) 2027-2030 is the Government of Timor-Leste's strategic response to the country's development challenges and the **final, most decisive phase** of the Strategic Development Plan (SDP) 2011-2030. It provides the policy framework for accelerating economic transformation, addressing structural constraints, expanding employment, raising incomes, improving public services and strengthening governance, with the overarching goal of reducing poverty and improving the well-being of all Timorese citizens.

6.0 - 7.5% Target annual non-oil GDP growth, 2027-2030 (7.5-8.0% beyond 2030)	5,000 - 7,000 New formal private-sector jobs per year	15-20% Increase Share of Private Sector Investment in Total Investment
4 Strategic pillars (Chapters 3-7)	2 Cross-cutting themes: GEDSI and Climate Change (Chapter 8)	10 National high-level strategic priorities

Guiding scenario: The Government has adopted the ***Ambitious Diversification Scenario*** as the framework for the plan establishing the foundations for private sector-led growth through structural reform, strategic infrastructure investment, skills development and institutional strengthening, with fuller economic transformation expected to accelerate after 2030.

1. Progress and Key Achievement of SDP Implementation (2011-2024)

The **Strategic Development Plan (SDP) of Timor-Leste 2011-2030** outlines a long-term vision to transform the country into a diversified, inclusive, and sustainable economy over a 19-year horizon. It structures public policy and state actions around five major strategic sectors. By the end of **2024**, representing 13 years of implementation, a comprehensive monitoring exercise assessed the **199 short- and medium-term targets** defined across

these sectors. The overall assessment reveals significant progress and strong institutional mobilization, with the vast majority of targets actively being implemented.

Overall, **53.3%** of all evaluated targets (106 out of 199) have either been fully completed or show advanced progress [242]. The remaining targets are primarily in partial progress, indicating that Timor-Leste is currently transitioning from initial policy formulation and planning to physical execution and on-the-ground operationalization.

1.1 Analysis of SDP's Progress Across Key Priority Areas (Strategic Sectors)

The implementation of the SDP has been characterized by uneven performance across different sectors, reflecting variations in institutional capacity, funding predictability, and technical complexity.

SDP's Achievement Across Priority Sectoral :

1. **Social Capital (Score: 66.13%)**: Shows consistent, solid achievements in basic education, maternal/child health interventions, and non-contributory social benefits. However, severe asymmetries persist; Culture and Heritage targets remain heavily delayed due to a lack of infrastructure and funding, and inclusive education for children with disabilities is highly limited.
2. **Infrastructure Development (Score: 71.4%)**: Boasts the highest percentage of completed goals, particularly in the rapid expansion of the national electricity grid and universal mobile phone penetration. In contrast, Water and Sanitation and Dili Drainage sub-sectors are dominated by partial progress, as major physical projects are still ongoing.
3. **Economic Development (Score: 64.8%)** : Highlights significant progress in cereal productivity and local business registrations. However, tourism and petroleum show high numbers of partially completed targets, heavily constrained by delays in long-term strategic investments and dependence on the large-scale Tasi Mane project.
4. **Institutional Framework (100% of targets with progress)**: This sector has shown excellent regulatory progress, successfully enacting civil, land, and labor codes, and establishing functional coordination councils for justice, defense, and municipal administrations. **The challenge lies in translating these legal frameworks into consistent, daily operational practices**

1.2 The 13 Key Achievements Across the Priority Areas of SDP's Implementation

Over the past 13 years, Timor-Leste has achieved major milestones, particularly in establishing basic infrastructure, stabilizing regulatory environments, and safeguarding its most vulnerable citizens:

1. **Universal Mobile Network Coverage (Telecommunications)**: The telecom sector achieved exceptionally high national penetration, with mobile connectivity exceeding **120%** of the population, ensuring reliable, affordable phone coverage across all municipalities.

2. **National Power Generation and Electrification (Electricity):** Almost universal electrification of towns and villages was achieved with **99.7%** coverage. Installed power generation capacity exceeded original targets, reaching **~255 MW** in 2015 and expanding to **276 MW** by 2024 through the central power stations in Hera and Betano.
3. **High Childhood Immunization Coverage (Health):** Operations reached an advanced status with **98%** of children under one year of age completing the recommended vaccinations under the National Vaccination Plan, representing one of the highest-performing community health campaigns.
4. **Contributory Social Security System (Social Inclusion):** Successfully designed and operationalized a nationwide contributory social security system, managed by the **National Social Security Institute (INSS) since 2017**, which guarantees pensions and social protections to public and private sector employees.
5. **Exceeding Rural Water Targets (Water & Sanitation):** The short-term goal of 75% drinking water access in rural areas was formally exceeded, with the 2022 Census recording **77%** coverage of improved water sources due to persistent community water infrastructure expansion.
6. **Progress in Urban Sanitation Coverage (Water & Sanitation):** Exceeded the short-term goal of providing improved sanitation to 60% of urban areas, reaching **74%** urban coverage according to the 2022 Census.
7. **Support and Recognition for National Veterans (Social Inclusion):** Between 2008 and 2024, the state granted **56,579** total benefits to former combatants and martyrs' families. This included **36,668** monthly pensions (11,144 female, 25,524 male) and **19,911** one-off cash payments.
8. **Dramatic Expansion of Rice and Maize Production (Agriculture & Fisheries):** Rice production expanded significantly, reaching **76,000 tons** in 2021 and **86,000 tons** in 2022, supported by enhanced agricultural extension policies and input distribution. Average maize productivity reached **2.48 t/ha** in 2019, clearly exceeding the initial target of 1.25-1.54 t/ha.
9. **Streamlining Business Registration and the One-Stop- Shop.** The centralization of registration via **SERVE.I.P.**, has proven to be efficient and the **REGINET** system greatly lowered entry barriers A record of 48,269 business is being registered through SERVE I.P, between 2014-2024.
10. **Gender Equality in State Organs (Social Inclusion):** Timor-Leste has effectively achieved the democratic target of ensuring that at least **one-third (33.3%)** of representatives in both the **National Parliament and the civil service are women**. In 2025, women accounted for **37% of National Parliament representatives**, exceeding the one-third benchmark and demonstrating strong progress in women's political representation. Timor-Leste now ranks **among the leading ASEAN Member States and second among CPLP Member States, after Cabo Verde**, while comparative evidence identifies Timor-Leste as having the **highest share of women parliamentarians in Southeast Asia**.

11. Modernized Legal Environment for Business (Private Sector): Created a highly predictable and secure legal framework for private investment by successfully passing and putting into force the **Civil Code, Land Law (with REPI), and the Labor Law.**

12. Expansion of Key Highway Corridors (Roads & Bridges): Completed **78 km** of the Manatuto-Natarbora Road link to international standards. Advanced work significantly on major arterial corridors: the Dili-Baucau link is **78% completed** (121.8 km of 156.8 km) and the Dili-Liquiça-Bobonaro link is **86% completed** (95 km of 121.7 km).

13. Legal Foundations for Good Governance & Transparency (Public Sector): Successfully passed and implemented crucial transparency legislation, notably regulating citizens' right of access to public information) and whistleblower protections, alongside establishing a Code of Conduct for members of the Government.

1.3 The 13 Key Challenges Across the Priority Areas of SPD's Implementation

Despite notable infrastructure achievements and regulatory progress since independence, Timor-Leste continues to grapple with persistent structural deficits. This infographic brief audit compiles thirteen severe and highly critical developmental, social, and economic bottlenecks that require target intervention under the 2027-2030 Medium-Term Plan to bridge service delivery gaps and achieve resilient non-oil growth.

Theme 1: Social, Human Capital and Security Gaps

1. High Infant Mortality Rate & Territorial Inequity (Health)

Despite widespread clinical expansions, infant mortality remains high at 32 deaths per 1,000 live births nationally. High gender disparity exists with 52.6 deaths per 1,000 live births for boys compared to 38.2 per 1,000 for girls, accompanied by severe geographic and territorial inequities across municipalities.

2. Low Completion Rate in Adult Literacy Programs (Education)

While general adult literacy rose to ~70% in 2021-2024, post-literacy transition fails: of 16,759 students enrolled in the National Equivalency Program (PEN), only 2,941 (17.6%) successfully graduated. This indicates a severe structural attrition rate in foundational skill consolidation

3. Limited access to Children with Disabilities in Schools (Social Inclusion)

Access to basic education for children with disabilities is critically low at only 16.1% for those aged 5-16 years. Enrolment falls far short of regional targets due to an acute absence of physical school accessibility, specialized pedagogical materials, and trained special-needs personnel.

4. Complete Absence of Regional Cultural Infrastructure (Culture & Heritage)

Cultural preservation has suffered from systematic and chronic underfunding. None of the five planned Regional Cultural Centers are built or operational, primarily due to prolonged, unresolved land-allocation conflicts and a fragmented legal framework.

5. Restricted Female Representation in the Military Forces (Defense)

While female participation in the FALINTIL-FDTL has more than doubled, it remains severely restricted to approximately 8% of total personnel. With very few women holding senior command and strategic decision-making ranks.

6. Surging Gender-Based Violence & Road Safety Hazards (Security)

Despite a professionalized PNTL force of 3,987 officers and community-level policing, traffic accidents continue to climb. Furthermore, reported cases of Gender-Based Violence (GBV) rose sharply in 2021-2024, demanding urgent victim support systems.

Theme 2: Economic, Infrastructure and Physical Planning Bottlenecks

7. High Dependence of Public Sector Financing

Despite stated intention to diversify and transform Timor-Leste's Economy toward private sector -led, Timor's economy remains heavily dependent on the public spending. This undermines the growth trajectory, and limited capacity of the domestic economy to generate employment for growing number of youths.

Fiscal Risk: High government's spending, combined with low domestic revenues, poses serious risk toward fiscal sustainability.

8. Critical Shortfall in Rural Housing Construction (Rural Development)

Under the Suco Millennium Development Program (Uma Kbiit Laek), only ~5,000 rural houses were constructed by 2024. This represents less than 10% of the original target of 55,000 homes, reflecting severe execution, logistics, and resource constraints.

9. Complete Delay of Suai Port and Petroleum Infrastructure (Infrastructure).

Complex petroleum and Tasi Mane investments face significant project delays. The critical short-term milestone of constructing the Suai Port achieved 0% physical progress, leaving the seaport entirely non-operational and petroleum-sector logistics locked.

10. Stalled Clean Energy Transition & Firewood Over-Reliance (Electricity)

Household reliance on diesel and firewood remains extremely high (over 89%). The target of generating $\geq 50\%$ of national energy from renewables has recorded zero progress, and the construction of the planned Solar Centre in Dili is completely stalled.

11. Delayed Operationalization of the National Development Bank (Private Sector)

Despite final state regulatory advancements, the National Development Bank was not operational by the end of 2024. This leaves a severe, ongoing gap in long-term public and commercial financing for local MSMEs, credit markets, and structural projects.

12. Frequent Dili Municipal Flooding & Drainage Deficits (Water & Sanitation)

While household clean water access expanded, Dili's urban municipal drainage and sewage networks remain heavily incomplete. This leads to frequent severe urban flooding, limited effective sewage management, and insufficient wastewater treatment.

13. Absence of the National Foreign Policy White Paper (Foreign Affairs)

Despite repeated institutional drafting efforts, Timor-Leste has yet to publish its Foreign Policy White Paper. This leaves a major strategic gap in coordinating national political and economic diplomacy following the historic ASEAN accession roadmap.

1.4 Strategic Outlook and Recommendations for the 2025-2030 Horizon Based on SDP Monitoring Report

With approximately five years remaining until the Strategic Development Plan's final 2030 deadline, the government must pivot from preparatory planning to accelerated execution:

- **Focus on High-Progress Targets:** Priority should be given to fully completing and operationalizing targets that are already in advanced stages (e.g., finalizing the major road corridors and expanding regional health and digital coverage).
- **Invest in Social-Impact Areas:** Direct resources and coordinate ministries around public works with high direct social returns, specifically municipal water networks, sanitation pipelines, and clean residential energy.
- **Leverage ASEAN and WTO Accessions:** With Timor-Leste's entry into the World Trade Organization (2024) and formal roadmaps for full ASEAN membership (2025), the state must utilize these multilateral frameworks to diversify the economy and expand the non-oil private sector.
- **Enhance Data Governance:** To monitor SDP goals effectively, the state must address widespread data gaps by harmonizing sectoral indicators, utilizing 2022 Census data, and institutionalizing interministerial data verification.

2. The Key Role of Medium-Term Plan 2027-2030

2.1. Overview and Context of MTP

The Medium-Term Plan (MTP) 2027-2030 represents the final and most decisive phase of the Strategic Development Plan (SDP) 2011-2030. The MTP does not expect to resolve all long-term SDP targets by 2030. Rather, its primary, realistic focus is to establish the solid institutional, regulatory, and physical foundations required to sustain accelerated non-oil economic growth and formal employment beyond 2030.

Currently, Timor-Leste's non-oil GDP growth 4.1% (2024 baseline), while poverty affects nearly 40% of the national population. Formal private sector employment is severely constrained. To break this structural bottleneck, the MTP establishes a dual-scenario macroeconomic framework:

- **Primary Ambitious Scenario:** Targets an annual non-oil GDP growth rate of 6.0-7.5% during the 2027-2030 plan period, scaling up to 7.5-8.0% beyond 2030. At this rate, the non-oil economy would double within a decade, generating between 5,000 and 7,000 new formal jobs annually.

- **Policy Objective:** The key objective is to transition the state away from absolute Petroleum Fund dependency by generating domestic non-oil revenues, expanding local production, and creating decent job opportunities.

2.2 Formulation Approach and Methodology

The formulation of the MTP is legally grounded and operationally structured to ensure rigorous coordination and real-world fiscal alignment:

Legal Mandate: The Ministry of Planning and Strategic Investment (MPSI) directed the process under Decree-Law No. 68/2023 (Organic Law of MPSI), ensuring alignment with the SDP 2011 - 2030, the Program of the IX Constitutional Government, and regional ASEAN integration conditions.

The 4-Stage Development Process: Formulation followed a structured timeline:

- **Stage 1: Strategic Diagnosis (January 2025 - April 2026):** Independent assessments and sectoral diagnostics of the preceding 15 years of SDP implementation.
- **Stage 2: Technical Planning (April - June 2026):** Formulation of pillar strategic priorities, baselines, and target results frameworks.
- **Stage 3: Expert Review (May - July 2026):** External validation by economists, sector specialists, and development partners.
- **Stage 4: Inter-ministerial Validation (July - August 2026):** Rigorous sectoral reviews conducted by the Interministerial Sectoral Development Coordination Commissions (IMCCs), established via Government Resolution No. 43/2024, prior to Council of Ministers approval.

Operationalization and Launch: Plan implementation is explicitly linked to the 2027 Annual Budget cycle. Baselines utilize official national statistics. To handle remaining telemetry gaps, a structured Data Gap Closure Plan will be fully executed by the end of 2027.

2.3. Chapter-by-Chapter Core Framework & Sectoral Pillars

The plan is divided into Part I (Strategic Framework, Chapters 1-2) and Part II (Sectoral Pillars, Chapters 3-9). Chapters 3 through 7 outline the five core pillars, while Chapter 8 addresses cross-cutting mainstreamed issues, and Chapter 9 establishes the national accountability framework.

2.3.1. Summary of MTP Sectoral Pillars and Core Targets

Strategic Chapter	Pillar &	Core Strategic Focus	Selected 2030 Key Performance Targets
Pillar 1: Economic Diversification		Transition from petroleum	• Tourism: Grow export receipts from \$28M to \$80M; expand

(Chapter 3)	dependence by boosting competitive capacity in agriculture, Blue Economy, tourism, light manufacturing, MSMEs, and formal job creation.	community tourism from 18 to 50 circuits. - MSMEs: Unlock \$40M in lending via Credit Guarantee Scheme. - Manufacturing: \$55-75M value added; create 10,000 cumulative formal jobs.
Pillar 2: Economic Infrastructure (Chapter 4)	Shifts focus from build-out to converting assets into reliable, sustainable, and climate-resilient enablers in roads, water, power, ports, public transport, and broadband.	- Electricity: 100% sucos with 24/7 supply; renewable generation mix to reach ≥50%. - Cost Recovery: EDTL cost recovery ratio to exceed 80%. - Water: Rural water system functionality from 50% to 90%.
Strategic Chapter: Spatial Planning & Housing (A key Priority Area of Pillar Infrastructure) (Chapter 7)	Establish regulatory and land tenure systems to support inclusive territorial growth and ensure safe, resilient municipal housing.	Enablers: Implement National Building Code, establish mortgage foreclosure and housing finance systems, digitalize municipal permitting systems.
Pillar 3: Social & Human Capital (Chapter 5)	Upgrade human capital to drive labor productivity and equitable growth across education, health, social protection, youth, sports, and culture.	- Education: Increase Grade 3 literacy to >50%. - Health: Establish a National Cancer Registry, expand nutrition services. - Employment: TVET graduate formal employment tracer target ≥50%.
Pillar 4: Institutional Development (Chapter 6)	Build transparent, accountable public institutions, modernizing justice,	- Justice: ≥60% reduction in court case backlog. - Land: Issue 30,000 formal titles.

	public financial management (PFM), border management, and preparing for regional integration.	• Revenue: Grow non-oil domestic revenue to 17.5% of GDP. • ASEAN: Accede to all protocols, prep for 2029 Chairmanship.
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2.3.2 Supporting Frameworks & Accountability Measures

a) Chapter 8: Mainstreaming Cross-Cutting Issues

Rather than treating equity and environment as peripheral issues, Chapter 8 establishes a whole-of-government framework to integrate Gender Equality, Disability and Social Inclusion (GEDSI) and environmental sustainability across all five sectoral pillars. Key operational interventions include:

- **GEDSI:** Implementing gender-responsive budgeting across public financial management and requiring sex-disaggregated data in local development programs.
- **Environmental Resilience:** Prioritizing ecosystem restoration, biodiversity protection, pollution control, and municipal disaster risk reduction programs, especially in climate-vulnerable agricultural municipalities.

b) Chapter 9: Monitoring, Evaluation, and Reporting (MER)

To ensure execution discipline, Chapter 9 operationalizes a centralized, results-oriented MER system coordinated by the Integrated Planning Unit (UPI) under the Ministry of Planning and Strategic Investment (MPSI). This framework serves as the Cabinet's primary tool for evidence-based policy adjustments:

- **Operational Cycle:** Links MTP outcome metrics directly to annual ministerial budget submissions. Progress is assessed against actual targets reached rather than funds disbursed.
- **Reporting Timeline:** Mandates a comprehensive Annual Performance Report submitted to the Council of Ministers by March of each year, a comprehensive mid-term review in 2028, and a final end-term evaluation in 2031.
- **System Integrity:** Establishes a standardized consistency check protocol, enforces a clear escalation protocol for red-rated indicators, and details a data gap closure plan to establish solid telemetry baselines by the end of 2027.

3. Overarching Vision and Macroeconomic Strategy 2027-2030

The Timor-Leste Medium-Term Plan (MTP) 2027-2030 serves as the primary strategic instrument to accelerate economic transformation, address structural constraints, strengthen economic resilience, and expand decent employment. Operating as the final implementation phase of the Strategic Development Plan (SDP) 2011-2030, this plan



represents a fundamental shift in state planning. Rather than a descriptive policy narrative, it acts as a disciplined, results-based framework focused on a limited number of national choices that can be fully financed, implemented, and monitored within the nation's medium-term fiscal and institutional boundaries.

The MTP sets ambitious yet fiscally grounded targets to address binding constraints such as low productivity and high poverty (which currently affects nearly 40 percent of the population). The primary targets for the 2027-2030 period include:

- **Annual Non-Oil GDP Growth:** The MTP targets an annual non-oil GDP growth rate of 6.0% to 7.5% during the 2027-2030 period, with plans to accelerate growth to 7.5% to 8.0% in the decade beyond 2030.
- **Domestic Revenue Mobilization:** To mitigate petroleum dependence and fiscal vulnerability, the plan aims to raise non-oil domestic revenue to 17.5% of GDP by 2030, a significant increase from the 2025 baseline of below 12.2% of GDP.
- **Institutionalizing Core Reforms:** The 2027-2030 cycle is explicitly designed as a 'foundation and launch pad', focusing on setting up the basic systems, land title security, and administrative capacity required to trigger accelerated private sector investment.

3.1 ASEAN Integration as a Live Economic Condition

The 2027-2030 period represents the first planning cycle in which Timor-Leste's national development strategy is explicitly designed around ASEAN membership as an active economic condition rather than a distant goal. Alignment with the ASEAN Economic Community (AEC) and ASEAN Socio-Cultural Community (ASCC) frameworks is deeply integrated across all sectors. Key strategic outcomes include conclusion of bilateral economic agreements, Mutual Recognition Arrangements for skilled Timorese workers, and full preparation for successfully delivering Timor-Leste's ASEAN Chairmanship in 2029.

3.2 Core Strategic Pillars and Sectoral Plans

To transform Timor-Leste's economic landscape, the MTP is organized around five mutually reinforcing sectoral pillars and one cross-cutting pillar. Each pillar focuses on removing structural constraints and sequencing public investments to optimize private sector integration.

3.2.1. Economic Diversification Pillar: Sequencing and Foundations

The Economic Diversification Pillar defines how public investment in agriculture and value chains, the Blue Economy, tourism, light manufacturing, private enterprise development, and skills will support the country's transition from petroleum dependence toward a diversified, private sector-led, and inclusive economy. Recognizing that sustainable development requires a structured approach, the MTP prioritizes proper sequencing: establishing enabling conditions first so that private investment can materialize and scale in the decade that follows.



This sequencing philosophy recognizes that public capital alone cannot generate sustainable jobs. For example, infrastructure loans and financial borrowers do not produce jobs if they operate in a vacuum. Similarly, tourism circuits that lack community-based enterprises fail to distribute income equitably. By placing skills development, entrepreneurial support, and agricultural value chains at the center of the economic plan, the MTP builds the legal, technical, and regulatory platforms from which formal job creation can accelerate.

3.2.2. Infrastructure Pillar: Quality, Reliability, and Utility Reforms

Rather than simply constructing new physical assets, the Infrastructure Pillar focuses on converting existing public infrastructure into reliable, financially sustainable, and climate-resilient networks. Public investments are targeted across roads, water, electricity, ports, airports, public transport, and digital connectivity. Key strategic interventions for 2027-2030 include:

- **Inter-Ministerial Coordination on Maritime Assets:** Previously, port infrastructure in Timor-Leste was pursued fragmentarily by multiple line ministries (MTC through APORTIL, MALFF for fisheries landing, and the Ministry of Petroleum through TIMOR GAP along the South Coast corridor). The MTP establishes an integrated investment sequencing framework under the Interministerial Coordination Commission for Infrastructure to prevent duplication and construct multi-purpose maritime facilities. The MTP launches an accelerated land titling program in priority economic corridors. By closing the gap between cadastral registration and legally secure tenure, the Government will issue 30,000 formal, bankable land titles by 2030, establishing the legal certainty required to trigger private sector lending.
- **Utility Governance and Power Reforms:** Corporate governance within the electricity utility (EDTL) will be strengthened through regular audited financial reporting and a publicly accessible energy performance dashboard (covering system losses, tariffs, and cost-recovery ratios). Crucially, to prioritize backbone investments, EDTL will compile and consolidate feeder-level outage data, publishing a national System Average Interruption Duration Index (SAIDI) figure annually starting by end-2028.

3.2.3. Social and Human Capital Development Pillar: Turning the Demographic Dividend

Timor-Leste's young population, with nearly 70% of citizens under the age of 35, represents its most vital long-term asset. The Social and Human Development Pillar delivers a results-based roadmap to strengthen human capital, directly boosting labor productivity and sectoral growth.

- **Education and Foundational Learning:** Strengthening foundational learning is prioritized, specifically targeting grade-3 learning outcomes to establish robust academic baselines. Education programs will align technical training with actual labor market demands in priority economic sectors, expanding Technical Vocational Education and Training (TVET) networks.

- **Healthcare Quality and Specialized Registries:** Health investments focus on nutritional improvements, maternal and child healthcare, and early disease diagnosis. Prominent interventions include the operationalization of a National Cancer Registry and standardized diagnostic coverage, such as Ultrasound Sonography (USG) and cancer screening protocols.
- **Social Protection:** A systematic social protection framework is engineered to build household resilience, ensuring that vulnerable families are shielded from climate risks and poverty traps, allowing them to adapt and contribute to the economic development process.
- **Youth, Sport, Arts and Culture:** Strategic priorities should concentrate on the following to optimize Timor-Leste's human capital and cultural wealth. **Maximizing youth productivity:** Using focused skill training to address the 32.9% young unemployment rate and engage the 29.3% NEET population. **Enhancing female labor force** participation over the current baseline of 24.2% and **strengthening the creative economy ecosystem** by upgrading institutional capabilities and establishing robust market linkages for cultural heritage assets.

3.2.4. Institutional Development Pillar: Governance, Security, and Rule of Law

Capable, transparent, and accountable institutions are recognized as the essential enabling foundation for the entire MTP strategy. The plan prioritizes converting registered assets, approved policies, and career reforms into visible, public results. Key targets and strategic interventions under this pillar include:

- **Comprehensive Land Tenure Reform:** to strengthen institutional governance and unlock private-sector-led growth, this sector will be focusing on two main reforms of expanding subnational justice and formalizing asset ownership. First, the formal justice gap will be bridged by aggressively resolving the backlog of **approximately 4,000 pending cases** and expanding courts of first instance beyond the four existing jurisdictions (**Dili, Baucau, Suai, and Oecusse**) into the **nine unserved municipalities**. Second, to unleash domestic economic potential, the land sector will pivot from cadastral mapping to legal formalization. By shifting focus from mapping (which has successfully captured **over 326,111 parcels**) to resolving the legal bottlenecks of title validation, the state can convert registered parcels into **legally secure, bankable assets**, significantly scaling up from the current threshold of **949 formal titles**.
- **Civil Service Modernization:** To improve public service delivery, the Government will fully operationalize a Unified Career Regime, integrating at least 80% of civil servants by 2030 (beginning with a technical and professional tranche in 2027). Public administration will be optimized via digital government enablers, including One-Stop-Shops (Balcão Único) in all municipalities and the SIGAP-FOUN management system.
- **Public Financial Management and Transparency:** Standardized, policy-based budget structures will cover 100% of line ministries. Procurement transparency will

be institutionalized by enforcing a mandatory contract disclosure rate of ≥80% on the national procurement portal.

- **Anti-Corruption and Security:** The plan targets a ≥80% institutional coverage of functioning anti-corruption mechanisms, overseen by the Anti-Corruption Commission (CAC). Security and defence are reinforced through digitized border management (E-Gate, E-Visa, Single Window) and systematic maritime security.

3.2.5. Spatial Integration, Housing, and Cross-Cutting Issues

The Spatial Integration and Housing is a dedicated strategic chapter, under the Pillar of Infrastructure, focus on the establishment of functional planning systems, housing finance mechanisms, and a National Building Code to build demonstrated, scalable delivery models starting in 2031.

The Cross-Cutting Issues Pillar mainstream gender equality, disability, and social inclusion (GEDSI), climate change adaptation, biodiversity conservation, and pollution control across all public policy, budgeting, and services. Gender-responsive budgeting and municipal-level early warning baselines represent key enablers to protect natural resources and ensure that national growth benefits all citizens equitably.

4. The ten national high-level strategic priorities

In essence, these **Ten priorities** receive special political attention, budget protection and regular monitoring by the Prime Minister and Council of Ministers. They form the Government's protected set of actions, the bridge between the plan's strategic direction and the detailed sectoral frameworks in Chapters 3-8.

#	National strategic priority	2030 outcome
1	Comprehensive land tenure reform and national digital cadaster	30,000 titles issued in priority corridors; digital cadaster fully operational
2	MSME credit guarantee scheme and blended finance	US\$40m additional lending unlocked; MSMEs with formal products up from 19.1% to ≥35%
3	Blue economy development platform	EEZ enforcement in place; aquaculture ≥1,200 tons; marine exports reaching US\$1m
4	Trade facilitation and logistics (ASYCUDA / Tibar)	100% digital customs; cargo dwell time cut ≥40%; non-oil exports ≥5% of throughput

5	Economic corridors development	Five key corridors upgraded; travel time to municipal capitals cut $\geq 20\%$
6	Tourism enabling platform	Arrivals toward 200,000; travel receipts toward US\$80m; community-enterprise financing established
7	Irrigation and agricultural productivity	70,000 ha under functional irrigation; cropping intensity $\geq 150\%$; coffee export value $+ \geq 50\%$
8	Sector-aligned TVET and skills development	29,000 TVET graduates; $\geq 60\%$ formal job placement within 12 months
9	Reliable power and water for economic zones	Losses $< 25\%$; NRW $\leq 65\%$; 100% of sucos 24/7; renewables $\geq 50\%$; cost recovery $> 80\%$
10	Investment climate and regulatory reform	Business registration ≤ 15 days; One-Stop-Shops in all municipalities and RAEOA

5. Results Monitoring, Evaluation, and Accountability Measures

To ensure accountability and prevent the plan from becoming a passive document, the Government has established a results-oriented Monitoring and Evaluation (M&E) system. The results framework utilizes a strict hierarchical structure to monitor implementation performance and trigger corrective action.

5.1. The Hierarchical Results Framework

The MTP Results Framework is structured as follows, representing a clear and logical hierarchy from high-level vision down to municipal-level measurable variables:

Framework Element	Target Quantity	Operational Representation and Definition
Strategic Objectives (all Pillars)	19	The core strategic pillars guiding Timor-Leste's medium-term priorities and capital investment choices, including Economic Diversification, Infrastructure, Social/Human Development, and Institutional Development.
Key Result Areas (KRAs)	35	Critical focal areas that operationalize each Strategic Objective, ensuring direct linkage between high-level development policy and budgetary execution.

Strategic Outcomes Based on KRA	178	The tangible, long-term developmental improvements and systemic changes targeted for citizens, communities, and public service delivery.
KPI Summary (Targets and Indicators) 2030	71	Measurable performance variables and metrics detailed in the Comprehensive Results Framework and Indicator Metadata Reference to track absolute compliance.

5.2. Governance Mechanism and Reporting Cycle

To ensure implementation stays on track and that performance data drives decisions, the MTP is supported by a results-oriented monitoring, evaluation and reporting system, the central accountability mechanism for tracking delivery. The system is designed to be simple, integrated with existing government information systems, disaggregated by sex, disability, age and municipality, and directly linked to the annual budget and planning cycle. Central coordination sits with the Integrated Planning Unit (IPU) under MPSI, with line ministries and municipalities owning sectoral and local reporting, and the Council of Ministers providing high-level oversight.

Reporting and review cycle

- Quarterly Progress Reports from line ministries and municipalities, on a standardized template.
- Annual Performance Report to the Council of Ministers each March.
- Mid-Term Review (2028) to adjust priorities and targets and resolve indicators marked to-be confirmed.
- End-Term Evaluation (2031) to inform the next planning cycle.

Performance rating and escalation

A four-tier rating:

- **Green** (on track)
- **Amber** (behind but recoverable with corrective action),
- **Red** (significantly off track), and
- **Not yet measurable** (baseline still being established),
is applied uniformly to every indicator.



Each report specifies, for every Amber and Red indicator, the corrective action, the responsible institution and the date by which the rating is expected to improve. Where an indicator remains Red for two consecutive reports, a formal escalation pathway requires the responsible ministry to present a revised, time-bound corrective plan to the Council of Ministers. Reporting also aligns with Timor-Leste's existing SDG and Nationally Determined Contribution obligations to avoid parallel systems, and a Data Gap Closure Plan targets completion of missing baselines by end-2027.

6. Overall Strategic Significance in Shaping a Resilient Horizon

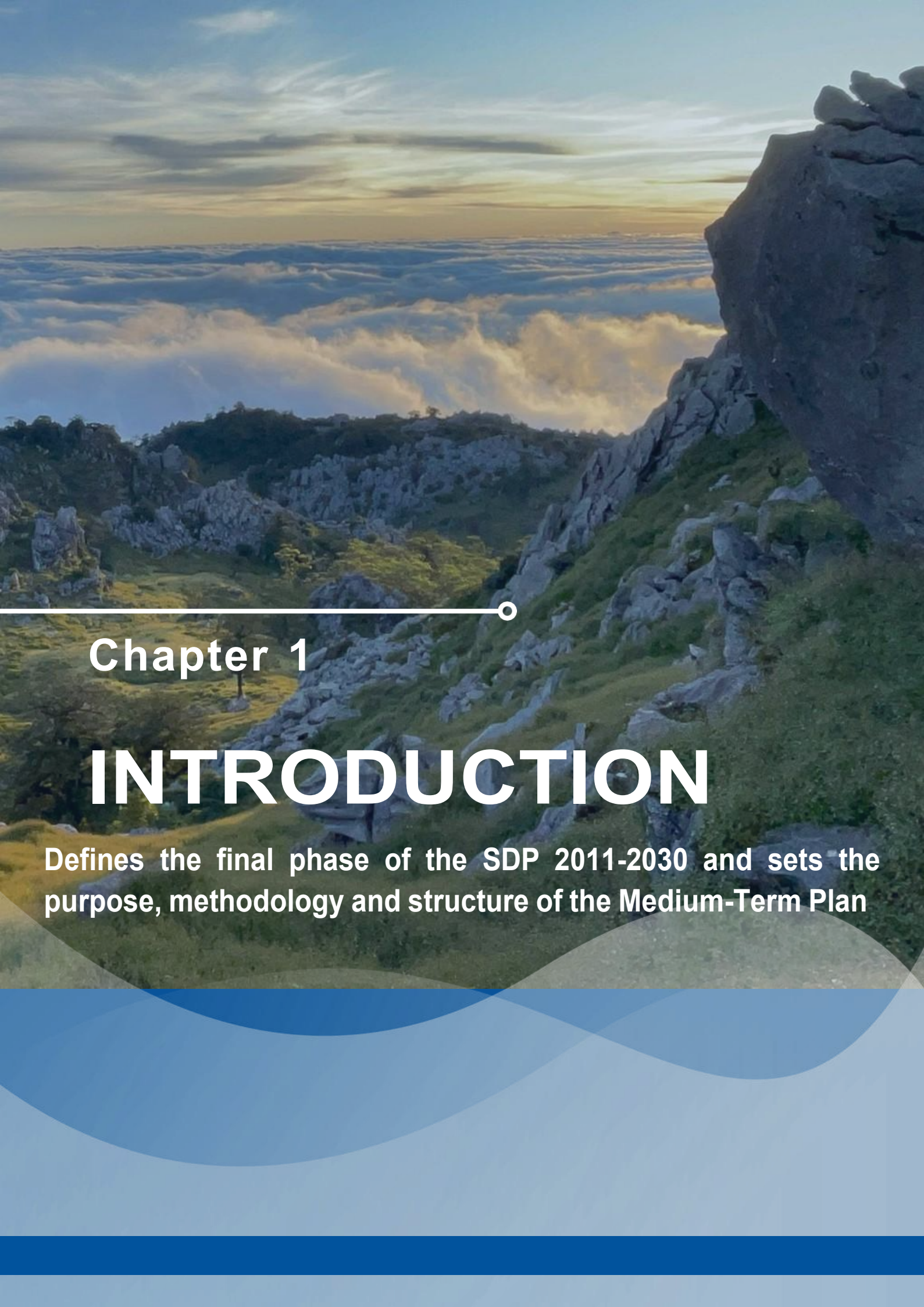
The foundations we build today will shape the opportunities and prosperity of generations to come. Long-term prosperity depends on inclusive, resilient, and sustainable development. As Timor-Leste embarks on this decisive medium-term cycle, we place gender equality, disability inclusion, social inclusion, climate resilience, and environmental sustainability at the core of our economic transformation and national development. These are not standalone priorities; they are fundamental enablers of economic diversification, productive agriculture, and robust governance.

Our primary demographic asset nearly 70% of Timorese citizens under the age of 30 holds immense potential. By prioritizing skills development, technical vocational training, and decent employment, we will transform this demographic dividend into the principal driver of our economic growth. Our objective is to build a self-reliant nation where every citizen has equal opportunities to contribute to and benefit from our progress.

Through ambition, integrity, partnership, and unity of purpose, we commit to moving beyond descriptive planning into a concrete framework of action, delivering results that our citizens and investors can clearly see.

We are committed to invest in MTP with resources, capability, transparency and accountability in our institutions to plan, procure, implement, and monitor investments in infrastructure, human capital, and economic sectors to achieve and yield sustainable results. The MTP 2027-2030 places institutional development and results-oriented accountability at the center of national transformation. Through disciplined governance, spatial integration, and the creation of economic opportunities for its young citizens, Timor-Leste establishes a resilient, self-reliant launch pad, ensuring inclusive growth and long-term prosperity for the years beyond 2030.





Chapter 1

INTRODUCTION

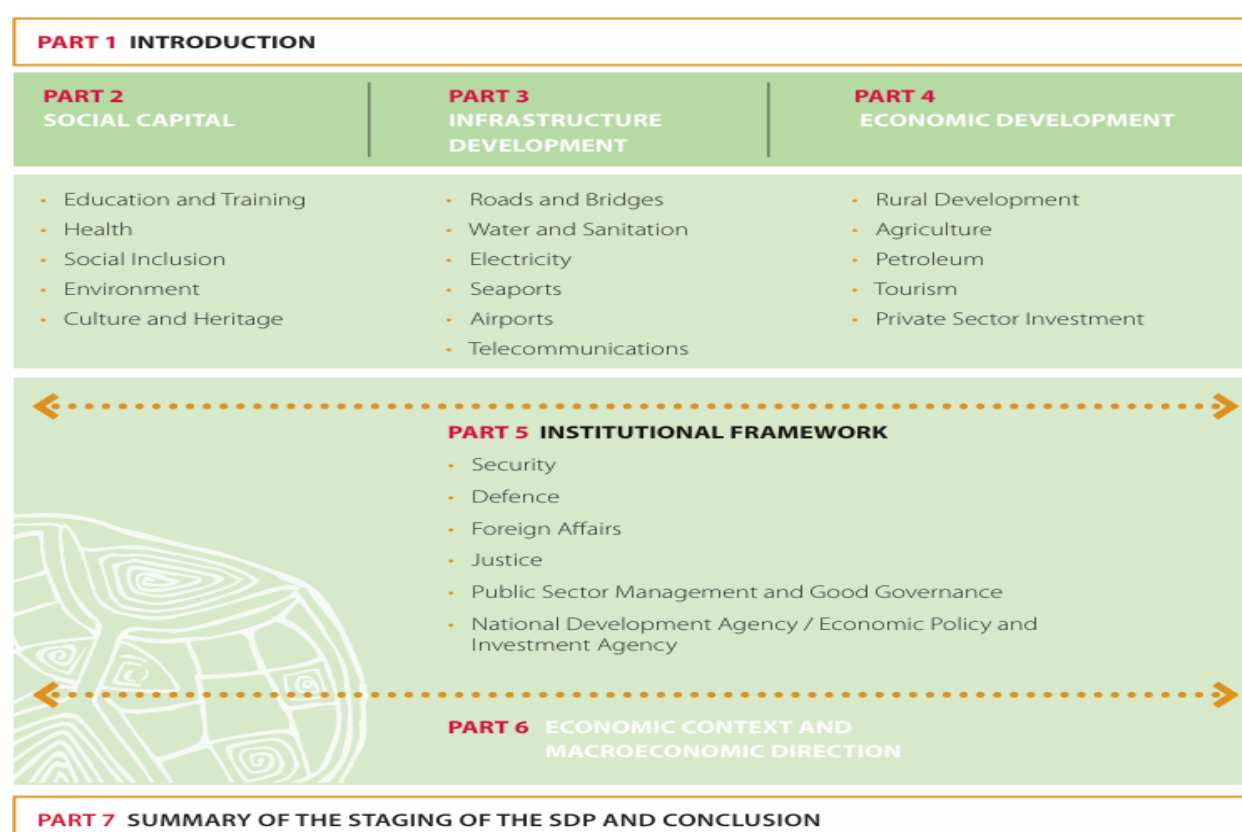
Defines the final phase of the SDP 2011-2030 and sets the purpose, methodology and structure of the Medium-Term Plan

CHAPTER 1: INTRODUCTION

1.1. Background and SDP Vision 2011-2030

The Strategic Development Plan (SDP) 2011-2030 is Timor-Leste's foundational long-term vision to transform Timor-Leste from a low income to an “upper middle-income country with a healthy, well-educated and safe population by 2030.” This vision is to be achieved through Government's priority actions organized into four main areas: economic diversification, infrastructure investments, human capital development, and institutional reforms and Governance.

Figure 1.1.1: Summary of SDP Pillars and Sub-sector



The SDP was built on clear strategic logic: use petroleum revenues as a temporary bridge to finance the building of foundation for productive, and self-sustaining non-oil economy. At this core, the SDP recognized that relying on natural resource wealth alone cannot sustain long-term prosperity. Therefore, Timor-Leste “must develop a flourishing market economy with a strong private sector.”¹ Economic transformation requires building competitive capacity in agriculture, fisheries, tourism, manufacturing and human capital over the course of the plan's two-decade horizon. It recognizes the importance of

¹ *Timor-Leste-Strategic-Plan-2011-20301.pdf*, p.194

economic diversification to build sustainable foundations in agriculture, fisheries, tourism, manufacturing, infrastructure, human capital, and good governance.

After 13 years of implementation, Timor-Leste has made significant progress across these key priority areas, creating a fundamental platform for accelerating the next and last phase of SDPs commitment. As reported in the SDP Progress Monitoring Report,² 53.3% of SDP actions have been completed or achieved significant progress, 43% show partial progress, and only 3% have registered limited progress, representing a substantial delivery record across the plan's four pillars despite the disruptions of the post-2020 period.

The results of the Government's development strategy are increasingly evident across many aspects of development. Among the most important achievements has been the restoration and preservation of peace and stability, with Timor-Leste now ranked among **the ten most peaceful countries** in the Asia-Pacific region. In Association of Southeast Asian Nations (ASEAN) alone, Timor-Leste only falls behind Singapore and Malaysia.³ Its democratic institutions have also become more consolidated, positioning the country among the most democratic of its ASEAN peers. Regular elections, smooth and peaceful constitutional transfers of power, and strengthened engagement in regional and international organizations have demonstrated Timor-Leste's growing maturity as a stable democratic state. The country is internationally respected, now an active member of the United Nations forum, including in numerous international and regional organizations. Timor-Leste's formal accession to ASEAN in October 2025 represents one of the country's most significant achievements in recent years.

Peace, political stability and democratic governance have created the essential foundation for Timor-Leste's social and economic transformation. Building on these achievements, Timor-Leste has made substantial progress through investments in infrastructure, public administration, and state institutions. Major milestones including near-universal national electricity coverage, substantial rehabilitation of national and rural roads networks, the completion and operationalization of Tibar Bay Port and the ongoing modernization of the Presidente Nicolau Lobato International Airport (PNLIA). The landing of the Timor-Leste South Submarine-Cable (TLSSC) in June 2024, with 27 terabit per second of design capacity, has structurally resolved country's international digital bandwidth constraints for the first time. These are strategic assets that connect communities, support economic activity, and strengthen national integration, positioning Timor-Leste for greater economic diversification, regional connectivity and sustainable growth. Investments in the social sector have expanded access to education, healthcare, and essential public services, contributing to improvements in living standards and stronger human development outcomes.

² SDP Progress Monitoring Report

³ Institute for Economics & Peace. *Global Peace Index 2026: Identifying and measuring the factors that drive peace*, Sydney, June 2026. Available from: <http://visionofhumanity.org/resources>.

In 2022, 72.4 percent of the population aged ten years and over could read and write, while 54.6 percent of the population aged 2 to 29 years, engaged in education. Infant and under-five mortality rates have also declined significantly compared with 2010 levels. Timor-Leste's development achievements have been underpinned by the Government's expansionary fiscal policy and the prudent management of petroleum revenues through the Petroleum Fund. As the cornerstone of the fiscal framework, the Petroleum fund has enabled Timor-Leste to strategically finance the nation's peacebuilding, institution-building, infrastructure development, and the expansion of essential public services. The strategic management of petroleum resources has transformed finite natural resource wealth into long-term national development gains.

In summary, Timor-Leste has successfully established a basic condition of a functioning state and built its core physical infrastructure, and basic public services. However, it has not progressed at the pace and scale the SDP envisioned, in transforming its economic structure toward an economy that is more sustainable, more productive that generates income, jobs, and exports from outside the public sector. Timor-Leste's achievements above are genuine, achieved in collaboration and partnership with development partners and they create the conditions for the next transition. The challenges underscore the urgent need for structural transformation, which remains to be accomplished.

Despite the significant progress achieved, Timor-Leste continues to face complex and evolving development challenges. Timor-Leste's existence is a small nation-state with an open economy.⁴ Henceforth, the future of its economy and its people will continue to be influenced by international and regional dynamics. At the international level, in the last five to six years, the world has experienced unprecedented disruptions shaped by the COVID-19 pandemic, growing geopolitical tension among major powers, economic volatility, climate change including supply chains disruptions that have increased food and energy prices. These undermine food security, and heightened household vulnerability across Timor-Leste.

In the social sector, significant investment has yet to be translated into the outcomes the SDP envisioned. A foundational learning crisis persists; only around 30% of Grade 3 students meet minimum literacy proficiency, TVET participation stands at just 2.6% of upper secondary students, and teacher certification reaches approximately 65% of the workforce. Health outcomes remain challenging, 45% of children under five are stunted, among the highest rates in Asia, and maternal mortality stands at 195 per 100,000 live births, approximately five times the ASEAN average. Social protection coverage reaches only 27% of the population, leaving many vulnerable households without a formal safety net. Youth labor market outcomes are a particular concern: 29.3% of young people aged 15 to 24 are not in employment, education, or training. While female labor force participation stands at only 24.2%, reflecting structural barriers that limit women's economic participation.

⁴ *An Open Economy, in simple terms, refers to an economic system that engages in international trade and commerce's, allowing goods, service and capital to flow freely across its borders.*

In infrastructure and institutions, the challenge has shifted from building from the ground up to making existing assets work reliably and sustainably to support economic transformation and better quality of public services. Only 6.9% of municipal roads and approximately 10% of rural roads are in good or fair condition, the tiers that connect farmers to markets and communities to services. Non-revenue water⁵ in urban systems stands at approximately 85%, rural water system functionality at only 50%, and only around 70% of sucos receives reliable 24/7 electricity despite near-universal household connection. Electricity system losses of approximately 33% and cost recovery of only 32% of operating costs impose a fiscal subsidy burden estimated at 5-7% of GDP annually. Internet penetration reaches only 34.5% of the population, and digital services remain unaffordable for most households and businesses. Institutionally, judicial case backlogs, weak budget execution rates, and limited land titling, with fewer than 949 formal titles issued despite over 326,111 parcels registered, continue to constrain private investment, undermine confidence in public services, and limit economic activity.

At the domestic level, Timor-Leste continues to face a range of significant development challenges. As of 2024, the country's per capita income stood at approximately US\$1,341, well below the threshold for upper-middle-income status (US\$4,516 to US\$14,005).⁶ Poverty remains widespread, particularly in rural areas. The economy relies heavily on imported goods and services. Combined with low domestic productivity, this increases vulnerability to external shocks and limits the capacity for sustained growth. Although the economy has gradually recovered since 2021, the pace remains below that of many ASEAN economies. Economic growth continues to be driven largely by public expenditure, financed through Petroleum Fund withdrawals.

This pattern creates structural vulnerabilities and raises concerns about long-term sustainability. The limited availability of decent formal employment opportunities remains a major challenge, particularly for the country's growing youth population.

The Medium-Term Plan (MTP) 2027-2030 is the Government's strategic response to these challenges. It provides the policy framework for accelerating economic transformation, addressing structural constraints, strengthening economic resilience, expanding employment opportunities, raising the household and income per capita incomes, improving public service quality, and strengthening governance, with the overarching goal of reducing poverty and improving the well-being of all Timorese citizens. It seeks to place the country on a sustainable path toward higher incomes, greater competitiveness, and achievement of its long-term inclusive development. The overarching objective of the MTP is to improve living standards through sustained income growth, decent employment, and increase access to high-quality public services.

The MTP targets annual **non-oil GDP growth of 6.0-7.5 percent during 2027-2030**, increasing to **7.5-8.0 percent beyond 2030**, recognizing that sustained economic growth

⁵ Non-revenue water is simply water in the system which is lost due to leakages plus which is not billed to consumers

⁶ World Bank FY2024-2025 classification <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>

is essential to create decent employment and raise household incomes, broaden the domestic tax base, strengthen fiscal sustainability, and progressively narrow the development gap with ASEAN member states.

Employment creation is a central pillar of the Plan. The MTP aims to generate **5,000-7,000 new formal private sector jobs annually** by fostering investment, improving productivity, supporting enterprise development, and enhancing workforce capabilities, a target grounded in the 14,400 formal private sector jobs already created between 2021 and 2024 under more constrained conditions.

The MTP 2027-2030 represents the final and most decisive phase of the SDP. It focuses on economic diversification and transformation through accelerating ongoing reforms, completing critical investments in infrastructure and connectivity, and creating the enabling environment for private sector-led growth, with the expectation of delivering tangible results that will determine whether the SDP vision is substantially achieved by 2030.

To ensure that implementation remains on track and that performance data drives decision-making, the MTP is supported by a comprehensive results-oriented Monitoring, Evaluation and Reporting system, established in Chapter 9. This system links directly to annual budget processes; tracks progress against all national priorities and pillar-level outcomes and enables the Council of Ministers to make evidence-based adjustments to policy and resource allocation throughout the 2027-2030 period.

1.2. Purpose and Strategic Importance of the MTP 2027-2030

This MTP serves dual purposes. It provides strategic and operational frameworks to guide policy and resource allocation during the final phase of SDP implementation.

1. **Strategic:** To provide the Prime Minister and Council of Ministers with a focused set of national priorities for high-level oversight, decision-making, and budget protection.
2. **Operational:** To deliver clear targets, results frameworks, interventions, indicators, and implementation guidance for line ministries, municipalities, development partners, and civil society.

The Plan is aligned with the 9th Government Program, the Sustainable Development Goals (SDGs), and Timor-Leste's commitments as a full member of ASEAN, in particular the Economic Community Framework and the ASEAN Socio -Cultural Community Framework. It takes into consideration the current fiscal constraints facing Timor-Leste, limited institutional capacity, and growing external uncertainty. The MTP is designed to move beyond a descriptive planning document. It serves as a policy making framework, focused on a limited number of national choices that can be financed, implemented, and monitored within the medium-term fiscal and institutional constraints.

The MTP also serves as the Government's primary strategic instrument for coordinating development partners and donors' support, ensuring that external financing, technical

assistance and partnerships are aligned with the Government's key priorities for the 2027-2030 period. It also establishes a robust monitoring and evaluation mechanisms and supports Timor-Leste's preparation for its ASEAN chair in 2029.⁷

1.3. Approach and Methodology

1.3.1. Approach

Legal basis and institutional mandate

The Medium-Term Plan 2027-2030 is grounded in the legal mandate of the Ministry of Planning and Strategic Investment (MPSI), established under Decree-Law No. 68/2023, of 14 September, which approves the Organic Law of MPSI.⁸ Pursuant to Article 2(1) of this Decree-Law, MPSI is designated as *"the government department responsible for the conception, coordination and evaluation of policy... for the promotion of the economic and social development of the country, through strategic and integrated planning and the rationalization of available financial resources."*⁵ This mandate is further operationalized through Article 17(1), which establishes the Integrated Planning Unit as the service within MPSI *"responsible for executing or coordinating the technical activities of strategic socioeconomic planning of the Country... in coordination with other relevant government departments."*

As the institution vested with this coordinating function, MPSI is mandated to lead the formulation of the MTP in alignment with the Strategic Development Plan 2011-2030, the priorities of the IX Constitutional Government Program, and Timor-Leste's international and regional commitments.

Interministerial Coordination and approval mechanism

To ensure multi-sectoral coordination and interministerial ownership of the MTP prior to its submission to the Council of Ministers, the Government leveraged the existing Interministerial Coordination Commissions (IMCCs), which was originally established under Government Resolution No. 43/2024 of 14 August.⁹ These Commissions were created with a broader mandate to strengthen interministerial coordination, ensure the effectiveness of development partner support, and guarantee its alignment with the implementation of national development priorities across four pillars: Social Affairs, Economic Development, Infrastructure, and Institutional Development. Rather than establishing a new structure for the MTP process, the Government applied this pre-existing coordination architecture as the formal institutional mechanism for interministerial

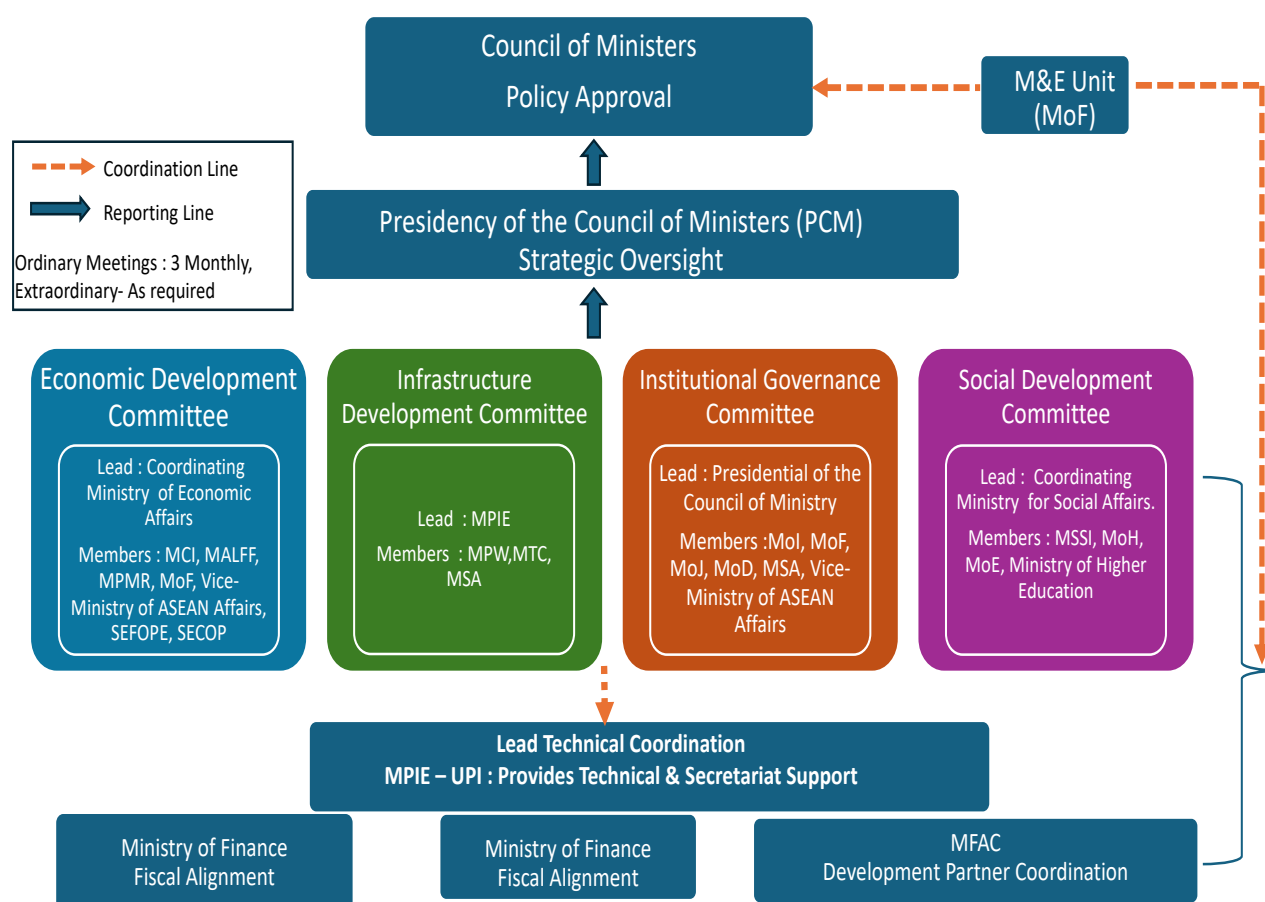
⁷ Prime Minister's Keynote Intervention on the Occasion of Timor-Leste Development Partners Meeting (TLDPM) 2026: "Charting a Resilient Horizon: Blue Economy, ASEAN Integration and Coordinated Action"; inviting development partners support and alignment with national priorities, financing, implementation strategies and robust monitoring and evaluation mechanisms.

⁸ Decree-Law No. 68/2023, of 14 September, Organic Law of the Ministry of Planning and Strategic Investment, *Jornal da República, Série I, No. 34A (Extraordinary Issue), Articles 2(1) and 17(1)-(2)*

⁹ Government Resolution No. 43/2024, of 14 August, *Jornal da República*, creating the Interministerial Sectoral Development Coordination Commissions

decision-making on MTP content, with each Commission chaired by its respective coordinating minister, reviewing and validating strategic priorities, results frameworks, indicators, baselines, and resource allocations within its sectoral pillar. This approach ensured continuity with the Government's broader coordination and policy reform architecture, while avoiding duplication of institutional mechanisms. Once all Commissions have confirmed their respective sectoral components, the consolidated MTP document is submitted to the Council of Ministers for appreciation and approval, thereby constituting the binding national planning commitment for the period 2027-2030.

Figure 1.2.1: Interministerial Sectoral Coordination Commission and Leadership



1.3.2. Methodology

The MTP was prepared through an iterative, evidence-based process combining strategic-level diagnosis, technical analysis, multi-sectoral consultation, expert review, and ministerial validation. The process and timeline are summarized below:

Table 1.3.1: MTP development process: Stages, Activities, and Timeline

Stage	Development Activities	Timeline
Stage 1: Strategic diagnosis	Review SDP 2011-2030 implementation; gather evidence through independent assessments and sector consultations	January 2025 April 2026

Stage 2- Technical planning	Conduct sector diagnostics; formulate strategic priorities; develop results frameworks, indicators, baselines, and targets	April-June 2026
Stage 3- Expert review	Independent review by economists, sector specialists, and development partners; refine strategic interventions and implementation arrangements	May-July 2026
Stage 4- Interministerial validation	Conduct technical consultations with line Ministries and Agencies through the Interministerial Coordination Commissions (IMCCs)	July-August 2026

Following completion of Stage 4, the final MTP document in both English and Tetum will be submitted to the Council of Ministers for review and approval, with official launch and commencement of implementation linked to the 2027 annual budget cycle.

All data, baselines, and targets are drawn from the best available official Government of Timor-Leste sources and sector statistics at the time of drafting. Where official data are not yet available including for new indicators identified during the technical review process and marked TBC in the results framework, baseline data collection actions are documented in the Data Gap Closure Plan (Chapter 9, Section 9.7) and are targeted for completion by end-2027.

1.4 Content and Structure of the MTP 2027-2030

1.4.1 Document Structure

This document is organized into two parts:

- **Part I: Strategic Framework (Chapters 1-2)** establishes the context, rationale, legal basis, and macroeconomic framework for the plan. Chapter 1 provides the background, purpose, development process, and document structure. Chapter 2 sets out the SDP vision and its connection to the MTP, the macroeconomic and fiscal context, development scenarios, enabling conditions, the top policy reform agenda, and the ten High-Level Strategic Priorities monitored directly by the Council of Ministers.
- **Part II: Sectoral Pillars and Cross-Cutting themes (Chapters 3-9)** operates the strategic framework across four pillars and two cross-cutting chapters (chapter 7 and 8). Chapters 3 to 8 follow common pillar format that links national priorities to strategic issues, key result areas, outcomes and indicators with baseline and 2030 targets, strategic interventions, phased quick wins and implementation arrangements. Chapter 9 establishes the Monitoring, Evaluation and Reporting system, the central accountability mechanism, for tracking MTP implementation by the Council of Ministers.

1.4.2 The MTP Pillars and Key Result Areas

The MTP is structured around four strategic pillars, each operationalized through Key Result Areas that focus on investment and reform in the areas most critical to achieving the SDP vision. Cross-cutting issues, Gender Equality, Disability and Social Inclusion (GEDSI) and Climate Change and Environment, are mainstreamed across all five pillars and are addressed substantively in Chapter 8.

Table 1.4.1: Structure of the MTP: Pillars, Chapters and Key Result Areas

Pillar	Chapter	Key Result Areas
1. Economic Diversification	Chapter 3	Accelerated growth in agriculture and forestry; blue economy development; tourism as a high-value sector; manufacturing and import substitution; private enterprise growth (MSMEs and cooperatives); employment and labor market transformation
2. Infrastructure	Chapter 4	Improved roads and bridges; reliable water and sanitation; reliable and sustainable electricity; upgraded port and airport gateways; reliable public transport; affordable digital services
	Chapter 7 - Spatial Integration and Housing	Balanced national and territorial planning; housing construction market development; housing finance development; building standards and governance
3. Social and Human Capital Development	Chapter 5	Foundational learning and school readiness; teacher quality and professional development; skills pathways, TVET, and youth employment; youth participation, sports, arts and culture; improved health and nutrition; cancer prevention and treatment; social protection expansion; education and health service readiness
4. Institutional Development	Chapter 6	Strengthened justice sector and land tenure; improved municipal governance; strengthened public finances and anti-corruption; enhanced public administration and digital government; strengthened security and defense; expanded international economic relations

Alongside the MTP, an **Implementation and Financing Plans** are being developed, covering resource mobilization, annual investment programming, development partner coordination, and multi-year fiscal projections, a separate operational document.







CHAPTER 2

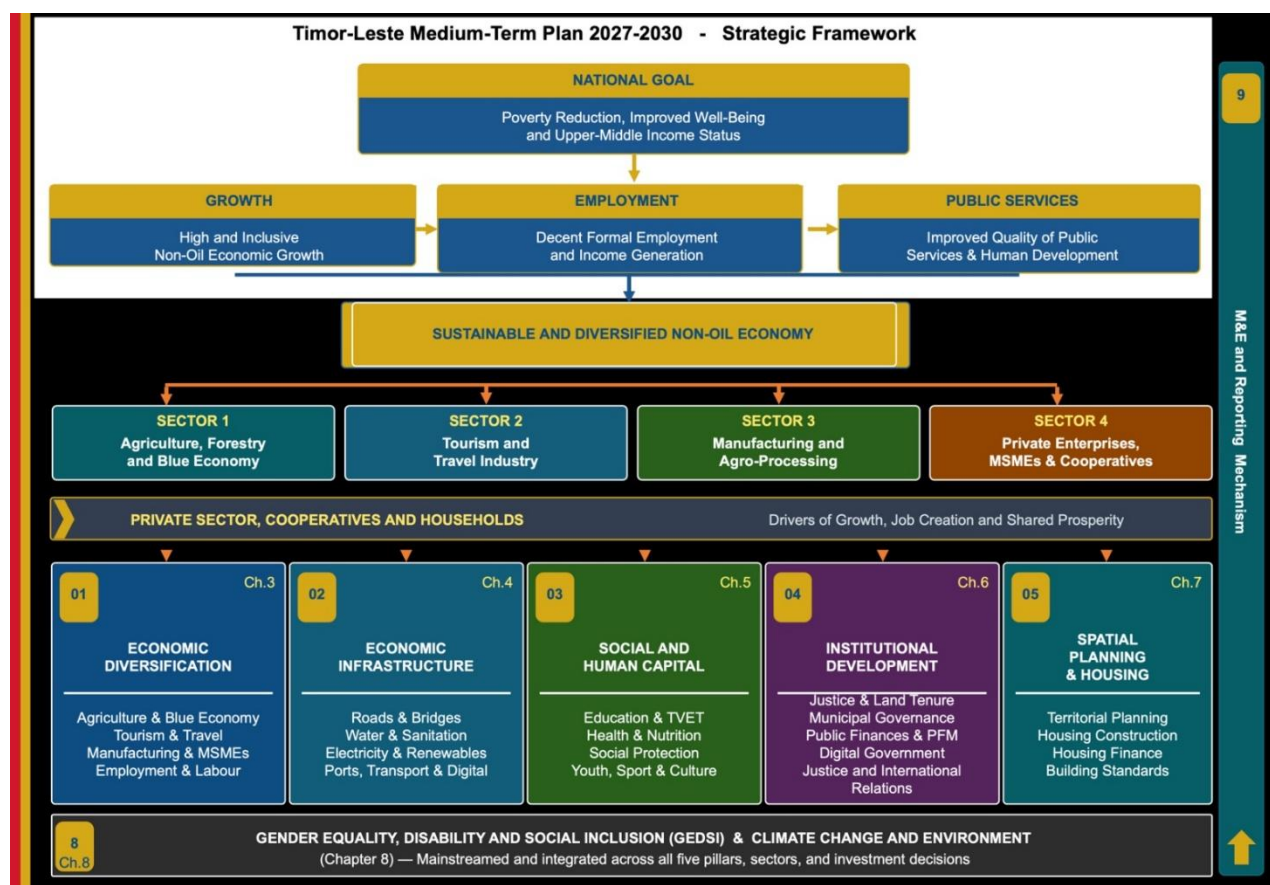
STRATEGIC FRAMEWORK

CHAPTER 2: STRATEGIC FRAMEWORK

2.1. High-level SDP Vision 2011-2030 and its Connection to the MTP 2027-2030

The Strategic Development Plan (SDP) 2011-2030 sets Timor-Leste's vision of becoming a peaceful, prosperous, and upper-middle-income country by 2030, with a sustainable and diversified, competitive non-oil economy and eradication of extreme poverty. While the MTP further enhanced diversification of non-oil economy to reach poverty reduction and improved well-being.

Figure 2.1.1: MTP 2027-2030 Strategic Framework based on the five strategic pillars



The MTP framework has five strategic pillars, **economic diversification, infrastructure, social and human capital, institutional development, and spatial planning**. The details of the five strategic pillars are described in chapters 3-7, which establish the enabling conditions within which the private sector, cooperatives, and households invest, produce, and trade. It is that private-sector response which then generates activity across the four productive sectors: agriculture and the Blue Economy, tourism, manufacturing and geoproccessing, and private enterprises and MSMEs. The combined output of these sectors builds a sustainable and diversified non-oil economy, which in turn produces three mutually reinforcing intermediate outcomes: high and inclusive non-oil growth, decent formal

employment and rising household and per capita incomes for improved quality of public services and human development.

Together, these outcomes advance the Plan's overarching national goal of reducing poverty, improving the well-being of all citizens, and laying the foundation for Timor-Leste's transition to upper-middle-income status. Across the entire results chain, Gender Equality, Disability and Social Inclusion (GEDSI) and climate resilience (Chapter 8) are embedded as cross-cutting, non-negotiable principles that guide policy, investment, and implementation of decisions. The monitoring, evaluation, and reporting framework (Chapter 9) measures progress at every level, providing the Council of Ministers with timely evidence to inform decision-making, strengthen accountability, and enable adaptive course corrections throughout the 2027-2030 implementation period.

2.1.1 Macroeconomic and fiscal context

The SDP 2011-2030 sets clear macro-economic targets. To achieve an upper-middle income status, the SDP projected average annual non-oil GDP growth of 8.0% to 11%¹⁰ and a rise in non-oil GDP per capita from approximately \$610 in 2010 to \$2,030 in 2020 and \$5,690 in 2030.¹¹ These projections were premised on significant increase in agriculture productivity, a growing MSME manufacturing base, and substantially higher private investment.¹² By 2025, domestic revenues were projected to represent approximately 41% of the total government expenditure.¹³

Actual economic performance has been substantially below the targets established under the SDP. While the economy has recovered and returned to positive growth since 2021, structural weaknesses persist¹⁴. Real non-oil GDP grew by approximately 4.1% in 2024,¹⁵ and an estimated 4.3% in 2025. The formal private sector has demonstrated some dynamism creating 14,400 new jobs between 2021 and 2024, according to the Business Activity Survey.¹⁶ However, the medium-term average of non-oil GDP growth between 2011 and 2024, the entire period of SDP implementation, has been only 1.9% annually, translating into an average of GDP per capita growth rate of 1.1% per year.¹⁷ This is a fraction of the SDP's 8.0 - 11.0% annual target, and is insufficient to absorb a rapidly growing youth population into formal employment, or to reduce poverty at the pace required.

The persistent gap between SDP targets and actual performance reflects structural constraints such as low productivity, weak value chain integration, limited private

¹⁰ GoTL (2011), SDP

¹¹ Ibid

¹² Ibid

¹³ Ibid., p.204

¹⁴ Ministry of Finance, General State Budget data; World Bank Timor-Leste Country Overview, 2025. The range 80-85% reflects variation across fiscal years (2010-2024).

¹⁵ World Bank, Macro Poverty Outlook for Timor-Leste, April 2026: "Real GDP grew by 4.1 percent in 2024, driven by infrastructure spending.

¹⁶ It is cited in the World Bank's Economic Report, "Leveling Up: How ASEAN Membership can Support Timor-Leste's Economic Transformation," <https://documents1.worldbank.org/curated/en/099041526055538891/pdf/P513278-2731b35e-378d-4386-ac80-2602afbc0633.pdf>

¹⁷ This is calculated based on the National Account Report.

investment, skill mismatches and institutional fragmentation. Private investment remains at only around 3.7% of non-oil GDP, far below the levels seen in comparable economies that have successfully diversified. Non-oil exports have shown a declining trend, reaching only approximately US\$21 million in 2024.¹⁸ These trends demonstrate that the public expenditure has not been able to drive the improvement of productive capacity of the domestic economy, expanded private sector investment, and growth in the non-oil sector.

Poverty and low income remain a structural challenge. The most recent measured national poverty rate was 37% in 2014 (Government's Press Release based on 2024 Timor-Leste Survey of Living Standards Survey),¹⁹ and while there has likely been some improvement since then, no comprehensive national measurement has been conducted in the decade since.

Fiscal sustainability is important for continued public services and is a major structural challenge. The annual state budget is approximately 110% - 120% of non-oil GDP; and the fiscal deficit reached 47% of non-oil GDP in 2025.²⁰ Withdrawals from the Petroleum Fund, far above the Fund's 3% Estimated Sustainable Income, remain the primary source of government financing.²¹ Without fiscal consolidation and adjustment, excess withdrawal from the Fund will accelerate the depletion of it.

These challenges highlight the urgent need to transition from the growth model that is led by public spending to a private sector-driven growth model. In this model, government's role is to facilitate and to enable private sector investment to grow through strengthening institutions, improving business environment, investing in core and productive infrastructure, and developing human capital. In this model, it is the private sector that will lead economic diversification and transformation, job creation, and reducing poverty.

Timor-Leste has many advantages that can be harnessed for economic transformation. Timor-Leste is part of the dynamic Southeast Asia region and the newest member of ASEAN, strengthening access to a regional market worth over US\$3.9 trillion.²² Timor-Leste's young and growing population is a significant economic and social asset. Prudent management and investment of the Petroleum Fund have resulted in a fund balance of US\$18.7 billion, equivalent to approximately ten times the country's annual GDP.²³ This provides a strategic window of opportunity for Timor-Leste to maximize it for its own advantages. The MTP 2027-2030 is designed to ensure that Timor-Leste's petroleum

¹⁸ INETL, *External Trade Statistics 2024*. This is the total non-oil export figure, encompassing coffee, processed agricultural products, and service exports as captured in the Balance of Payments

¹⁹ Government's Press Release based on 2024 Timor-Leste Survey of Living Standards Survey, 2026. This is the most recent nationally representative poverty measurement.

²⁰ World Bank's Economic Report, "Leveling Up: How ASEAN Membership can Support Timor-Leste's Economic Transformation," <https://documents1.worldbank.org/curated/en/099041526055538891/pdf/P513278-2731b35e-378d-4386-ac80-2602afbc0633.pdf>

²¹ World Bank, *Timor-Leste Country Overview, June 2025*: "fiscal deficits averaged 39.6 percent of GDP, financed largely through withdrawals from the Petroleum Fund.

²² ASEAN for Business Bulletin, August 2025

²³ World Bank, *Timor-Leste Country Overview, June 2025*: "As of June 2025, the Fund had a balance of US\$18.74 billion, equivalent to ten times the country's GDP, or US\$13,400 per capita

wealth can be strategically deployed to build the foundations of a self-sustaining private sector-led economy.

The strategic framework requires clear and disciplined prioritization and resource allocation. In a context of tightening fiscal space, stretched implementation capacity and growing external uncertainty, the Government's policy direction must focus on structural reforms and investments that increase productivity in key economic sectors, improve the quality-of-service delivery, accelerate non-oil economic growth, and generate decent employment for a rapidly growing young population.

2.1.2 Medium-Term Development Scenarios and scenario planning

Taking consideration of the significant uncertainty surrounding petroleum revenues, global economic conditions, climate risks, and implementation capacity, scenario planning is an essential component of the MTP's strategic framework. It provides an analytical basis for policy choices, strategic investment prioritization, and adaptive management.

1. Two scenarios were developed:

- **Ambitious Diversification Scenario (Primary Guiding Scenario):** Targets average annual non-oil GDP growth of **6.0-7.5% during 2027-2030**; establishing the foundations for sustaining **7.5-8.0% annual growth beyond 2030**. At this trajectory, non-oil GDP would roughly double within a decade, generating approximately **5,000-7,000 new formal private-sector jobs annually** between 2027 and 2030. This scenario is driven by a comprehensive package of structural reforms and strategic investments that improve productivity, strengthen competitiveness, and enable private sector-led investment and growth. This target range exceeds recent (2021-2024) average growth of 3.4% a year, while remaining below the SDP's original targets of 8.0% - 11% growth targets.
- **Baseline Scenario:** Assumes tighter fiscal constraints, slower implementation of reform, and more moderate GDP growth of approximately **4-5% per annum**, with growth continuing to be driven primarily by public expenditure. While this represents a more conservative and potentially more easily achievable trajectory, it is unlikely to generate sufficient employment to absorb the growing labor force, or to narrow the development gap with other ASEAN members. Under this scenario, household income will be stagnant, poverty reduction would be slow, economic diversification will remain limited, and the domestic economy would have a reduced capacity to generate non-oil fiscal revenues, thereby prolonging the country's dependence on petroleum resources and limiting progress towards long-term economic self-reliance.

The Government has decided to adopt the Ambitious Diversification Scenario as the guiding framework for the MTP. The primary focus is to establish the foundations for sustained private sector - led growth through structural reforms, strategic infrastructure investment, skill development, and institutional and regulatory improvement, with the fuller economic transformation expected to accelerate in the years following 2030.

2. Implications of the Ambitious Diversification Scenario

- **Economic Diversification Pillar:** Accelerated development of value chains in agriculture, forestry, fishery, Blue Economy, tourism and travel, and manufacturing, including expansion of key non-oil exports, rehabilitation of 26,000 ha of irrigation, and scaling of aquaculture and community tourism enterprises to increase economic productivity, incomes and export competitiveness
- **Employment:** MTP targets 5,000-7,000 new formal private sector jobs annually through structural reforms to improve business environment, attract private investment, and support labor-intensive sectors with high and inclusive growth.
- **Infrastructure:** Strengthening the core and productive infrastructure needed for economic diversification, improving reliability of electricity services, reducing non-revenue water from ~85% to 65% and technical and commercial (T&C) losses from ~33% to <25%, completion of priority economic corridor roads (national municipal and core rural), and expanding the national broadband backbone to support economic productivity and digital economy.
- **Social and Human Capital Development Pillar:** Improving workforce readiness through Technical Vocational Education and Training (TVET) and skills development programs targeting 29,000 sector-ready graduates with ≥60% formal job placement rate; aligned with labor market demand in priority economic sectors, while at the same time strengthening foundational learnings
- **Governance and Institutions:** Improving the enabling environment for private investment and service delivery through systematic land registration in priority corridors, operational One-Stop-Shops in all municipalities, civil service reforms, digitalization of government services, and improved public financial management.

The petroleum and mining sectors remain part of Timor-Leste's long-term growth strategy. These sectors are highly technical and covered by other planning processes. This MTP focuses on near-term strategies to support economic diversification and job creation in non-extractive sectors prioritizing agriculture, tourism, and light manufacturing to broaden the economic base and reduce dependence on extractive revenues.

2.1.3 Enabling Conditions for the Ambitious Diversification Scenario

The Ambitious Diversification Scenario is grounded in structural enabling conditions that have fallen into place during the period immediately preceding this MTP. These are not aspirations; they are existing realities that the MTP's strategy is designed to convert into economic outcomes.

ASEAN membership (October 2025). Timor-Leste's accession to ASEAN completed during the year preceding this MTP represents transformational economic opportunity. With the formal accession and ASEAN Economic integration, it provides preferential

access to a market of over 700 million²⁴ people for Timorese goods and services, improve country's competitiveness to Foreign Direct Investment from ASEAN, and activates labor mobility pathways under ASEAN Mutual Recognition Arrangements for skilled Timorese workers. The 2027-2030 period is the first MTP cycle in which Timor-Leste's development strategy can be designed explicitly around ASEAN membership as a live economic condition rather than a future goal.

Demographic Dividend: Timor-Leste holds one of its most important long-term development assets: a young population. With nearly 70% of Timorese under 35-years old, the country has the potential to transform its demographic dividend into principal driver of economic and social transformation, generating productivity, entrepreneurship, innovation, and domestic consumer demand. The key to realizing this potential is quality of education, industry-aligned skills development, and private sector investment that creates the formal employment and enterprise opportunities young Timorese need.

International digital connectivity (TLSSC, June 2024). The Timor-Leste South Submarine Cable, which landed in Dili in June 2024 with a design capacity of 27 terabits per second, has fundamentally addressed the country's international bandwidth constraint. The next phase is to convert this capacity into affordable, expanded digital services, improving business productivity, enabling e-government service delivery, and generating economic opportunities in the digital economy.

Trade gateway infrastructure. Tibar Bay Port is operational, creating a modern deep-water gateway for non-oil exports. The expansion of Presidente Nicolao Lobato International Airport (PNLIA) is underway with groundbreaking in April 2025 and completion targeted within the MTP period, is expected to unlock the tourism arrival volumes that underpin the Chapter 3 tourism strategy. The binding constraint on export growth is now upstream logistics, certification, and cold chain, not port and airport capacity.

Legal and institutional framework. With Timor-Leste's World Trade Organizations (WTO) membership and ASEAN accession, both completed in the period immediately preceding this MTP, it is the international regulatory framework for open, rules-based trade in place. Domestically the Corporate Recovery and Insolvency Code (CREI, 2024) and the Procurement and Public Contracts Code (2025) have established essential foundational legal framework for private investment, market competition, and public accountability. Timor-Leste has strengthened its institutions and regulatory frameworks to facilitate private sector investment, and the 2027-2030 period is primarily about implementing and building on existing framework.

Petroleum Fund runway. With a balance of US\$18.74 billion as of June 2025,²⁵ the Petroleum Fund provides a finite but substantial financing window. While it cannot sustain public spending indefinitely, it provides strategic window of opportunity for investment in strategic opportunity to invest in productive infrastructure, human capital, and institutional

²⁴ ASEAN population in 2026, accessed on Statista website- [ASEAN population by country 2026 | Statista](https://www.statista.com/statistics/1108117/asean-population-by-country-2026/)

²⁵ World Bank, Timor-Leste Country Overview, June 2025: "As of June 2025, the Fund had a balance of US\$18.74 billion, equivalent to ten times the country's GDP, or US\$13,400 per capita."



capacity that will underpin a self-sustaining, private sector-led economy. The key challenge is converting financial assets in the Petroleum Fund into productive national assets before the depletion window closes.

Together, these enabling conditions mean the MTP 2027-2030 begins from a fundamentally stronger platform than any previous plan. The question is not whether the conditions exist, they do. The question is whether the Government's policy implementation, institutional capacity, and private sector response are strong enough and fast enough to convert these conditions into the 6.0-7.5% growth trajectory within the 2027-2030 window. The strategic priorities, results frameworks, and interventions in this MTP are designed to answer that question with confidence.

2.2 Top policy reform and agenda for 2027-2030

The Policy Reform Agenda for the 2027-2030 defines the core structural required to support Timor-Leste's transition toward higher productivity, economic diversification, and inclusive growth. The policy reform is intended to address the binding constraints that continue to limit structural transformation and private-sector development, including low productivity, weak value-chain integration, constraints in the land-tenure and finance nexus, skills mismatches, regulatory and administrative bottlenecks, and institutional fragmentation. These constraints have reduced the catalytic impact of public investment and continue to constrain the mobilization of private investment in productive sectors.

Accordingly, the reform agenda prioritize measures that improve the efficiency of public spending, strengthen the enabling environment, support enterprise development, and enhance the linkages between infrastructure, productive sectors, and labor-market outcomes. In addition, the agenda is accompanied by clear implementation responsibilities, measurable outputs and outcomes, and a robust monitoring framework to support accountability and corrective actions.

As such, the Top Policy Reform Agenda for 2027-2030 provides the policy foundation for translating the MTP from a planning instrument into an operational framework for structural change, investment mobilization, and measurable development results.

2.6 National High-Level Strategic Priorities Dashboard (2027-2030)

The ten high-level national strategic priorities that will receive special political attention, budget priorities, and regular monitoring by the Prime Minister and Council of Ministers are presented in the table below. These priorities are the Government's protected set of actions for the MTP period, representing the reforms and investments most directly linked to higher non-oil growth, job creation, and stronger public confidence in delivery.



Table 2.6.1: Dashboard of top ten high-level national strategic priorities

National Strategic Priority	Type	Lead Ministry / Support	Timeline	Baseline (2025)	Target Outcome / KPI (2030)	Linked Pillars
Comprehensive Land Tenure Reform and National Digital Cadaster	Reform	Lead: MOJ Support: MOF, Municipalities	2027-2030 (digital cadaster operational in priority corridors by 2028; titling at scale by 2030)	≤949 formal land titles issued (DNTPSC, 2025); 326,111 parcels registered nationally	30,000 land titles formally issued in priority economic corridors; national digital cadaster fully operational	All pillars
Private Sector Finance; MSME Credit Guarantee Scheme and Blended Finance	Finance	Lead: MOF; Support: Central Bank (BCTL)	2027-2030 (scheme operational by 2028; full lending volume by 2030)	Credit Scheme not yet utilized; 19.1% of MSMEs hold a formal bank loan (ADB-MCI, 2024)	Guarantee scheme unlocking US\$40 million in additional MSME lending; share of MSMEs with formal financial products rising from 19.1% to ≥35%	Economic Diversification
Blue Economy Development Platform	Sector	Lead: MALFF; Support: MTE, MPSI	2027-2030 (EEZ framework and aquaculture pilots by 2028; scaled by 2030)	Aquaculture production ~600 tons; marine exports near zero (US\$5,000 sea cucumber, 2020)	Marine and fisheries zoning maps operational; EEZ enforcement framework in place; aquaculture production ≥1,200 tons; marine exports reaching US\$1 million	Economic Diversification

Trade Facilitation and Logistics (ASYCUDA and Tibar Port Integration)	Reform/ Infrastructure	Lead: MOF; Support: MTC, MPSI	2027-2029	Customs digital processing ~60-70% (partial ASYCUDA rollout); cargo dwell time TBC from Timor Port data by end-2027	100% digital customs processing; cargo dwell time at Tibar Bay Port reduced by ≥40%; non-oil exports rising to ≥5% of port throughput	Infrastructure and Economic
Economic Corridors Development	Infrastructure	Lead: MPW; Support: MTC, MPSI, MCAE	2027-2030 (corridor works underway by 2028; completion by 2030)	48% of national roads are in good/fair condition (MPW, April 2026); 6.9% municipal roads	Priority infrastructure upgraded into five key corridors (Dili-Ermera Coffee Corridor; Dili-Baucau; Dili-Maliana; Dili-Suai; Oecusse); average travel time to municipal capitals reduced by ≥20% from 2027 baseline	Infrastructure and Economic
Tourism Enabling Platform	Sector	Lead: MTE; Support: MPSI, MTC, Municipalities	2027-2030 (circuit connectivity and community enterprise financing window operational by 2028; scaled by 2030)	96,718 international arrivals (2024); travel export receipts US\$28 million (BCTL BOP, 2024)	International tourist arrivals growing toward 200,000; travel export receipts rising toward US\$80 million; community-based tourism enterprise financing window established	Economic Diversification & Infrastructure

Irrigation and Agricultural Productivity Enhancement	Investment	Lead: MALFF; Support: Municipalities	2027-2030 (rehabilitation underway by 2028; target hectarage by 2030)	~43,834 ha registered irrigation area; cropping intensity 117.6% (FAO AQUASTAT, 2022); coffee exports US\$17.7 million / 5,392 tons (INETL, 2024)	70,000 ha of area under functional irrigation; cropping intensity rising to ≥150%; coffee export value increasing by ≥50% from 2024 baseline	Economic Diversification
Sector-Aligned TVET and Skills Development	Human Capital	Lead: MHESC; Support: SEFOPE, MPSI	2027-2030 (industry-aligned curricula and first graduate cohorts by 2028; full placement target by 2030)	TVET participation rate: 2.6% of upper secondary students (MOE, 2024); graduate employment rate: not yet measured	29,000 TVET graduates in priority economic sectors; ≥60% formal job placement rate within 12 months of graduation (tracer system to be established by end-2027)	Economic and Social
Reliable Power and Water for Priority Economic Zones	Infrastructure / Reform	Lead: MPW; Support: MOF, MPSI	2027-2030 (loss and NRW reduction underway in priority zones by 2028; targets met by 2030)	Electricity system losses: ~33% (EDTL); NRW: ~85% (BTL); sucos with 24/7 supply: ~70%; renewables: <1% of generation mix; EDTL cost recovery: ~32%	Electricity system losses reduced to <25%; NRW reduced to ≤65%; 100% of sucos with 24/7 supply; renewables reaching ≥50% of generation mix	Economic Infrastructure and Economic Diversification

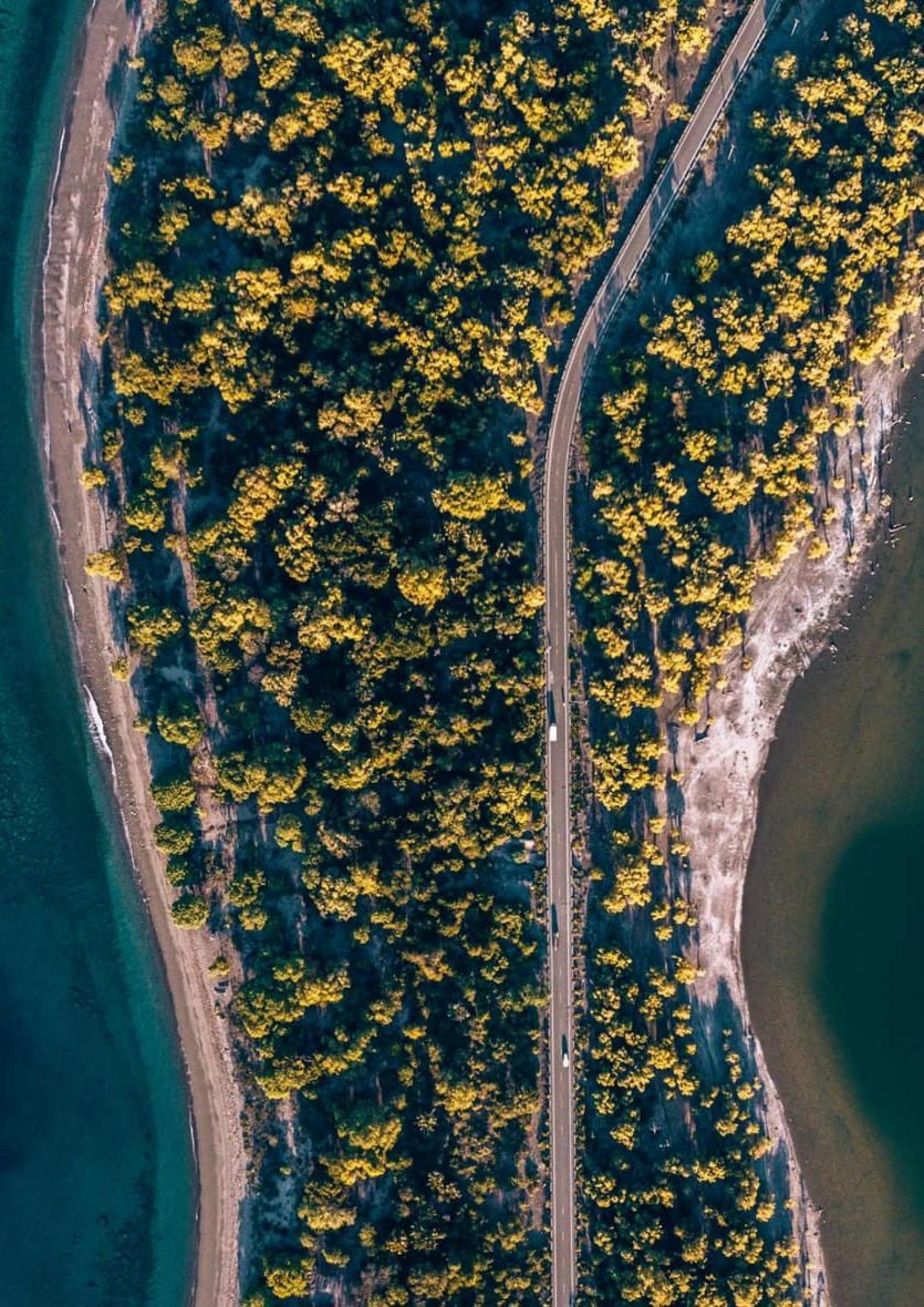
					(anchored by Manatuto Solar and BESS Project); EDTL cost recovery rising to >80% - with explicit priority to industrial, agro-processing, and tourism zones	
Investment Climate and Regulatory Reform	Reform	Lead: MCAE / MCI; Support: MOJ, MOF, NPC	2027-2030	Business registration time: ~42 days; 8 One-Stop-Shops operational (December 2025)	Business registration time reduced to ≤15 days; One-Stop-Shops operational in all 12 municipalities and RAEOA; measurable improvement in formal enterprise registration and business environment indicators	All pillars

Explanation of each priority

1. **Comprehensive land tenure reform and national digital cadaster:** Systematic titling of land parcels and operationalization of a digital cadaster, starting in priority economic corridors. With 326,111 parcels have already been recorded in the national cadaster; the constraint is not registration but the conversion of registered parcels into formally issued legal titles that can serve as collateral for bank lending. High-level actions include systematic adjudication and titling, development of an integrated digital land information system, and linkage with banking institutions for collateral registration.
2. **Private Sector Finance medium small and medium enterprise (MSME) credit guarantee scheme & blended finance facility:** Expand access to finance for MSMEs through the establishment of a credit guarantee scheme and blended finance facilities targeting US\$40 million in addition to commercial bank lending. High-level actions: design and capitalize the guaranteed scheme, develop risk-sharing mechanisms with commercial banks, and target lending to agriculture, fisheries, tourism, and agro-processing, the priority sectors for economic diversification.
3. **Blue economy platform.** Establish the institutional, regulatory and infrastructure foundations for sustainable fisheries, aquaculture, and marine tourism. High-level actions include complete marine and fisheries zoning maps, strengthening Exclusive Economic Zones (EEZ) enforcement, scale aquaculture pilots, and establish community-based fisheries co-management: building the platform from which marine export growth is expected to accelerate after 2030.
4. **Trade facilitation and logistics (ASYCUDA & Tibar Port Integration) Improve trade competitiveness through modernization of customs and improved port-hinterland connectivity. High-level actions:** full rollout of ASYCUDA World, and the Timor-Leste Single Window System (TileSW), reduction of cargo dwell time by at least 40%, port-hinterland road improvements, and reduction of bureaucratic procedures at Tibar Bay Port.
5. **Economic corridors development focused public investment in infrastructure along five strategic economic corridors.** High-level actions: upgrading key roads and bridges, improve logistics facilities, and coordinate power, water, and ICT infrastructure along Dili-central Highlands (Coffee Corridor - Ermera, Liquiçá, Aileu, Ainaro, Manufahi), Dili-Baucau, Dili-Maliana, Dili-Suai, and RAEOA.
6. **Tourism enabling platform.** Strengthen the foundation for tourism growth through key infrastructure and skills upgrading and establishing financing for community-based tourism enterprises. High-level actions: prioritize road and connectivity investment to named tourism corridors, establish a dedicated financing/support window for community tourism enterprises, and strengthen tourism workforce skills: laying the groundwork for the larger visitor-economy growth targeted in Chapter 3.

7. **Irrigation and agricultural productivity enhancement:** Increase agricultural productivity and climate resilience through, rehabilitation and development of irrigation infrastructure targeting 70,000 ha. High-level actions: rehabilitate existing schemes, construct new small and medium schemes in key production areas, and promote climate-resilient farming practices.
8. **Sector-aligned TVET and skills development Reform and expansion of vocational training** to 29,000 graduates, with >60% formal job placement. High-level actions: establish industry-linked training programs in tourism, agriculture, fisheries, construction, and light manufacturing; strengthen the graduate tracer system; and expand labor mobility preparation for G2G partnerships with Korea, ASEAN countries, and Australia.
9. **Reliable power and water infrastructure for priority economic zones.** Reduce electricity system losses and non-revenue water losses with explicit priority to the industrial, agro-processing, and tourism zones identified under the Economic Corridors, Blue Economy, and Tourism priorities. High-level actions: implement loss-reduction and NRW-reduction programs in priority zones first; modernize grids and distribution networks; and accelerate renewable energy development anchored by the Manatuto Solar and Battery Energy Storage System (BESS) Project, Timor-Leste's first utility-scale renewable energy independent power producer, with construction commencing August 2026 and commercial operations targeted for June 2028.
10. **Investment climate and regulatory reform:** Improving simplification of business processes and improvement of the enabling environment. High-level actions: reduce business licensing requirements; digitalize business registration; operationalize One-Stop-Shops in all municipalities; simplify and harmonize rules and regulations; digitalize government services; implement the Corporate Recovery and Insolvency Code (2024); and strengthen private sector coordination mechanisms.

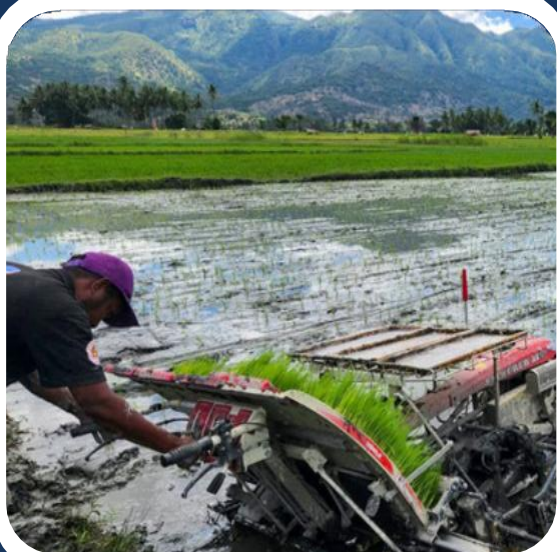
These priorities should be read as the Government's short list of nationally protected actions for the MTP period. They provide the bridge between the broad strategic direction of the plan and the more detailed sectoral results frameworks presented in chapters three (3) to eight (8).



CHAPTER 3

ECONOMIC DIVERSIFICATION

Builds pathways for Agriculture,
the Blue Economy, Tourism,
Manufacturing, MSMEs, and
Formal Job Creation



Preface



Timor-Leste stands at a defining moment in its economic journey. For two decades, our nation has relied heavily on the Petroleum Fund to finance development, build infrastructure, and deliver essential services to our people. Yet we have always understood that true and lasting prosperity cannot rest on a single, finite resource. The time has come to accelerate our transition toward a diversified, competitive, and job-rich non-oil economy, one that is sustainable, inclusive, and resilient in the face of economic and climate shocks.

This chapter on Economic Diversification lies at the very heart of that transition. It charts a clear and honest path forward. We do not pretend that high growth can be achieved overnight. Instead, the Medium-Term Plan 2027-2030 is deliberately designed to build a **strong foundation and launch pad: establishing basic systems, institutions, and investments that will allow for much faster non-oil growth after 2030**, addressing the binding constraints that have long held back our productive sectors, and creating the enabling systems that will position Timor-Leste for higher and more sustainable growth beyond 2030. Our Non-oil GDP growth has averaged only around 4.1 percent in 2024. Poverty still affects nearly 40 percent of our population. Formal private-sector employment remains limited, and our non-oil exports are still low. Our farmers remain largely subsistence-oriented, with only around three percent producing mainly for sale. Our vast marine wealth in the Exclusive Economic Zone remains almost entirely untapped. Our tourism, manufacturing, and MSME sectors hold enormous potential; but require the right approach and policy to flourish.

This plan responds to these challenges with purpose and discipline. Through six Key Result Areas, including **agriculture and forestry, the Blue Economy, tourism, manufacturing and import substitution, MSMEs and cooperatives, and labor market transformation** -we adopt a system approach that links production, value chains, markets, institutions, and infrastructure. **Our ambitions are concrete**: to commercialize our coffee and rice value chains, to convert our marine potential into exports and coastal jobs, to grow a high-value visitor economy, to establish the industrial zones and incentives that allow light manufacturing to take root, and to transform stability-oriented microenterprises into growth-oriented businesses with real market reach.

Above all, this is a plan about our people, and about opportunities for every part of our territory. The Government is committed to creating **5,000 to 7,000 new formal private-sector jobs each year, to reducing informality from over 77 percent toward 65 percent, and to aligning our technical and vocational training with the real needs of industry**. We are equally committed to equity -ensuring that investment reaches our lagging municipalities and growth corridors alike, and that women and youth, who represent our most significant untapped entrepreneurial resource, are placed at the center of our economic future.

Recognizing that long-term prosperity depends on inclusive, resilient, and sustainable development, the Medium-Term Plan (MTP) 2027-2030 places gender equality, disability

inclusion, social inclusion, climate resilience, and environmental sustainability at the core of Timor-Leste's economic transformation and national development. These are not standalone priorities; they are fundamental enablers of economic diversification, productive agriculture, sustainable tourism, resilient infrastructure, food and water security, and stronger communities. Integrating climate adaptation, disaster risk reduction, ecosystem restoration, and sustainable natural resource management across all sectors of government will ensure that today's development investments strengthen resilience while safeguarding the wellbeing of future generations.

The Government is committed to implementing this agenda in alignment with Timor-Leste's Nationally Determined Contribution (NDC), National Adaptation Plan (NAP), and other national environmental commitments. Priority actions include strengthening climate and environmental governance; preparing climate adaptation plans; conserving biodiversity and protecting critical ecosystems; expanding climate-resilient, inclusive, and accessible infrastructure; restoring degraded landscapes, forests, and watersheds; strengthening disaster risk management and early warning systems; enhancing pollution prevention and waste management; promoting nature-based solutions that protect biodiversity while creating sustainable livelihoods for local communities; and integrating gender-responsive planning and social inclusion across economic diversification, climate adaptation, and environmental management initiatives.

The strategic interventions, quick wins, and phased priorities set out in this chapter reflect a government determination to act decisively, to coordinate effectively across ministries, and to measure our progress honestly against clear targets. Success will require partnership with **the private sector, with our cooperatives and communities, with our development partners, and with every citizen who shares our vision of a self-reliant nation.**

The foundations we build today will shape the opportunities and prosperity of generations to come. Together, through ambition, integrity, partnership, and unity of purpose, let us build a stronger, greener, more inclusive, and more resilient Timor-Leste.



Dato Seri Francisco Katbuadi Lay

Vice Prime Minister, Coordinating Minister for Economic Affairs and Minister of Tourism and Environment

CHAPTER 3: ECONOMIC DIVERSIFICATION

3.1. Introduction and contribution to national priorities

Economic diversification and job creation led by private sector are central to Timor-Leste's transition from petroleum dependence to a sustainable, inclusive, and resilient economy. This pillar aims to accelerate growth in agriculture, fisheries, forestry, tourism, light manufacturing, generating decent formal employment; and strengthening private sector role as the principal driver for long-term economic growth.

This MTP 2027-2030 focuses on building a strong foundation and launch pad for significantly higher and more sustainable non-oil growth in the subsequent period (2031-2035 and beyond). By addressing binding constraints and creating enabling environment, this final phase of the SDP will position the country for accelerated economic transformation after 2030.

The pillar adopts a coordinated, whole-of- systems approach that links production, value chains, markets, institutions, and infrastructure to ensure that public investments translate into higher productivity, growing exports, more formal jobs and well-being of all municipalities.

3.1.1 Private sector development and investment climate

Private sector development is the core mandate of the Economic Diversification Pillar. It is a principal strategy for achieving high economic growth and decent employment and reducing fiscal dependency on the petroleum fund. The objective is to unlock private sector investment and ensure that public investments generate sustained economic and employment benefits. These mandates are embedded in every sub-sector.

3.1.2 Economic diversification pathways

The MTP sets out a clear, sequenced pathway for economic diversification. It recognizes the importance of coordination across line ministries and government agencies as the prelude toward economic diversification and transformation. Following are the key elements of the pathway:

- **Agriculture, livestock, and forestry:** Prioritize the commercialization of value-chain in key production corridors (coffee/rice belts coastal fisheries) with the goals to increase exports, improve productivity, and to raise rural household incomes. In the short-term, efforts will concentrate on niche products with high market value. In the medium-term, the priority will shift toward agro-processing and integrating into regional and international value chain networks.
- **Blue economy and marine resources:** Promote sustainable development of fisheries, aquaculture, marine tourism, and coastal resource management across Exclusive Economic Zone (EEZ) and coastal areas. This is expected to contribute toward export diversification, job creation, food security, and climate-resilient

growth. Short-term attention focuses on strengthening community fisheries governance and community-based resource management. Medium terms initiatives will focus on the development of aquaculture pilots and marine value chains.

- **Tourism:** Develop infrastructure that link community-based to leverage Timor-Leste's natural, cultural, and historical assets. It will play a key role in bringing in additional foreign exchange, generating jobs in lagging municipalities, and supporting the emergence of local enterprises. The short-term priority is to develop niche tourism products. The medium/long-term focus will be on improving the service quality, increasing competitiveness, and expanding tourism services.
- **Manufacturing and import substitution industries:** Promote private sector investment in light manufacturing and agro-processing to reduce import dependence and create formal jobs in economic corridors. Short-term priorities include supporting selected industries that have potential for growth such as garments, recycling, and food and beverages for domestic consumptions. Over the medium-term, the priorities will move toward higher value, including wood processing, paper products, and other resource-based manufacturing industries.
- **Private sector development, MSMEs, and cooperatives:** Improving the environment for private sector through improved access to finance, simplification of regulatory process, and structural reform toward more conducive environment for business and cooperative models facilitating entrepreneurship and local economic activity. It involves support to micro, small, and medium-sized enterprises (MSMEs) and cooperative models to foster entrepreneurship, stimulate local economic activity, and promote inclusive growth across urban and rural areas.
- **Employment and labor market transformation:** Align technical and vocational education and training (TVET) with industry needs to address skills shortage and mismatch and increase workforce readiness. Improving employment services, labor market information systems, and strategic partnership between public and private sector will support a more efficient matching of skills and jobs. These measures aim to reduce skills mismatches and sustain formal private sector job creation.

These pathways are spatially targeted to growth corridors and lagging municipalities to ensure equitable territorial development.

3.2 Strategic issues facing the economic sectors

Timor-Leste has made significant progress in improving infrastructure and connectivity and expanding basic services across the country. Despite this notable progress, the economy remains heavily dependent on public spending, largely financed through the withdrawal from Petroleum Fund. Non-oil GDP growth is still slow, only around 4.1% in 2024, while a large share of the population still lives in various forms of poverty. Formal employment is largely dominated by the public sector, and the capacity of private sector to generate decent employment is limited. Non-oil exports are still very low and represent only a small portion of non-oil GDP.

- **First, value chains in agriculture, fisheries and forestry remain underdeveloped and limited commercialization remains limited.** This sector is still largely dominated by smallholder farmers, with low commercialization, weak processing capacity, and highly vulnerability to climate shocks. Key production zones (coffee/rice belts in Ermera, Manufahi, Liquiçá, Aileu, Bobonaro, Covalima) remain inadequately connected to domestic markets, limiting export growth and rural income generation.
- **Second, the Blue Economy sector remains nascent relative to its potential.** Despite Timor-Leste possessing significant marine resources with a vast in the EEZ potential, sustainable fisheries management, aquaculture, and marine tourism are underdeveloped. Illegal fishing, weak coastal infrastructure, and limited value chains continue to constrain employment creation and exports diversification.
- **Third, the tourism sector remains fragmented and under-connected.** While Timor-Leste has potential for tourism due to its unique and natural beauty, culture and history, the development of this sector is constrained by infrastructure gaps, limited connectivity, inadequate skills, and weak community-based enterprise network. This limits the capacity of this sector to generate decent employment, sustainable income, and rural economic development.
- **Fourth, manufacturing and import-substitution industries remain nascent.** Due to limited industrial capacity in the domestic market, Timor-Leste is heavily dependent on imported goods to satisfy growing domestic demands. It limits the sector's ability to create jobs in urban and rural areas and value addition in the domestic market.
- **Fifth, private sector development, MSMEs and cooperatives are constrained by weak access to finance and business support.** Limited access to finance, complex regulatory environment, and weak business support services limit MSME growth and cooperative models, particularly in rural and underserved municipalities. This limits economic opportunities.
- **Sixth, skills mismatches and labor market weaknesses persist.** TVET programs are not sufficiently aligned with industry needs, while the linkage between education and industry is weak. Consequently, many young people face difficulties finding productive employment.
- **Finally, spatial imbalances continue to concentrate economic opportunity in Dili and a few growth corridors.** Economic activities are largely concentrated in Dili, while other municipalities face persistent poverty in various dimensions, inadequate infrastructure, limited access to market, low private sector investment, and poor public service delivery. This imbalance constrains inclusive growth, and equitable resource distribution across the country. The combination of these structural constraints limits the country's ability to generate private sector investment, economic productivity, economic growth, and decent employment required to achieve national vision laid down by SDP.

Taken together, these structural constraints limit Timor-Leste's ability to generate the levels of investment, productivity, employment, and economic growth required to achieve the vision and objectives of the SDP. Addressing these challenges will require a coordinated strategy focused on economic diversification, private sector development, human capital formation, and improved institutional effectiveness to support a more resilient and inclusive growth model.

3.3 Strategic Objectives and Pillar Level Key Result Areas

1. **SO1:** Accelerate growth in priority productive sectors and value chains to drive non-oil GDP growth.
2. **SO2:** Strengthen private sector development, MSME growth and the investment climate to create quality formal private sector jobs.
3. **SO3:** Transform the labor market through skills development and employment services to reduce skills mismatches and support inclusive growth.

These objectives are operationalized through six Key Result Areas (KRAs):

- **KRA 1: Accelerated Growth in Agriculture, Livestock and Forestry** - Increases productivity, commercialization, and exports in key value chains.
- **KRA 2: Blue Economy and Sustainable Marine Resources** - Develops sustainable fisheries, aquaculture, and marine tourism linked to coastal infrastructure and skills. Reduces illegal fishing (see Institutional Development Pillar).
- **KRA 3: Tourism as a High-Value, Job-Creating Sector**- Develops community-based and eco-tourism circuits linked to infrastructure and skills.
- **KRA 4: Manufacturing and Import Substitution- Industries** - Promotes light manufacturing and agro-processing to reduce imports and create formal jobs.
- **KRA 5: Private Sector Development, MSMEs and Cooperatives** - Improves access to finance, business services and regulatory environment for MSMEs.
- **KRA 6: Employment and Labor Market Transformation** - Aligns skills development with industry needs and expands formal employment opportunities.

3.4 Pillar results framework

The economic diversification pillar results framework summarizes the contribution of the pillar to non-oil growth, jobs, investment, and export expansion. The table below presents the strategic logic of the pillar, while the sub-sector sections that follow provide further detail.

Table 3.4.1: Economic diversification result framework

Level	Result statement
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Impact	Sustainable, inclusive and climate-resilient economic growth
Goal	A diversified, competitive, and job-rich non-oil economy, laying the foundation for higher growth after 2030
Pillar outcome by 2030	• Accelerated growth in agriculture, fisheries, tourism and manufacturing. • Increased formal private sector employment (5,000-7,000 new jobs annually). • Share of private sector investment in total investment: 13,1 % to 15%-20%. • Nominal Value of Private Sector Investment US\$63M to US\$150M - 200M. • Strengthened MSME and cooperative sector contributing to non-oil GDP. • Improved investment climate and private sector confidence.
Strategic interventions (2027-2030)	• Agricultural value-chain development and economic corridor packages. • Blue Economy platform development and marine value chains. • Tourism circuit infrastructure and community enterprise development. Lead: Ministry of Tourism and Environment; • Manufacturing and agro-processing industrial zones and incentives • MSME finance, MSME development policy, and investment climate reforms. • Sector-aligned TVET and labor market transformation

3.5 Sub-sector results strategy

3.5.1. Agriculture, livestock, and Forestry

Strategic Outcome: Priority agricultural value chains are generating higher and more reliable rural incomes.

Coffee export earnings have grown significantly through improved farm yields, post-harvest quality, and premium market positioning. Rice production supports improved food security



and reduced import dependence through expanded and better-utilized irrigation. The share of farming households producing mainly for sale has risen substantially from the 3% subsistence baseline, with measurable growth in average agricultural incomes across priority production corridors. Livestock productivity has improved through better animal husbandry practices, and community-managed forests in key agro-ecological zones are generating sustainable income from high-value timber and non-timber products.

Agricultural productivity in Timor-Leste remains constrained by smallholder fragmentation, subsistence orientation, low input use, weak post-harvest systems, and limited market linkages. Agriculture continues to be key sector for rural livelihood, employment and rural economy. However, its potential and contribution to economic growth and household income is still limited due to low productivity, limited access to market, and weak integration into value chain. According to the 2015 Census of Agriculture and Fisheries found that approximately 51% of farming households produce mainly for home consumption and only ~3%²⁶ produce mainly for sale, underscoring the structural depth of the commercialization challenge. This is consistent with the FAO Crop and Food Supply Assessment Mission, which explicitly notes that most farming units are small-scale subsistence operations²⁷. Key production zones in the coffee and rice belts: Ermera, Bobonaro, Covalima, remain poorly connected to reliable markets. Coffee is the dominant non-oil export at US\$17.7 million and 5,392 tons in 2024²⁸, but yields remain structurally low at approximately 200 kg/ha of green bean equivalent against a regional comparator of ~500 kg/ha in Indonesia²⁹. Closing this gap requires pairing irrigation rehabilitation and extension investment with value-chain and market-linkage infrastructure that converts higher output into higher rural incomes.

²⁶ INETL, *Census of Agriculture and Fisheries*, 2015

²⁷ FAO CFSAM, 2021

²⁸ INETL, *External Trade Statistics*, 2024

²⁹ World Bank, *High-Value Horticulture and Agroforestry Sub-sectoral Report*, 2024

Table 3.5.1: Result strategy for Agriculture, Livestock and Forestry

Indicator	Baseline (2025)	Target (2030)	Responsible Agencies
Coffee export volume (tons) and average export value (US\$/ton) (3-year average)	5,392 tons and US\$17.7 million	8,366 tons and 50% increase in value	Lead: MALFF; Support: MPSI, MCI, Municipalities
Nominal value of agriculture value added	\$331M (2024)	\$500M	Lead: MALFF; Support: MPSI, MCI
Share of agriculture nominal value as the percentage of non-oil GDP	19.5% (2024) [INETL, I.P., Timor-Leste National Accounts 2005-2024, Ministry of Finance, September 2025]	25%	Lead: MALFF; Support: MPSI, MCI
Rice paddy yield (productivity) (ton/ha)	2.2 ton/h [MALFF]	≥2.7 ton/ha	Lead: MALFF; Support: MPSI
% of farming households producing mainly for sale	~3% [INETL, Census of Agriculture and Fisheries, 2015; FAO CFSAM, 2021]	≥15%	Lead: MALFF; Support: MPSI, MCI
# of farmers registered in MALFF-certified cooperatives or formal producer groups	~28,000 members as a partial proxy	550 formal farmer groups	Lead: MALFF; Support: MCI
Functional area under irrigation (ha)	43,834 ha	70,000 ha	Lead: MALFF Support: MPSI, MPW
Cropping intensity ratio in irrigated schemes (%)	117.6%	≥150%	Lead: MALFF; Support: MPW, MPSI
Average income from agricultural sales per farming household in priority value chain municipalities	Average Annual Income of High-Value Horticulture (HVH) & Priority	25% increase	Lead: MALFF; Support: MOF (INETL)

(Ermera, Bobonaro, Covalima), US\$ per household per year.	Value Chains: \$2,080 per year Annual income value generated general smallholder: \$1,536/household annually Low-Value Staple Value Chains: Average annual value rice \$10/household		
% increase in domestic meat production.	40%	60%	Lead: MALFF Support: MCAE, MOF
Average carcass weight at slaughter house/ % of carcasses meeting the national grading standard.	Rudimentary (basic)	High	Lead: MALFF Support: MCAE, MOF
% of national livestock herd received scheduled vaccination and veterinary inspections.	20.5%	80%	Lead: MALFF Support: MCAE, MOF
Percentage of commercial cattle facilities operating under professional slaughterhouse management, veterinary oversight, and Good Animal Husbandry Practices (GAHP).	<5%	10%	Lead: MALFF Support: MCAE, MOF
Area reforested (Ha)	300 ha (Baseline 2024-2025)	1,000 ha; (3,981.600 pes)	Lead: MALFF Support: MCAE, MOF, MCI
Area of planted of sandalwood & industrial trees (Ha)	Sandalwood: 225 Ha & Industrial trees: 200 Ha;	Sandalwood: 305 Ha & Industrial trees: 300 Ha;	Lead: MALFF Support: MCAE, MOF, MCI
# of CBNRM committees established at the village level for sustainable land zoning	12 groups of CBNRM	22 groups of CBNRM	Lead: MALFF Support: MCAE, MOF, MCI

	committees established (2024).	committees established.	
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Key Strategic Interventions (2027-2030):

To increase agriculture productivity, access to market and increase rural income, the Government’s strategic interventions for agriculture, fisheries and forestry will focus on raising on-farm productivity, strengthening value chains, expanding and rehabilitating irrigation, and increasing climate resilience. Activities will be implemented through a prioritized, integrated approach combining production-level support with market systems development, post-harvest infrastructure, and institutional coordination. Key strategic interventions include:

- Scale irrigation, extension services and climate-resilient agriculture production systems:** The priorities will be on rehabilitation and the expansion of irrigation infrastructure in priority production zones, targeting an increase in cropping intensity from 117.6% to ≥150% in existing schemes by 2030. It is accompanied by strengthening water management system and maintenance system at scheme level.
- Develop value-chain infrastructure and market linkages in economic corridors.** Priorities are on economic corridors in coffee-producing municipalities (Ermera, Ainaro, Aileu, Manufahi, Liquiçá) and major rice production area rice belts (Bobonaro, Covalima, Viqueque, Manatuto). It will be paired with storage and processing infrastructure with formal off-take arrangements and digital market-information tools.
- Establish post-harvest quality-control and certification systems:** Develop post-harvest processing, grading and certification infrastructure for priority export crops, with particular attention to the coffee and rice and pursue trade partnerships to secure premium market access and brand positioning. The value of non-oil exports was estimated at US\$21 million in 2024, a 22% increase year-on-year, with coffee as the leading driver³⁰, showing potential to expand non-oil export.
- Modernize smallholder production:** Increase productivity of small holder farmers through targeted extension services, improved seed varieties, and access to appropriate small-scale mechanization. Evidence from the Seeds of Life End-of-Program Survey³¹ confirms that technology adoption significantly increases both productivity and the market participation among smallholder households in Timor-Leste. This will contribute to rising rural income and reducing rural poverty.
- Strengthen farmer market access.** Expand secure off-take contracts, improve rural storage infrastructure, and roll out digital market-information tools, with the goal

³⁰ Banco Central de Timor-Leste, cited in Lusa/AMAN Alliance, 2024
³¹ Seeds of Life End-of-Program Survey, 2016, published in Wiley Online Library, 2018

of raising the share of farming households producing mainly for sale from ~3%³² to ≥15% by 2030.

- **Streamline institutional roles and financing:** Improve institutional coordination among key government ministries and agencies by clarifying roles and responsibilities between MALFF, MCI, and municipal authorities to reduce duplication in extension delivery. To support this sector, the Government will establish a consolidated smallholder financing window by 2028.
- **Inclusive and transparent:** Increase women's participation in agricultural cooperative governance and extension program outreach to at least 30%. Publish annual sector performance reports with gender- and disability-disaggregated data by municipality by 2028 to ensure evidence-based decision making.
- **Introduce and implement superior beef breeds** to crossbreed with local herds, accelerating growth rates and weight at slaughter through national artificial insemination and genetics programs.
- **Incentivize commercial cattle facilities** to adopt a 90-to-120-day high-energy grain finishing period before slaughter to increase fat cover, marbling, and overall yield.
- **Provide capacity building** to train farmers on low-stress livestock handling during transport. High stress right before slaughter depletes muscle glycogen, resulting in tough, dark, dry (DFD) meat.
- **Develop a national tier-based Good Animal Husbandry Practices (GAHP) certification.** Tie compliance to structural benefits, such as preferential government procurement contracts or low-interest agricultural loans.
- **Subsidize or co-invest in modern regional slaughterhouses** that feature mechanized processing lines, cold-chain refrigeration, and strict waste management systems through PPP modalities.
- **Mandate and fund resident or roving government veterinary inspectors** at all licensed commercial slaughter facilities to oversee ante-mortem (before death) and post-mortem (after death) inspections.
- **Establish decentralized state-backed nurseries in key agro-ecological zones** (like Bobonaro, Covalima, and Viqueque) to supply high-yield native Sandalwood, Bamboo, Teak, and Mahogany.
- **Create a formal registration process** that secures tree Tenure and promotes ecological agroforestry to guarantee farmers and community ownership and incentivize planting of high-value forest products.

³² INETL, *Census of Agriculture and Fisheries*, 2015

- **Build production capacity and technical skills** by establishing government-subsidized regional wood-processing hubs.
- **Implement a strict ‘Buy Local Timber’ policy** that mandates government construction, public schools, and ministries prioritize legally sourced, locally processed wood and bamboo furniture over cheap, imported synthetic alternatives.
- Expedite, fund, and deploy the National Community Forestry Strategy by embedding Payments for Ecosystem Services (PES) directly into village management agreements.
- Institutionalize and scale the Community-Based Sustainable Natural Resource Management mechanism nationwide by integrating Tara Bandu (traditional customary law) into formal municipal and national regulations.

3.5.2. Blue Economy and sustainable marine resources

Strategic Outcome: Sustainable fisheries, aquaculture and marine tourism generate marine exports and coastal jobs.

Timor-Leste's Blue Economy potential remains largely untapped. Despite a large EEZ, the marine sector remains underdeveloped, and its contribution to export and GDP is only small. INETL trade statistics records no significant fish exports in recent years, with the only traceable marine export being approximately US\$5,000 of sea cucumber in 2020³³. Total marine capture fisheries production reached an estimated 9,132 tons in 2023³⁴, while aquaculture remains small-scale, with approximately 2,846 farmers operating across 65 ha of ponds and producing around 600 tons annually³⁵. Illegal fishing is not monitored adequately, and aquaculture operates well below demonstrated productivity potential: WorldFish pilot schemes achieved 17 t/ha/cycle against a system-wide average of 10.7 t/ha. **The sector's priority for 2027-2030 is to establish the zoning, enforcement marine regulations, and pilot-scale production systems needed to convert this potential into exports and coastal jobs.**

Table 3.5.2: Result strategy for Blue economy and sustainable marine resources

Indicator	Baseline (2025)	Target (2030)	Responsible Agencies
Total marine capture fisheries production (tons/year)	9,132 tons (2023)	30,000 tons/year	Lead : MALFF; Support : MPSI, Municipalities

³³ Nalar SDP Evaluation, 2023

³⁴ World Bank Development Indicators / StatBase, 2023

³⁵ WorldFish, Rapid Assessment of Aquaculture in Timor-Leste, 2026

Aquaculture production volume (tons/year); Average pond productivity (t/ha)	Production: 600 tons (2022-2023); Average pond productivity: 10.7±3.7 t/ha	≥1,200 tons (100% increase); ≥15 t/ha	Lead : MALFF; Support : MPSI, Municipalities
Coastal tourism revenue	96,718 (2024) international tourist arrivals (revenue \$28 million-prior 2020) Source: World Bank Data	\$80 million (Blue Economy target using target number of tourist arrivals 100,000)	Lead: MTE; Support: MPSI, ATTL, MCAE
Value of marine exports	~US\$5,000	US\$1 million	Lead: MALFF; Support: MCAE, MOF
Average annual income from marine activities per coastal fishing household in priority municipalities	\$ 1,200-\$4,800	~\$1,560 - \$6,240/year (30% increase)	Lead: MALFF; Support: MPSI, MOF (INETL)

Key Strategic Interventions (2027-2030):

The strategic interventions for the Blue Economy will focus on establishing foundational governance and zoning systems, scaling aquaculture production, developing marine export value chains, and integrating marine tourism with skills and infrastructure programs. Key strategic interventions include:

- **Develop marine and fisheries zoning and governance:** Complete marine spatial planning and EEZ zoning maps to provide clear frameworks for sustainable marine resource management, with special focus on fishing zones, aquaculture development areas, and marine protection. Establish a functional EEZ monitoring and enforcement system in partnership with regional fisheries bodies, aiming to also establish Timor-Leste's Marine Research and Education Centre, where Marine Biodiversity surveys and studies can be done including international Marine Scientific Research.
- **Enforce EEZ and develop coastal fisheries infrastructure:** Strengthen the capacity to combat illegal fishing through investment in surveillance capacity to reduce illegal, unreported and unregulated (IUU) fishing. At the same time, the Government will develop landing sites, cold chain infrastructure, and fish handling facilities at priority coastal hubs to improve post-harvest quality and enable export.

- **Scale aquaculture pilots and marine value chains:** Expand GIFT tilapia and other species aquaculture programs building on WorldFish pilot results, targeting system-wide pond productivity of ≥ 15 t/ha by 2030. Develop marine product processing and certification systems to enable formal export. Integrated into key strategic intervention is the establishment of Marine Satellite account, a statistical instrument which can be used to measure economic activities related to the sea.
- **Integrate marine tourism with infrastructure and skills programs:** Integrate marine tourism development with broader investment in infrastructure, workforce skills and environmental management. Specific attention is on the development of world-class diving, snorkeling and coastal eco-tourism products linked to marine protected area management, including the national Ocean Literacy Program and the observation of annual sea day on the 5th of June. Targeted capacity building will be implemented to local tourism operators, guides, hospitality and boat operator capacity in coastal municipalities to ensure that the local community will benefit from tourism sectors.

3.5.3. Tourism

Strategic Outcome: High-value, community-based tourism generates jobs and foreign exchange.

Tourism arrivals in Timor-Leste remain low. According to SDP, the development of tourism sector will contribute to income, jobs creation, and promote regional economic balances.³⁶ Its potentials and competitive edge lie on the natural beauty, rich in history and cultural heritage, tropical waters, marine life, and white sand beaches.³⁷ Despite its potential, it is still underdeveloped. International arrivals remain low at around 96,718 tourist arrivals in 2024, the country has not yet recovered the modest 2017 peak of 74,000 and those earlier numbers were substantially inflated by donor, NGO, and diplomatic traffic that no longer represents a sustainable demand base. Earnings from travel exports remain low, standing at approximately US\$ 28 million³⁸, implying an average expenditure of roughly US\$1,032 per visitor: low by regional standards, reflecting short average stays, limited in-country circuit options, and weak community-enterprise supply. The sector's strategic priority for 2027-2030 is therefore not primarily arrivals volume but the quality of the visitor economy, longer stays, higher spend per visitor, and broader distribution of benefits through community-based circuits building the platform from which more ambitious arrivals and revenue growth can materialize after 2030.

Table 3.5.3: Result strategy for Tourism

Indicator	Baseline (2025)	Target (2030)	Responsible Agencies
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³⁶ GoTL (2011), *Strategic Development Plan 2011 - 2030*.

³⁷ *Ibid*

³⁸ BCTL Balance of Payments data

International Tourist Arrivals	96,718 (2024)	200,000	Lead: MTE; Support: MPSI, MTC, MCAE
Travel export receipts (US\$ million) (BCTL Balance of Payments)	US\$ 28 million (2024)	US\$80 million	Lead: MTE; Support: MPSI, MTC
Average tourism receipt per international visitor (US\$)	US\$1,032	>US\$ 1,500	Lead: MTE; Support: MPW, MTC, MPSI
Number of operational community-based tourism enterprises	18 established community-based tourism (Tatoli 2025)	50 Community SMEs	Lead: MTE; Support: Municipalities
Number of Timorese employed in tourism and hospitality sector, disaggregated by sex	~3,500	8,000	Lead: MTE; Support: SEFOPE, INETL

Note on revenue target: US\$ 80 million by 2030 represents approximately a quadrupling of current receipts, contingent on the PNLIA airport redevelopment being completed, at least one new international route established, and the community circuit and enterprise investments below reaching operational scale.

Key Strategic Interventions (2027-2030):

- **Connectivity and circuit infrastructure:** Prioritize road, transport investment, and improve access to designated named tourism corridors (Lautém, Baucau, Viqueque, Bobonaro) in coordination with infrastructure pillar's Economic Corridors program. Investment in infrastructure will be designed to ensure that the infrastructure investment serves multiple economic functions, namely tourism and agricultural production; to avoid duplication. Ensure the PNLIA redevelopment is completed on schedule and actively pursue at least two new international airline agreements by 2028 in coordination with MTC.
- **Strengthen community-based tourism enterprises:** Scale up the number of operational community tourism enterprises from 18 to 50 by 2030 through a dedicated community enterprise financing and technical assistance window. This support is linked to the MSME Credit Guarantee Scheme established under the National Priority. Priority will be given to circuits in lagging municipalities where tourism revenue can have positive impacts on employment creation, raising income, inclusive growth and poverty-reduction.
- **Visitor quality and length of stay:** Develop and market multi-day circuit products (highland coffee/cultural circuit, marine and dive circuit, heritage circuit) to shift the

tourism mix toward higher-spend, longer-stay visitors. Set an explicit average-length-of-stay target: ≥ 5 nights by 2030 from an estimated current average of 3-4 nights.

- **Workforce development:** Establish industry-linked hospitality and tourism training programs through TVET institutions in priority circuit municipalities, In coordination with KRA 6 (Employment and Labor Market Transformation). It will equip local workers and community enterprise with the practical skills in tourism-sector to improve quality signaling for employers and visitors. This will lead to improvement of quality of services, and competitiveness of tourism sector.
- **Tourism data systems:** Establish a comprehensive annual Tourism Satellite Account by 2028, including visitor expenditure surveys, length-of-stay data, and community enterprise revenue tracking, to replace the current reliance on airport-entry counts and Balance of Payment (BOP) proxies as the primary management tool for this sub-sector.

3.5.4. Manufacturing

Strategic Outcome: Light manufacturing and agro-processing create formal jobs and progressively reduce import dependence.

Timor-Leste's manufacturing sector is the smallest and least developed of the six economic diversification sectors. Manufacturing value-added was estimated to be approximately US\$29 million in 2024; down from a post-COVID peak of US\$38 million in 2022. It reflects the fragility of a sector that is dominated by food and beverage processing, soap, printing, and handicrafts rather than any export-capable or scale-able light manufacturing base. At the same time, Timor-Leste remains highly dependent on the Imported commodities, notably refined petroleum products, construction materials, vehicles, and manufactured consumer goods, which together accounting for the bulk of the country's import bill. Despite its small size, the manufacturing sector contributes significantly to employment. Formal employment in the sector stands at approximately 4,900 workers in 2024; an increase of nearly 30 percent from 2023 level.³⁹

The strategic priority for 2027-2030 for this sector is to establish the enabling environment: industrial land, incentives, skills pipelines, and raw material linkages that would allow light manufacturing and agro-processing to scale in the subsequent period.

³⁹ *Business Activity Survey 2024*

Table 3.5.4: Result strategy for manufacturing

Indicator	Baseline (2025)	Target (2030)	Responsible Agencies
Value added of manufacturing production (US\$ million)	US\$ 29 million (2024)	US\$55-75 million (approximately 2-2.5x increase)	Lead: MCI; Support: MCAE
The share of value added in manufacturing as the percentage of non-oil GDP	Less than 2%	5%	Lead: MCI; Support: MCAE and agencies
Number of formal employees in light manufacturing and agro-processing (Business Activity Survey)	4,900 (BAS 2024)	10,000 jobs ⁴⁰ (cumulative by 2030)	Lead: MCI Support: MCAE, MOE, MHESC
Value of new private investment committed to manufacturing and agro-processing (US\$ million)	Manufacturing \$33.0 million (2020). Food and drinks production \$140 million (17% of total intended investment in non-oil activities: \$845.2 million)	US\$20 million cumulative	Lead: MCI; Support: MCAE, MALFF
Processed food and construction materials imports reduced by at least 15% against the 2025 baseline.	Processed food imports >100M-150M annually. Import value of Construction Materials Category US\$ 30M-50M.	15% reduction	Lead: MCI; Support: MALFF, MCAE, MOF

⁴⁰ **Note on targets:** The jobs target of 7,000-10,000 is ambitious relative to the current 4,900 base and the thin strategic intervention pipeline; it is contingent on at least one industrial zone being operational by 2028 and attracting private investment from 2028-2029 onwards. If the enabling-platform actions are not completed by 2028, the realistic achievable jobs figure within this MTP period is at the lower end of the range. The target should be reviewed at the 2028 mid-term review with reference to actual zone occupancy and investment data.

Key Strategic Interventions (2027-2030):

- **Establish industrial parks and incentives for manufacturing and agro-processing and for import-substitution industries:** The Government will develop at least two priority industrial/ agro-processing zones by 2028: one in or near Dili for light manufacturing (initially targeting food and beverage processing, garments, and recycling). A second zone within a priority agricultural corridor for agro-processing linked to coffee and rice value chains. The design of industrial zones should incorporate serviced plots, basic utilities (electricity and water to the boundary, linked to the infrastructure investments in Chapter 4), and a one-stop investment facilitation desk. The design will be multipurpose use, to avoid single-purpose investments that foreclose future industrial evolution. This will increase domestic production capacity, reduce import dependency on food processing, generate decent employment in the formal sector, and increase value addition.
- **Manufacturing incentive framework:** Develop and roll out a light manufacturing incentive package by 2028 covering accelerated depreciation, import duty exemptions on raw materials and capital equipment, and a streamlined investment licensing pathway targeting specifically to substitute import and the products that have potentials for export. Timor-Leste has a cost or raw-material advantage (agro-processing, garments, timber products, recycled materials). All the incentives will need to be assessed by relevant ministries such as MCAE and Ministry of Finance, Ministry of Commerce and Industry to ensure consistency with revenues mobilization.
- **Local raw material and value-chain linkages:** Prioritize agro-processing investments that link directly to the agricultural value-chain development interventions in KRA 1, particularly coffee processing, rice milling, and fish processing. Avoid industrial incentives for activities with no domestic raw material or skills base, where import dependence would simply be reproduced at a different stage of the value chain.
- **Skills pipeline for manufacturing:** Establish dedicated short-cycle TVET programs ranging from 3 to 12 months to develop technical skills required in light manufacturing. Training will focus on quality control and machine operation skills at institutions located in or near the priority industrial zones, in coordination with KRA 6. Set a target for the number of zone-ready TVET graduates per year from 2028, linked to projected zone occupancy.
- **Regulatory reforms to unlock manufacturing investment:** In coordination with National Priority 10 (Investment Climate and Regulatory Reform), the Government will reduce the time and cost of business licensing for manufacturing enterprises. Priority will be given to the establishment of clear land-lease arrangements for industrial zone tenants and introduce a transparent dispute-resolution mechanism for investors. These regulatory reforms are sequenced as a 2027-2028 priority, since investment will not flow to zones that are physically serviced but administratively burdensome.

3.5.5. Expanding private enterprises- Private Sector Development, MSMEs and Cooperatives

Strategic Outcome: Strengthened MSMEs and cooperatives expand formal entrepreneurship and contribute to non-oil economic growth.

Timor-Leste's MSME remains small, dominated by low productivity, and limited integration with the export value chain. The Ministry of Commerce and Industry business mapping survey and the survey conducted by ADB (July 2024, 3,080 firms across all 12 municipalities and RAEOA) reveals an MSME sector dominated by stability-oriented microenterprises with almost no connection to export value chains. Half (50.4%) of respondents were self-employed, 42.6% were microenterprises, and 70.7% reported annual turnover not exceeding US\$5,000. Some 44.4% operated in wholesale and retail trade with limited market reach. Only 10.2% were engaged in international trade, of whom 85.4% were importers rather than exporters. Tourism-related MSMEs accounted for just 2.8% of the total. Notably, 43.2% of MSMEs were women-led representing the most significant untapped entrepreneurship resource, yet male workers dominate the MSME workforce.

As of end-2024, national MSME development policy action plan has not been formalized and no regularly updated MSME landscape data system existed. The sector's challenge is not primarily registration or basic credit access but transforming stability-oriented microenterprises into growth-oriented businesses with market reach, skilled workers, and a pathway to scale.

Table 3.5.5: Result strategy for private sector development, MSMEs, and cooperatives

Indicator	Baseline (2025)	Target (2030)	Responsible Agencies
Volume of new MSME lending unlocked through MSME Credit Guarantee Scheme (US\$ million cumulative) investment	Credit guarantee scheme is in place (scheme not yet utilized)	US\$40 million	Lead: MOF; Support: MCAE, Central Bank
Nominal Value of Private Sector Investment	US\$63M	US\$150M - 200M	Lead: MCAE; Support: MCI, and agencies under MCAE
Share of Private Sector Investment in total investment	13.1%	15% - 20%	Lead: MCAE; Support: MCI, and agencies under MCAE

% of registered MSMEs with access to at least one formal financial product (loan, savings account, or insurance)	19.1% with bank loans (as per 2024 ADB MCI survey)	35%	Lead: MOF; Support: Central Bank, MOF, MCI
Annual registration of new businesses (Number of formal MSMEs and cooperatives)	6,417 (2025)	10,000 per year	Lead: MCI; Support: MCAE, MOJ
Number of MSMEs that graduate from micro to small classification per year [by employment or turnover threshold under Decree No. 30/2023]	No existing system tracking graduation flow. Microenterprise: 1,311 (up to 5 employees) Small enterprise: 202 (6-20 employees). [ADB business mapping survey, July 2024].	30% of MSMEs graduated [set as baseline from 2027]	Lead: MCI; Support: MCAE including its tutelage agencies
% of new SERVE registrations by women-led or youth-led enterprises;	43.2% of existing MSMEs are women-led (as per 2024 ADB MCI survey)	45% of new registrations; ≥40% of scheme beneficiaries	Lead: MCI; Support: MCAE, SSE
% of SME Credit Guarantee Scheme beneficiaries that are women-led enterprises	0 (scheme not yet operational)	≥40% of scheme beneficiaries	Lead: MOF; Support: MCAE, SSE
Time (days) and cost (US\$) for a business to complete start-up registration and obtain operating license	~42 days / ~US\$380 (World Bank Doing Business historical data for Timor-Leste, 2020 estimate)	≤15 days / ≤US\$100 by 2030	Lead: MCAE; Support: MOJ, MCI

Key Strategic Interventions (2027-2030):

- **Operationalize MSME Credit Guarantee Scheme and blended finance facilities:** Design and capitalize the MSME Credit Guarantee Scheme by end-2027, with Ministry of Finance as the accountable institution and the Central Bank is responsible for oversight mechanism to ensure risk management, financial sector stability and lending practices. It will develop risk-sharing mechanisms targeting MSMEs in agriculture, fisheries, tourism, and agro-processing value chains. It will be complemented with blended finance for larger SMEs seeking growth capital. Report disbursement progress to the Council of Ministers quarterly. Note that the ADB survey found demand for credit guarantees (59.8% of MSMEs rating "strongly

needed") is lower than for other financial instruments: uptake will depend on financial literacy and simplicity of application, not scheme design alone.

- **Business clustering linked to priority value chains:** A national business clustering program will be developed linking MSME development to the agriculture, fisheries, tourism, and manufacturing value chains in KRAs 1-4. This will facilitate the integration of MSMEs into value addition, market access, skills development and standardization. This is built on the MCI-ADB survey, which identifies coffee and organic oil value chain clusters and eco/agritourism models (coffee plantation agritourism, marine sports) as the most promising clustering opportunities. Clustering allows MSMEs to manage production costs collectively, access shared quality certification and cold-chain infrastructure, and meet export standards that individual microenterprises cannot achieve alone. Pilot two clusters by 2028, one linked to the coffee corridor and one linked to a coastal/marine tourism circuit.
- **Growth graduation program:** Design a structured MSME graduation program to support the transition from micro- to small-, and from small- to medium- enterprise. It will target firms that have been registered for at least two years and demonstrate growth orientation. This is based on the MCI-ADB survey's central finding, which is that Timor-Leste's MSME challenge is fundamentally a mindset and capability problem, most firms are deliberately small and stability-oriented, not held back solely by lack of finance. The program should combine business literacy training, mentoring from established businesses, market linkage support, and scale-up financing through the Credit Guarantee Scheme, with a dedicated track for women-led and youth-led start-ups (47.4% of MSMEs are under five years old). Deliver this through IADE with private sector chamber involvement.
- **Business registration and regulatory harmonization and simplification:** Targeted reforms will be implemented to reduce the time and the cost of business registration and renewal through SERVE, targeting a fully digital registration pathway by 2028. Coordinate with National Priority 10 (Investment Climate and Regulatory Reform) to eliminate all bureaucratic hurdles in business licensing process and establish a single point of contact for MSME queries and approvals at each municipal One-Stop-Shop.
- **Business development services for cooperatives and MSMEs:** Establish a structured, industry-linked Business Development Services program through IADE, targeting MSMEs in the value chains supported by KRAs 1-4. Services should include basic financial management, market access, quality certification, and digital business tools. Prioritize cooperatives in coffee, rice, and fisheries sectors where collective marketing can substantially improve smallholder incomes. Deliver through a mix of public institutions, private chambers, and civil society rather than solely government delivery.
- **Women and youth enterprise support:** Establish a specific financing scheme and mentoring window within the SME Credit Guarantee Scheme for women-led and youth-led enterprises, targeting at least 40% of scheme beneficiaries. The survey

found women-led MSMEs have stronger demand for credit guarantees (+6.6 percentage points), simplified loan procedures (+5.9 pp), and concessional lending (+4.6 pp) than men-led firms. Link this window to digital literacy and skills programs under KRA 6.

3.5.6. Employment and Labor Market Transformation

Strategic outcome: Industry-aligned skills development and labor market reforms reduce skill mismatches, expand formal private-sector employment, and improve employment quality.

Timor-Leste's labor market combines high informality, low participation, persistent skills mismatches, and poor employment quality within the formal private sector. Informal employment stood at 77.3%⁴¹ of all employment, with the rate higher for women (80.4%) than men (75.3%). The labor force participation rate stood at 30.5% for persons aged 15 and over according to the 2021 Labor Force Survey, the lowest in Southeast Asia. It indicates that a large share of the working-age population is neither employed nor actively seeking work. Within the MSME sector, where most non-government employment is found, 80.8%⁴² of firms offer no employee benefits and only 9.8% contribute social security, meaning that formal registration does not translate into decent work outcomes.

A significant gender gap compounds this: Despite 43.2% of MSMEs being women-led, 83.6% of firms report female workers making up 10% or less of their workforce. It indicates that women - led businesses are not yet translating their entrepreneurship into employment for other women. At the same time, skills development also is not well-aligned with the needs of a transforming economy. Approximately 9,009 TVET graduates were produced in 2022, but course alignment with productive sectors remains incomplete and graduate employment is not systematically tracked. The sector's priority for 2027-2030 is to align TVET according to skill demand in the market, industry-co-designed programs, while simultaneously strengthening the demand side of formal employment through MSME graduation, clustering, and procurement measures established under KRA 5.

Table 3.5.6: Result strategy for employment and labor market transformation

Indicator	Baseline (2025)	Target (2030)	Responsible Agencies
% of TVET courses aligned with economic diversification sectors	40%	75%	Lead: SEFOPE Support: MOE, MHESC, UNTL, SENAI-Becora, CNEFP-Tibar

⁴¹ General Directorate of Statistics (INETL), *Timor-Leste Labour Force Survey 2021 -Final Report*, Dili, May 2023.

⁴² ADB, *Asia Small and Medium-Sized Enterprise Monitor 2024 -Volume II: Trends and Challenges Facing Small Businesses in Timor-Leste*, Asian Development Bank, Manila, February 2025.

Number of TVET graduates in economic diversification sectors	9,000 graduates (2022)	29,000	Lead: SEFOPE Support: MOE, MHESC
% of TVET graduates in formal employment 12 months after graduation- tracked through TVET graduate tracer system	Not currently measured -no tracer system exists as of 2025	≥60%	Lead: SEFOPE Support: MOE, MHESC
Employment growth in private sector	~3,115 per year	5,000-7,000 jobs annually	Lead: MCAE Support: SEFOPE, MCI, IADE, TradeInvest, MCI
Informality rate (% of total employment that is informal)- Labor Force Survey	77.3% (LFS-2021)	<65%	Lead: SEFOPE; Support: MCAE

Key Strategic Interventions 2027-2030:

- Industry-aligned TVET curriculum reform:** Establish formal Industry Advisory Boards (IABs) in each priority sector: agriculture, tourism, fisheries, construction, and light manufacturing by 2028. Boards' membership comprises of CCI-TL, sector associations, and major employers, and government institutions, that will be responsible for co-designing and validating TVET curricula with Priorities will be on short-cycle programs (3-12 months) producing certificates and diplomas in occupations where demand is already documented and vacancies currently go unfilled. Link IAB membership will directly link to the business clustering programs under KRA 5, so that clusters generate training specifications that TVET institutions respond to in real time rather than through periodic curriculum review cycles.
- Graduate tracer system:** Establish a functional TVET graduate tracer system by end-2027 to monitor employment outcomes at 6 and 12 months after completion. This is a prerequisite for managing the TVET program without it, neither SEFOPE nor development partners can determine which programs are placing graduates in jobs. Link tracer results to program funding decisions from 2028, to facilitate efficient resource allocation. Integrate tracer data collection with the annual MSME landscape data system under KRA 5, enabling cross-referencing of MSME hiring patterns with TVET graduate supply and identifying sector-level mismatches early.
- Short-cycle TVET and micro-credentials expansion:** Scale short-cycle TVET programs (3-24 months) that provides professional certificates, diplomas, and micro credentials in construction trades, hospitality, food processing, and fisheries sectors where employment demand is present within this MTP period rather than contingent on long-term structural change. In partnership with delivery institutions and expand

community-level delivery to reach women and youth in lagging municipalities who cannot relocate to Dili-based institutions. Integrate basic financial management and business literacy modules into all hospitality, agro-processing, and fisheries programs, so graduates entering MSME employment or self-employment carry the foundational financial skills that support the formalization objectives in KRA 5.

- **Linked to KRA 5 growth graduation program- MSME employment formalization and social security:** Implement a structured MSME employment formalization program in close coordination with the KRA 5 growth graduation program. As MSMEs graduate from micro to small classification, require INSS registration for employees as a condition of continued eligibility for the SME Credit Guarantee Scheme and public procurement access. Work with INSS and Ministry of Finance to introduce a simplified, affordable social security contribution structure for MSMEs employing fewer than ten workers as a transitional mechanism towards full formalization. Target: raise the share of registered MSMEs contributing social security from the 9.8% baseline (ADB survey, July 2024) to 35% by 2030, tracked annually through the MSME landscape data system.
- **Closing the gender employment gap in MSMEs:** Design and implement targeted interventions addressing the gap between women's MSME ownership and women's share of MSME employment. Measures should include: a women's employment incentive within the KRA 5 growth graduation program providing preferential access to Business Development Services for women-led MSMEs that increase their female employment share; sector-specific placement support connecting female TVET graduates to hospitality, agro-processing, and fisheries enterprises; and a municipal-level mapping exercise to identify the structural barriers such as transport, childcare, social norms preventing women from accessing formal MSME employment. Track women's share of formal private employment annually from 2027 as a standalone indicator and report it in the Annual Performance Report to the Council of Ministers.

3.6 Economic Diversification Pillar KPIs and Target

Table 3.6.1: Economic Diversification Pillar KPIs and Target

Level	KRA	Indicator	Baseline (2025)	Target (2030)
Outcome	Pillar	Annual non-oil GDP growth rate	4.1% (World Bank, 2024)	Foundation laid for sustained 7.5-8.0%
Outcome	Pillar	New formal private-sector jobs created annually	~3,115 (est.)	5,000-7,000 per year

Outcome	Pillar	Value of key non-oil exports (agriculture, fisheries, tourism, Blue Economy)	US\$21 million (INETL, 2024)	2-3 times increase
Output	KRA 1	Functional area under irrigation (ha)	43,834 ha	70,000 ha
Outcome	KRA 2	Value of marine exports (Blue Economy)	~US\$5,000 (2020)	US\$1 million
Outcome	KRA 3	Tourism travel export receipts (US\$ million)	US\$28 million (BCTL BOP, 2024)	US\$80 million
Outcome	KRA 4	Manufacturing value added (US\$ million)	US\$ 29 million (2024)	US\$55-75 million
Outcome	KRA 5	SME Credit Guarantee Scheme, cumulative lending unlocked (US\$ million)	Credit guarantee scheme is in place (scheme not yet utilized)	US\$40 million
Outcome	KRA 6	% of TVET graduates in formal employment 12 months after completion	Not measured: tracer system to be established end-2027	≥60%
Outcome	KRA 6	Informality rate (% of total employment, LFS)	77.3% (INETL LFS, 2021)	≤65%

3.7 Quick Wins, Phased Priority Interventions, Implementation Arrangements and Spatial Priorities

The priority actions below are selected for their visibility, feasibility, and catalytic role in early implementation. They are intended to show progress quickly while laying the groundwork for larger structural reforms over the remainder of the MTP period. Quick Wins are limited to actions that can begin without new primary legislation or major institutional change, or where legislation is already being prepared. Actions that require sustained institutional investment are sequenced in the short- and medium-term phases.

Quick Wins (2027)

- Launch SME Credit Guarantee Scheme and blended finance facilities, with Ministry of Finance as accountable institution and first guarantees issued by end-2027.

- Pilot two business clusters by 2028: one linked to the coffee-corridor agro-processing value chain (Ermera/Liquiçá) and one linked to a coastal marine tourism circuit: as proof-of-concept for the broader clustering program under KRA 5.
- Initiate EEZ enforcement strengthening and complete marine and fisheries plans for priority coastal zones: the foundational quick win for Blue Economy, which currently has no early action despite carrying the largest single growth target in the pillar.
- Establish community tourism enterprise financing window under KRA 3, with first 20 enterprises supported by end-2028, linked to the SME Credit Guarantee Scheme.
- Scale up industry-linked TVET programs aligned with construction, tourism, and agro-processing, with Industry Advisory Boards established in each priority sector by end-2027.
- Establish TVET graduate tracer system by end-2027, tracking employment outcomes at 6 and 12 months, prerequisite for managing TVET alignment and reporting against the formal placement indicator.
- Simplification of MSME access to public procurement by reducing documentation requirements and introducing reserved procurement quotas for MSMEs, in coordination with the National Procurement Commission (NPC). Initiate value-chain development packages in priority agriculture and tourism corridors, in coordination with Chapter 4 economic corridor infrastructure investment.

Short-term (2028-2029)

- Establish at least two functional industrial or agro-processing zones with serviced plots, basic utilities, and investment facilitation desks: one in or near Dili for light manufacturing, one in a priority agricultural corridor for agro-processing.
- Expand cooperative and MSME support programs through IADE, with structured business development services for at least 500 MSMEs per year from 2028
- Launch national MSME growth graduation program, targeting registered MSMEs with demonstrated growth potential for transition from micro to small classification
- Launch annual Labor Force Survey from 2027, in coordination with INETL, to replace the four-year survey cycle and enable annual tracking of informality rate and formal employment growth.
- Finalize and gazette national MSME development policy action plan, building on ADB business mapping survey findings (July 2024), with Ministry of Commerce and Industry as lead.
- Introduce tax relief package for qualifying MSMEs, including simplified VAT treatment and deferred tax payment arrangements for firms in their first three years

Medium-term (by 2030)

- Achieve full commercialization of key value chains and tourism circuits with established off-take agreements, quality certification systems, and market linkages operational in priority corridors.
- Reach sustained 5,000-7,000 new formal jobs annually, combining supply-side TVET graduate placement with demand-side MSME graduation, clustering, and industrial zone employment.
- Achieve TVET alignment target of 75% of courses aligned with economic diversification sectors and $\geq 60\%$ of graduates in formal employment within 12 months of completion.
- Reduce informality rate from 77.3% to $\leq 65\%$ through combined MSME formalization, INSS simplification, and employment quality incentives under KRAs 5 and 6.

Implementation arrangements: Implementation will be led by Ministry of Agriculture, Livestock, Fisheries and Forestry (KRA 1-2), Ministry of Tourism and Environment (KRA 3), Ministry of Commerce and Industries (KRA 4) Ministry of Finance and MCAE (KRA 5), and SEFOPE and MCAE (KRA 6), with coordination by MPSI. Ministry of Finance and the Central Bank will co-lead the MSME Credit Guarantee Scheme. INETL will lead the annual Labor Force Survey and MSME landscape data system. All investments will be spatially prioritized to lagging municipalities and growth corridors as identified in the National Territorial Plan.

Spatial priorities: Agricultural and agro-processing investments will prioritize the coffee and rice production corridors in Ermera, Manufahi, Aileu, Ainaro, Bobonaro, Liquiçá, and Covalima. Blue Economy investments will concentrate on EEZ coastal zones and landing infrastructure in Lautém, Baucau, and Viqueque. Tourism circuit investments will prioritize lagging municipalities including Lautém, Viqueque, and Bobonaro, where circuit connectivity gaps are greatest. Manufacturing and industrial zone investment will prioritize Dili and peri-urban growth areas with existing road and utility connections. MSME clustering pilots will be anchored in the coffee corridor and one coastal tourism zone in the first phase, with expansion to additional corridors from 2028 guided by the MSME landscape data system.





CHAPTER 4

INFRASTRUCTURE DEVELOPMENT

Priorities reliable infrastructure systems
that connect production zones,
services and markets



Preface



Timor-Leste's infrastructure challenge is no longer primarily about building from the ground up. Over the past thirteen years, more than 1,400 infrastructure projects have been completed through the Infrastructure Fund, electricity access has reached 99.7% at the *suco* level, Tibar Bay Port is operational, and the Presidente Nicolau Lobato International Airport expansion is underway. This is a foundation that most post-conflict nations at our stage of development would envy.

But having built infrastructure is not the same as having infrastructure that works, and working infrastructure is not the same as infrastructure that drives the economic transformation our people deserve. Municipal roads, the roads that connect our farmers to markets, our children to schools, and our communities to health services, are in good or fair condition for less than 7% of their length. Around one-third of our *sucos* are missing reliable 24/7 electricity supply and only half of our rural water supply systems are fully functional. The digital era brings so many opportunities for our people, yet only around one-third of our population uses the internet.

The Medium-Term Plan 2027-2030 treats infrastructure not as an end but as the essential foundation for everything else we are trying to achieve. Roads are not about kilometers of asphalt, they are about farmers accessing markets, tourism circuits becoming viable, and lagging municipalities finally sharing in the country's growth. Electricity is not about connection rates, it is about reliable power enabling manufacturing, cold chains, and digital services. Digital connectivity is not about coverage maps, it is about internet use, digital business adoption, and e-government services reaching every citizen.

This chapter sets six clear priorities for 2027-2030: roads that unlock economic corridors, water services that become operationally sustainable, an electricity system that is reliable, affordable, and progressively renewable, port and airport gateways that enable non-oil export growth, a regulated public transport system that improves labor mobility and safety, and affordable broadband that transforms digital participation. For each, we define the outcomes we are committed to, the baselines we are starting from, the targets we will be held accountable for, and the strategic interventions that will get us there.

The foundation we lay in infrastructure between 2027 and 2030 will determine whether Timor-Leste's economic diversification succeeds and we are determined to build it right.

Gastão Francisco de Sousa, Eng
Minister for Planning and Strategic Investment (MPSI)
Chair, Interministerial Coordination Commission (IMCC) for Infrastructure

CHAPTER 4: INFRASTRUCTURE DEVELOPMENT

4.1. Introduction and contribution to national priorities

Infrastructure is central to Timor-Leste's economic diversification, inclusive growth, territorial integration, and resilience agenda. Roads, water and sanitation, electricity, ports, airports, public transport, and digital technology together determine market access, service delivery, private investment, and the productivity of households and firms across the country.

The Infrastructure Pillar directly supports the Government's ambition to shift the economy towards non-oil growth, improve service equity, and transition to green energy. It embeds fiscal responsibility by protecting the value of public assets through better maintenance and lifecycle planning. It also reflects the need to prioritize investments that are spatially balanced, climate-resilient, and inclusive of women, youth, persons with disabilities, and rural communities.

The infrastructure pillar is also designed to contribute to priorities including economic corridors, logistics and trade facilitation, blue economy development, digital economy infrastructure, service reliability, climate-proofing, and institutional reform.

4.1.1. Strategic issues facing infrastructure sector

Timor-Leste has seen notable advancements in its infrastructure. In 2011, Timor-Leste established an Infrastructure Fund and undertook extensive investment with completion of over 1,400 projects over 2011-2025. This included installation and rehabilitation of electricity facilities, expansion of irrigation systems, public buildings and construction and rehabilitation of roads and bridges. Electricity access at the Suco level reached 99.7% by 2024, among the highest in the region for a country at this income level, delivered within a compressed twelve-year time frame from a near-zero base. National road condition has improved significantly, with 48% of the national roads now in good or fair condition. Access to safely managed drinking water has expanded to 87% of households, supported by over 1,800 rural water supply systems. The opening of Tibar Bay Port has created a modern deep water container gateway for non-oil trade, and the commencement of Presidente Nicolau Lobato International Airport expansion in April 2025 will unlock the tourism arrival volumes the sector requires. The June 2024 landing of the Timor-Leste South Submarine Cable, with a design capacity of 27 terabits per second, has structurally resolved the country's international digital bandwidth constraint for the first time.

Despite this progress, several strategic issues continue to limit the full contribution of infrastructure to national development and economic diversification.

First, infrastructure connectivity and service reliability remain uneven across sectors and territories. Road connectivity remains incomplete in municipal and rural

areas⁴³, limiting access to markets, tourism circuits, and social services, while floods and landslides frequently disrupt access in vulnerable locations. Water and sanitation systems continue to face high non-revenue water⁴⁴, low rural system functionality⁴⁵, and weak sanitation coverage. Electricity services remain affected by technical and commercial losses⁴⁶ and heavy dependence on diesel generation⁴⁷. Public transport services remain largely informal and fragmented, while high internet costs⁴⁸ and uneven broadband quality continue to constrain digital participation.

Second, infrastructure systems remain weakly integrated with productive sectors and national logistics systems. Weak transport and logistics coordination limited cold-chain infrastructure, high logistics costs and fragmented supply chains continue to constrain agriculture, fisheries, tourism, manufacturing, and private sector growth. Infrastructure investments are often delivered as stand-alone projects without sufficient integration into broader economic corridors and value-chain development strategies.

Third, fiscal sustainability remains a major challenge. Infrastructure sectors continue to depend heavily on petroleum-financed capital spending, while maintenance underfunding, weak lifecycle costing, limited cost recovery, and unclear operational financing models threaten the long-term performance of public assets. Without stronger asset management and financing reforms, new investments will not deliver durable economic and social value.

Fourth, institutional fragmentation and governance weaknesses continue to undermine service delivery and operational efficiency. Mandates across ministries, utilities, municipalities, regulators, and public enterprises are not always clearly aligned⁴⁹, creating coordination problems in planning, regulation, delivery, and oversight. Several sectors also lack clear operational models, regulatory systems, and sustainable institutional arrangements for long-term asset management.

Fifth, climate exposure and disaster vulnerability are increasing. Roads, ports, water systems, coastal infrastructure, and energy assets are increasingly vulnerable to floods, droughts, landslides, coastal erosion, and extreme weather events. Limited resilience standards, inadequate drainage systems, and weak contingency planning increase infrastructure vulnerability and long-term maintenance costs.

Finally, spatial inequality and social exclusion remain significant challenges. Underserved municipalities continue to experience lower infrastructure quality, weaker access to services, and fewer economic opportunities. Women, persons with disabilities,

⁴³ Based on Ministry of Public works data, as of June 2025, only 14% municipal roads and 37% urban roads were rehabilitated. Only less than one third of rural roads were in good condition.

⁴⁴ As per BTL reports, NRW stood at 85%

⁴⁵ As per GMF portal only 911 of 1,809 rural water supply systems are 'Not Active'

⁴⁶ ~33% T&D losses, as per EDTL records

⁴⁷ <1% electricity is generated using Renewable Energy Source. However, the proposed 72MW Manatuto Solar and BESS project is likely to improve this in the next few years.

⁴⁸ Based on DataReportal, Digital 2024: Timor-Leste Cost of per GB internet in TL was estimated to be ~4.8% Gross National Income

⁴⁹ Few examples include overlap between BTL and SMASA on WASH services, MPW/Ministry of State Administration regarding rural road alignment with national priorities.

and vulnerable populations continue to face barriers in accessing safe, affordable, and inclusive infrastructure services.

4.1.2. Strategic objectives and infrastructure sector priorities

The infrastructure pillar is guided by three Strategic Objectives (SOs):

1. **SO1:** Accelerate economic diversification and maximise the economic impact of infrastructure investments by connecting production zones to markets and supporting high-value sectors.
2. **SO2:** Strengthen fiscal sustainability and effective asset management to protect public investments and reduce long-term dependence on the Petroleum Fund.
3. **SO3:** Strengthen institutional governance and regulatory frameworks to improve service delivery, operational efficiency, and accountability.

These objectives are operationalised through six Key Result Areas (KRAs):

- **KRA 1. Roads and bridges.** Improves road network condition and connectivity, reduces travel time and economic access, climate-resilient and safe road and bridge infrastructure.
- **KRA 2. Water and sanitation.** Improves operational and financial sustainability of water services, universal access and service delivery, rural water and sanitation system sustainability.
- **KRA 3. Electricity.** Improves electricity reliability and access, reduces electricity losses, and transitions to renewables.
- **KRA 4. Ports, airports and transport.** Improves institutional and financial sustainability of ports and airports, increases connectivity and service reliability.
- **KRA 5. Public transport.** Introduces new institutional and regulatory capacity, improves service coverage and quality of public transport.
- **KRA 6. Digital infrastructure.** Accelerates high-speed connectivity and affordability of digital access.

Across all the KRAs, climate resilience and GEDSI will be integrated. This includes universal design, climate-proofing of priority assets, and GEDSI-disaggregated targets in implementation.

4.2. Infrastructure pillar results for 2030

The pillar results framework below presents the intended medium-term outcomes of the infrastructure pillar. It captures the main strategic direction of the sector and provides the reference point for the more detailed sub-sector results chains that follow.

Table 4.2.1: Infrastructure development result framework

Level	Result statement
Impact	Sustainable, inclusive and climate-resilient economic growth.
Goal	Citizens and firms in all municipalities experience reliable, affordable connectivity and basic services by 2030, with infrastructure systems increasingly financially sustainable, climate-resilient, and integrated with Timor-Leste's productive sectors.
Pillar outcomes by 2030	Travel times between Dili and municipal capitals are measurably reduced and agricultural and tourism corridor roads are reliable year-round, enabling rural market access, private investment, and equitable service delivery across lagging municipalities. Households and businesses across urban and rural areas experience more reliable water and electricity services, with average urban water supply hours increasing, outage duration declining, and rural water system functionality improving from approximately 50% to 90%. The combined subsidy burden of EDTL, BTL, and APORTIL on the state budget is declining, cost recovery ratios are rising and the fiscal space consumed by utility subsidies is measurably reduced compared to 2025. Infrastructure investment is increasingly climate-resilient and low-carbon: a growing share of new and rehabilitated assets meets climate-proofing standards, and renewable energy is displacing diesel generation, reducing both emissions and import dependence.
Strategic interventions	Quick Wins (2027): Launch the NRW reduction programme in Dili and major urban centres. Complete last-mile electricity grid connections in lagging municipalities. Begin establishment of the Road Maintenance Fund and commence priority rural road rehabilitation in agriculture and tourism corridors (Ermera, Ainaro, Manufahi, Liquiçá, Lautém, Baucau, Viqueque, Bobonaro). MTC to develop and gazette minimum service standards applicable to existing public bus transport operators by 2027, covering fixed route stops, timetable

	requirements, and minimum vehicle safety standards, enabling progressive formalisation without disrupting the current operating model. Set cost-reflective TLSSC wholesale pricing to improve broadband affordability. Establish port investment inventory to coordinate maritime infrastructure planning across line ministries. Short-term (2028-2029): Scale integrated economic corridor packages: roads, electricity, water, and logistics in named agriculture and tourism municipalities. Extend national digital backbone to priority government service delivery points (health facilities, schools, municipal offices). Work with existing microlet operators to progressively introduce fixed stops and basic routine timetables on priority Dili urban routes, in coordination with the minimum service standards adopted by MTC in the Quick-Wins phase. Initiate phased tariff reform for water, electricity, and domestic port and ferry services. Medium-term (by 2030): Achieve full rehabilitation and operational status of five priority regional ports. Reach ≥80% climate-proofing compliance for new and rehabilitated infrastructure across all sub-sectors. Complete renewable energy transition to ≥50% of electricity generation mix. Achieve cost-recovery improvement targets across BTL, EDTL, and APORTIL.
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4.3. Sub-sector results

4.3.1. Roads and bridges

Strategic Outcome: Road network condition and connectivity across national, municipal, and rural tiers is improving with measurably reduced travel times, lower logistics costs on agricultural and tourism corridors, and new and rehabilitated infrastructure built to climate-resilient standards.

The roads challenge in Timor-Leste is sharply differentiated by road class. While 48% of national roads are in good or fair condition, this falls to just 6.9% for municipal roads and approximately 10% for rural roads which are the tiers of the network that connect production areas, schools, and health facilities to the national system⁵⁰. Closing this gap matters more for inclusive growth and rural market access than further upgrading of the national network alone, which is why the interventions below prioritise municipal and rural

⁵⁰ Road categories follow the official MPW classification. **National roads** (~1,426 km) are the primary arterial network linking all 13 municipal capitals to each other; these include the 20 A-class roads designated under the national road numbering system. **Municipal roads** (~869 km) link municipal capitals to administrative post centres and towns within each municipality. **Rural roads** (~3,112 km total; 1,975 km identified as the priority core network) connect village-level sucos to the national and municipal road network, primarily through unpaved or gravel tracks.

corridor investment in specific agriculture and tourism-producing municipalities, alongside continued national road completion.

Table 4.3.1: Result strategy for roads and bridges

No	Indicator	Baseline (2025)	Target (2030)	Responsible Agencies
1	% national roads in good/fair condition	48% ⁵¹	≥85%	Lead: MPW; Support: MSA-Municipalities
2	% municipal roads in good/fair condition	6.9% ⁵²	≥45%	Lead: MPW; Support: MSA-Municipalities
3	% of rural roads with all-weather access / improved condition	~10% (estimated from pending/DED status)	30%	Lead: MSA-Municipalities ; Support: MPW, MPSI
4	Average travel time Dili to municipal capitals	MPW to establish baseline travel time survey on all Dili-municipal capital routes by end-2027	≥20% reduction from the baseline	Lead: MPW; Support: MTC, MSA-Municipalities
5	Average truck transport cost per tonne-kilometre on six priority corridors (US\$/tonne-km)- dry season and wet season tracked separately ⁵³	baseline survey to be conducted by MPW on six named corridors by end-2027	≥20% reduction from established baseline ⁵⁴	Lead: MPW; Support: MPSI, MALFF, MTE, INETL
6	% new/rehabilitated roads and bridges meeting MPW climate-resilient standards (improved drainage, slope	0% (no formal climate-resilient road design standard in place as of 2025 (MPW to	>80%	Lead: MPW; Support: CPA

⁵¹ Estimated based on summary of data update as of July 2025

⁵² As reported by MPW on 10th April 2026

⁵³ Six named corridors: Ermera-Dili and Liquiçá-Dili (coffee corridor); Maliana-Dili and Suai-Dili (agriculture corridor); Baucau-Dili and Lospalos-Dili (tourism and fisheries corridor). Composite weighted average -weighted by estimated cargo volume on each corridor

⁵⁴ Structured interviews with 20-30 truck operators and cargo brokers at key origin and destination points on each corridor. Questions cover total trip cost (US\$), typical cargo weight (tonnes), seasonal route pass ability, and main cost drivers (fuel, maintenance, informal costs). Survey to be conducted annually in May-June (dry season peak) and January-February (wet season). First baseline survey to be commissioned by MPW with development partner technical support in 2027, with survey instrument and sampling protocol developed jointly with INETL.

	protection, flood-resilient geometry) ⁵⁵	gazette standard by end-2027)		
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Strategic interventions 2027-2030

The strategic interventions for roads and bridges will focus on improving connectivity, supporting economic diversification, enhancing rural connectivity, strengthening climate resilience, and ensuring long-term sustainability of assets. Activities will be implemented through a prioritised, integrated approach that combines national, municipal, and rural and urban roads with bridge rehabilitation and maintenance. Key strategic interventions for the period of 2027-2030 include:

Network rehabilitation and upgrade: Complete ongoing national road sections and rehabilitate and seal priority trunk, feeder, municipal, and urban corridors. Upgrade approximately 400 km of strategic rural roads to all-weather standards and replace degraded bridges on critical links, prioritising corridors where poor road condition is the binding constraint on agricultural market access and tourism circuit viability.

Economic corridor development: Prioritise upgrading of key economic corridors in coffee-producing municipalities: Ermera, Ainaro, Manufahi, and Liquiçá and tourism zones in Lautém, Baucau, Viqueque, and Bobonaro. Improve urban traffic management, signage, and road geometry in key hubs to strengthen links between production areas, markets, and services. Track the logistics cost outcome of corridor investments through an annual transport cost survey (truck cost per tonne-kilometre) on six named corridors, conducted by MPW in partnership with INETL from 2027, to confirm that road condition improvements are translating into measurable reductions in agricultural and tourism logistics costs.

Climate resilience: Apply climate and disaster resilience planning and design standards (improve drainage, slope protection and stabilisation) to all new roads under rehabilitation. Retrofit vulnerable sections against floods and landslides and incorporate universal design and road safety features, with particular attention to high-risk areas in the southern and eastern municipalities.

Sustainable asset management: Establish and operationalise the National Road Asset Management System (NRAMS) and a dedicated Road Maintenance Fund by 2028. Develop and expand performance-based maintenance (PBMC) models across the road network, linking contractor payment to verified road condition outcomes. Commission baseline surveys by end-2027 for both sub-sector outcome indicators: a travel time survey covering all thirteen Dili-municipal capital routes, and a transport cost per tonne-km survey covering the six named agricultural and tourism corridors to be repeated annually within NRAMS as the primary outcome monitoring tool for this sub-sector.

⁵⁵ To be defined by MPW in a technical circular or road design guideline by end-2027, covering minimum requirements for: drainage capacity designed to a defined storm return period; slope protection and stabilisation on grades above 15%; bridge freeboard above the 1-in-20-year flood level; and pavement design calibrated for climate-adjusted rainfall projections. Until this standard is formally issued and gazetted, compliance cannot be measured and the indicator baseline remains at approximately 0%

Inclusive investment planning and transparent performance reporting: Develop and apply a national road investment prioritisation framework to all road and bridge budget submissions. Ensure at least 30% women's participation in road maintenance committees across all municipalities. Publish annual road performance reports disaggregated by road class, municipality, gender, and disability status by 2028 as the accountability mechanism for COM oversight of this sub-sector.

4.3.2. Water and sanitation

Strategic Outcome: Reliable, safely managed water and sanitation services are increasingly accessible to households across all municipalities, improving health, reducing the water collection burden on women and girls, and enabling agro-processing and tourism development in growth corridors.

Timor-Leste's water and sanitation challenge is now primarily one of sustainability rather than initial access. With 87% of households already reporting safely managed water, the sector's binding constraints lie in operational performance non-revenue water at approximately 85% (water that is 'lost' from the system due to leaks or water not paid for), rural system functionality at only around 50%, and a sanitation and faecal sludge management system that remains almost entirely undeveloped outside the household level. The strategic interventions below are therefore weighted towards efficiency, financial sustainability, and rural system durability rather than further headline access expansion, while still closing the remaining sanitation and rural functionality gaps.

Table 4.3.2: Result strategy for water and sanitation

No.	Indicator	Baseline (2025)	Target (2030)	Responsible Agencies
1	% households with safely managed water	87%	100%	Lead: MPW; Support: SMASA (MSA), Municipalities, MOH, MOE
2	% Non-Revenue Water	~85% ⁵⁶	<75%	Lead: MPW; Support: MOF
3	% rural water systems fully functional	~50%	90%	Lead: MPW / Municipalities (MSA - SMASA); Support: MPW
4	% of urban population with safely managed sanitation	75% ⁵⁷	100%	Lead: MPW/ Municipalities (SMASA), MSA; Support: MPW
5	Number of municipalities with operational faecal	0	5	Lead: MPW/ Municipalities (SMASA), MSA; Support: MPW

⁵⁶ Based on BTL update report submitted to MPSI

⁵⁷ Based on Population and Housing Census 2022

	sludge management (FSM) services			
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Strategic interventions 2027-2030

The strategic interventions for water and sanitation focuses on five priorities: improving system efficiency and financial sustainability, expanding equitable access to safely managed services, restoring, and sustaining rural water functionality, developing urban sanitation and FSM infrastructure, and embedding climate resilience across the sector. Key strategic interventions for 2027-2030 include:

- **Operational efficiency and financial sustainability:** Reduce non-revenue water from ~85% to below 75% through system-wide efficiency improvements (leak detection, pressure management, metering) and strengthen BTL's cost recovery towards operational self-sufficiency. This includes tariff reform, with targeted subsidies to protect vulnerable households alongside institutional strengthening to reduce dependence on government subsidies and donor financing. Given the political sensitivity of water tariff adjustments, the MTP period focuses on completing a full cost-of-service study, designing the tariff structure and subsidy mechanism, and securing Council of Ministers endorsement, with phased implementation to begin by 2029. As a baseline monitoring action, BTL to establish and publish zone-level average daily supply hours data for Dili and all municipal capitals by end-2027, providing the operational service reliability baseline for the NRW reduction programme and enabling year-on-year tracking of whether efficiency improvements are translating into longer and more reliable supply for households and businesses⁵⁸.
- **Universal access and inclusive service delivery:** Expand piped water coverage and household connections in urban and peri-urban growth corridors supporting agro-processing and tourism, targeting an additional 40,000 households connected to improved water supply by 2030. Additional sources and transmission infrastructure will prioritise municipalities with approved spatial plans (PMOTs), including Baucau, Lautém, and Viqueque. WASH services in schools and health facilities will be upgraded to minimum standards with inclusive design for women, youth, and persons with disabilities.
- **Rural water system sustainability:** Restore at least 150 rural water systems to full functionality, prioritising large-scale rehabilitation of non-functional GMFs in Bobonaro and Ermera, which have the highest concentration of inactive systems, followed by systematic rehabilitation in Ainaro, Manufahi, Manatuto, and Lautém, based on current SMASA functionality data. Rehabilitation investment will be paired

⁵⁸ Supply hours data to be drawn from BTL zone operation logs covering daily pump operation schedules and supply hours per distribution zone. Reported annually in the BTL operational performance report disaggregated by urban centre. This data does not require a new survey: it exists in BTL's own operational records and requires only consolidation and publication. Suggested reporting format: average hours of supply per day by zone for Dili, and average hours per day for each of the twelve other municipal capitals. First publication by end-2027; updated annually as part of the MTP water sector performance report submitted to MPSI/IPU

with strengthened community-based management, women's leadership in managing GMFs, and sustained municipal technical oversight to prevent a recurrence of failure.

- **Urban sanitation and fecal sludge management:** Extend improved sanitation to at least 25,000 additional households and establish basic FSM services progressively across 5 municipal capitals, beginning with pilot implementation in selected priority urban centres, and community sanitation facilities will be constructed in schools and health centres in high need *sucos* identified in the approved municipal spatial plans
- **Climate-resilience and water source protection:** Integrate climate and disaster resilience standards into all new and rehabilitated water and sanitation infrastructure. Investment will prioritise municipalities identified as having high climate risk in approved municipal spatial plans, particularly Baucau, Lautém, and Viqueque, with a focus on source protection, flood and drought-resilient system design, and ensuring service continuity for the most vulnerable rural communities.

4.3.3. Electricity

Strategic Outcome: Households and businesses across all *sucos* experience reliable 24/7 electricity supply, system losses are declining, the generation mix is shifting toward renewables, and EDTL's cost recovery is improving toward financial sustainability, reducing the fiscal burden of subsidies on the state budget.

Timor-Leste's electricity access achievement has become a fiscal sustainability challenge. Household electricity access reached 99.7% by 2024: among the highest in the region for a country at this income level, but this success masks three underlying weaknesses: only around 70% of *sucos* receive reliable 24/7 supply, system losses remain at approximately 33%, and EDTL's cost recovery sits at only around 32% of operating costs, requiring subsidies that have averaged 5-7% of GDP in recent years. The sector's strategic priority for 2027-2030 is converting near-universal connection into reliable, efficiently delivered, and financially sustainable service.

Table 4.3.3: Result strategy for electricity

No.	Indicator	Baseline (2025)	Target (2030)	Responsible Agencies
1	% households with electricity access	99.7%	100%	Lead: MPW Support: MSA, Municipalities
2	% sucos with 24/7 electricity access	~70%	100%	Lead: MPW; Support: MSA, Municipalities
3	System losses (Technical + commercial)	~33%	<25%	Lead: MPW; Support: MOF
4	Share of renewables in generation mix ⁵⁹	<1%	≥50%	Lead: MPW; Support: MOF
5	EDTL's Cost recovery ratio (revenue as % of operating costs)	~32% (based on EDTL's internal financial data for 2020-2024)	>80%	Lead: MPW; Support: MOF

Strategic interventions 2027-2030

The strategic intervention for electricity focuses on four interconnected priorities: completing universal and reliable access, reducing losses and improving operational efficiency, accelerating transition to renewable energy, and restoring financial sustainability through governance and tariff reform. These priorities are deliberately sequenced: efficiency and institutional reforms are front-loaded as the foundation for attracting renewable energy investment and reducing the fiscal burden of subsidies, which have averaged 5-7% of the GDP in recent years. Key strategic interventions for 2027-2030 include:

- **Universal access and supply reliability:** Complete last-mile grid rollout and deploy off-grid solar and hybrid solutions in remote sucos that cannot be cost-effectively served by grid extension completing the remaining 0.3% of unconnected households and targeting 100% household access by 2028. Strengthen transmission and distribution backbone infrastructure to eliminate outages and achieve 24/7 supply across all sucos, with priority to the approximately 30% of sucos currently experiencing supply interruptions exceeding the 24/7 threshold, identified through EDTL feeder-level outage records. As a baseline monitoring action, EDTL to consolidate feeder-level outage records into a national System Average Interruption Duration Index (SAIDI: hours of outage per customer per year) from

⁵⁹ Renewables share measured as percentage of total electricity generated (kWh) from renewable sources (solar, hydro, wind, biomass) over the calendar year. Source: EDTL generation dispatch records.

2028, providing a precise and internationally comparable reliability outcome measure supplementing the % sucos with 24/7 supply indicator in the results table.⁶⁰

- **Loss reduction and operational efficiency:** Reduce system losses from ~33% to 25% through deployment of advanced metering, feeder-level monitoring, replacing/rehabilitating old, inefficient distribution lines and transformers, and strengthening billing and revenue collection systems. Establish a dedicated revenue assurance function within EDTL as a critical early action to stem commercial losses- currently estimated at 11-13% of total generation and improve the financial case for further infrastructure investment. Loss reduction to <25% is the primary output prerequisite for both the 24/7 supply outcome and the cost recovery improvement to >80%.
- **Renewable energy scale-up:** Scale renewable energy from <1% to ≥50% of the generation mix by 2030, anchored by the 72 MW Manatuto Solar and Battery Energy Storage System (BESS) Project. Develop a licensing framework for renewable energy and grid interconnection, building a bankable pipeline of PPP projects for solar, hydro, and wind investments beyond Manatuto BESS project. Pilot battery storage and smart grid technologies to enable reliable integration of variable renewables and reduce dependence on imported diesel generation.
- **Financial sustainability and governance reforms:** Implement phased tariff reform to move EDTL's cost recovery from ~32% to >80%, with targeted subsidies protecting the most vulnerable households throughout the transition. Tariff reform of this scale is politically and institutionally complex and will require extensive public consultation, robust social protection design, and Council of Ministers endorsement before implementation. The MTP period is expected to complete the analytical and design phase and initiate the first tariff adjustment; the trajectory to >80% cost recovery extends beyond 2030 and will be a central objective of the subsequent planning cycle. Undertake institutional and governance strengthening of DNRES to provide credible and independent regulatory oversight- the prerequisite for attracting private investment in renewable energy PPPs. Strengthen EDTL's corporate governance through regular audited financial reporting and a publicly accessible energy performance dashboard covering system losses, tariffs, renewable share, cost recovery ratio, and subsidy flows, creating the accountability and transparency mechanism for both government oversight and development partner engagement.

⁶⁰ EDTL to compile feeder-level outage duration and frequency records, aggregate to suco and municipal level, and publish a national SAIDI figure annually in the EDTL performance report. First SAIDI publication by end-2028. This data exists in EDTL's operational systems, the action required is consolidation and publication, not new data collection. SAIDI will serve as the primary evidence base for prioritising which sucos receive backbone infrastructure investment in 2028-2029.

4.3.4. Maritime and aviation transport

Strategic Outcome: Non-oil exports are growing through Tibar Bay Port, tourism arrivals are increasing through a completed PNLIA, and communities in Oecusse and Ataúro have reliable ferry services, with regional ports rehabilitated and trade facilitation systems modernised so that upstream logistics, not gateway capacity, no longer constrains export growth.

Table 4.3.4: Result strategy for maritime and aviation transport

No.	Indicator	Baseline (2025)	Target (2030)	Responsible Agencies
1	Cost recovery ratio for domestic port and ferry services (APORTIL) (APORTIL revenue as % of operating costs) ⁶¹	<10% (estimated) ⁶²	≥40%	Lead: MTC; Support: MOF
2	% of six priority regional ports with operational cargo handling equipment and passenger facilities ⁶³	33% (2 of 6)	83% (5 of 6)	Lead: MTC, Support: MALFF
3	Non-oil export tonnage through Tibar Bay Port as % of total throughput	~1.3% (2023)	≥5%	Lead: MTC; Support: MCI; MCAE
4	PNLIA expansion completed and compliant with ICAO Annex 14 standards	Under redevelopment (groundbreaking in April 2025)	Fully operational and compliant --	Lead: MTC Support: MOF
5	Number of municipal airports meeting minimum ICAO aerodrome safety standards	Limited	≥3	Lead: MTC, Support: MOF
6	% of customs declarations processed digitally at Tibar Bay Port and PNLIA	~60-70% (partial ASYCUDA rollout since 2019)	100%	Lead: MOF- (Customs), Support: MTC

⁶¹ Cost recovery ratio defined as total APORTIL revenue (port fees, ferry tariffs, and other income) as a percentage of total APORTIL operating costs (crew, fuel, vessel maintenance, port operations, and administration).

⁶² Estimated: MTC to confirm from audited financial statements by end-2027

⁶³ Six priority ports identified in the Port Master Plan: Com, Ataúro, Cairabela, Manatuto, Beaço, and Oecusse. "Operational" defined as: functional cargo handling equipment (crane or forklift), covered passenger waiting area, and basic warehousing as minimum standards for commercial and passenger use.

7	Cargo dwell time at Tibar Bay Port (days from vessel arrival to cargo cleared)	NA [to be established from Timor Port operator data]	≥40% reduction from established baseline	Lead: MOF; Support: MTC
8	Weekly ferry departures on Dili-Oecusse and Dili-Ataúro routes	2-3 per week	≥5 per week	Lead: MTC; Support: MOF, MPSI

Strategic interventions 2027-2030

The strategic interventions for maritime and aviation transport focus on six priorities: clarifying institutional mandates and improving financial sustainability of existing port and aviation authorities, rehabilitating regional port and airport infrastructure to support economic diversification and lifeline connectivity, completing the international airport upgrade, and strengthening trade facilitation and climate resilience. A central finding shaping this strategy is that Timor-Leste's major gateway infrastructure- Tibar Bay Port, is operating at approximately 8% of capacity with exports representing only 1.3% of throughput. The binding constraint on export growth is therefore not port capacity but upstream logistics, certification, and cold chain infrastructure. Interventions are designed accordingly. Key strategic interventions for 2027-2030 include:

- **Interministerial port investment coordination across line ministries:** Port infrastructure in Timor-Leste is pursued by multiple line ministries-MTC through APORTIL, MALFF in discussion with development partners on fisheries landing facilities, and the Ministry of Petroleum through TIMOR GAP on Tasi Mane South Coast corridor-without a shared plan or investment sequencing framework. This risks duplication and missed-opportunities to design multi-purpose facilities. Using the existing interministerial coordination commission, MTC will establish a **port investment inventory**, a consolidated, annually updated record of all planned, approved, and ongoing maritime infrastructure investments across all line ministries and funding sources. All new port investment proposals will be required to reference this inventory and obtain MTC technical clearance before entering the Infrastructure Fund appraisal process. In parallel, MTC and the Ministry of Planning and Strategic Investment will jointly develop a **National Port Spatial Framework** by 2027 that classifies all ports by primary function: international trade, domestic ferry, fisheries and aquaculture, petroleum logistics, and disaster resilience to guide investment prioritisation and prevent functional duplication. For Beaço specifically, a joint planning protocol between MTC, the Ministry of Petroleum, and TIMOR GAP will ensure the port serves both petroleum logistics and broader regional connectivity, avoiding parallel investments with separate governance arrangements.
- **Financial sustainability and mandate reform of maritime services:** Revise APORTIL's statutory mandate to reflect its post-container role, focusing on domestic ferry services, regional port management, and oversight of the planned Dili Port

repurposing as a marina and cruise terminal. Introduce a formal Public Service Obligation framework for lifeline ferry routes to Oecusse and Ataúro, with transparent, cost-reflective tariffs replacing the current framework, unchanged since 2003, and targeted subsidies for socially essential routes. The introduction of cost-reflective tariffs on lifeline ferry routes to Oecusse and Ataúro carries social sensitivity and requires a clear PSO framework with targeted subsidies before implementation, to ensure remote communities are not adversely affected. The MTP period targets PSO framework design and first-phase tariff revision rather than full transition. MTC to request audited APORTIL financial statements by end-2027 to establish a verified cost recovery baseline, currently estimated at below 10% against which the $\geq 40\%$ target can be tracked.

- **Regional port rehabilitation for economic diversification:** Rehabilitate the six priority regional ports identified in the Port Master Plan: Com, Ataúro, Cairabela, Manatuto, Beaço, and Oecusse, with basic cargo handling equipment, cold storage, passenger amenities, and warehousing. Where feasible, design ports for multiple functions- for example, Com port serving both fisheries landing and general cargo to avoid single-purpose investments that foreclose future use. Formally designate and equip at least two regional ports as disaster logistics bases. Resolve outstanding land tenure constraints at Cairabela and Beaço in parallel with infrastructure investment to avoid implementation delays. Progress in regional port rehabilitation will be tracked against the non-oil export tonnage outcome indicator, whether rehabilitated ports are generating cargo throughput, not just meeting facility condition standards.
- **International and municipal airport upgrades:** Ensure timely completion of the PNLIA redevelopment to full ICAO Annex 14 compliance, with a clearly defined private sector O&M model in place before commissioning.
- **Trade facilitation and export logistics:** Complete full integration of the ASYCUDA digital customs system, partially deployed since 2019 across Tibar Bay Port and PNLIA, targeting 100% digital processing and a 40% reduction in cargo dwell time. Ministry of Finance and Ministry of Transport and Communication to formally request baseline cargo dwell time data from the Timor Port operator by end-2027: this data exists in Timor Port's operational cargo manifest records, and its publication is the prerequisite for tracking the dwell time outcome indicator in the results table. Develop logistics aggregation and cold chain facilities at priority ports to address upstream constraints that prevent local agricultural products from meeting international export certification standards, directly supporting the non-oil export growth agenda.
- **Climate resilience and inclusive access:** Apply climate resilience design to all new and rehabilitated port and airport infrastructure, prioritising coastal facilities most exposed to storm surge and flooding. Integrate universal access and GEDSI features across all terminal facilities to ensure equitable services for women,

persons with disabilities, and remote island communities dependent on ferry services as their primary link to essential services and markets.

4.3.5. Public transport

Strategic Outcome: Dili's urban public transport services are progressively more structured and safer, with fixed bus shelters and basic timetables on priority routes, extended service hours, upgraded terminals and women users increasingly reporting feeling safe, while the existing microlet-based continues to serve as the backbone of public transport nationally.

The microlet remains the backbone of public transport in Dili and across Timor-Leste's municipalities, providing flexible, low-cost access to urban destinations for most daily commuters. The MTP 2027-2030 does not seek to replace or disrupt this system. Instead, it focuses on practical improvements that can be layered onto the current model: upgrading the safety and accessibility of bus terminals and stops, progressively introducing fixed stops and basic timetables on priority urban corridors, and strengthening MTC's capacity to set and enforce minimum service standards applicable to existing operators. The most economically vital inter-municipal routes, linking Dili to agricultural production centres and tourism destinations, are national in scope and benefit from MTC coordination to ensure they are adequately served. On these, MTC's role is to facilitate rather than operate supporting private operators with route information, minimum standards, and passenger infrastructure rather than creating new public entities.

Table 4.3.5: Result strategy for public transport

No.	Indicator	Baseline (2025)	Target (2030)	Responsible Agencies
1	% urban routes operating with scheduled services and fixed stops	~0% (all 13 Dili microlet routes operate with no fixed stops, no timetables, and daylight-only service)	≥60%	Lead: MTC; Support: private bus operators
2	Average daily hours of urban public transport service	~12 hours	≥16 hours	Lead: MTC; Support: private operators
3	Average travel time for commuters on priority urban routes in Dili (minutes, peak hour)	TBC - MTC baseline survey to be completed by end-2027	20% reduction from confirmed baseline	Lead: MTC; Support: MPSI

4	% of major bus terminals meeting minimum safety and universal access standards ⁶⁴	~0%	≥70% (major terminals in Dili and municipal capitals)	Lead: MTC; Support: MPW, MSSI
5	% of women public transport users reporting feeling safe	TBE (MTC to undertake survey by first quarter of 2027)	≥70%	Lead: MTC; Support: MSSI

Strategic Interventions 2027-2030

The strategic interventions for public transport are sequenced into four priorities: first, establishing an institutional and regulatory foundation; second, expanding scheduled and contracted services; and third, upgrading infrastructure for safe and inclusive access. The reform begins with the adoption of the Public Transport Master Plan, which serves as a roadmap for transitioning from the current informal, unscheduled microlet-dominated system to a more regulated, contract-based system. Institutional clarity must precede service expansion; without a functioning regulatory framework capable of contracting and enforcing service standards, investment in fleet and infrastructure will not produce reliable or sustained improvements. Key strategic interventions for 2027-2030 include:

- **Minimum service standards and route formalisation:** MTC to develop and gazette minimum service standards for public transport operators by end-2027, covering fixed route stops, basic timetabling, and minimum vehicle safety and roadworthiness requirements, using MTC's existing regulatory directorate rather than creating a new entity. Working with existing microlet operator associations and municipal governments, MTC will progressively introduce route stop signs and published route cards on priority Dili urban corridors during 2027-2028, establishing the framework within which private operators can adopt more structured services.
- **Route improvement and service hour extension:** Working within the existing microlet operating model, MTC to prioritise three to five high-volume Dili urban corridors for early introduction of fixed stops and basic timetables during 2027-2028, in coordination with operator associations. Progressively extend to inter-urban routes linking Dili to Baucau, Maliana, and Suai by 2029. As a monitoring baseline, MTC to record daily passenger volumes on routes where stop and timetable improvements are introduced from the first month of operation, enabling evaluation of whether service formalisation is generating ridership growth. Extend average

⁶⁴ Minimum safety and universal access standards" to be defined in the Public Transport Master Plan as adopted by MTC, covering structural safety and weather protection; designated wheelchair boarding points and accessible pathways; gender-sensitive features including lighting, CCTV, and separate waiting areas; and flood-resistant construction in low-lying areas. Source: MTC / NPTA annual terminal inspection records.

daily service hours from the current ~12 hours to at least 16 hours, through coordination with existing operators on extended shift arrangements.

- **Safe and inclusive passenger infrastructure:** Construct and upgrade major bus terminals and stops in Dili and all municipal capitals to minimum safety and accessibility standards, incorporating universal design for persons with disabilities, gender-sensitive features, including adequate lighting and security, and flood-resistant construction. Given that women and girls are disproportionately affected by unsafe and unreliable transport, a baseline survey of women's safety perceptions on public transport will be conducted by 2027 to inform design standards and provide a measurable baseline for the safety indicator. The survey instrument to be developed jointly by MTC, Ministry of Social Solidarity, and Ministry of State Administration by end-2027, with first results published before terminal upgrades commence to ensure design decisions are evidence-based. All new infrastructure should comply with standards set out in the Public Transport Master Plan.
- **Low-emission mobility:** MTC to complete a detailed electric bus feasibility study by 2027 building on the Master Plan investigations and designing a pilot programme for Dili's flatter urban corridors, conditional on demonstrated improvement in EDTL's supply reliability. Any pilot will be structured under a PPP or outsourcing model that transfers operational and technology risk to the private sector.

4.3.6. Digital infrastructure

Strategic Outcome: Internet use more than doubles from 34.5% to $\geq 65\%$ of the population, driven by affordable broadband made possible by the Timor-Leste South Submarine Cable (TLSSC) wholesale pricing reform, with government services increasingly accessible online, businesses adopting digital payments, and cybersecurity frameworks protecting the expanding digital economy.

A defining feature of the MTP period is that Timor-Leste's international connectivity constraint has been structurally resolved. The TLSSC landed in Dili in June 2024, connecting the country to Australia's North-West Cable System with a design capacity of 27 terabits per second- Timor-Leste's first submarine fiber optic connection. The strategic challenge for 2027-2030 is therefore no longer building international bandwidth capacity, but converting that capacity into affordable, widespread domestic access and productive digital use. This depends on wholesale pricing policy, last-mile infrastructure, market competition, digital literacy, and the legal frameworks needed to govern safe digital activity, as much as on physical infrastructure itself.

Table 4.3.6: Result strategy for digital infrastructure

No.	Indicator	Baseline (2025)	Target (2030)	Responsible Agencies
1	% of population covered by 4G or better mobile broadband	~45 ⁶⁵ % (population coverage; 4G available in all 13 districts but uneven reach)	≥90%	Lead: MTC; Support: MPW, private operators
2	Median mobile internet speed (Mbps)	~5 Mbps	≥25 Mbps	Lead: MTC; Support: private operators
3	Cost of entry-level monthly mobile data plan as % of GNI per capita	~5% ⁶⁶ (2024)	<2%	Lead: MTC; Support: MOF
4	% of population using the internet ⁶⁷	34.5% (early 2025) ⁶⁸	≥65%	Lead: MTC; Support: MOE
5	% of priority government service delivery points with active broadband connectivity (health facilities, schools, municipal offices) ⁶⁹	20%	≥80%	Lead: MTC; Support: MPW, MOH, MOE
6	% of core government services available online	5%	≥50%	Lead: MTC; Support: all line ministries
7	% of registered MSMEs using digital payment or digital	0.8% (ADB-MCI Survey, July 2024)	≥20%	Lead: MTC; Support: MCAE, BCTL

⁶⁵ GSMA Intelligence, 2025

⁶⁶ GSMA Intelligence (2025), standardised mobile broadband entry-level basket as % of GNI per capita (Atlas method, World Bank)

⁶⁷ % of population using the internet defined as individuals aged 15 and above who have used the internet from any location and any device in the last 3 months. Source: Data Report / ITU household survey data, early 2025

⁶⁸ Data Report / Kepios (citing ITU/World Bank methodology)

⁶⁹ Priority government service delivery points defined as: all public health facilities (hospitals, CHCs, health posts); all primary and secondary schools; and all municipal and administrative post offices.

	business management systems			
8	Cybersecurity legislative framework adopted	Draft prepared	Approved and enforced by 2027	Lead: Presidency of Council of Ministers; Support: MTC

Strategic Interventions 2027-2030

The strategic interventions for digital infrastructure focus on four priorities: translating the TLSSC submarine cable investment into affordable, widespread connectivity; expanding domestic digital infrastructure to government service delivery points; closing coverage gaps in underserved municipalities while increasing digital inclusion; and establishing the legal and institutional frameworks for cybersecurity and data governance. Key strategic interventions for 2027-2030 include:

- Translating submarine cable capacity into affordable access:** The state-owned enterprise established in 2025 to manage TLSSC wholesale pricing must set cost-reflective, competitive rates that enable all licensed operators: Timor Telecom, Telkomcel, Telemor, and new entrants including Starlink, to pass bandwidth cost reductions to end users. Internet affordability, not physical coverage, is the primary barrier to adoption: entry-level mobile data currently costs approximately 5% of average monthly income, more than double the internationally recognised affordability threshold of 2% of national income per capita⁷⁰. Achieving the MTP's affordability target therefore depends more on the wholesale pricing decisions of the TLSSC managing entity than on any new infrastructure investment, making this the single highest-leverage intervention during the MTP period. To promote accountability, MTC will publish quarterly market monitoring reports from 2027. These reports will assess the extent to which reductions in wholesale connectivity costs are being reflected in prices paid by end users, providing the primary accountability mechanism for the affordability outcome indicator (cost as % of GNI per capita).
- Government connectivity and e-government service delivery:** Expand the national terrestrial fiber backbone to connect priority government service delivery points such as health facilities, schools, and municipal offices, targeting at least 80% connected by 2030. Operationalise the national government data centre with appropriate redundancy and backup arrangements. Connectivity investment must be accompanied by the development of online government services: physical

⁷⁰ Alliance for Affordable Internet (A4AI), *Affordability Report (2013 onwards)*; threshold subsequently adopted by the International Telecommunication Union (ITU) in *Measuring Digital Development: ICT Price Trends (annual series)*. The affordability threshold is defined as 1 GB of mobile broadband data costing no more than 2% of average monthly GNI per capita. The Timor-Leste figure of approximately 5% is sourced from GSMA Intelligence (2025), based on the lowest available prepaid 1 GB mobile data tariff against World Bank GNI per capita (Atlas method, 2023).

connection without usable digital services does not produce e-government outcomes. The MTP therefore sets a parallel target of at least 50% of core government services available online by 2030, requiring all line ministries to develop digital service delivery roadmaps as part of their annual action plans. MTC to conduct a connectivity audit of all public health facilities, schools, and municipal offices by end-2027, establishing the baseline for the government connectivity output indicator- this audit is the prerequisite for tracking progress toward the $\geq 80\%$ target.

- **Closing coverage gaps and increasing digital inclusion:** Internet penetration stands at only 34.5% of the population as of early 2025, among the lowest in Southeast Asia despite voice coverage reaching 95-98%. The gap between voice coverage and internet penetration reflects cost and digital literacy barriers rather than infrastructure absence. Interventions will include universal service obligations on licensed operators to extend affordable 4G coverage to the remaining population not currently reached, subsidized connectivity for schools and health clinics in remote districts, and structured digital literacy programmes targeting women, rural communities, and older age groups who are currently most excluded from digital access. Track digital economic adoption annually through the ADB-MCI SME Monitor or BCTL financial inclusion survey: the 0.8% business digital finance adoption baseline (ADB 2024) provides an immediately available starting point and connects digital infrastructure investment to the MSME and economic diversification outcomes in Chapter 3.
- **Cybersecurity and data governance frameworks.** Complete the operationalisation of the national cybersecurity Incident Response Team (CSIRT), building on the process already initiated, to provide the country's first operational technical capability for detecting and responding to cyber incidents. Enact a cybersecurity and data protection law with implementing regulations to govern the collection, use, and safeguarding of personal data, developed through transparent public consultation. These measures are a precondition for the safe expansion of e-government, digital payments, and e-commerce services.

4.4. Infrastructure pillar KPIs and Targets

Table 4.4.1: Infrastructure development result framework

No.	Indicator	Baseline (2025)	Target (2030)
1	% national and municipal roads in good/fair condition	48% national 6.9% municipal	$\geq 85\%$ (national) $\geq 45\%$ (municipal)

2	% households with safely managed water	87%	100%
3	Average travel time from Dili to municipal capitals tracked across all 13 routes	baseline survey by MPW end-2027	≥20% reduction from baseline
4	Non-Revenue Water (NRW) in urban distribution systems	~85%	≤65%
5	% of sucos receiving 24/7 electricity supply	~70%	100%
6	Combined utility subsidy burden, EDTL and BTL, as % of GDP	~7-9% of GDP (estimated)	Reduced by half
	Electricity system losses	~33%	<25%
7	Renewables in electricity generation	<1%	≥50%
8	Non-oil export tonnage through Tibar Bay Port as % of total port throughput	~1.3%	>5%
9	% of urban routes in Dili operating with scheduled public transport services and fixed stops	~0%	≥60%
10	% of population using the internet	34.5%	≥65%
11	% of registered MSMEs using digital payment or digital business management systems	0.8% (ADB-MCI SME Monitor, 2024)	≥20%

4.5 Quick wins, phased priority interventions, implementation arrangements, and spatial priorities

The proposed quick wins and phased interventions below are sequenced according to their feasibility within the stated timeframe and their direct contribution to the Infrastructure Pillar's strategic objectives. Quick wins are limited to actions that can begin without new legislation, new institutions, or politically contested reform, recognizing that some listed actions, such as the Road Maintenance Fund and port tariff reform, involve genuine institutional or political complexity and are therefore better understood as early-phase reforms initiated within the period rather than completed quick wins.

Quick Wins 2027

- Launch NRW reduction programme in major urban centres
- Complete last-mile electricity grid connections in lagging municipalities
- Begin design and costing of the Road Maintenance Fund
- MTC to develop and gazette minimum service standards for public transport operators and introduce fixed stops on three to five priority Dili urban corridors in coordination with existing microlet operators
- Set cost-reflective TLSSC wholesale pricing to improve broadband affordability.
- Establish the port investment inventory to coordinate maritime infrastructure planning across line ministries

Short-term (2028-2029)

- Scale integrated economic corridor packages (roads, electricity, logistics) in named agriculture and tourism municipalities.
- Extend the national digital backbone to priority government service delivery points and launch initial e-government platforms
- Progressively extend fixed stops and basic timetables to inter-urban routes linking Dili to Baucau, Maliana, and Suai, in coordination with existing operators.
- Operationalize the Road Maintenance Fund based on the design completed in 2027-2028, commencing performance-based maintenance contracts on priority corridors.
- Initiate phased tariff reform for domestic port and ferry services, alongside continued water and electricity tariff reform design.

Medium-term (2030)

- Achieve full rehabilitation and operational status of five priority regional ports.
- Reach ≥80% climate-proofing of new and rehabilitated infrastructure across all sub-sectors.
- Initiate cost-recovery and tariff reform across all utilities (BTL, EDTL, APORTIL).

Implementation will be led by the Ministry of Public Works, Ministry of Transport and Communications, and Municipalities, with coordination by MPSI.



CHAPTER 5

SOCIAL AND HUMAN CAPITAL DEVELOPMENT

Linking Education, Health and Skills to Long-Term
Productivity, Inclusion and Economic Resilience



Preface



Development in Timor-Leste's social sector remains central to our country's long-term vision of building resilient, inclusive, and prosperous society. As Deputy Prime Minister and Minister Coordinating Affairs Social, I reaffirm the Government's strong commitment to strengthening social capital as a key driver of human development, economic transformation, and national cohesion. Investing in our people, especially our youth, is fundamental to shaping Timor-Leste's future.

We recognize adequate housing as a critical pillar of poverty reduction and human well-being. Adequate and affordable housing not only improves living conditions but also contributes to social stability, health outcomes, and economic productivity. Strengthening housing policies and financing mechanisms will therefore remain a priority to advance inclusive development.

Continuing education is the basis of human capital formation. Our focus is not only on expanding access but also on improving the quality of education at all levels. Particular attention is being paid to strengthening teachers' competencies, especially in the areas of Science, Technology, Engineering, and Mathematics (STEM) and Physics, to provide students with the skills needed to thrive in a rapidly evolving global economy.

In parallel, we recognize that education should also foster strong values, ethics, and civic responsibility. The integration of character formation within the national curriculum is essential to nurture responsible, resilient, and socially conscious citizens who will contribute positively to nation building.

In addition, strengthening early childhood and primary school education is critical to ensuring a solid foundation for lifelong learning. Investments in pre-school and primary education will enhance cognitive development, improve learning outcomes, and reduce inequality from an early age.

Through coordinated and integrated efforts across education, health, and social protection systems, we aim to build a society in which all citizens have the opportunity to flourish. This requires strong partnerships, effective policies, and sustainable investments that prioritize people as the center of development.

Together, we will continue to advance a Timor-Leste that is inclusive, equitable, and prepared for the future

Eng. Mariano ASSANAMI Sabino

Deputy Prime Minister, Minister Coordinator of Social Affairs and Minister of Rural Development and Community Housing

CHAPTER 5: SOCIAL AND HUMAN CAPITAL DEVELOPMENT

5.1. Introduction and contribution to national priorities

Human capital development is central to Timor-Leste's economic diversification, inclusive growth, long-term resilience and improved well-being. Education and health together shape the productivity, skills, well-being, and adaptability of the population. Social protection builds resilience and ensures that all Timorese have the necessary and critical skills and knowledge to contribute to the development process and share its benefits. A skilled, healthy, and inclusive population is essential to boosting labor productivity, supporting sectoral growth, and enabling the country's transition to a diversified and resilient economy and the shared benefits of this outcome.

This 2027-2030 MTP focuses on building a strong foundation and launching pad for meaningfully improved learning outcomes, health status, and workforce readiness over the next period (2031-2035 and beyond). By addressing binding constraints and creating enabling systems, this final phase of the SDP 2011-2030 will position the country for higher productivity and sustainable economic growth beyond 2030.

The Social and Human Capital Development Pillar adopts a disciplined, results-oriented approach that shifts the focus from expanding access alone to improving learning outcomes, workforce readiness, service quality, and system efficiency. Investments will be prioritized according to their capacity to address binding constraints, reduce inequalities, support economic diversification, and ensure fiscal sustainability. Close coordination with the Economic Diversification and Infrastructure Pillars will ensure that investments in education, health, skills, and social protection respond to labor-market needs, strengthen productive sectors, and contribute to inclusive and resilient economic growth. These integrated efforts are expected to contribute to improving Timor-Leste's Human Development Index which has been reported at 0.634 placing Timor-Leste in the medium human development category and ranking it 142 globally (Human Development Report, UNDP 2025).

5.2. Strategic issues and binding constraints

Despite sustained public investment, outcomes in education, health, social protection, youth, youth participation, sports, arts, and culture are uneven due to systemic constraints:

5.2.1 Education

Strengthening foundational learning remains a priority, with 30% [EGRA 2009, World Bank] of Grade 3 students meeting minimum proficiency in literacy and 72% [EGNA 2011, World Bank] of Grade-3 students achieving minimum proficiency in numeracy. Approximately 65% of registered public-school teachers meet the minimum qualification required by law, [figure from the National Human Resources Directorate of the Ministry of Education 2024], However, significant rural deployment and rotation challenges remain. The Teacher Competency Framework (TCF), adopted in May 2026, provides new national standards for teachers throughout Timor-Leste. Secondary gross enrolment ratio is 77.28% (EMIS 2025),

and access to preschool is only 30.81% (Ministry of Education EMIS, 2025). While 79.9% of schools reported having toilet facilities, only 52% [Ministry of Education School Census 2024, unpublished] had toilets in working condition. Inclusive education for children with disabilities is very limited, with only 16.1% (INETL Census 2022) enrolment among people with disabilities aged 5-16 years. Education expenditure accounts for only 7.6% of total government expenditure which is significantly lower than the ASEAN average of 13.8% (ADB, Asia Development, 2025).

5.2.2 Health

High malnutrition remains a critical issue, with 45% of under-five children stunted, among the highest rates in Asia and above the Southeast Asian average of approximately 22%. It is one of the most significant human capital challenges, placing Timor-Leste in the category of very high public health significance. Persistent undernutrition during the first 1,000 days of life undermines cognitive development, educational attainment, labor productivity, and long-term economic growth. Reducing stunting is therefore a national priority for strengthening human capital and achieving sustainable, inclusive development.

The maternal mortality ratio of 195 per 100,000 live births (WHO estimate, 2020) is approximately five times the ASEAN average. In 2024, infant mortality was 32 per 1,000, according to World Bank/UNICEF estimates. Readiness for health service delivery is low: only 61% of facilities meet minimum standards. The health workforce is unevenly distributed, with density ranging from 1.0 to 4.0 per 1,000 across municipalities. Per capita healthcare expenditure stands at just US\$59 (ADB, 2025), in sharp contrast to the ASEAN average of US\$630. The increasing burden of non-communicable diseases (NCDs), especially cancer and cardiovascular diseases, is alarming and demands integrated, cross-ministry prevention and early detection responses.

5.2.3 Cancer

Cancer data in Timor-Leste remain fragmented across all levels of the health system, limiting the country's ability to accurately measure and respond to the cancer burden. Although the Population-Based Cancer Registry (PBCR), established in 2019 through WHO and Ministry of Health collaboration, had registered 976 cases by 2021, the data are heavily skewed toward health-service access points, with 54.2% of cases from Dili and only 7.4% from Baucau, and therefore do not reflect true national incidence. Compounding this, most patients present at an advanced stage: 80.5% receive only palliative care, surgical intervention is performed in just 7.6% of cases, and GLOBOCAN 2022 estimates an age-standardized mortality rate of 12.95 per 100,000 and a Mortality-to-Incidence Ratio of 62 per 100,000, confirming systemic late-stage diagnosis.

The binding constraints are both clinical and financial. Domestic capacity is severely limited across biopsy and histopathology services, immunohistochemistry, advanced laboratory testing (tumor markers, hormone receptors), and medical imaging, and there is a critical shortage of oncologists, pathologists, and allied health professionals, alongside the absence of in-country chemotherapy, immunotherapy, and radiotherapy. As a result, most patients are referred abroad for treatment -evidenced by DNASH records of 1,316 referrals for 369 patients between 2021 and 2025 at a cost of USD 19.36 million, and an earlier 2019-2023

estimate of USD 15.4 million for 344 patients -an expenditure pattern that is both fiscally unsustainable and clinically suboptimal. Addressing these constraints requires strengthening and operationalizing the PBCR as the national data backbone, investing in a National Cancer Centre to consolidate diagnostics and treatment locally, and building integrated screening, HPV vaccination, and early-detection programmes to shift the system from reactive overseas referral toward prevention, timely diagnosis, and domestic case management.

5.2.4 Social protection

Overall social protection coverage is low, with approximately 27% (ILO, Towards Universal Coverage in Timor-Leste, November 2025) of the population covered by at least one benefit in 2024, leaving approximately 73% without any form of social protection. 45.8% of the population lives in multidimensional poverty, further compounded by high malnutrition, with 45% of children under five affected by stunting. The Conditional Bolsa da Mãe Saude Nutrisaun Inan no Oan (SANUTRIO) is intended to respond to stunting reduction by integrating conditional cash transfers and Specialized-Nutritious Food (SNF) as one of the primary social protection measures for mothers and children in high-prevalence areas. The Government continues to provide Kondisional Bolsa da Mãe for vulnerable families nationally to support their children to access and complete their basic education. It is important to also consider the high prevalence of stunting in other municipalities namely Ainaro, Aileu, Manufahi. However, the program still faces challenges in the interoperability of the database system between the Ministry of Education and Ministry of Social Solidarity and Inclusion, hence, which prevents a complete picture of school completion and dropout rates from the program.

5.2.5 Youth, Sports, Arts and Culture

The proportion of youth without employment, education, or training (NEET) increased from 22.3% in 2015 to 29.3% (INETL LFS 2022) in 2022, a worsening trend indicating that economic growth has not translated into youth opportunities. Youth unemployment among those aged 15-24 is 32.9% (ADB, Asia Development), significantly higher than the national average of 5.3%. Female labor force participation is particularly low at 24.2% (2021), reflecting structural barriers including unpaid care work, limited childcare access, and restricted economic opportunity. With more than 70% (MYSAC, National Youth Action Plan 2023-2027) of the population under the age of 35, this demographic dividend risks becoming a burden without targeted investment in youth development, skills, and civic engagement. Timor-Leste's rich traditional cultural heritage represents an undeveloped economic asset for youth entrepreneurship and identity building. Sports, arts, and culture also suffer from critical institutional and governance deficits due to fragmented institutional architecture across ministries, incomplete and outdated policies and legal frameworks, lack of standardized monitoring and evaluation systems, and chronic underinvestment. Explore the establishment of a Youth Fund to support activities in areas identified as necessary.

5.3. Strategic Objectives and Key Result Areas at Pillar Level

The pillar is guided by four strategic objectives:

- **Objective 1:** Improve the foundation for learning, strengthen the quality of higher education, health outcomes and the ability to provide public services.
- **Objective 2:** Ensure equitable access to quality education, capacity development and health services.
- **Objective 3:** Strengthen social protection coverage, focusing on targeting and fiscal sustainability.
- **Objective 4:** Strengthen and enhance youth skills according to market demand, strengthen cultural identity, promote creative industries, and strengthen essential infrastructure for sports, youth, arts and culture.

These objectives are operationalized through ten (10) Key Result Areas

1. **KRA 1: School Readiness and Foundational Learning** - Focuses on expanding the quality of preschool and early-grade programs to ensure school readiness and effective early-grade teaching and learning, so that all children - particularly in rural and disadvantaged areas - build strong foundational skills in literacy, numeracy, and social-emotional development needed to succeed in school.
2. **KRA 2: Teacher Quality, Implementation, and Professional Development** - Operationalize the Teacher Competency Framework (TCF, 2026); improving pre-service training; institutionalizing CPD; and ensuring equitable teacher placement for rural and remote schools with incentives and support systems.
3. **KRA 3: Post-Primary, Secondary Education, Skills Pathways, Higher Education and Youth Development** - Expand secondary education and strengthen industry-aligned TVET in tourism, agriculture, marine, fisheries, construction, and light manufacturing. Include HCDF reform, preparation for labor mobility, and MYSAC's youth development program aligned with the National Youth Action Plan 2023-2027. Provide infrastructure and equipment to support the learning and practice process during TVET training. Revise the TVET curriculum to align with market demand identified in the MTP plan.
4. **KRA 4: Youth employment, entrepreneurship, civic participation, life skills, not in education, employment or training (NEET) reduction** - Empower youth by expanding employment and self-employment in the creative, cultural, and sports sectors, strengthening the ecosystem with entrepreneurship, financing, and mentoring; increasing civic participation and leadership, improve life skills and resilience, and measurably reduce youth NEET rates with a priority focus on rural women and out-of-school youth. Explore the establishment of a Youth Fund to support activities in areas identified as necessary.
5. **KRA 5: National sports excellence, community participation, gender equity, federal governance, and sports economy.** Focus on increasing elite international performance, expanding the quality of facilities and programming in all 12 municipalities and RAEOA, increasing the participation of women, girls, and people

with disabilities, strengthening governance and athlete welfare, and developing a revenue-generating sports economy.

6. **KRA 6: Heritage protection, Creative and Cultural Industry (CCI) development, cultural tourism, Intellectual Property (IP) frameworks, and market access.** Focus on enhancing the cultural and creative sector by systematically protecting and valuing tangible, intangible, traditional, and intellectual property, while simultaneously scaling creative industries, cultural tourism, and market access to drive company income, employment, and export revenues.
7. **KRA 7: Health, Nutrition, and Service Delivery Outcomes.** Reduce malnutrition and preventable diseases through strengthening primary health care, maternal and child health services, nutrition programs, and community information dissemination, strengthening coordination of joint interministerial efforts in reducing malnutrition.
8. **KRA 8: Strengthen Cancer Surveillance, Expand Cancer Prevention, screening, Dual-Function Diagnosis, Cancer Registration & Early Treatment-** Cancer cases in Timor-Leste are dominated by five main types: breast, cervical, gastrointestinal and liver, childhood, and throat/lymphoma/thyroid cancers. Diagnostic capacity remains basic and limited across most health facilities, underscoring the need to modernize and expand integrated diagnostic and treatment services to improve early detection, confirmation, and quality care. The National Population-Based Cancer Registry (PBCR) should be strengthened to capture incidence, mortality, survival, and cancer type distribution. Key priorities include increasing HPV vaccination coverage, implementing cervical cancer screening, and developing standardized protocols for early detection and treatment of priority cancers.
9. **KRA 9: Readiness and Resilience for Education and Health Services.** Improve schools and health facilities with reliable utilities and inclusive design; strengthen EMIS and HMIS for data-driven accountability; and embed climate resilience into all facility investments.
10. **KRA 10: Social Protection.** Improve coverage of Bolsa da Mãe Kondisional for vulnerable families to access and complete their basic education including children with disabilities; Expand coverage of the Bolsa-da-mãe Kondisional ba Saude Nutrisaun Inan no Oan (BdMK-SANUTRIO) for pregnant women and mothers with children up to 3 years of age, improve coordination of BdMK- SANUTRIO Implementation; increase the INSS coverage to 100% of formal workers; developing a unified beneficiary registry; addressing the fiscal sustainability of veterans' pensions; and strengthen climate-adapted disaster relief systems. Expand the BdMK_SANUTRIO program to other municipalities after the completion of phase one implementation in current three municipalities: Ermera, Covalima and RAEOA, designed to improve the nutritional status of mothers and stunting in children.

5.4 Social and Human Capital Development Pillar Results Framework

Table 5.5.1: Social and human capital development pillar result framework

Impact	Inclusive, sustainable, and resilient human and social capital development
Goal	A healthier, more educated, more skilled, and protected Timorese population by 2030 achieving proficiency in foundational learning and measurable reduction in stunting; Increased TVET graduates in formal employment and expanded social protection coverage to provide the foundation for human capital diversification and economic growth which is sustainable after 2030.
Pillar result 2030	Foundational Learning was strengthened in a measurable way Grade 3 literacy rose from ~30% to >50%, teacher certification neared >95% (and 100% for all public-school teachers), and preschool access increased from 30.81% to 60% of gross enrolment reduction. It also includes students with disabilities.
	Population health and nutrition outcomes are improving, stunting among children under five decreased from 45% to ≤35%, the UHC Service Coverage Index increased from ~60 to ≥80, and >90% of health facilities met minimum readiness standards.
	Timorese youth are acquiring marketable skills and entering formal employment: The gross enrolment rate in secondary education increased from 77.28% to 85%. TVET participation rose from 2.6% to ≥10%, ≥60% of TVET graduates were in formal employment 12 months after completion, and female labor force participation rates (FLFPR) increased from 24.2% to ≥35%. Explore options of Youth Fund and establish them accordingly.
	Strengthened National Cancer Management and Early Diagnosis: Operationalize the Population-Based Cancer Registry (PBCR) and publish a national report with integrated data by 2030. Increase Human Papilloma Virus (HPV) vaccination coverage for adolescents and children by 80%, implement active screening programs of population groups at high risk for the five (5) most frequent types of cancer. In parallel, strengthen the capacity and availability of diagnostic services, including biopsy (cytology, histopathology and immunohistochemistry/IHC), colposcopy, endoscopy, medical imaging (XR, ultrasound, CT scan, MRI and PET-CT, according to capacity), and advanced laboratories. These measures will strengthen the cancer surveillance, management and control system in the country, improve early detection and

	treatment outcomes, and contribute to reducing the Mortality-to-Incidence Ratio (MIR) at the national level. Social protection coverage: expanded from 27% to 40% of the population, INSS approached 100% of formal workers, and improve interministerial coordination on the social registry as unified beneficiary registry enabling better targeting for social protection and disaster relief programs. Youth are economically active, civically engaged, entrepreneurially empowered, and socially resilient, including girls and youth with disabilities.
Strategic interventions	Quick wins 2027 • Launch a pre-school level expansion program and strengthen fundamental literacy and numeracy for the early grades including mother tongue instruction in Grades 1-3. • Start the institutionalization of CPD through INFORDEPE. • Operationalize the Teacher Competency Framework (TCF, May 2026) in pre-service and in-service systems. Establish a TVET Industry Advisory Council in five priority sectors and launch a TVET graduate tracer system by the end of 2027. • Conduct the national examination of Basic Education using a modernized system based on competence and inclusive for students with disabilities. • Improve ministerial coordination about the interoperability of database system on Bolsa da Mãe Kondisional for access to education between responsible ministries to include beneficiaries with disabilities. • Implement secondary level education curriculum reform, including secondary general studies and technical -vocational studies as part of ensuring the development of 21st century skills. • Gradually introduce the beginning of instruction in English in cycle 2 of Basic Education. • Strengthen the operational research component of BdMK_SANUTRIO in the highest stunting and malnutrition prevalence municipalities of Ermera, Covalima and RAEOA, with evidence of impact on stunting reduction, local food that can be utilized to produce specialized nutritious food in the country and expansion costing plans for SANUTRIO nationwide after 2030.

	• Strengthen interministerial coordination for Social Registry Implementation on BdMK_SANUTRIO and its interoperability with other database systems. • Cancer surveillance and control programs have been included in the annual General State Budget (OJE) to ensure sustainability of program implementation. Health promotion and education activities on cancer prevention and early detection are implemented at primary and secondary health care levels. Cancer data are integrated into the National Health Information System, and reported regularly to the national level, according to the capacity of diagnostic and treatment facilities available at each level of health service. • Establish MYSAC youth centres in the initial pilot municipalities (minimum 3 until all by 2028). • Reform HCDF to target composition and graduate outcome tracking. • Set a standardised price for the Timor-Leste South Submarine Cable (TLSSC) that reflects cost, to allow the expansion of digital literacy. Lead: Ministry of Education, Ministry of Health, Ministry of Social Solidarity and Inclusion, National Institute of Statistics, SEFOPE, MYSAC; MPSI/IPU coordination.
	Short-term (2028-2029) • Implement secondary level education curriculum reform • Develop and operationalize national learning assessment systems. • Review the TVET Curriculum and align it with labor market demand • Expand TVET linked to industry and linked to value chains in agriculture (horticulture, coffee, livestock), fisheries/marine, tourism/hospitality, entrepreneurship and construction. • Launch G2G certified worker mobility training for Korean, ASEAN, and Australian programs. • Rehabilitate schools including TVET and priority health facilities with WASH, electricity, and inclusive design given priority to seven priority municipalities facing the largest service gaps. • Operationalize the National Cancer Registry, implement the National Integrated screening Program for the five (5) most

	frequent types of cancer, and ensure the availability and functioning of cancer diagnosis and treatment modalities at the national level, according to the capacity and standards of health services established. • Operationalize the registration of social protection beneficiaries in all five programs with unique identification. • Reform HCDF study abroad scholarship eligibility to an income-dependent model. • Expand MYSAC youth centers to six target municipalities. • Explore the options of establishing youth funds to support Youth, Sports, Arts and Culture activities. Lead: Ministry of Education, Ministry of Health, Ministry of Social Solidarity, SEFOPE, MYSAC, MOF/MPSI; Coordination: MPSI.
	Medium-term 2030 • Grade 3 literacy proficiency rates above 50% and teacher certification above 95% confirmed through national assessments. • Stunting among children under five at or less than 35%. • More than 90% of health facilities meet minimum readiness standards. • TVET participation $\geq 10\%$, $\geq 60\%$ of graduates in formal employment at 12 months, female labor force participation rate (FLFPR) increased to $\geq 35\%$, NEET decreased to $\leq 22\%$. • The national cancer registry publishes the first annual data report (2029). HPV vaccination coverage $\geq 80\%$. • Social protection coverage in 40% of the population, for BdMK_SANUTRIO, consider expansion to other high prevalence stunting municipalities such as Ainaro, Aileu and Manufahi, in particular the household survey for eligibility determination. • Maintain high quality services in education, health, social protection and youth participation involved. • Document 5,000 cultural heritage items by 2030, incubate businesses and support various creative and cultural industries, develop three cultural tourism sites targeting ASEAN, and launch an e-commerce platform with international fair

	participation to improve access to global markets for local handicrafts. - Enhance the human capital of young Timorese through youth centers that integrate life skills, digital literacy, vocational training, psychosocial support, and civic education programming; and connect these young people to economic opportunity through business incubation, mentoring by experienced entrepreneurs, and curated market linkages in the creative, cultural and sports economies. - Provide comprehensive support to selected athletes in five priority disciplines (football, taekwondo, athletics, swimming, and weightlifting), expand community sports leagues, school sports programs and recreational facilities in all municipalities and Oecusse, and enhance national and institutional anti-doping programs. Lead: All line ministries; Coordination: MPSI/IPU.
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5.5 Pillar Indicators and Targets

Table 5.6.1: Social and human capital development Pillar KPIs and Target

No.	Indicator	Baseline (2025)	Target (2030)
1	Human Capital Index (World Bank HCI)	0.45 (World Bank HCI 2020)	0.55
2	Literacy rate, population aged 15-24	87.3%	95%
3	Life expectancy at birth (years)	69 years old	70 years old
4	Youth unemployment rate (15-24)	32.9%	<10%
5	3rd grade literacy proficiency	~30% (MOE EGRA 2023)	≥50%
6	Teacher certification	~65% (MOE Teacher Registry, 2024)	>95%
7	% of TVET graduates in formal employment 12 months after graduation- graduate tracer system	Not currently measured- tracer system to be	≥60%

No.	Indicator	Baseline (2025)	Target (2030)
		established end-2027	
8	Total young entrepreneurs/enterprises supported and accessed economic opportunities.	0	1,000
9	National (community) sport participation rates	21%	36%
10	Cultural tourism revenue (thousand US\$)	US\$1.2 million	US\$4.5 million
11	Intellectual property registrations for cultural products	12	150
12	Female labor force participation rate (FLFPR)	24.2% (INETL LFS 2021)	≥35%
13	Stunting among children under five	45%	≤35%
14	UHC Health Services Coverage Index (SDG 3.8.1)	~60 (estimated 2024; 55 in 2019)	≥80
15	Health facilities meeting minimum standards of readiness for service	61% (Ministry of Health SARA, 2023)	>90%
16	Cancer Control and Surveillance: Operational status of the National cancer registry	No incidence data (2025) National incidence data is not integrated; basic hospital register with 976 cases (WHO/HNGV data 2018-2021)	Operational; first annual report by 2029; Operationalize nationwide, publish integrated annual data (incidence, mortality, survival, and cancer type) first until 2029.
17	% of the population covered by at least one of the social protection schemes	27% (ILO, Towards Universal Coverage in TL, November 2025)	50%

5.6 Sub-Sector Results

5.7.1. Education

Strategic Outcome: Learning outcomes in the primary grade have improved, and the teacher workforce has become more qualified and equitably placed, improved higher education quality with an increasing number of Timorese youths, including young people outside the formal system, gaining relevant skills for formal industry or productive self-employment.

Table 5.7.1: Result strategy for education

No.	Indicator	Baseline (2025)	Target (2030)	Lead / Support
1	% of Grade 3 students meeting minimum proficiency in literacy	~30% ⁷¹	>50%	Lead: MOE; Support: NGOs
2	% of Grade 3 students meeting minimum proficiency in numeracy	NA [standardized EGNA baseline to be established by the MOE in 2027]	80%	Lead: MOE Support: NGOs
3	% of teachers meeting national certification standards under the Teacher Competency Framework (TCF)	~98% ⁷²	100%	Lead: MOE; Support: UNTL, MHESC, CSC
4	TVET participation rate among senior secondary students	2.6% ⁷³	≥10%	Lead: MOE; Support: SEFOPE, MHESC

⁷¹ MOE EGRA 2023, [Timor-Leste: An Analysis of Early Grade Reading Acquisition, World Bank 2009]

⁷² MOE Teacher Registry, 2024) [Public school teacher Registry DNRH of the Ministry of Education, 2024.

⁷³ MOE Education Statistics, 2024

5	% of TVET graduates in formal employment 12 months after graduation - tracked through a graduate tracer system	Currently unmeasured [a tracer system will be established by the end of 2027]	≥60%	Lead: SEFOPE; Support: MOE, MCAE
6	% of young people aged 15-24 who are not in employment, education, or training (NEET rate)	29.3% (INETL LFS 2022)	≤22%	Lead: SEFOPE / MYSAC; Support: MOE, MCAE
7	Female labor force participation rate (FLFPR)	24.2% (INETL LFS 2021)	≥35%	Lead: MCAE / SEFOPE; Support: MYSAC, MSSI
8	# of youth centers built; # of youths participating in vocational training, entrepreneurship, and civic engagement	7 youth centers existed; No baseline for # of Youth yet	6 more youth centers operational by 2030; 23,444 young people participating	Lead: MYSAC; Support: MCAE, MOE, Municipalities
9	% of schools meeting minimum standards of infrastructure and inclusion (WASH, electricity, accessible design)	<52% (MOE School Census 2024, unpublished)	≥85%	Lead: Ministry of Education Support: MPW, MOF

Strategic interventions

Key strategic interventions for 2027-2030 include:

- **Fundamental Learning and preschool expansion:** Expand preschool coverage from 20.5% to 35% gross enrolment for children aged 3-5 by 2030, prioritizing rural municipalities through a community-based preschool model. Strengthening early childhood literacy and numeracy in Grades 1-3 through structured pedagogy, mother tongue-based instruction in early grades with transition to official languages, and standardized school readiness assessment. Introduce the Early Grade Numeracy

Assessment (EGNA) as a national baseline tool by the end of 2027 that reflects the existing EGRA literacy assessment to establish a numeracy baseline for the first time.

- **Teacher training, incentives, and rural placement:** Operationalize the Teacher Competency Framework (TCF, May 2026) as a national standard for pre-service and in-service teacher qualification throughout Timor-Leste, linking recruitment, promotion, and CPD to the achievement of verified competencies. Introduce an incentive package for rural teachers in seven priority municipalities facing the largest service gaps (Oecusse, Ainaro, Manufahi, Manatuto, Lautém, Viqueque, Bobonaro) consisting of a 15-20% salary supplement, housing provision or housing subsidy, and career path acceleration. A mandate of 40 hours of structured CPD per teacher per year, institutionalized through INFORDEPE and tracked through the teacher register. Establish mentoring groups from 10 schools per municipality, working together between experienced teachers and teachers in rural areas for professional support.
- **School infrastructure, EMIS, and inclusive education:** Upgrading priority schools in seven priority municipalities facing the largest service gaps with WASH (water, sanitation, hygiene), reliable electricity (grid or solar), and inclusive design (accessible streets, gender-sensitive toilets) to achieve a minimum standard of ≥85% all schools by 2030. The Ministry of Education supports teacher training, learning materials, and adapted curricula to improve the 16.1% disability enrolment rate. Strengthen the Education Management Information System (EMIS) for real-time tracking of enrolment, completion, infrastructure status, and teacher placement disaggregated by disability status, gender, and municipality and linked to annual school-level budget planning and allocation cycles.
- **TVET and skills alignment with economic diversification:** Develop and expand short-cycle TVET pathways through 3-24-month certificates, diplomas, and micro-credentials in five priority economic sectors: tourism, agriculture (coffee, horticulture, livestock), marine resources and fisheries, construction, manufacturing, and delivery through NAPE, CNEFP-Tibar, and approximately 100 registered TVET providers. Establish Industry Advisory Councils in five priority sectors by the end of 2027 to align course content with actual employer requirements, covering low, medium and high skill levels. Conduct a mapping exercise for sector demand until the end of 2027 in SEFOPE, Ministry of Agriculture, Ministry of Tourism, and MCI, to give priority to training models linked to the value chain (technical training combined with small production subsidies and market linkages) for horticulture, fisheries, and tourism/hospitality. Operationalize the TVET graduate tracer system by the end of 2027 as a prerequisite for the ≥60% formal job placement target requiring all registered providers to report annual enrolment, completion, and job placement data, published annually by provider, sector, qualification level.
- **Human Capital Development Fund (HCDF) reform for industry-relevant outcomes:** HCDF (approximately 1% of the State Budget) currently allocates most funding to overseas scholarships with limited composition targets, no fiscal sustainability

safeguards, and no systematic tracking of graduate outcomes which contributes to limited economic diversification.

Reforms to the MTP period HCDF include:

- establish a fiscal target for the scholarship component as a percentage of the State Budget;
 - establish composition targets with defined minimum quotas for technical and vocational training and priority economic diversification sectors;
 - gradually eliminate HCDF funding for public administration training, which must be managed by the Public Service Commission;
 - reforming overseas scholarship eligibility so that full scholarships are available only for disadvantaged students, with income-dependent partial loan repayments for other recipients using Indonesia's "*Lembaga Pengelola Dana Pendidikan*" (LPDP) model and leveraging development partner financing; and
 - require all HCDF-funded recipients to participate in the graduate outcomes tracking system, with results published annually.
- **Preparation for labor mobility and certified skills for employment abroad.** Develop short-cycle certificate training programs (3-12 months) aligned with the requirements of Timor-Leste's G2G labor cooperation partners, giving priority to Korea (semi-skilled industry through the Employment License System), Malaysia (medium-skilled trade and services), and aligned with the ASEAN Arrangement and Australia (PALM scheme, semi-skilled category). Coordinate with SEFOPE and the Ministry of Foreign Affairs to negotiate and maintain G2G labor cooperation agreements that provide Timorese workers with a transparent, protected, and certified way to enter formal employment abroad. Track the number of overseas placements and annual remittance volumes as supplemental output indicators for this KRA.
- **Youth development, cultural heritage, and creative industries (MYSAC):** Implement the National Youth Action Plan 2023-2027 (GoTL/MYSAC, March 2023) by establishing youth centers (Youth Centers) in six (6) municipalities by 2030, providing integrated employability training, digital entrepreneurship skills, sports, and targeted civic engagement to young men and women including those outside the formal education system, with a focus on municipalities facing the largest service gaps and young people with disabilities. Empower young entrepreneurs, individuals, and groups to develop traditional cultural heritage, contemporary arts, and creative industries as avenues for livelihood and economic diversification, by linking cultural sector development to the SME Credit Guarantee Scheme (Chapter 3, KRA 5) to support youth-led enterprise financing. Coordinate the MYSAC sports and physical activity program with the Ministry of Health NCD prevention and cancer risk reduction promotion.

5.7.2. Higher Education

Strategic Outcome: Strengthen the quality of higher education through the legal basis for higher education, approve the National Higher Education Policy Create more rigorous regulatory mechanisms for training offerings, including the implementation of the National Standard Curriculum for Higher Education, and strengthen internationalization and academic cooperation with international partners.

Table 5.7.2: Result strategy for higher education

No.	Indicator	Baseline (2025)	Target (2030)	Responsible Agencies
1	Percentage of requirements met by Institutions to obtain initial licensure/accreditation.	75%	95%	Lead: MHESC; Support: HCDF, agencies under MHESC, universities.
2	Percentage of HEIs rated "Very Good" in institutional and programmatic accreditation during two consecutive processes.	50% [HEIs received a "Very Good" rating]	75%	Lead: MHESC; Support: HCDF, agencies under MHESC, universities.
3	Number of MHESC employees participating in training each year.	~5	~50	Lead: MHESC; Support: HCDF, agencies under MHESC, universities.
4	Percentage of HEIs that implement SNQ and the National Standard Curriculum.	Baseline in progress ⁷⁴	90%	Lead: MHESC; Support: HCDF, agencies under MHESC, universities.

⁷⁴ The SNQ Decree-Law proposal and the National Standard Curriculum are in progress for finalization.

5	% of Lecturers in public and private HEIs progressing into Lecturers Regime Career advancement	• 75% Lecturers from Public HEIs • 5% from Private HEIs	• 100% Public Lecturers HEIs • 25% Lecturer from Private HEIs	Lead: MHESC; Support: HCDF, agencies under MHESC, universities.
6	Number of public and private HEIs Lecturers enrolled in doctoral program.	50	250	Lead: MHESC; Support: HCDF, agencies under MHESC, universities.
7	% HEIs database systems are integrated into the national HE database system.	60%	80%	Lead: MHESC; Support: HCDF, agencies under MHESC, universities.
8	The Statistical Higher Education Yearbook is published annually.	Not yet published	3 Statistical Higher Education Yearbooks is published.	Lead: MHESC; Support: HCDF, agencies under MHESC, universities.
9	% diploma being legalized is recorded through the database system.	Currently no Diploma legalization is done through the system yet	90% of diplomas legalized are being recorded through the database system.	Lead: MHESC; Support: MPSI-HCDF, agencies under MHESC, universities.
10	Number of cooperation agreements in the field of higher education and science implemented.	10 Cooperation agreement implemented	Cooperation agreements were implemented.	Lead: MHESC; Support: HCDF, agencies under MHESC, universities.

11	Number of International event participants per year	5 researchers participate per year	20 researchers participate in international events each year and Published their Research in a recognised academic outlet including HEIs Websites	Lead: MHESC, Support: HCDF, agencies under MHESC, universities.
12	Number of partial scholarships funded by international cooperation in direct partners with MHESC annually	200	400	Lead: MHESC; Support: HCDF, agencies under MHESC, universities.
13	Number of lecturers and students participating in international academic exchange programs per year	10/year	30/year	Lead: MHESC, Support: HCDF, agencies under MHESC, universities.
14	Number of scientific training courses, national researchers	1 scientific training for national researchers	6 cumulative scientific training courses	Lead: MHESC; Support: HCDF, agencies under MHESC, universities.
15	Number of scientific articles by national researchers published in indexed journal	5 scientific articles	30 cumulative articles published in indexed journals	Lead: MHESC; Support: HCDF, agencies under MHESC, universities.
16	Number of scientific journals in HEIs.	8 scientific journals	30 scientific articles published in	Lead: MHESC. Support: HCDF, agencies under

			indexed journals.	MHESC, universities.
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Strategic Interventions 2027-2030:

- Strengthen the Quality and Regulation of Higher Education through strengthening the criteria and evaluation process for the creation of new courses and Higher Education Institutions; strengthen ANAAA's institutional capacity and institutional and programmatic accreditation processes; Implement the National Qualification System (SNQ) and the National Standard Curriculum for Higher Education; Train MHESC human resources in the areas of curriculum, evaluation, audit, finance, technology and human resource management.
- Develop Polytechnic Higher Education - Create new courses with a polytechnic nature to respond to the national priority areas for the productive areas that have been identified in the medium-term plan of the economic sector and actively link the program and graduates directly to the labor market in the country and abroad.
- Strengthen International Recognition of HEI in Timor-Leste - through efforts such as strengthening cooperation agreements with ASEAN and CPLP countries; promoting international scientific networking; Participate in academic mobility programs; strengthen the international accreditation of ANAAA.
- Promote Science, Technology and Research- Advocate for increased funding for scientific research; train national researchers; Organize scientific events in Timor-Leste; Support participation in international conferences and seminars; encourage the creation of scientific journals in HEIs.

5.7.3. Health

Strategic Outcome: Reduce child stunting, reduce maternal mortality, and maternal and child health services reach underserved communities, with health facilities consistently meeting minimum readiness standards, UHC Service Coverage Index increased to 80, health-workforce distribution more equitable in all municipalities.

Table 5.7.3: Result strategy for health

No.	Indicator	Baseline (2025)	Target (2030)	Responsible Agencies
1	UHC Service Coverage Index (SDG 3.8.1, WHO GHO): measures coverage of essential RMNCH, infectious diseases, NCDs, and service capacity tracer indicators on a scale of 0-100	~60 (estimated 2024; published 2019 number: 55)	≥80	Lead: MOH Support: WHO

2	Stunting among children under five	45%	≤35%	Lead: MOH Support: MSSI, NGOs
3	Maternal mortality ratio (per 100,000 live births)	195/100,000	≤90/100,000	Lead: MOH; Support: NGOs
4	% of health facilities meeting minimum standards of service readiness (WASH, electricity, medical waste management)	61% (Ministry of Health SARA, 2023)	>90%	Lead: MOH Support: MPW, MOF
5	Health workforce density per 1,000 population, disaggregated by municipality	1.0-4.0 per 1,000 (MOH HR Database, 2024)	≥2.0 per 1,000 in all municipalities	Lead: MOH Support: CSC, MPSI
6	Percentage of eligible population screened for the five priority cancers as defined in national guidelines).	976 Cancer case registered. ⁷⁵	70%	Lead: MOH; Support: NGOs
7	Percentage of national and regional referral hospitals providing functional comprehensive cancer diagnostic and treatment services (including histopathology, IHC, endoscopy, and medical imaging)	80.5% of patients received palliative care, and of these patients only 7.6% received surgical treatment in the country.	>50% of cases requiring the service received diagnosis and surgical treatment in Timor-Leste.	Lead: MOH Support: WHO

Strategic Interventions 2027-2030

Strategic health interventions focus on seven integrated priorities: scaling community-based nutrition and MCH programs, strengthening referral and emergency obstetric care, climate-proof rehabilitation and health facilities, ensuring equitable health workforce deployment, and strengthening health data systems for accountability.

⁷⁵ Basic registration in hospitals only, with cancer case registration totaling 976 cases (2018-2021); the national screening program has not been integrated and systematically implemented.

Key strategic interventions for 2027-2030 include:

- **Community-based nutrition, MCH, and preventive health outreach:** Scale community-based nutrition outreach, growth monitoring, complementary feeding support, and micronutrient supplementation, in the four municipalities with a high burden of stunting in Ermera, Aileu, Ainaro, and Manufahi through programs linked to community health workers at health centers. Strengthen maternal and child health services to achieve four or more antenatal care visits, skilled birth attendance in all CHCs by 2028, and systematic postnatal follow-up in all municipalities. Lead: Ministry of Health; Support: Ministry of Social Solidarity, Ministry of Agriculture, UNICEF, WFP.
- **Coordinate nutrition interventions with the BdMK_SANUTRIO program (KRA7),** which requires regular nutrition monitoring for all SANUTRIO beneficiary households as a condition of the program. Implement interministerial coordination mechanisms. Lead by the Ministry of Health with the Ministry of Agriculture, Ministry of Social Solidarity, MOF especially the National Institute of Statistics for the Social Registry Database and data collection, and MPSI, to align nutrition-sensitive agricultural production, food distribution, and health care delivery in high-burden municipalities.
- **Emergency obstetric care and referral system:** Establish clear and documented clinical referral pathways from community health centers through regional hospitals to the national hospital (HNGV) for obstetric emergencies, severe malnutrition, and other life-threatening conditions, with at least five facilities equipped to provide emergency obstetric and newborn care (EmONC) by 2028. Strengthen ambulance and patient transport arrangements in all 12 municipalities and RAEOA, with priority given to underdeveloped municipalities where transportation barriers are the main limitation to access to care. Develop a national emergency preparedness protocol covering disease outbreak response, disaster-related health needs, and climate event health impacts. Lead: Ministry of Health; Support: Municipalities, development partners.
- **Rehabilitation of health facilities and climate-proofing:** Improve priority health facilities, focusing first on district hospitals and CHCs in underdeveloped municipalities, with solar electricity, WASH (water supply, sanitation, hygiene), medical waste management systems, and accessible design for people with disabilities. New and rehabilitated climate-resilient facilities against floods, landslides, and extreme heat in high-risk municipalities (Baucau, Lautém, Viqueque) and other higher risk municipalities in alignment with the approved municipal spatial plan. Minimum standards for all health facilities: functional water points; functional sanitation separated by sex; reliable electricity; and functional medical waste disposal, the same standard against which the 61% baseline was measured. Lead: Ministry of Health; Support: MPW, MOF, development partners.
- **Health workforce planning, CPD, and rural placement:** Implement a structured rural placement incentive package, 20-25% wage supplement, subsidized housing, and accelerated promotion pathways, to reduce the health workforce density gap

between Dili (4.0 per 1,000) and four municipalities: Lautém, Ainaro, Viqueque, and Bobonaro (approximately 1.0 per 1,000). Mandated 30 hours of structured continuing professional development for each health worker per year through the National Institutes of Health, covering clinical skills refresher, nutrition protocols, NCD management, and emergency care. Coordinate health workforce planning with the Civil Service Commission and the MOF to ensure early deployment of new graduates to underserved municipalities. Lead: Ministry of Health; Support: Public Service Commission, MPSI.

- **Health Management Information System (HMIS) and performance accountability:** Ensure HMIS data is updated in real time at the facility level, covering maternal and child health visits, facility readiness status, workforce deployment, and nutrition indicators, with mandatory reporting from all Community Health Centers (CHCs). Establish an interoperability system of HMIS, EMIS and SIGAS registering social protection beneficiaries under the responsibility of three key ministries: The Ministry of Education, the Ministry of Health and the Ministry of Social Solidarity and Inclusion (MSSI), and the national cadaster to support cross-sector resource targeting. Publish the annual municipal-level health performance scorecard, covering facility readiness, workforce density, MCH coverage, nutrition progress, and UHC index contribution, as the primary accountability mechanism for oversight by the coordinating minister for this sub-sector. Lead: Ministry of Health; Support: MPSI, MTC, MCAS, development partners.

5.7.4 Cancer prevention, early detection, treatment, and registry development

Cancer data in Timor-Leste remains limited and fragmented at the primary, secondary and tertiary health care levels. In response to this limitation, the World Health Organization (WHO), together with the Ministry of Health, began implementing the Population-Based Cancer Registry (PBCR) in 2019. By 2021, the PBCR registered a total of 976 cancer cases from the entire national territory.

Of the total 976 cases, 529 cases (54.2%) came from Dili Municipality, and 72 cases (7.4%) came from Baucau Municipality. These data show that the cancer registration system is still based on cases identified through health-service access and does not reflect the incidence of cancer in the entire population.

Clinical data also showed that 80.5% of patients received only palliative care, as most were diagnosed at an advanced stage. Surgical intervention was performed in only 74 cases (7.6%), after biopsy and specimens were sent to laboratories in the country and abroad for histopathological confirmation. After confirmation, most patients must be referred abroad to receive chemotherapy, immunotherapy or radiotherapy, according to the type and stage of cancer determined through advanced laboratory tests that are not yet available in Timor-Leste. Furthermore, the retrospective study by Da Silva et al. for the period 2014-2019 also showed that approximately 80% of cancer patients referred abroad needed to receive chemotherapy, and of this group, 60% needed to receive a combination of chemotherapy

and radiotherapy. These data confirm that most patients need oncological treatment that is not yet available in the country.

Limited diagnostic, laboratory and case management capacity is also reflected in the number of medical referrals for treatment abroad. Data from the National Directorate of Hospital Service Support (DNASH) for the period 2021-2025 showed that there were 1,316 referrals from 369 patients, with a total expenditure of US\$19.36 million. DNASH data for the period 2019-2023 also recorded 344 patients with an estimated expenditure of US\$15.4 million. This expense is high because most patients need to be referred abroad two to three times to continue treatment and clinical follow-up, including repeat laboratory tests, chemotherapy, immunotherapy, radiotherapy and PET-CT, as recommended by recipient hospitals in Indonesia, Malaysia and Singapore. This situation arises because Timor-Leste does not have sufficient capacity for cancer diagnosis and treatment. Capacity constraints include limited biopsy services (cytology and histopathology), immunohistochemistry (IHC), advanced laboratory testing (tumor markers and hormone receptor), lack of subspecialized human resources, and unavailability of treatment modalities such as chemotherapy, immunotherapy and radiotherapy. Due to these limitations, the Population-Based Cancer Registry (PBCR) is also unable to capture and integrate cancer data from all communities and health facilities, which limits the capacity to monitor, control and manage cancer programs at the national level.

The GLOBOCAN 2022 estimates that Timor-Leste has an age-standardized cancer mortality rate of 12.95 per 100,000 population per year, and a Mortality-to-Incidence Ratio of 62 per 100,000 population per year. This indicator shows that most patients are diagnosed at a late stage, which contributes to high cancer mortality.

To accurately measure the burden of cancer in Timor-Leste, it is necessary to strengthen and operationalize the Population-Based Cancer Registry (PBCR) as a national system for data collection and analysis. This system should integrate data on the incidence, mortality, survival and distribution of cancer types, together with active screening programs for high-risk groups, HPV vaccination, diagnostic services (biopsy, histopathology, immunohistochemistry, laboratory and medical imaging) and treatment modalities (surgery, radiotherapy, chemotherapy and immunotherapy) available locally. Complete and reliable data will provide an important basis for cancer surveillance, prevention, control, strategic planning, resource allocation and improving the quality of health services in Timor-Leste.

Strategic Outcomes: Operational national cancer registry and publish the first national incidence and mortality report by 2029, HPV vaccination coverage reaches >80% for adolescent girls, basic cervical and breast cancer screening and diagnosis program to all municipalities and overseas referral expenditure reduced by at least 50%.

Table 5.7.4 Cancer prevention, early detection, treatment, and registry development

No.	Indicator	Baseline (2025)	Target (2030)	Responsible Agencies
1	A national population-based cancer registry is	Basic registration	Cancer registry system	Lead: MOH;

	established, operational, and publishes annual data reports	system, with a total of 976 cancer cases registered.	established and operational	Support: NGOs
2	% of adolescent girls aged 9-14 years who received a full course of HPV vaccination	> 50% (Based on MOH EPI report).	> 80% coverage	Lead: MOH; Support: NGOs
3	Number of women screened for Human Papilloma Virus (HPV) annually	< 10% (Limited access at pilot CHC Health Center).	70% ⁷⁶ [screening services available in all municipalities.	Lead: MOH; Support: NGOs
4	Integrated screening coverage (cervical/breast cancer) % of women aged 30-49 who had access to VIA/HPV-DNA screening and clinical examination/breast ultrasound	< 10% (Limited access at pilot CHC Health Center).	> 30% national coverage through VIA, HPV DNA, and Mammography.	Lead: MOH; Support: NGOs
5	Number of health promotions and intervention conducted annually	0%	> 30% national coverage through VIA, HPV DNA, and Mammography.	Lead: MOH; Support: NGOs
6	Reduce annual cost of cancer patients referred abroad for treatment -a proxy measure for the domestic treatment capacity gap	Average US\$12 million/year (1,316 cases (DNASH/MS data: 5 cancers accounted for 69.5%))	Reduce overseas referral costs by 50%.	Lead: MOH; Support: NGOs

⁷⁶ Timor-Leste is a signatory to WHO's Global Strategy to Accelerate the Elimination of Cervical Cancer, which sets the "90-70-90" targets for 2030: 90% of girls fully vaccinated with the HPV vaccine by age 15, 70% of women screened with a high-precision test at 35 and 45 years of age, and 90% of women identified with cervical disease receiving treatment and care by 2030.

7	The Mortality-to-Incidence Ratio (MIR) for all cancers combined	~62% (GLOBOCAN 2022)	Reduce up to 50% through decentralization of local diagnosis and treatment	Lead: MOH; Support: NGOs
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Strategic Interventions 2027-2030

Strategic interventions for cancer control focus on five priorities, sequenced from measurement and surveillance (registration), through primary prevention (HPV vaccination), to early detection (screening), access to treatment, and population-level risk reduction.

Key strategic interventions for 2027-2030 include:

- Establish a National Population-Based Cancer Registry and Surveillance:** Design a data collection framework by 2027 including standardized case definitions, data variables (promotion, vaccination, intervention, diagnosis, staging, treatment, outcome), reporting pathways from hospitals, health laboratories, health posts and diagnostic centers, and training cancer registrars in each municipality) through WHO/IARC regional training programs. Integrate electronic hospital records and pathology laboratory reports into a centralized national secure database by 2028. Publish the first national cancer data report by 2029, covering incidence, mortality, and stage at diagnosis for the top five cancers, replacing GLOBOCAN model estimates with actual data measured in Timor-Leste for the first time. Registration is the fundamental outcome that enables KRA 8: without it, all other interventions lack domestic evidence for targeting and evaluation.
- Lead: Ministry of Health (Cancer Registry Unit); Support: WHO, IARC, development partners.
- Cancer treatment capacity and referral pathways:** Strengthen the integrated referral pathway from primary and secondary care to HNGV/National Cancer Centre (NCC) to ensure access to cancer diagnostic modalities in the country dominated by 5 types as follows:
 - Breast cancer:** Screening should prioritize people at elevated risk, while the National Breast Cancer Awareness Campaign should promote breast awareness. Diagnostic modalities include ultrasound (USG), mammography, biopsy—cytology, histopathology, and immunohistochemistry (IHC), X-ray, CT-scan, MRI, PET-scan, and tumor marker.
 - Cervical cancer:** Screen women aged 30-49 using HPV DNA testing and/or VIA, in accordance with national guidelines, and increase HPV vaccination coverage among girls aged 9-14 to 80%. Diagnostic modalities include Pap smears, colposcopy, and other tests defined in national protocols.
 - Gastrointestinal and liver cancers:** Use risk-based assessment for people with harmful alcohol use, hepatitis, fatty liver disease, or a family history of cancer, and apply diagnostic pathways defined in national protocols.

- **Cancer in Children (Pediatric-Oncology):** Develop referral pathways for early recognition of warning signs among children aged 0-14 years in schools, residential care, and communities. Diagnostic work-up may include bone marrow (BMA), lumbar puncture (LP), haemato-oncology test, and other diagnostic modalities listed above.
- **Thyroid cancer:** Use risk-based assessment for people who use tobacco or alcohol, people with relevant HPV infection, and people with a family history of cancer. Diagnostic modalities include nasoendoscopy, pharyngoscopy, fine-needle aspiration biopsy (FNAB), and other tests defined in national protocols.

Therefore, the strategic priority for the period 2027-2030 is to transform this situation into the modernization of evidence-based structured diagnostic, prevention, and screening services to strengthen cancer surveillance in the country and reduce transfer abroad. Lead: Ministry of Health; Support: WHO, bilateral development partners (Haliku, Australia, Japan).

- **Cancer awareness, NCD risk reduction, and tobacco control:** Launch a national cancer and NCD awareness campaign integrated with existing health promotion program, addressing primary modifiable cancer risk factors such as tobacco use, alcohol consumption, physical inactivity, and dietary risks. Accelerate the implementation of tobacco control legislation including plain packaging requirements and smoke-free public spaces. Coordinate with the MYSAC sports and physical activity program (KRA 3) to promote active lifestyles as a cancer and NCD risk reduction strategy, creating a systematic programmatic link between youth development and health outcomes. Leverage community health workers as the primary channel for awareness delivery in rural and remote communities. Lead: Ministry of Health; Support: MYSAC, Ministry of Education, WHO, Ministry of Justice.

5.7.5 Social Protection

Strategic Outcome: Social protection coverage expanded to 40% of the population, with *Bolsa da Mãe Kondisional Saude Nutrisaun ba Inan no Oan* (BdMK_SANUTRIO) reaching the most vulnerable mothers and children through targeted support of Maternal Child Health Services, nutritional supplements; improved interministerial coordination and interoperable data systems for *Bolsa da Mãe Kondisional* for vulnerable families in supporting children, including children with disabilities, to access and complete basic education; INSS coverage approaching 100% of formal workers, and social protection data systems enabling more fiscally sustainable, well-targeted programs.

Table 5.7.4: Result strategy for social protection

No.	Indicator	Baseline (2025)	Target (2030)	Responsible Agencies
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1	% of the population covered by at least one social protection cash benefit	27% (ILO, Universal Coverage in Timor-Leste, November 2025)	40%	Lead: MSSl Support : MOF, INETL
2	% of formal workers enrolled in social security (INSS)	92.2% (INSS administrative data, 2024)	100%	Lead: INSS Support: MSSl, MOF
3	Number of households receiving Bolsa da Mãe Kondisional Saude Nutrisaun Inan no Oan (BdMK_SANUTRIO) with integrated nutritional food supplement component	8,500	60,000	Lead: MSSl, MOH Support: MOF, INETL
4	Transfer adequacy ratio-average Bolsa da Mãe Kondisional _SANUTRIO monthly transfer amount as % of national poverty line	~25% (estimate from Bolsa da Mãe transfer amount ~US\$8.33/month vs. poverty line~US\$25/month)	≥40% of National poverty line	Lead: MSSl Support : MOF, INETL
5	Number of children and families receiving Bolsa da Mãe Subsidy for education (conditional cash transfer)	74,648 children	94,648 Children	Lead: MSSl Support: MOE
6	Number of beneficiaries supported with nutritional food supplement for BdMK_SANUTRIO (for both pregnant women and Children 6 months to 3 years of age)	7,632 vulnerable households	10,000	Lead: MSSl; Support: MOH, MSA and INETL
7	% of social protection beneficiary database verified and updated eligibility data enabling electronic payments and targeting disaster relief and general social assistance support.	23.6% [pregnant women, children, the elderly and people with disabilities (EhD)]	≥80% of beneficiaries in unified digital registry	Lead: MSSl Support: INETL, MOF, MTC

Strategic Interventions 2027-2030

Strategic interventions for social protection focus on four (4) priorities: expanding and strengthening the *Bolsa da Mãe kondisional* for vulnerable families in supporting their

children's access and completing their basic education, including children with disabilities, *Bolsa da Mãe kondisional ba Saude Nutrisaun Inan no Oan (BdMK_SANUTRIO)* program, improving data systems for better targeting, addressing long-term fiscal sustainability for pensions, expanding coverage for informal sector workers, and strengthening disaster relief systems.

Key strategic interventions for 2027-2030

- **Expansion of the Bolsa da Mãe kondisional vulnerable families for children's education and Bolsa da Mãe kondisional ba Saude Nutrisaun Inan no Oan (BdMK_SANUTRIO) programs:** Scale up the Bolsa da Mãe conditional cash transfer program to additional vulnerable households, giving priority to female-headed households, households with people with disabilities, and households in the seven priority municipalities facing the largest service gaps with the highest poverty rates. Lead: Ministry of Social Solidarity and Inclusion; Support: Ministry of Education and Ministry of State Administration.

Improve targeting and coverage of BdMK_SANUTRIO in municipalities with a high prevalence of malnutrition and stunting, integrating nutritional food supplements as a mandatory component for all Bolsa da Mãe beneficiaries with children under three years of age, to create a direct, data-informed link between the social protection and health sectors, and contribute to the KRA target for reducing stunting among children under five. Make regular nutrition monitoring a condition for BdMK_SANUTRIO recipients, allowing monitoring of simultaneous growth and engagement of health services. Coordinate eligibility identification with the Ministry of Health's MCH registry and INETL household survey data to ensure the program reaches the households most in need. Lead: Ministry of Social Solidarity and Inclusion; Support: MOF, Ministry of Health, UNICEF, WFP.

- **Unified social protection beneficiary registry and data system:** Improve the current Social Registry Platform developed by MSSl and INETL as a unified digital social protection registry that links all five social protection programs, Bolsa da Mãe Kondisional for Education and BdMK_SANUTRIO, INSS, benefits for the elderly and disability, and integrating data on disaster risk mitigation and intervention, into a single interlinked database with a verifiable eligibility records and controls against duplication. This reform is a prerequisite for fiscal sustainability: without it, duplicate payments cannot be eliminated, means tests for new beneficiaries cannot be applied, and early disaster relief cannot respond to the most vulnerable targets. Enable electronic payments for at least 80% of beneficiaries by 2029, reducing administrative costs and invalid payments. Strengthen the coordination with INETL household survey data and civil registry for identity verification and annual eligibility update and ensure the system can be updated as changes take place in beneficiaries' circumstances. Lead: Ministry of Social Solidarity; Support: INETL, MOF, MTC, MSA and other relevant Ministries.

- **Expansion of informal sector social protection coverage:** Design and pilot a voluntary informal sector social protection contribution scheme, in coordination with INSS and BCTL, to begin expanding social security coverage beyond 92.2% of formal workers currently registered to the large informal workforce. Draw on regional models, Indonesia's Social Security informal worker scheme and Thailand's informal worker health coverage, which are adapted to Timor-Leste's institutional capacity and fiscal constraints. Pilot the scheme in 2028-2029 and evaluate it before a national scale decision in the final 2030 review. Lead: INSS / MOF; Support: Ministry of Social Solidarity, BCTL, ILO.
- **Climate-adapted disaster relief and social protection:** Establish a list of pre-registered emergency social protection beneficiaries, drawn from the unified digital social registry, to enable prompt payment of disaster relief to the most vulnerable households within 72 hours of the declaration of an emergency (flood, earthquake, or other climate-related event). Pre-position emergency funds within the social protection budget to avoid dependence on supplementary budget requests that delay disaster response. Establish a coordinated rapid payment protocol between the Ministry of Social Solidarity and Inclusion, the Civil Protection Agency (CPA), and all municipalities. Link to the disaster relief target for the municipal climate adaptation plan being developed under Chapter 8 particularly for high-risk municipalities (Baucau, Lautém, Viqueque and other high risk disaster areas). Lead: Ministry of Social Solidarity; Support: CPA, Ministry of State Administration, Municipalities, INETL.

5.7.6. Youth, Sports, Arts and Culture

Strategic outcomes: Link cultural, sports, and youth programs to real market opportunities, private sector value chains, digital platforms, and regional economic frameworks so that sub-sector activities generate income, employment, and exports, not just social output.

Table 5.7.5: Result strategy for youths, sports, and culture

No.	Indicator	Baseline (2025)	Target (2030)	Lead Agency
1	Number of Youth Groups or Young individuals who have self-financing capacity to carry out business activities	0	40	Lead: MYSAC Support: MCAE, SEFOPE, MCI, SECOOP, MALFF no CCI-TL.
2	The number of young people with increasing knowledge and employable professional skills	5,861	15,236	Lead: MYSAC Support: Youth Organizations, University Students; MALFF

3	The number of young people actively involved in influencing public policy at the community, municipal and national levels.	14,160	56,432	Lead: MYSAC Support: MSA, MI, Youth and Religious Organizations
4	Number of medals won in regional and international sporting events (including Paralympic athletes)	57	67	Lead: MYSAC Support: MHESC & Sport Organizations
5	Number of people participating in regular physical exercise and MYSAC-funded sports activities.	35,351	140,000	Lead: MYSAC Support: Sport organization, MSA, ME no MOH
6	% Current cigarette smokers who purchase cigarettes from a store, street vendor, or convenience store (kiosk)	63% (Global Youth Tobacco survey 2019)	12%-15%	Lead: MOH Support: MYSAC, MOE, MCI, Development Partners
7	% alcohol consumption rate ages 15-24	21.7% (15-24 years) (2024) WHO TL: Country Snapshot	≤17%	Lead: MOH Support: MYSAC, MOE, MCI, Development Partners
8	Women's participation in physical exercise and sports events funded by MYSAC	24%	30%	Lead: MYSAC Support: Sport organizations, SSE
9	% Youth crime rate ages 15-24 in the community	21.7%	≤17%	Lead: MOJ Support: MYSAC
10	Number of cultural heritage (tangible and intangible) documented, recorded and measured preservation.	6,518	12,482	Lead: MYSAC Support: SEAC, MCAE, MTE, MPW, MPSI, NGOs
11	The population participates in cultural and artistic activities, as a means of strengthening social cohesion and national identity.”	17,717	14,235	Lead: MYSAC Support: SEAC, NGOs

12	The number of MSMEs in the Cultural and Creative Industries (CCI) that receive active support and continue to run their businesses with government support.	10	40	Lead: MYSAC Support: SEAC, MCAE, MTE, MPSI, MPW, SECOOP, MJ, MCI, SSE
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Strategic interventions:

- **Youth Development-** Increase the capacity and knowledge of youth in entrepreneurship, professionalism, citizenship, health, leadership and public participation; create opportunities for community engagement; strengthen the Youth Parliament program and youth organizations; and providing financial support for youth entrepreneurial initiatives.
- **Sports Development-** Establish an athlete development system from youth to elite level, promote sports competition, develop human resources, improve sports infrastructure and facilities, promote health through physical activity, ensure clean sports, and strengthen monitoring and governance of sports organizations.
- **Preservation and Promotion of Culture-** Document and protect material and intangible cultural heritage, promote cultural and artistic activities at all levels, strengthen cultural groups and artists, and develop and use cultural infrastructure to promote creativity and national identity.
- **Creative Industry Development-** Capacity building of MSMEs in the creative industry through training, mentoring, incubation and technical assistance; facilitating access to digital markets and platforms; and promoting the commercialization of cultural products to increase the national creative economy.
- **Infrastructure Development-** in Youth, Sports, Arts and Culture- Build, rehabilitate and restore infrastructure complete with facilities to develop and promote talent and creativity in youth, sports, arts and culture.

5.7.7 Strengthening Interoperability and Digital Transformation Strategy

One of the common constraints across ministerial databases are the lack of interoperability between data systems. MTP sought to improve the interoperability through a mandated link between three primary systems:

- **System Integration:** The core technical requirement is the real-time link between EMIS (Education), HMIS (Health), and SIGAS/Single Registry (Social Protection).
- **Cross-Sectoral Utility:** Interoperability will allow the *Bolsa da Mãe* Kondisional to automatically verify education attendance and health check-ins, eliminating the current manual coordination challenges.

- Verification: Using the National Cadaster and municipal performance scorecards, the government will move toward a unified digital social protection record to eliminate payment duplications and ensure 80% of beneficiaries are verified by 2029

Strategic intervention 2027-2030: Utilize digital infrastructure to improve service delivery efficiency, fiscal accountability, and market-aligned human capital development.

- Digital Infrastructure & Access: Establish standardized pricing for the South Timor-Leste Submarine Cable (TLSSC) to expand digital literacy and lower the cost of data for schools and health facilities.
- Education & Labor Market:
 - TVET Tracer System: Launch a mandatory digital system by the end of 2027 to track graduate employment outcomes and align TVET curricula with market demand.
 - Higher Education: Implement a digital system for the legalization of diplomas to reduce fraud and administrative backlog.
- Health & Social Protection:
 - E-Health: Integrate electronic hospital records into the National Cancer Registry by 2028.
 - Digital Payments: Enable electronic payments for 80% of social protection beneficiaries to reduce administrative costs and improve rapid crisis response.



CHAPTER 6

INSTITUTIONAL DEVELOPMENT

strengthens governance, transparency, and public service delivery through justice reform, digital government, municipal governance, public financial management, security, and international cooperation, creating an enabling environment for private investment, economic diversification, and sustainable national development.



Preface



The Institutional Development pillar plays a central role in Timor-Leste's transition towards a more resilient, diversified, and rules-based economy capable of sustaining long-term growth. As the country enters a decisive phase of its development, it is clear that economic transformation depends on strong, credible, and effective institutions, grounded in the principles of the democratic rule of law, good governance, and institutional integrity.

Since the Restoration of Independence in 2002 -a foundational moment in which the Timorese people fully exercised their right to vote in a democratic context -the rule of law has steadily consolidated. This trajectory is reflected in the progressive strengthening of institutions, the consolidation of the legal framework, and the deepening of democratic governance, in alignment with the National Strategic Development Plan 2011-2030, the Sustainable Development Goals, the priorities defined by the IX Constitutional Government, and international and regional commitments.

At the core of this agenda is the creation of an increasingly enabling environment for private sector development. This requires continued efforts to **strengthen transparency, integrity, and accountability mechanisms, reinforce regulatory frameworks, and ensure that public institutions operate efficiently, predictably, and in the national interest**. At the same time, investment in human capital -particularly in education aligned with market and industry needs -is essential to equip the population with the skills required to compete in an increasingly dynamic regional economy.

Fiscal discipline and economic diversification remain key pillars of development. Timor-Leste has been advancing a strategic vision aimed at reducing dependence on petroleum revenues -one that draws its strength not from any single source of wealth, but from the talent, creativity, and hard work of its people. Strategic investments across key sectors present new opportunities for growth, with their contributions expected to evolve progressively over the longer term. Ensuring prudent, transparent, and strategic management of public resources remains essential as one pathway among many towards a more diverse and resilient economy.

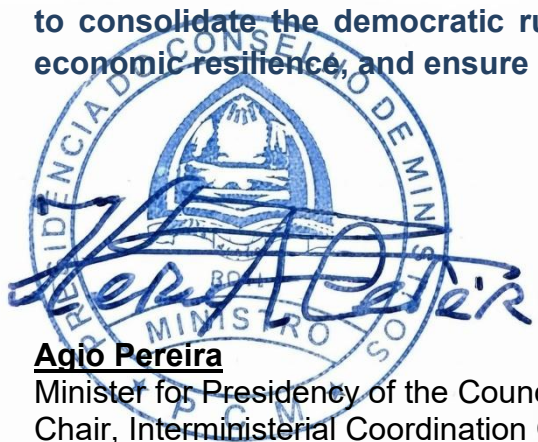
Regional and international integration also represents a key driver of this transformation. Timor-Leste's accession to the World Trade Organization in 2024 and to ASEAN in 2025 constitutes a strategic opportunity to accelerate structural reforms, enhance competitiveness, and position the country within a dynamic regional market of over 600 million people. This new context reinforces the need for **effective institutions, stronger interinstitutional coordination, and public policies oriented toward economic integration and investment attraction**. Institutional reform continues to promote greater efficiency in the use of public resources, fostering a more dynamic and competitive national economy.

Public administration reform and modernization remain a strategic priority, focused on improving efficiency, professionalism, and the quality of public services, while

strengthening leadership capacity, human resource development, and transparency and accountability practices. In the justice sector, ongoing institutional strengthening plays a key role in consolidating trust, ensuring legal certainty, and promoting a favorable and predictable environment for investment. In the security and defense sectors, maintaining stability, professionalism, and public trust remains a core priority, providing a solid foundation for investment and national cohesion.

Foreign policy remains aligned with national development priorities, ensuring that diplomatic engagement contributes to economic growth, regional integration, and the strengthening of the country's international standing. Timor-Leste's integration into ASEAN -across its Political-Security, Economic, and Socio-Cultural pillars -reflects an integrated and inclusive approach to regional development.

The Medium-Term Plan 2027-2030 places institutional development at the center of national transformation, reaffirming that through strong institutions, disciplined governance, and collective commitment -and by creating opportunities for young people and fostering a shared sense of national purpose -Timor-Leste will continue to consolidate the democratic rule of law, promote inclusive growth, strengthen economic resilience, and ensure long-term prosperity.



Agio Pereira
Minister for Presidency of the Council of Ministers (PCM)
Chair, Interministerial Coordination Commission (IMCC) for Institutional Development

CHAPTER 6: INSTITUTIONAL DEVELOPMENT

6.1. Introduction and Contribution to National Priorities

Institutional development is fundamental to Timor-Leste's economic diversification, inclusive growth, and long-term resilience. Strong, efficient, transparent, and accountable institutions enable effective policy implementation, public service delivery, rule of law, decentralization, and private sector confidence. Without capable institutions, investments in infrastructure, human capital, and economic sectors cannot deliver sustainable results.

This MTP 2027-2030 focuses on building a strong foundation and launch pad for significantly improved governance, service delivery, and institutional performance in the subsequent period (2031-2035 and beyond). By addressing binding constraints and creating enabling systems, this final phase of the SDP will position the country for higher productivity, better public services, and sustained economic growth after 2030.

The pillar directly supports two nationally protected priorities from the Chapter 2 dashboard: National Priority 1 on Comprehensive Land Tenure Reform and the National Digital Cadaster, which is essential for unlocking private investment in agriculture, housing, and manufacturing; and National Priority 10 on Investment Climate and Regulatory Reform, which requires both simplified licensing through the One-Stop-Shop (Balcão Único) network and faster resolution of commercial disputes through an expanded and less congested court system. Every other national priority in the dashboard depends on capable institutions to plan, procure, implement, and monitor.

The institutional pillar is organized around six sub-sectors, each with its own approved results framework: justice and land tenure; municipal governance; public finances and anti-corruption; public administration and digital government; security and defense; and international relations, which also functions as a cross-cutting enabler for the pillar as a whole.

6.1.1 Private Sector Development and Investment Climate

Strong institutions reduce regulatory uncertainty, improve contract enforcement, strengthen land administration, and enhance public financial management, all critical enablers for private investment and economic diversification.

6.1.2 Contribution of Each Sub-Sector to Institutional Development

- **Justice and Rule of Law:** Reduces the judicial case backlog by at least 60%, expands functioning courts of first instance from four to at least seven municipalities, and converts the substantially complete national digital cadaster into legally secure, bankable tenure through the issuance of 30,000 formal land titles in priority economic corridors.
- **Municipal Governance:** Completes the transition to elected Local Power bodies under Law 23/2021, brings the already-constructed One-Stop-Shop (Balcão Único)



network across all 12 municipalities, RAEOA, and Ataúro to full delivery of the priority service package, strengthens municipal planning, procurement, and own-source revenue, and shifts municipal budgets away from administrative overhead towards service delivery and capital investment -connecting national priorities to communities across the territory.

- **Public Financial Management and Anti-Corruption:** Standardizes policy-based budget structures across all line ministries, modernizes procurement through mandatory publication of contracts, expands the non-oil domestic revenue base, strengthens internal audit and anti-corruption enforcement, and institutionalizes budget transparency and social accountability, ensuring that increased public investment translates into concrete development results.
- **Public Administration and Digital Government:** Implements the Unified Career Regime, extends the SIGAP-FOUN integrated digital HR system from its current 58% coverage to the whole of the public administration, introduces a single remuneration system and national workforce planning, and institutionalizes merit-based performance management and continuous training, building a professional, performance-oriented civil service.
- **Security and Defense:** Protects Timor-Leste's maritime resources by reducing losses from illegal, unreported and unregulated (IUU) fishing, establishes national maritime domain awareness and formal interministerial maritime coordination, digitalizes border and immigration management, and strengthens community safety and emergency response through community policing and civil protection -ensuring the domestic stability on which private investment depends.
- **International Relations and Diplomacy:** Completes the remaining ASEAN Accession Roadmap criteria and operationalizes Timor-Leste's ASEAN membership -including implementation of the National AEC Implementation Roadmap (2026-2030) and integration of the AEC Sectoral Strategic Action Plans and Work Plans into ministries' Annual Action Plans —, delivers the ASEAN Chairmanship and its Legacy Program, concludes bilateral economic cooperation and investment protection agreements, and leverages membership of international organizations to mobilize technical assistance and concessional finance for MTP priorities.

6.2 Strategic Issues Facing the Institutional Development Pillar

Despite two decades of institution-building since independence, several binding constraints continue to limit effectiveness:

- **Justice Sector:** Case backlogs remain significant, with approximately 4,000 cases awaiting resolution in the district courts as of 2024⁷⁷. Courts of first instance operate

⁷⁷ Ministry of Justice / UNDP Justice Sector Analysis, May 2024

in only four jurisdictions -Dili, Baucau, Suai (Covalima), and Oecusse (RAEOA) - leaving nine municipalities without direct access to formal court services⁷⁸. Land tenure insecurity persists: although more than 326,111 land parcels have already been recorded in the national digital cadaster, no more than 949 formal land titles have been issued, indicating a major bottleneck in converting cadastral records into legally secure, bankable titles. This titling gap, rather than a registration gap, is the binding constraint on land as collateral for credit, investment certainty, and agricultural commercialization in priority economic corridors.

- **Decentralization and Municipal Governance:** The One-Stop-Shop (Balcão Único) program has completed its construction phase: facilities are now in place across all 12 municipalities, RAEOA, and the Ataúro Administrative Authority. The binding constraint is therefore no longer coverage but operational certification -a number of facilities are not yet delivering the full priority service package, and staffing, equipment, and service standards remain uneven. Municipalities also continue to be administered by appointed Municipal Authorities rather than elected Local Power bodies, which limits accountability for service delivery; between 40% and 60% of municipal budgets are absorbed by administrative overhead rather than service delivery or capital investment; and own-source revenue systems under the Municipal Finances Law are not yet operational.
- **Public Administration:** Civil service management is characterized by limited performance orientation, skills gaps, and high turnover in technical positions. Careers remain fragmented across one general regime and approximately sixteen special regimes with distinct pay tables. The Unified Career Regime has been approved in policy and its preparatory phase completed, but no civil servants have yet been integrated into it. The SIGAP-FOUN integrated digital HR system is operational and covers 58% of public administration workers, with interoperability with the GRP/FMIS and registration of fixed-term contracts still under development, and no integrated workforce-planning model yet exists for the approximately 65,000 workers in public administration.
- **Public Financial Management:** Timor-Leste's PFM challenge is no longer one of legal design. The core architecture is in place, including the Budget and Financial Management framework, the Procurement and Public Contracts Code (approved by Decree-Law No. 1/2025 of 8 January, in force since 1 June 2025), and medium-term budgeting instruments. The strategic issue for 2027-2030 is implementation: these instruments are applied unevenly, and capability remains concentrated in the Ministry of Finance rather than embedded in the line ministries, autonomous agencies, and municipalities that actually spend⁷⁹. The constraints are operational; projects entering the budget before they are ready, procurement planned only after

⁷⁸ UNDP, *Towards Better Justice: Analysis and Recommendations for Improving the Justice Sector in Timor-Leste*, May 2024

⁷⁹ Government of Timor-Leste, *BCTL Press Statement on Economic Performance 2024*, March 2025; World Bank, *Timor-Leste Economic Report 2025*

appropriation, weak contract management, limited multi-year commitment control, and policy-based budget structures piloted in only a small number of ministries, which means execution rates can rise while delivery lags. Domestic revenue mobilization is a further binding constraint: non-oil domestic revenue stands at below 12.2% of GDP -below the Government's own stated objective of 17.5% of GDP -and currently contributes less than 30% of total State Budget revenue⁸⁰.

- **Anti-Corruption and Accountability:** While the Anti-Corruption Commission (CAC) and the legal framework are in place, fewer than 30% of line ministries and municipalities have an approved anti-corruption focal point and internal control plan (CAC Annual Report 2024); the internal audit function is only partially established and not yet effective; whistleblower protection remains underdeveloped outside public procurement, where protection mechanisms were introduced by the Procurement and Public Contracts Code (Decree-Law No. 1/2025 of 8 January) - affecting public trust and investment confidence.
- **Defense and Security:** Limited patrol vessels, equipment, human resources, and infrastructure constrain the protection of national sovereignty and maritime resources. Losses from illegal, unreported and unregulated (IUU) fishing in Timor-Leste's Exclusive Economic Zone are estimated at approximately US\$40 million per year, no national Maritime Domain Awareness system yet exists, and maritime coordination between institutions remains ad hoc. The average PNTL emergency call response time exceeds 60 minutes, and although 87% of citizens report feeling secure in their communities, sustaining and improving this depends on stronger community policing and civil protection capacity. Border management remains largely manual: the Midas and visa systems are not yet synchronized and the Electronic Single Window is not yet operational.
- **Digital Governance:** The essential enablers of digital government are now in place -the South Submarine Cable, operational sectoral systems (EMIS, HMIS, SIGI, SIGAP-FOUN, SERVE, ASYCUDA), and the One-Stop-Shop network as a delivery channel. What is missing is the connective tissue: interoperability between systems, beginning with SIGAP-FOUN and the GRP/FMIS; common unique identifiers for citizens, businesses, and land parcels, without which registries cannot be linked; a legal basis for data sharing and protection; and clear institutional authority to enforce standards across ministries. Until these are resolved, individual platforms cannot be assembled into functioning whole-of-government services.
- **International Relations:** Timor-Leste achieved full ASEAN membership on 26 October 2025, at the 47th ASEAN Summit in Kuala Lumpur (ASEAN, 2025), and five of the seven ASEAN Accession Roadmap criteria have been substantially fulfilled. Implementation of the two remaining criteria is under way: (i) implementation of Priority I legal instruments and accession to Priority II and III legal

⁸⁰ International Monetary Fund, Asia and Pacific Department, *Timor-Leste: 2025 Article IV Consultation*, IMF Country Report No. 25/278 (Washington, DC: IMF, 2025), <https://doi.org/10.5089/9798229026673.002>.

instruments under the ASEAN Economic Community (AEC) pillar, set out in the National AEC Implementation Roadmap (2026-2030); and (ii) infrastructure and logistical readiness to host ASEAN meetings and summits. Translating membership into concrete trade, investment, and regulatory integration gains requires sustained institutional capacity, whole-of-government implementation of the ASEAN commitments set out in the National AEC Implementation Roadmap (2026-2030), and active economic diplomacy. Preparing and delivering Timor-Leste's ASEAN Chairmanship -coordinated through the ASEAN Chairmanship National Organizing Council (ACNOC), comprising five sectors and fourteen subcommittees -is a further near-term institutional demand, as are the Chairmanship Priorities and Deliverables and the Legacy Program, which have not yet been developed.

6.3 Strategic Objectives and Pillar-Level Key Result Areas

The pillar is guided by five strategic objectives:

1. **SO1:** Strengthen the rule of law, justice, and access to justice.
2. **SO2:** Improve public service delivery through decentralization and administrative modernization.
3. **SO3:** Strengthen governance, accountability, and fiscal sustainability.
4. **SO4:** Enhance the operational capability and oversight of the defense and security forces to effectively protect Timor-Leste's sovereignty, maritime resources, and citizens.
5. **SO5:** Enhance Timor-Leste's regional and global integration and elevate its diplomacy in support of sustainable national development.

These objectives are operationalized through six Key Result Areas (KRAs):

1. **KRA 1: Justice Sector and Land Tenure** - Reduces the judicial case backlog by at least 60%, expands functioning courts of first instance from four to at least seven municipalities, and converts registered cadastral parcels into 30,000 formally issued land titles in priority economic corridors, with ownership data disaggregated by sex and joint ownership status.
2. **KRA 2: Municipal Governance** - Completes the transition to elected Local Power bodies under Law 23/2021, brings the One-Stop-Shop network across all 12 municipalities, RAEOA, and Ataúro to full delivery of the priority service package, strengthens municipal planning, procurement, and own-source revenue, reduces administrative overhead in municipal budgets, and improves the quality and coverage of decentralized service delivery.
3. **KRA 3: Public Finances and Anti-Corruption** - Standardizes policy-based budget structures across all line ministries ahead of full medium-term expenditure framework integration, modernizes the procurement system through mandatory contract publication, raises non-oil domestic revenue, institutionalizes internal audit,

anti-corruption, and whistleblower protection mechanisms, and embeds budget transparency and social accountability.

4. **KRA 4: Public Administration and Digital Government** - Implements the Unified Career Regime, extends the SIGAP-FOUN integrated digital HR system to full coverage of the public administration and makes it interoperable with the GRP/FMIS, introduces a single remuneration system and national workforce planning, institutionalizes merit-based performance management and continuous training, and publishes digital service delivery roadmaps for all line ministries.
5. **KRA 5: Security and Defense** - Strengthens maritime enforcement to reduce losses from illegal, unreported and unregulated (IUU) fishing, establishes national Maritime Domain Awareness and a formal interministerial maritime coordination mechanism, digitalizes border and immigration management, expands community policing and civil protection early warning, and ensures crisis coordination capacity across all municipalities.
6. **KRA 6: International Relations** - Completes the remaining ASEAN Accession Roadmap criteria, operationalizes Timor-Leste's ASEAN membership by implementing the National AEC Implementation Roadmap (2026-2030) and integrating the AEC Sectoral Strategic Action Plans and Work Plans and ASEAN Community Vision 2045 priorities into national and sectoral plans and budgets, delivers the ASEAN Chairmanship and its Legacy Program, negotiates targeted bilateral economic agreements, and mobilizes technical assistance and concessional finance aligned with MTP priorities.

6.4 Institutional development results framework

The results framework below summarizes the strategic contribution of the institutional pillar. It links governance reforms to measurable improvements in legal certainty, public sector performance, fiscal management, and territorial governance.

The interventions below are the core reform actions required to translate institutional priorities into practical results. They should be read as the main delivery pathway for the pillar, rather than as an exhaustive list of activities.

Table 6.4.1: Institutional development result framework

Level	Result Description
Impact	Sustainable and inclusive national development supported by capable, transparent, and accountable institutions.
Goal	Efficient, transparent, and accountable institutions that deliver quality public services, uphold the rule of law, and create the enabling conditions for private investment and economic diversification.

Pillar Outcomes (2030):	• Improved access to justice and greater certainty in land and property rights, with the judicial case backlog reduced by $\geq 60\%$ (to fewer than 1,600 pending cases), functioning courts of first instance in at least 7 municipalities, and 30,000 formal land titles issued in priority economic corridors. • Elected Local Power bodies operational in all 12 municipalities, RAEOA, and Ataúro, with One-Stop-Shops delivering the full priority service package in 100% of facilities and all municipalities achieving at least 80% of their annual service delivery targets. • Enhanced public financial management and reduced corruption risk, with policy-based budget structures in 100% of line ministries, $\geq 80\%$ of procurement contracts published within the legal deadline, and non-oil domestic revenue reaching 17.5% of GDP. • Anti-corruption focal points and internal control plans in $\geq 80\%$ of public institutions. • A professional, performance-based civil service, with $\geq 80\%$ of civil servants integrated into the Unified Career Regime, and 100% managed through the SIGAP-FOUN integrated digital HR system and covered by the new remuneration system. • Strengthened maritime security, border management, and community safety, with ≥ 120 combined patrol days per year in national maritime waters and the EEZ, IUU fishing losses reduced to $\leq$US\$15 million per year, $\geq 93\%$ of citizens feeling secure in their communities, and PNTL emergency response under 30 minutes. • Timor-Leste's ASEAN membership translated into concrete trade, investment, and regulatory gains through full completion of the Accession Roadmap and implementation of the National AEC Implementation Roadmap (2026-2030), 100% of ASEAN commitments due by 2030 implemented, a successfully delivered Chairmanship and Legacy Program, and at least 3 bilateral economic agreements signed.
Strategic Interventions	Quick Wins (2027) • Launch the accelerated land titling program in priority economic corridors, converting registered parcels into formally issued titles. • Introduce a digital case management system in the Dili, Baucau, and Suai courts.

	• Complete operational certification of the One-Stop-Shop network and establish the MSA Municipal Performance Monitoring Framework. • Hold first-phase direct elections for Municipal Presidents, Vice-Presidents, and Municipal Assemblies in qualifying municipalities. • Consolidate the public procurement transparency portal with mandatory contract disclosure and establish the publication-compliance baseline. • Establish the remaining Results Framework baselines scheduled for end-2027. Implement and complete the key measures set out in the 2026-2027 Sectoral Work Plans for Timor-Leste's Priority I ASEAN legal instruments under the National AEC Implementation Roadmap (2026-2030). Short Term (2028-2029) • Extend the SIGAP-FOUN integrated digital HR system across the public administration and advance integration of civil servants into the Unified Career Regime. • Expand maritime surveillance capacity and complete Phase I of the national Maritime Domain Awareness system. • Standardize policy-based budget structures across 100% of line ministries ahead of full MTEF integration. • Hold second-phase municipal elections and install elected Local Power bodies in the remaining municipalities. • Advance economic diplomacy, ASEAN commitment implementation, and ASEAN Chairmanship preparations and delivery. Accede to Priority II and III ASEAN legal instruments and complete the key measures set out in the 2027-2028 Sectoral Work Plans under the National AEC Implementation Roadmap (2026-2030). Medium Term (by 2030) • Achieve a ≥60% reduction in the judicial case backlog and issue 30,000 formal land titles in priority economic corridors. • Bring all municipalities to at least 80% achievement of annual service delivery targets, with administrative overhead reduced to ≤30% of municipal budgets.
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	• Institutionalize anti-corruption mechanisms across ≥80% of public institutions and raise non-oil domestic revenue to 17.5% of GDP. • Integrate ≥80% of civil servants into the Unified Career Regime, with 100% managed through SIGAP-FOUN and covered by the new remuneration system. • Sustain ≥120 combined maritime patrol days per year and reduce IUU fishing losses to ≤US\$15 million per year. • Implement 100% of ASEAN commitments due by 2030, complete the key measures set out in the 2029-2030 Sectoral Work Plans under the National AEC Implementation Roadmap (2026-2030), and conclude at least 3 bilateral economic agreements with priority partners. • All interventions will be spatially prioritized to support economic corridors and lagging municipalities.
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6.5 Sub-Sector Results

6.5.1 Justice Sector and Land Tenure

Strategic Outcome: Faster, fairer justice, and greater certainty in land tenure.

Table 6.5.1: Result strategy for justice and land tenure

No	Indicator	Baseline (2025)	Target (2030)	Responsible Agency
1	Reduction in the judicial case backlog.	High (~4,000 cases)	Reduced by ≥60% (to <1,600 cases)	Lead: MOJ; Support: Court of Appeal, CFJJ
2	District courts of first instance operational.	4 jurisdictions: Dili, Baucau, Suai (Covalima), and Oecusse (RAEOA), 2024	≥7 municipalities with functioning courts of first instance	Lead: MOJ; Support: MSA, Municipalities
3	Number of land parcels in priority economic corridors digitally registered, with	>326,111 parcels recorded nationally in the digital cadaster (2025)	All parcels in priority economic corridors registered and validated for titling by 2030, supporting the	Lead: MOJ Support: MTC, SSE

	ownership data disaggregated by sex and joint ownership status for women and men.		issuance of 30,000 titles	
		≤949 titles issued	30,000 titles issued	Lead: MOJ Support: MTC, SSE

Strategic Interventions 2027-2030

- **Judicial Backlog Reduction:** Reduce the judicial case backlog through the deployment of a digital case management system in key courts, additional judicial training capacity through the Judicial Training Centre (CFJJ), and streamlined case management protocols, prioritizing the elimination of cases pending for more than two years.
- **Expanded Access to Justice:** Expand access to justice incrementally beyond the four existing district courts, using mobile court sessions and satellite registry offices in priority municipalities as an intermediate step, with the goal of establishing functioning courts of first instance in at least three additional municipalities, reaching at least seven municipalities in total by 2030.
- **Accelerated Land Titling in Priority Economic Corridors:** Convert existing cadastral registrations into formally issued land titles in priority economic corridors, beginning with the Dili-Ermera coffee corridor and the Bobonaro rice belt by 2028. Address the titling bottleneck directly by expanding DNTPSC's legal processing and dispute resolution capacity, and by piloting simplified titling procedures for uncontested registered parcels. Ensure the digital cadaster is fully linked to banking institutions so that issued titles can be used as collateral for credit access, delivering 30,000 formally issued titles by 2030. Explicitly capture and report ownership data disaggregated by sex, including joint registration of women and men on land titles.

6.5.2 Municipal Governance

Strategic Outcome: Strengthened municipal capacity, financial sustainability, and local service delivery, advancing through the transition to elected local government provided for under Law 23/2021.

Table 6.5.2: Result strategy for municipal governance

No	Indicator	Baseline (2025)	Target (2030)	Responsible Agency
1	% of Balcão Único facilities fully operational and delivering the	100% of planned facilities already constructed in 12 municipalities, RAEOA, and the	2027: Complete baseline; verified service established; ≥80% delivering the full package	Lead: MSA; Support: Municipalities, RAEOA and Ataúro

	complete priority service package	Ataúro Administrative Authority, confirmed in 2026 by the MSA database and MSA's Decentralization Strategy.	2028: 90% 2029: 100% 2030: Sustained at 100%	Administrative Authorities.
2	Average citizen processing time for priority Balcão Único transactions	To be established by end-2027 (Quick Win)	2028: Service standard defined and published 2029: ≥20% reduction from baseline 2030: Service standard met in all facilities	Lead: MSA; Support: Municipalities
3	% of municipalities achieving at least 80% of annual municipal service delivery targets	0% -System establishment year; the MSA Municipal Performance Monitoring Framework not yet operational (2026)	2027: Framework established and operational 2028: 40% 2029: 70% 2030: 100% (all municipalities)	Lead: MSA; Support: Municipalities, MOF
4	% of municipalities completing the minimum-conditions assessment required for the installation of elected Local Power bodies	Assessment methodology already developed; first-round municipal condition assessments under way (MSA Decentralization Strategy, 2026)	2027: First-tranche assessment completed and published 2028: Second-tranche assessment completed for municipalities not meeting conditions in the first round 2029: 100% of municipalities assessed at least once 2030: All municipalities meeting minimum conditions	Lead: MSA; Support: all municipalities, relevant ministries
5	Direct elections for Municipal Assemblies and Municipal	Not yet implemented; municipalities administered by	2027: First elections (Municipal President, Vice-President, and Municipal Assembly	Lead: MSA; Support: STAE, CNE, National

	Presidents held under the Local Power and Administrative Decentralization legal framework, with elected bodies installed and operational	appointed Municipal Authorities. Minimum-conditions assessment methodology already developed; regulations for the Municipal Electoral Law and Municipal Finances Law in the finalization stage (MSA Decentralization Strategy, 2026)	members) held in municipalities meeting the minimum-conditions assessment 2028: Minimum-conditions assessment and elections completed for remaining municipalities 2029: Institutional strengthening and first-term performance review of elected Local Power bodies 2030: All municipalities, RAE OA, and Ataúro have operational elected Local Power bodies	Parliament, Municipalities
6	Number of municipalities with operational citizen consultation and social accountability mechanisms (Municipal Consultative Council and Suco Council consultations feeding into the Municipal Budget Program)	Municipal Consultative Council and Suco Council consultation processes already established as part of the Municipal Budget Program cycle (MSA Decentralization Strategy, 2026); systematic coverage/performance data not yet published	2027: Coverage baseline published 2028: Enhanced accountability protocol (public hearings, scorecards) piloted in 4 municipalities 2029: 8 municipalities 2030: All municipalities	Lead: MSA; Support: SSE, NGOs
7	% of the municipal procurement	To be established by end-2027 (Quick Win)	2028: 70% 2029: 85% 2030: ≥90%	Lead: MSA Support: MOF, NPC

	plan effectively implemented			
8	% of municipal budget allocated to service delivery/capital investment rather than administrative overhead	~40-60% of the municipal budget currently allocated to administrative overhead ⁸¹	2027: ≤50% 2028: ≤40% 2029: ≤35% 2030: ≤30%	Lead: MOF Support: MSA, Municipalities
9	Number of municipalities with operational own-source revenue (property rate) systems under the Municipal Finances Law	Property rate systems not yet operational (2026). Implementing regulations for the Municipal Finances Law are an active reform process, with finalization targeted for 2026 (MSA Decentralization Strategy)	2027: Piloted in Dili; systems designed for the four secondary cities 2028: Operational in Dili and the four secondary cities (Baucau, Maliana, Suai, Lospalos) 2029-2030: Coverage expanded to all municipalities	Lead: MSA Support: MOF, Municipalities

Strategic Interventions 2027-2030

- Complete the Transition to Elected Local Government: Operationalize Law 23/2021 (Law on Local Power and Administrative Decentralization) by completing the minimum-conditions assessment (avaliação de condições mínimas), finalizing the implementing regulations for the Municipal Electoral Law and the Municipal Finances Law, and holding the first direct elections for Municipal Presidents, Vice-Presidents, and Municipal Assemblies in qualifying municipalities in 2027, followed by a second phase in 2028 for the remaining municipalities. This is the foundational reform on which all other municipal governance outcomes depend -service delivery accountability, financial performance, and citizen participation cannot be meaningfully strengthened while executive and deliberative municipal authority remains appointed rather than elected. Apply the existing gender quota, which

⁸¹ Ministry of Finance, *State Budget Execution Reports 2021-2024*; LoGICA/Decentralization.net Intergovernmental Profile: Timor-Leste, citing average municipal budget allocations of approximately 3% of the national budget, with 40-60% of municipal budgets allocated to the Secretariat of Municipal Services.

requires at least one in three candidates on each municipal assembly list to be women⁸².

- Complete verification and operational certification of the Balcão Único network across all 12 municipalities, RAEOA, and Ataúro: addressing facilities not yet delivering the full priority service package and gaps in staffing and equipment, reaching at least 80% of facilities delivering the full package in 2027, 90% in 2028, and 100% from 2029. Define and publish service standards for priority transactions and achieve at least a 20% reduction in average citizen processing time from the 2027 baseline.
- Simplify administrative procedures and accelerate the digital transformation of local government services: linked to the digital government agenda under KRA 4 of this pillar to avoid duplication.
- Establish the MSA Municipal Performance Monitoring Framework by 2027: creating a standardized measurement system for education, health, water, sanitation, roads, markets, civil protection, registration, and community services delivered at the municipal level.
- Strengthen newly elected Local Power bodies: following installation, deliver a structured institutional strengthening program for elected Municipal Presidents, Vice-Presidents, and Municipal Assembly members -covering deliberative procedure, budget oversight, procurement, and asset management -and conduct a first-term performance review of elected Local Power bodies in 2029, so that all 12 municipalities, RAEOA, and Ataúro have fully operational elected Local Power bodies by 2030.
- Operationalize the Interministerial Working Group for Decentralization (GTIM) and the National Technical Assistance Structure: to coordinate line ministry support to Municipal Authorities.
- Strengthen downward accountability: through the formalization and expansion of the Municipal Consultative Council and Suco Council consultation mechanisms already contributing to the Municipal Budget Program, adding standardized citizen feedback tools and social accountability measures in all municipalities.
- Strengthen municipal procurement planning and implementation: including e-procurement modules and training, aligned with the national Procurement and Public Contracts Code, raising effective implementation of the municipal procurement plan to 70% in 2028, 85% in 2029, and at least 90% by 2030.
- Strengthen municipal asset management and the timeliness of financial reporting: and systematically follow up on audit recommendations, consolidated into a single municipal financial management performance score.

⁸² *Municipal Electoral Law gender quota requires lists for municipal assembly elections to include no fewer than one woman in every three candidates, with non-compliant lists subject to rejection.*

- Reduce Administrative Overhead and Reallocate Towards Service Delivery: Review the current municipal budget structure, in which 40-60% of allocations go to the Secretariat of Municipal Services rather than direct service delivery or capital investment, and implement a phased reallocation target reducing administrative overhead to 30% or below by 2030. Strengthen municipal planning and budgeting systems through targeted capacity building, including multi-year investment planning aligned with approved Municipal Spatial Plans.
- Operationalize the Municipal Finances Law and develop municipal own-source revenue: beginning with a pilot in Dili in 2027 and extending to operational property rate systems in Dili and the four secondary cities of Baucau, Maliana, Suai, and Lospalos by 2028.
- Strengthened municipal administrative infrastructure, with all 12 municipalities, RAEOA, and Ataúro operating in fully equipped, purpose-built or upgraded administrative facilities (municipal government offices, Municipal Assembly chambers, and Balcão Único premises) connected to reliable power, internet, and records-storage systems -closing the facility-readiness gap that currently constrains newly elected Local Power bodies from functioning at full capacity.
- Expanded, decentralized human resource capacity at the local level, with a dedicated municipal civil service cadre established under the Unified Career Regime, elected Local Power body members (Municipal Presidents, Vice-Presidents, and Assembly members) completing structured induction and governance training within 6 months of taking office, and each municipality reaching a minimum staffing ratio for core administrative, financial, and technical functions - ensuring devolved authority is matched by devolved capability.

6.5.3. Public Finances and Anti-Corruption

Strategic Outcome: Public funds are increasingly spent as budgeted and for their intended purposes, with priority given to the quality of the budget execution rate, procurement contracts increasingly published and open to scrutiny, and anti-corruption safeguards becoming a functioning feature of public institutions rather than merely a formal requirement on paper.

Table 6.5.3: Result strategy for public finances and anti-corruption

No	Indicator	Baseline (2025)	Target (2030)	Responsible Agency
1	% of procurement contracts published on the national public procurement	Baseline to be established with the MOF/NPC by end-2027	≥80%	Lead: MOF Support: NPC

	portal (based on the legal deadline ⁸³)			
2	% of line ministries and municipalities with an approved anti-corruption focal point and internal control plan	<30% (estimated, CAC Annual Report 2024) ⁸⁴	≥80%	Lead: CAC; Support: MOF, CSC
3	% of line ministries and municipalities with a functioning, standardized internal audit unit	Internal audit function partially in place, not yet effective (PFM Reform Strategy 2022-2027)	≥80%, in line with the new Internal Audit Decree-Law	Lead: MOF, (Inspector-General's Office); Support: CAC, CSC
4	Non-oil domestic revenue as a share of GDP	Below 12.2% of GDP ⁸⁵	17.5% of GDP by 2030 - adopting the Government's existing objective with a defined timeline for the first time	Lead: MOF; Support: MPSI
5	% of line ministries operating standardized, policy-based budget structures with aligned/integrated performance indicators	Piloted in a small number of ministries (Planning, Health, Education); not yet standardized across government (PFM Reform Strategy 2022)	100% of line ministries by 2028, ahead of full MTEF integration by 2030	Lead: MOF; Support: MPSI

⁸³ Legal deadline" refers to the publication timeframe specified under the Procurement and Public Contracts Code (2025)

⁸⁴ Anti-Corruption Commission (CAC), Annual Report 2024.

⁸⁵ Government of Timor-Leste, BCTL Press Statement on Economic Performance 2024, March 2025; International Monetary Fund, Asia and Pacific Department, Timor-Leste: 2025 Article IV Consultation, IMF Country Report No. 25/278 (Washington, DC: IMF, 2025), <https://doi.org/10.5089/9798229026673.002>.

6	Pre-budget statement and citizen budget published annually, with formal civil society consultation held each budget cycle	Ad hoc process, not consistently implemented (PFM Reform Strategy 2022, Sub-component 6.3)	Published annually from 2027 onward, with documented consultation each cycle	Lead: MOF; Support: MPSI, NGOs
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Strategic Interventions 2027-2030

- **Strengthen Budget Planning and Execution Systems:** Strengthen budget planning and execution systems, including medium-term expenditure frameworks (MTEFs) and quarterly budget execution reporting disaggregated by program and municipality, enabling earlier identification of execution bottlenecks within the fiscal year.
- **Modernize Procurement through the Procurement and Public Contracts Code:** Implement the Procurement and Public Contracts Code (enacted 2025) through mandatory publication of contracts on the national procurement portal within the legal deadline, development of e-procurement modules, and training for procurement officers across all line ministries and municipalities.
- **Transition to Program-Based Budget Performance Tracking:** Enhance budget performance tracking tools, transitioning from input- and activity-based reporting towards measurable, program-based results -aligning budget reporting with the MTP results framework so that spending can be assessed against actual outcomes achieved, not only funds disbursed.
- **Institutionalize Anti-Corruption Mechanisms and Enforcement:** Institutionalize anti-corruption mechanisms through CAC by ensuring all line ministries and municipalities have an approved anti-corruption focal point, internal control plan, and functioning internal audit mechanism by 2028. Strengthen CAC's asset declaration verification and enforcement capacity, and expand whistleblower protection mechanisms to encourage the reporting of corruption without fear of retaliation.
- **Expand and Standardize Internal Audit Capacity:** Expand internal audit capacity across all line ministries and municipalities, with standardized internal audit regulations developed and enforced by the MOF, ensuring consistent audit methodology and reporting standards regardless of institution size or location.
- **Modernize Revenue and Payment Systems:** Modernize the national payment architecture and expand the domestic revenue base by deploying digital tax compliance tools, reducing reliance on manual, cash-based revenue collection processes and improving the traceability of public revenue flows, with the objective of raising non-oil domestic revenue to 17.5% of GDP by 2030.

- Strengthen budget transparency and social accountability: Publish an annual pre-budget statement and citizen budget; hold formal civil society consultation forums during budget preparation; support Parliament's Committee C in making Court of Accounts audit hearings and findings public, in line with the Social Accountability sub-component (6.3) of the PFM Reform Strategy.

6.5.4. Public Administration and Digital Government

Strategic Outcome: Civil service recruitment, deployment, and performance management operate through a unified, merit-based system, and an increasing share of government services are accessible to citizens online, reducing the need for in-person transactions at public service locations.

Table 6.5.4: Result strategy for public administration and digital government

No	Indicator	Baseline (2025)	Target (2030)	Responsible Agency
1	% of priority legal instruments for public administration harmonized and implemented.	Legal framework for public administration partially outdated and fragmented, requiring revision and harmonization of HR-related legal regimes (CFP, 2026)	100%	Lead: CSC; Support: PCM
2	% of civil servants integrated into the Unified Career Regime (Regime de Carreira Única)	Fragmented career system (1 general regime + ~16 special regimes); Unified Career Regime policy approved and preparatory phase completed, with 0% of civil servants integrated to date (CFP, 2026)	≥80%	Lead: CSC; Support: PCM
3	% of institutions implementing strategic workforce planning	~65,000 workers in public administration; no integrated workforce-planning model currently exists (CFP, 2026)	100% national workforce-planning system implemented; ≥80% of the workforce adjusted to institutional needs	Lead: CSC; Support: PCM

4	% of civil servants covered by the new remuneration system	Remuneration differs across the fragmented career regime, with distinct pay tables and not yet fully integrated across pay, competencies, performance, and productivity (CFP, 2026)	100%	Lead: CSC; Support: PCM, MOF
5	% of civil servants managed through the integrated digital HR system (SIGAP-FOUN, interoperable with GRP/FMIS)	SIGAP-FOUN operational, currently covering 58% of public administration workers; interoperability and fixed-term contract registration still under development (CFP, 2026)	100%	Lead: CSC; Support: PCM, MOF, MTC
6	% of institutions implementing merit-based performance management	Evaluation system exists but not yet fully integrated with career progression and remuneration (CFP, 2026)	100%	Lead: CSC; Support: PCM, MOF
7	% of civil servants completing priority continuous training programs (Character Building, leadership, ethics, discipline)	Implementation already under way, including a 2025-2026 Character Building pilot covering 371 civil servants (CFP, 2026)	≥80% national continuous-training system institutionalized and implemented	Lead: CSC; Support: PCM

Strategic Interventions 2027-2030

- Modernize the Public Administration's Legal and Regulatory Framework: Review, harmonize, and implement priority legal instruments governing HR management across public administration, resolving current fragmentation across career regimes.
- Implement Strategic Workforce Planning and Rightsizing: Develop and roll out an integrated national workforce-planning model across all public institutions, covering approximately 65,000 workers in public administration.

- **Reform the Civil Service Remuneration System:** Design and implement a single remuneration system integrating pay, competencies, performance, and fiscal sustainability, replacing the current regime-differentiated pay structure.
- **Institutionalize Continuous Training, Leadership, and Integrity Development:** Scale the Character Building, leadership, ethics, and discipline training program (piloted with 371 civil servants in 2025-2026) into a permanent national training system.
- **Establish the SIGAP-FOUN Integrated Digital HR Management System:** Extend SIGAP-FOUN from its current 58% coverage to 100% of public administration workers by 2030, complete its interoperability with the GRP/FMIS, and register fixed-term contracts, establishing an integrated database of public service positions, personnel records, payroll, and performance appraisals, replacing fragmented, ministry-specific HR record-keeping with a single authoritative system.
- **Implement the Unified Career Regime:** Integrate at least 80% of civil servants into the Unified Career Regime by 2030 across all line ministries, covering salary structure standardization, competency-based recruitment, and annual performance appraisal, replacing inconsistent, ministry-by-ministry career structures with a single merit-based framework applied across the entire civil service.
- **Develop and Publish Digital Service Delivery Roadmaps:** Develop and publish digital service delivery roadmaps for all line ministries by 2030, prioritizing the five highest-volume citizen-facing services for digitization first: business licensing (SERVE), civil registry/identity documents, land registration status, tax declarations, and health service referrals.

6.5.5. Security and Defense

Strategic Outcome: Crisis management coordination mechanisms function effectively, citizens feel secure in their local communities, while EEZ patrol coverage expands and financial losses from illegal fishing continue to decline.

Table 6.5.5: Result strategy for security and defense

No	Indicator	Baseline (2025)	Target (2030)	Responsible Agency
1	% of citizens who feel secure in their local community (suco/post level)	87% (Ministry of Interior, 2026, citing the Dados de Matadalan Survey & Research Institute)	≥93%	Lead: MOI; Support: PNTL, Municipalities
2	Average PNTL emergency call response time	Average response time >60 minutes (Ministry of Interior, 2026). In the	<30 minutes	Lead: Ministry of Interior;

		reference year PNTL conducted 5,072 operations (5,040 routine, 12 periodic, and 20 occasional)		Support: PNTL
3	Rapid dissemination of early warning alerts to the public (at least 1 hour before disasters)	The National Civil Protection Authority (MI-CPA) has already established fire and emergency response teams in 14 municipalities and 7 administrative posts, and has established a national Early Warning System	Early warning alerts disseminated to the public at least 1 hour before the onset of forecast events / 70-90% of affected locations and people made safe	Lead: Ministry of Interior / Support: MI-CPA, Fire Brigade
4	Combined patrol days in national maritime waters and the EEZ per year (Naval Component, Maritime Police Unit, and partner agencies)	Limited patrol vessels, equipment, human resources, and infrastructure (Ministry of Interior, 2026)	≥120 days/year	Lead: MOD Support: MOI, MALFF
5	Border management and immigration digitalization: E-Gate, E-Visa, API/PNR, and the Electronic Single Window operational	The Midas and visa systems not yet synchronized; the Electronic Single Window not yet operational (Ministry of Interior, 2026)	E-Gate and E-Visa fully implemented; Midas-visa systems synchronized; API/PNR fully implemented; Electronic Single Window operational; the majority of cross-border travel processed digitally, by 2030	Lead: MOI; Support: MTC, MOF

6	Estimated annual value of IUU fishing losses in Timor-Leste's EEZ	~US\$40 million/year (2023 estimate) ⁸⁶	≤US\$15 million/year by 2030	Lead: MALFF; Support: MOI, MOD
7	Formal interministerial maritime coordination mechanism established and operational	Ad hoc coordination between institutions (DGRD, 2026)	1 formal mechanism established and operational by 2027	Lead: MOD; Support: MOI, MALFF
8	Phase I of the national Maritime Domain Awareness (MDA) system completed	No MDA system currently exists (DGRD, 2026)	Phase I (basic surveillance/situational-awareness capability) completed by 2027	Lead: MOD; Support: MOF, MTC
9	Institutionalized joint and combined exercises	5 institutionalized exercise frameworks: Exercise FELINO (CPLP multilateral framework); Exercise Harii Hamutuk (multilateral engineering/logistics framework); Exercise Dalan ba Dame (USARPAC bilateral land framework); Exercise CARAT (US Navy/Marine Corps bilateral maritime framework); French Maritime Maneuvers (bilateral naval framework)	5 core exercise frameworks maintained annually, with interoperability and readiness assessed and documented after each exercise	Lead: MOD; Support: MFAC

⁸⁶ Pacific Community (SPC) / MRAG Regional Fisheries Compliance Assessment; cited in Ministry of Agriculture, Livestock, Fisheries and Forestry (MALFF) planning documents. Note: this is an estimate; actual losses are uncertain. The IUU target will be reviewed at the 2028 Mid-Term Review when better surveillance data is available.

Strategic Interventions 2027-2030

- Strengthen and Improve the Effectiveness of Community Policing: through continuous capacity building, cooperation between PNTL and communities, and monitoring mechanisms to increase public safety and citizen confidence at the suco and administrative post level, with standardized community policing agreements, regular joint PNTL-community security assessments, and crisis coordination protocols linked to the municipal governance structures established under KRA 2. targeting at least 93% of citizens reporting that they feel secure in their communities and an average PNTL emergency call response time of under 30 minutes by 2030.
- Strengthen Maritime Surveillance Capacity: Strengthen maritime surveillance capacity through the procurement of additional patrol vessels and crew training for the F-FDTL naval component, targeting at least 120 combined patrol days per year in national maritime waters and the Exclusive Economic Zone, and completing Phase I of the national Maritime Domain Awareness (MDA) system by 2027. Maintain the five institutionalized joint and combined exercise frameworks (FELINO, Harii Hamutuk, Dalan ba Dame, CARAT, and the French Maritime Maneuvers), with interoperability and readiness assessed after each exercise.
- Establish Interministerial Maritime Coordination for IUU Enforcement: Establish an interministerial maritime coordination mechanism linking the Ministry of Defense, the Ministry of Interior, and MALFF for IUU reporting, enforcement, and prosecution, creating the governance complement to the Blue Economy investments described in Chapter 3, since expanded fisheries and aquaculture activity increases the value of marine resources requiring protection. Establish one formal mechanism by 2027 and reduce the estimated annual value of IUU fishing losses from approximately US\$40 million to no more than US\$15 million by 2030.
- Modernize Border Management and Immigration Systems: Synchronize the Midas visa system, implement E-Gate and E-Visa processing, complete API/PNR (Advance Passenger Information/Passenger Name Record) implementation, and bring the Electronic Single Window fully into operation, alongside expanded UPF border-post staffing and community-based green-border patrols.
- Strengthen Civic Education and Community Resilience: Sustain the National Directorate of Community Conflict Prevention (NDCCP) prevention and mediation network, track community perceptions of security through the Dados de Matadalan Survey (or a successor survey instrument), and sustain the National Civil Protection Authority's early warning system so that alerts are disseminated to the public at least one hour before the onset of forecast disasters.

6.5.6. International Relations

Strategic Outcome: Timor-Leste's diplomatic engagement is translating into concrete bilateral economic agreements with priority trade and investment partners, ASEAN accession and post-accession commitments under the National AEC Implementation Roadmap (2026-2030) are being met on schedule, and the country's foreign policy is safeguarding its strategic interests globally.

Table 6.5.6: Result strategy for international relations

No	Indicator	Baseline (2025)	Target (2030)	Responsible Agency
1	% of remaining ASEAN Accession Roadmap criteria completed (post-accession implementation commitments under the Roadmap for Timor-Leste's Full Membership in ASEAN)	Five of seven Roadmap criteria substantially fulfilled (MFAC, 2026). The two remaining criteria are (i) implementation of Priority I legal instruments and accession to Priority II and III legal instruments under the ASEAN Economic Community (AEC) pillar, and (ii) infrastructure and logistical readiness to host ASEAN meetings and summits	Full compliance by 2030 (100% of the remaining Roadmap criteria completed)	Lead: MFAC Support: MOJ (treaty accession), MTC (connectivity standards), line ministries
2	% of ASEAN commitments implemented by responsible ministries and agencies under the National AEC Implementation	Whole-of-government coordination mechanisms established (2026) to implement the National AEC Implementation Roadmap (2026-	100% of commitments due by 2030	Lead: MFAC Support: MCAE, MCI, MOJ (treaty accession), MTC (connectivity

	Roadmap (2026-2030)	2030); ACNOC established to prepare the 2029 ASEAN Chairmanship		standards), MPSI, LMs
3	% of the AEC Sectoral Strategic Action Plans and Work Plans under the National AEC Implementation Roadmap (2026-2030) integrated into ministries' and agencies' Annual Action Plans (AAPs) and implemented on schedule	Implementation of the AEC Sectoral Strategic Action Plans and Work Plans commenced in mid-2026 (MFAC, 2026); coverage of Annual Action Plans not yet measured	100% integrated into Annual Action Plans and implemented on schedule by 2030	Lead: MFAC / Support: MCAE, MCI, MPSI, LMs
4	Number of ASEAN legal instruments acceded to under the agreed phased accession schedule	29 Instruments of Accession deposited, covering 49 Priority I ASEAN economic legal instruments (MFAC, 2026)	Priority II and III ASEAN economic agreements acceded to by 2030 (approximately 185 instruments; total to be confirmed in the 2027 baseline exercise)	Lead: MFAC; Support: MCAE, MCI, MOJ, LMs
5	% of ASEAN Community Vision 2045 priorities integrated into national and sectoral development plans	Initial mapping of Vision 2045 priorities already undertaken (2026)	Fully integrated	Lead: MFAC Support: LMs

6	Operational status of the ASEAN Chairmanship National Organizing Council (ACNOC)	ACNOC already established, comprising five sectors and fourteen subcommittees (2026)	Transitioning to Legacy Program governance	Lead: Office of the Prime Minister/MFA C (ACNOC Secretariat) Support: LMs
7	% of ASEAN Chairmanship Priorities and Deliverables implemented	Chairmanship Priorities and Deliverables not yet developed (2026)	100% of outcomes consolidated	Lead: MFAC Support: LMs
8	% of responsible ministries and agencies meeting Chairmanship preparedness standards	Preparatory process initiated through ACNOC coordination (2026)	100%	Lead: MFAC/ACNO C Support: MOF, MI, MTE
9	Chairmanship Legacy Program established and operational	Legacy framework not yet developed (2026)	2027: Framework designed 2028: Institutional arrangements agreed 2029: Launched at the conclusion of the Chairmanship 2030: Operational; legacy outcomes reported	Lead: MFAC Support: LMs
10	Number of bilateral economic cooperation, investment protection, or free trade agreements signed	Timor-Leste is not currently party to any bilateral or regional free trade agreement (MFAC, 2026); the wider set of economic cooperation and investment protection agreements to be	2027: Baseline established; 1 substantively advanced 2028: 2 signed/advanced (cumulative) 2029: 3 signed (cumulative) 2030:	Lead: MCAE Co-lead: MFAC; Support: MCI, LMs

		verified and published by MCAE and MFAC by end-2027 (Quick Win)	Sustained/expanded	
11	% of international organization partnerships (ASEAN, WTO, CPLP, Pacific Community) generating recorded technical or concessional finance support for MTP priorities	NA [To be verified by end-2027 (Quick Win)]	70%	Lead: MFAC Support: MPSI

Strategic Interventions 2027-2030

- **Operationalize ASEAN Membership Commitments:** Operationalize Timor-Leste's ASEAN membership by completing the remaining ASEAN Accession Roadmap criteria, accession to Priority II and III legal instruments and infrastructure and logistical readiness, and implementing the National AEC Implementation Roadmap (2026-2030). The AEC Roadmap covers accession to Priority II and III ASEAN legal instruments and implementation of Priority I legal instruments relating to goods and services liberalization, investment facilitation, and regional connectivity and standards. Integrate the AEC Sectoral Strategic Action Plans and Work Plans into ministries' Annual Action Plans and budgets, and integrate ASEAN Community Vision 2045 priorities into national and sectoral development plans - coordinated by MFAC with MCAE and relevant line ministries, targeting implementation of 100% of ASEAN commitments due by 2030 by responsible ministries and agencies.
- **Negotiate Targeted Bilateral Economic Agreements:** Negotiate targeted bilateral economic cooperation and investment protection agreements with Timor-Leste's priority partners -Indonesia, Australia, Portugal, Japan, the Republic of Korea, and China -prioritizing sectors directly aligned with MTP economic diversification priorities: coffee, fisheries, tourism, and light manufacturing, targeting at least 3 agreements signed on a cumulative basis by 2029.
- **Harmonize Regulatory Frameworks to Attract Investment:** Harmonize domestic laws and regulations with regional and international standards to reduce friction for foreign investors, complementing the diplomatic negotiation of new economic cooperation agreements with the regulatory reform needed to make those agreements operationally meaningful.

- Leverage International Organization Membership for Technical and Financial Support: Leverage Timor-Leste's membership of international organizations such as ASEAN, WTO, CPLP, and the Pacific Community to access technical assistance, capacity building, and concessional finance in support of MTP pillar priorities, so that at least 70% of these partnerships generate recorded technical or concessional finance support by 2030.
- Deliver the ASEAN Chairmanship and Establish an Annual Economic Diplomacy Review: Consolidate the ASEAN Chairmanship National Organizing Council (ACNOC) comprising five sectors and fourteen subcommittees, develop and implement the Chairmanship Priorities and Deliverables, bring 100% of responsible ministries and agencies to Chairmanship preparedness standards, and design, agree, and launch the Chairmanship Legacy Program so that legacy outcomes are operational and reported by 2030. In parallel, establish an annual economic diplomacy review coordinated by MFAC, assessing how international partnerships are contributing to measurable MTP outcomes and identifying issues for mitigation.

6.6 Institutional Development Pillar KPIs and Targets

Table 6.8.1: Institutional development Pillar KPIs and Target

No	Indicator	Baseline (2025)	Target (2030)
1	Judicial case backlog reduction (pending district court cases)	High (≈4,000 cases, 2024)	Reduced by ≥60% (to <1,600 cases)
2	Number of land titles formally issued in priority economic corridors, with ownership data disaggregated by sex and joint ownership status for women and men	≤949 titles (2025)	30,000 titles
3	% of municipalities achieving at least 80% of their annual municipal service delivery targets	0% -MSA Municipal Performance Monitoring Framework not yet operational (2026) /	100% (all municipalities)
4	Combined patrol days in national maritime waters and the EEZ per year	Limited patrol vessels, equipment, human resources, and infrastructure (2026)	≥120 days/year
5	% of line ministries and municipalities with an approved anti-corruption focal point and internal control plan	<30% (estimated, CAC Annual Report 2024)	≥80%

6	% of civil servants integrated into the Unified Career Regime	0% integrated; policy approved and preparatory phase completed (CFP, 2026)	≥80%
7	Non-oil domestic revenue as a share of GDP	Below 12.2% of GDP; domestic revenue contributed less than 30% of total State Budget revenue (2025) ⁸⁷	17.5%
8	Estimated annual value of IUU fishing losses in Timor-Leste's EEZ	~US\$40 million/year (2023 estimate) ⁸⁸	≤US\$15 million/year
9	% of ASEAN commitments implemented by responsible ministries and agencies under the National AEC Implementation Roadmap (2026-2030)	Whole-of-government coordination mechanisms established (2026); AEC Sectoral Strategic Action Plans and Work Plans under implementation from mid-2026	100% of commitments due by 2030, including successful delivery of the ASEAN Chairmanship (2029)

6.7 Quick Wins, Phased Priority Interventions, Implementation Arrangements

Quick Wins (2027)

- Launch the accelerated titling program for property in priority economic corridors, prioritizing pending dispute cases and legal processing in Ermera and Bobonaro for completion by 2027, since underlying parcel registration is already substantially complete (more than 326,111 parcels recorded nationally) and the binding constraint is the conversion of registered parcels into officially issued titles.
- Introduce a digital case management system in district courts: prioritizing Dili, Baucau, and Suai as first-phase courts by end-2027.
- Strengthen the implementation of Community Policing through monitoring and evaluation systems and response mechanisms for community security concerns, using the Dados de Matadalan Survey baseline of 87% of citizens reporting that they feel secure in their communities.

⁸⁷ International Monetary Fund, Asia and Pacific Department, *Timor-Leste: 2025 Article IV Consultation*, IMF Country Report No. 25/278 (Washington, DC: IMF, 2025), <https://doi.org/10.5089/9798229026673.002>.

⁸⁸ Government of Timor-Leste estimate, based on assessments by the Ministry of Defence, the Ministry of Interior, and the Ministry of Agriculture, Livestock, Fisheries and Forestry (MALFF), 2023; no independently verified external source is currently available for this estimate.

- Consolidate and strengthen the public procurement transparency portal with mandatory contract disclosure, based on the 2025 Procurement and Public Contracts Code: establishing the baseline against which the $\geq 80\%$ contracts-published-within-deadline target will be tracked from 2027.
- Operationalize the Unified Career Regime for the first tranche of civil service positions, beginning with technical and professional grades, by end-2027.
- Commission baseline data on combined maritime patrol days and emergency response times from the Ministry of Defense and the Ministry of Interior -establishing the starting point against which the ≥ 120 patrol days per year and under-30-minute response time targets will be measured.
- Establish the MSA Municipal Performance Monitoring Framework, creating the baseline measurement system required to track the target of all municipalities achieving at least 80% of their annual service delivery targets.
- Complete the minimum-conditions assessment (avaliação de condições mínimas) and hold first-phase direct elections for Municipal Presidents, Vice-Presidents, and Municipal Assemblies in qualifying municipalities in 2027, under the Local Power and Administrative Decentralization legal framework.
- Complete operational certification of the One-Stop-Shop (Balcão Único) network, bringing at least 80% of facilities in the 12 municipalities, RAEOA, and Ataúro to full delivery of the priority service package by 2027.
- Establish the formal interministerial maritime coordination mechanism for IUU reporting, enforcement, and prosecution, and complete Phase I of the national Maritime Domain Awareness (MDA) system, both by 2027.
- Establish the remaining Results Framework baselines scheduled for end-2027: average citizen processing time for priority Balcão Único transactions; municipal procurement plan implementation; procurement contract publication compliance; bilateral economic cooperation and investment protection agreements concluded; and international organization partnerships generating technical or concessional finance support.
- Implement and complete the key measures set out in the 2026-2027 Sectoral Work Plans for Timor-Leste's Priority I ASEAN legal instruments under the National AEC Implementation Roadmap (2026-2030).

Short Term (2028-2029)

- Extend the SIGAP-FOUN integrated digital HR management system beyond its current 58% coverage towards full coverage of the public administration, complete its interoperability with the GRP/FMIS, and advance integration of civil servants into the Unified Career Regime towards the $\geq 80\%$ target.

- Implement performance-based HR management systems, including annual appraisals and merit-based recruitment, across all public institutions, in line with the 100% target for merit-based performance management.
- Operationalize anti-corruption focal points, internal control plans, and functioning internal audit mechanisms across all line ministries and municipalities, building towards the $\geq 80\%$ institutional coverage target.
- Expand maritime surveillance capacity through the procurement of additional patrol vessels and F-FDTL crew training, targeting at least 120 combined patrol days per year in national maritime waters and the Exclusive Economic Zone.
- Operationalize the interministerial maritime coordination mechanism established in 2027 - delivering joint IUU reporting, enforcement, and prosecution across the Ministry of Defense, the Ministry of Interior, and MALFF - and advance the national Maritime Domain Awareness system beyond Phase I.
- Negotiate and substantively advance bilateral economic cooperation and investment protection agreements with priority partners, working towards the target of at least 3 agreements signed on a cumulative basis by 2029.
- Accede to Priority II and III ASEAN legal instruments and complete the key measures set out in the 2027-2028 Sectoral Work Plans under the National AEC Implementation Roadmap (2026-2030).
- Operationalize priority municipal own-source revenue systems, beginning with property rate systems in Dili and the four secondary cities of Baucau, Maliana, Suai, and Lospalos.

Medium Term (by 2030)

- Achieve a $\geq 60\%$ reduction in the judicial case backlog (to fewer than 1,600 pending cases) and establish functioning courts of first instance in at least three additional municipalities beyond the current four, reaching at least seven in total.
- Issue 30,000 formal land titles in priority economic corridors, closing the gap between cadastral registration and legally secure, bankable tenure.
- Standardize policy-based budget structures across 100% of line ministries ahead of full medium-term expenditure framework integration, achieve contract publication compliance of $\geq 80\%$ on the national procurement portal, and raise non-oil domestic revenue to 17.5% of GDP.
- Reach $\geq 80\%$ institutional coverage of functioning anti-corruption mechanisms.
- Integrate at least 80% of civil servants into the Unified Career Regime, bring 100% of civil servants under the SIGAP-FOUN integrated digital HR system and the new remuneration system, and publish digital service delivery roadmaps for all line ministries.

- Sustain at least 120 combined patrol days per year in national maritime waters and the Exclusive Economic Zone and reduce the estimated annual value of IUU fishing losses from approximately US\$40 million to no more than US\$15 million.
- Implement 100% of ASEAN commitments due by 2030 under the National AEC Implementation Roadmap (2026-2030) across responsible ministries and agencies, complete the key measures set out in the 2029-2030 Sectoral Work Plans, fully integrate ASEAN Community Vision 2045 priorities into national and sectoral plans, conclude at least 3 bilateral economic agreements with priority partners, and ensure that at least 70% of international organization partnerships generate recorded technical or concessional finance support for MTP priorities.
- Bring all municipalities to at least 80% achievement of their annual service delivery targets, with elected Local Power bodies operational in all 12 municipalities, RAEOA, and Ataúro, One-Stop-Shops delivering the full priority service package in 100% of facilities, and administrative overhead reduced to no more than 30% of municipal budgets.

Implementation will be coordinated by MPSI, with lead roles for the Presidency of the Council of Ministers (PCM), the Ministry of Justice, the MSA, the MOF, the Civil Service Commission (CFP), the Anti-Corruption Commission (CAC), the Ministry of Interior, the Ministry of Defense, and MFAC. All interventions will be spatially prioritized to support economic corridors and lagging municipalities.



Dili

Liquica

Aileu

Manatuto

Baucau

Lautem

Viqueque

Bobonaro

Ermera

Manufahi

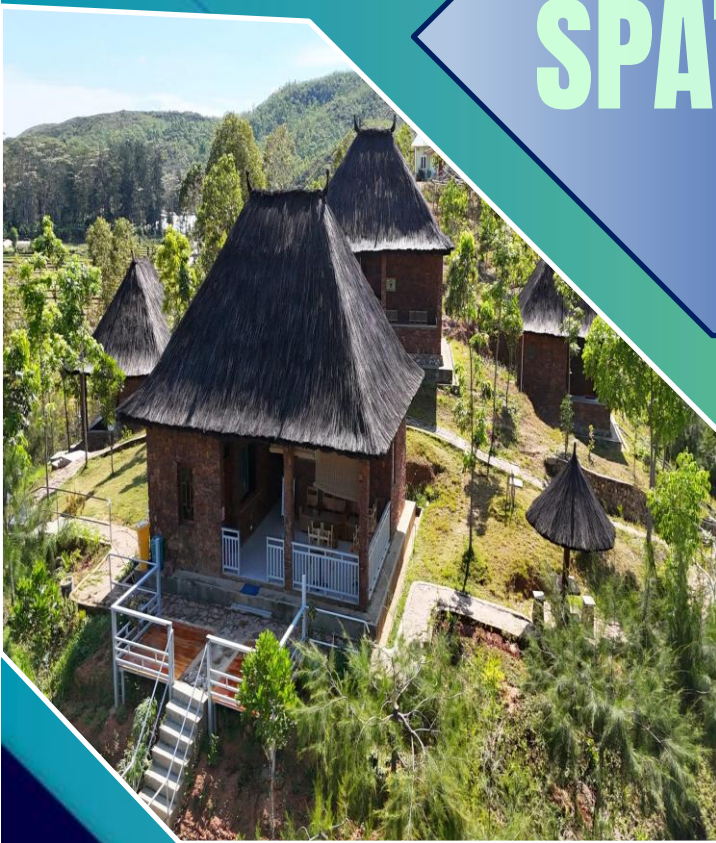
Ainaro

Cova Lima

Ambeno

CHAPTER 7

SPATIAL INTEGRATION AND HOUSING



CHAPTER 7: SPATIAL INTEGRATION AND HOUSING

7.1. Introduction and Contribution to National Priorities

Spatial planning and housing are foundational enablers of Timor-Leste's economic diversification, inclusive growth, and territorial equity. Without balanced territorial development, the economic gains of the MTP 2027-2030 risk remaining concentrated in Dili while lagging municipalities continue to face high poverty, weak connectivity, and limited productive opportunity. Without adequate, affordable, and resilient housing, a large share of Timorese households remains exposed to climate risks, poverty traps, and deteriorating living conditions.

The MTP 2027-2030 does not aim to complete all spatial and housing targets by 2030. It focuses on establishing the institutional, financial, and regulatory foundations: functional planning systems, housing finance mechanisms, a National Building Code, and demonstrated delivery models, from which a scaled and sustainable system can operate from 2031 onwards.

The pillar directly supports **National Priority on Comprehensive Land Tenure Reform and Digital Cadaster**, which underpins all housing market and spatial investment interventions. It complements the Infrastructure Pillar (Chapter 4) by ensuring public investments in roads, water, and energy are spatially guided by approved territorial plans. The pillar aligns with the National Territorial Plan (PNOT, Decree-Law 45/2023), approved Municipal Spatial Plans (PMOTs), the National Housing Roadmap (Government Resolution 42/2025), and SDG 11 (Sustainable Cities and Communities).

7.2 Strategic Issues Facing the Spatial Integration and Housing Pillar

Despite progress, significant challenges persist in achieving balanced territorial development:

- **Spatial concentration in Dili:** Dili municipality accounts for a disproportionate share of public investment, formal employment, and service access, with an estimated population of 324,000, growing through continued rural-to-urban migration⁸⁹. Secondary cities (Baucau, Maliana, Suai, Lospalos) lack planned land supply, serviced sites, and economic infrastructure to absorb growth sustainably. Eight of thirteen municipalities do not yet have approved Municipal Spatial Plans,

⁸⁹ INETL, *Population and Housing Census 2022*.

meaning urban development proceeds without formal planning guidance, land-use zoning, or risk-based controls⁹⁰.

- **Large and deepening housing quality deficits:** Nationwide, 44.1% of homes are built with non-permanent materials and 49.5% of families depend on latrines.⁹¹ The housing challenge is primarily qualitative: existing stock is largely substandard, climate-vulnerable, and built without engineering oversight. Affordability constrains formal market activity: only 10-12% of urban households can afford a developer-built home (cheapest units start at approximately US\$50,000), while approximately 75% of families can only afford housing in the US\$14,000-22,000 range: a market segment with no formal supply⁹².
- **Housing finance effectively absent:** Formal mortgage products do not exist in Timor-Leste. Total bank deposits reached US\$1.6 billion in 2024⁹³ but funds are channeled offshore rather than into domestic housing, due to land tenure insecurity limiting collateral, absent mortgage foreclosure and strata title legislation, and high workforce informality (77.3%).
- **Land tenure insecurity as a cross-cutting constraint:** Unresolved customary and state land claims, and slow titling under Land Law 13/2017, limit housing investment, constrain infrastructure development, and prevent functioning formal property markets. The operational response (systematic adjudication and legal titles, digital cadaster) is led under National Priority 1 and Chapter 6 (Institutional development), this Chapter 7 addresses the downstream housing and planning consequences.
- **Climate and Disaster Vulnerability:** Many settlements and most of the housing stock are exposed to floods, landslides, coastal erosion, and increasingly severe storm events. The 2021 floods caused an estimated US\$307.7 million in damages and losses.⁹⁴ Current construction practices, dominated by owner-built construction without minimum standards, produce housing that is neither climate-resilient nor disaster-safe.
- **Institutional fragmentation:** Mandates across MPSI, MPW, MRDCH, MOJ, and MSA are not fully aligned. The Housing Roadmap Interministerial Steering Committee (Government Resolution 42/2025) now provides the governance mechanism to address this, but full operationalization is required.

These binding constraints directly limit equitable growth, service delivery, and social cohesion.

⁹⁰ Government Decree 7/2023 (Bobonaro PMOT); Government Decree 8/2023 (Ermera PMOT); Government Decrees 4, 5 and 6/2025 (Baucau, Lautém, and Viqueque PMOTs). Decree-Law 45/2023 (National Territorial Plan -PNOT)

⁹¹ INETL, *Population and Housing Census 2022*

⁹² National Housing Roadmap, Government Resolution 42/2025, September 2025

⁹³ Banco Central de Timor-Leste (BCTL), *Annual Report 2024*

⁹⁴ Government of Timor-Leste / ADB / World Bank, *Post-Disaster Needs Assessment: April 2021 Floods, Timor-Leste, 2021*

7.3 Strategic Objectives and Pillar-Level Key Result Areas

The pillar is guided by two strategic objectives:

1. **SO1:** Achieve balanced territorial development and reduce regional disparities.
2. **SO2:** Improve access to adequate, affordable, and resilient housing.

These objectives are operationalized through four Key Result Areas (KRAs):

1. **KRA 1: National Spatial Planning and Balanced Territorial Planning** - Completes Municipal Spatial Plans (PMOTs) for all 12 municipalities and RAEOA and operationalizes the National Territorial Plan to guide balanced, risk-informed investment and land use.
2. **KRA 2: Housing Market Development and Resilient Housing** - Expands access to adequate and climate-resilient housing through government-led community programs (Uma Dignu), a PPP housing pilot (Hera), and serviced land delivery.
3. **KRA 3: Housing Finance Systems:** Develops and pilots housing loan and micro-housing finance products with commercial banks and MFIs, underpinned by the legal instruments required for mortgage security.
4. **KRA 4: Building Standards, Permitting, and Spatial Governance:** Enacts the National Building Code and deploys operational building permit and inspection systems across all municipalities.

7.4 Spatial Integration and Housing Pillar Results

Table 7.4.1: Spatial integration and housing result framework

Level	Results description
Impact	Sustainable, inclusive, and climate-resilient territorial development that reduces spatial inequalities and improves living conditions for all Timorese
Goal	Balanced spatial growth, expanding access to adequate and affordable housing, and effective land-use governance across all municipalities by 2030.
Pillar Outcomes (2030):	• Territorial development in secondary cities and lagging municipalities is increasingly guided by approved spatial plans, with public investment demonstrably aligned to approved land-use zoning rather than proceeding in an ad hoc manner. • A measurable increase in the number of Timorese households living in adequate, secure, and climate-resilient housing

	compared to 2025, with durable structures and documented land tenure. • Private and commercial capital is beginning to flow into housing: at least US\$10 million in cumulative housing lending mobilized through commercial banks and MFIs by 2030. • Construction safety is improving building permit, and inspection systems are operational and being used, with formal construction increasingly meeting the standards set in the National Building Code-
Strategic Interventions (2027-2030)	Quick Wins (2027) • Finalize and approve PMOTs for priority remaining municipalities (Dili, Covalima, Ainaro). • Launch Hera PPP competitive procurement and advance government approvals. • Pilot housing loan and micro-housing finance products with partner banks and MFIs. • Launch digital building permit system in Dili and five PMOT municipalities. • Enact National Building Code. • Finalize and gazette National Housing Policy. Short-term (2028-2029) • Complete PMOTs for at least 5 more municipalities. • Scale Uma Dignu/Uma Kain with climate-resilient standards. • Deliver serviced land packages targeting 2,500 households. • Enact mortgage foreclosure and strata title legislation. • Deploy building inspectors in all municipalities. Medium-term (by 2030) • PMOTs operational in all municipalities. • Cumulative 5,000 households benefiting from housing programs. • 12 informal settlements upgraded. • ≥80% building permit compliance. • US\$10 million in housing finance.

	Implementation led by MPSI (spatial planning), MPW (building permits and urban infrastructure), and MRDCH (community housing), with BCTL and MOF leading housing finance. Coordinated through the Housing Roadmap Interministerial Steering Committee (Government Resolution 42/2025).
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7.5 Sub-Sector Results

7.5.1 Spatial planning and urban development

Strategic Outcome: Territorial development across Timor-Leste is increasingly planned and guided: uncontrolled, hazard-exposed settlement growth is reduced, secondary cities attract productive investment, and public funds are spatially directed by approved land-use plans rather than deployed in an ad hoc manner.

Table 7.5.1: Result strategy for spatial integration and urban development

Indicator	Baseline (2025)	Target (2030)	Responsible Agencies
Number of municipalities with approved and operational PMOTs	5 (Bobonaro, Ermera, Baucau, Lautém, Viqueque)	All municipalities and RAEOA	Lead: MPSI; Support: MSA, Municipalities
Number of secondary cities implementing an urban development plan with serviced land packages and basic service connectivity	0 (no formal plans implemented)	≥4 secondary cities (Baucau, Maliana, Suai, Lospalos, and Oecusse)	Lead: MPW; Support: MPSI, Municipalities
% of major public investments (≥US\$500,000) in PMOT municipalities documented as compliant with PMOT zoning at CAFI appraisal stage ⁹⁵	Baseline from 2027	≥80%	Lead: MPSI / CAFI; Support: MPW, MOF

⁹⁵ Tracking mechanism: MPSI to incorporate PMOT compliance check into CAFI project appraisal checklist by end-2027. Annual compliance report published by MPSI.

Number of informal settlements upgraded with basic infrastructure and tenure regularization	Pilot/limited scale	At least 2 settlements upgraded	Lead: MPW / MRDCH; Support: MOJ, Municipalities
% of households in upgraded settlements with access to piped water, electricity, and all-weather road - verified 12 months after upgrading ³	0%	≥70%	Lead: MPW / MRDCH; Support: MSA

Strategic interventions 2027-2030

- **Complete and operationalize spatial plans for all the municipalities.** Prioritize preparation and approval of PMOTs for the eight municipalities without plans, starting with Dili (revised plan), Covalima, Ainaro, and Manufahi by 2028, incorporating flood-risk zoning, agricultural land protection, climate-resilient design standards, and universal accessibility requirements into every plan. Once approved, immediately activate all PMOTs through the CAFI investment appraisal requirement: no major public investment (≥US\$500,000) to proceed in a PMOT municipality without documented zoning compliance from end-2027 onwards. This is the single most important governance mechanism to prevent plans from being produced and shelved.
- **Deliver integrated urban development packages in priority secondary cities.** Design and implement investment packages for at least five secondary cities: Maliana, Suai, Baucau, Lospalos, and Oecusse, combining: serviced land supply (roads, water, sanitation, electricity, ICT to plot boundaries); public spaces and pedestrian infrastructure; and market and commercial infrastructure to support economic hub functions. Coordinate packages directly with Chapter 4 infrastructure corridor investments: specifically, BTL, EDTL, and MTC to ensure utilities reach serviced site boundaries. Introduce land pooling and subdivision regulations by 2028 to consolidate fragmented informal tenure for serviced-site delivery, piloting in at least two approved PMOT municipalities.
- **Upgrade informal settlements with basic services and tenure regularization.** Enact an Informal Settlement Upgrading Framework by 2027, establishing clear legal pathways for tenure regularization, land subdivision, and basic infrastructure provision in existing informal settlements. Target at least 2 settlements for upgrading by 2030, prioritizing flood-prone and high-density riverbank settlements in Dili and secondary cities. Coordinate with Ministry of Justice on tenure regularization as a bundled component of each upgrading package, not a separate upstream prerequisite. Measure results through verified service access surveys of beneficiary households 12 months after completion, rather than through construction completion alone.

- **Mainstream climate resilience and GEDSI across all spatial and urban investments.** Apply climate and disaster resilience standards, improved drainage, slope protection, flood-risk setbacks, to all urban infrastructure works under this KRA. Ensure universal design and accessibility standards in all new public spaces, serviced sites, and upgraded settlements. Apply GEDSI screening to all investments through the MPSI/IPU GEDSI Secretariat appraisal process. Publish annual performance reports with gender- and disability-disaggregated beneficiary data for all spatial planning and urban investments from 2028.

7.5.2 Housing Market Development and Resilient Housing

Strategic Outcome: A measurable increase in the number of Timorese households living in adequate, secure, and climate-resilient housing with government, PPP, and community-led delivery models demonstrated at pilot scale and a replication framework in place for post-2030 expansion.

Table 7.5.2: Result strategy for housing market development and resilient housing

Indicator	Baseline (2025)	Target (2030)	Responsible Agencies
Households receiving housing support through government programs Uma Dignu, Uma Kain, Hera PPP, and serviced sites, cumulative	Pilot scale ⁹⁶	At least 5,000 households	Lead: MRDCH&MPW; Support: MPSI, MOF
% of program-supported households with (i) a durable structure meeting minimum building standards and (ii) documented land tenure verified through structured follow-up survey 12 months after program completion ⁹⁷	0%	≥80% of all program recipients	Lead: MPW; Support: MRDCH, MOJ, MSA
Hera PPP operational: competitive procurement	Hera PPP project is in	Hera PPP delivering units; ≥1	Lead: MOF & MPW

⁹⁶ Uma Dignu and Uma Kain programmes are in pilot phase as of 2025; MRDCH to provide programme-level baseline count by 2027 Annual Review

⁹⁷ Measurement mechanism: MRDCH to design and budget a standardised household quality and tenure checklist for follow-up surveys as part of the National Housing Policy (see Intervention 1 below). Surveys to be conducted at 12 and 24 months post-completion for all programme cohorts. Both conditions -structural durability and tenure documentation - must be met for a household to be counted against this indicator. Counting beneficiaries without verifying what they received is an output measure, not an outcome

completed, developer selected, units under construction	preparation .	additional PPP site identified by 2030	Support: MOJ, MPSI, MRDCH;
% of Hera PPP units sold to households in the US\$14,000-50,000 target affordability bracket, verified through income documentation at point of sale ⁹⁸	Hera PPP project is in preparation .	≥70% of units delivered to target segment	Lead: MOF; Support: MPSI, MRDCH
% of all government-supported housing units built to minimum climate-resilient construction standards as defined under KRA 4 National Building Code ⁹⁹	0% (no formal standards exist yet)	≥90% of all government-supported units	Lead: MPW; Support: MRDCH, MPSI, MI-CPA

Strategic interventions 2027-2030

- **Finalize and gazette the National Housing Policy and Serviced Land Delivery Guidelines by end-2027.** This is the prerequisite for all other housing delivery interventions. Build the enabling foundation on which every other housing delivery intervention rests such as affordability definitions and target segments, eligibility and prioritization criteria, clear institutional accountability across government ministries and municipalities, a monitoring and follow-up survey mechanism for outcome tracking, and the legal and financial framework underpinning the Hera PPP housing model.
- **Advance the Hera PPP through government approvals and competitive developer procurement.** Complete the three government approvals required for Hera: CAFI endorsement, Ministry of Justice land transfer of the Hera site, and Council of Ministers approval of the resettlement plan, by end-2027. Then, launch competitive procurement for a developer with demonstrated financial capacity and technical competence in affordable housing.
- **Scale government-led community housing through Uma Dignu and Uma Kain.** Scale the MRDCH Uma Dignu program for rural and peri-urban households and the Uma Kain program, incorporating climate-resilient construction standards from KRA 4 into all new units. Coordinate site selection with approved PMOTs under KRA 1

⁹⁸ Affordability bracket based on National Housing Roadmap (Government Resolution 42/2025): the underserved market segment between self-build capacity (US\$14,000-22,000) and cheapest formal developer unit (~US\$50,000). Income verification mechanism to be specified in developer contractual obligations during procurement -this is the primary commercial safeguard ensuring the PPP serves its intended beneficiaries rather than the higher-income segment

⁹⁹ Climate-resilient standards" as defined in the National Building Code to be enacted under KRA 4 by 2028. Until the Code is enacted, MRDCH and MPW to apply interim technical guidelines for minimum structural requirements, drainage, and site-hazard compliance. All government-supported works after 2028 must reference the enacted Code.

to ensure all government housing investment respects land-use zoning, avoids flood-prone and hazard-exposed land, and aligns with serviced-site packages.

- **Establish structured technical assistance for owner-builders and secondary market upgrading.** Establish a technical assistance program delivered through municipal offices, MRDCH extension workers, and community leaders providing basic structural guidance, resilient materials information, drainage advice, and site-hazard awareness to owner-builders, particularly in lagging municipalities with high flood and landslide exposure.

7.5.3 Housing Finance Systems

Strategic Outcome: Domestic commercial capital is beginning to flow into housing: functional housing finance products are accessible to Timorese households for the first time, and the legal framework enabling mortgage security and formal property ownership is in place creating the foundation from which housing finance can scale significantly after 2030.

Table 7.5.3: Result strategy for housing finance systems

Indicator	Baseline (2025)	Target (2030)	Responsible Agencies
Number of housing loan or micro-housing finance products commercially launched with partner banks / MFIs	No formal housing finance products exist ¹⁰⁰	At least 2 products piloted (1 housing loan; 1 micro-housing finance)	Lead: BCTL / MOF; Support: MPSI, MRDCH
Cumulative volume of housing lending from commercial banks and MFIs (US\$ million)	New approved initiative (baseline 0)	US\$10 million cumulative by 2030 (pilot-phase target) ¹⁰¹	Lead: BCTL; Support: Commercial banks, MFIs
Number of households that have accessed a formal housing finance product	New approved initiative (baseline 0)	Target to be set at 2028 Medium-term Review based on first-year	Lead: BCTL; Support: Commercial banks, MFIs

¹⁰⁰ BCTL, *Financial Stability Report 2024*. No registered mortgage products or dedicated housing loan schemes exist as of 2025.

¹⁰¹ *National Housing Roadmap (Government Resolution 42/2025)*, September 2025; pilot-phase estimate based on 2 products × ~500 loans × avg US\$10,000 loan size

		pilot uptake data	
Key legal instruments enacted: mortgage foreclosure law; strata title legislation; property valuation standards	None enacted	At least 2 of 3 instruments enacted by 2030	Lead: MOJ / BCTL; Support: MOF
Average repayment tenor of housing finance products offered by pilot partner banks and MFIs as a proxy for whether products are genuinely designed for housing purchase rather than short-term personal lending ¹⁰²	No products exist	≥5 years for housing loans; ≥3 years for micro-housing finance products.	Lead: BCTL

Strategic Interventions 2027-2030

- **Design and launch housing loan and micro-housing finance products with partner institutions by 2028.** Working through the Housing Roadmap Interministerial Steering Committee and BCTL, design a housing loan product for formal-sector workers and a micro-housing finance product for informal-income households. Identify at least two commercial banks and two MFIs as delivery partners by 2027.
- **Enact the three priority legal instruments for housing finance in sequenced order.** Mortgage foreclosure law is essential foundation; without it, banks will not finance property loans; Strata title legislation enables financing of condominiums and multi-unit properties; and Property valuation standards establishes consistent methods for assessing collateral.
- **Establish a functional digital cadaster enabling bank access to verify land titles, creating a scalable collateral base for mortgage lending in priority urban areas by 2029.** Integrate land titling with the banking system by developing a digital cadaster that commercial banks can access to verify property ownership and absence of encumbrances.
- **Deliver housing finance literacy and explore policy incentives to mobilize commercial bank liquidity.** Build sustainable housing finance uptake by combining demand-side financial literacy with supply-side policy incentives. Deliver structured housing finance literacy modules through established community extension

¹⁰² Tenor length is a critical safeguard indicator. Housing loans typically require repayment periods of 10-25 years to produce affordable monthly payments at the target loan sizes. Short tenors (1-3 years) with correspondingly high monthly payments do not serve the target affordability bracket regardless of how products are labelled. BCTL to require partners to report actual tenor distributions as part of pilot monitoring

networks, municipal offices, and MFI channels to equip prospective borrowers with essential knowledge of loan terms, obligations, and tenure rights.

7.5.4 Building Standards, Permitting and Spatial Governance

Strategic Outcome: Construction across Timor-Leste is becoming progressively safer and more climate-resilient: A National Building Code sets the minimum standard; operational permit and inspection systems in all municipalities are enforcing it; and government-funded works are demonstrably meeting it reducing the structural failures and disaster losses caused by decades of unregulated construction.

Table 7.5.4: Result strategy for building standards, permitting and spatial governance

Indicator	Baseline (2025)	Target (2030)	Responsible Agencies
National Building Regulation / Code approved and gazette	None- Decree-Law 9/2022 establishes permit framework but no building standards exist	Enacted by 2028	Lead: MPW; Support: MPSI, MSA
Number of municipalities with an operational, risk-based digital building permit and inspection system	Limited / partial (Dili only, partial) ¹⁰³	All 12 municipalities and RAEOA	Lead: MPW; Support: MSA, Municipalities
% of formal permit applications processed with site inspection in target municipalities	Low (no systematic data available)	≥80% across all municipalities by 2030 (interim target: ≥60% in Dili and PMOT municipalities by 2028)	Lead: MPW; Support: MSA
% of new government-funded housing and infrastructure works meeting climate-resilient construction standards as defined in the enacted National Building Code ¹⁰⁴	0% - no standards exist against which to measure	≥90% of all government-funded works from 2028 onwards	Lead: MPW / MRDCH; Support: CPA, MPSI

¹⁰³ Decree-Law 9/2022 established the legal framework for building permits and urban development licensing; however, implementation remains limited in practice outside Dili.

¹⁰⁴ Tracking mechanism: MPSI / CAFI to incorporate a climate-resilient design compliance check into all project appraisals for government-funded works from 2027, using criteria defined in the enacted National Building Code. Interim technical guidance from MPW to apply until the Code is gazetted. This indicator is linked to the outcome in KRA 2 row 5 -the same compliance standard applies to both housing programmes and infrastructure works

Strategic Interventions 2027-2030

- **Draft and enact a simplified, context-appropriate National Building Code by 2028.** Adopt and distribute a simplified, field-enforceable National Building Code (via Ministerial Decree) paired with Tetum-language owner-builder guidelines that translate core structural, climate-resilience, and hazard requirements into actionable practices accessible to Timor-Leste's informal construction sector.
- **Establish a nationwide digital permitting system integrating automated zoning compliance checks and land tenure verification** through the digital cadaster, with full implementation across all municipalities by 2030. Deploy the digital building permit and inspection system starting in Dili and the five PMOT municipalities by 2028.
- **Train and deploy qualified building inspectors in all municipalities and establish enforcement capacity.** Develop a structured training program for municipal building inspectors covering the National Building Code, basic structural assessment, climate hazard recognition particularly flood and landslide risk indicators and enforcement procedures.
- **Mandate National Building Code compliance for all government-funded housing and infrastructure by 2028,** leveraging government projects as the primary compliance mechanism. Government control over project standards creates immediate impact, establishes market benchmarks, and generates structural performance data essential for measuring code effectiveness. Support this with two enabling actions: (1) integrate compliance requirements into the MPSI/CAFI project appraisal checklist, and (2) operationalize a post-disaster building inspection protocol by 2027 to systematically capture structural failure data from 2028 onwards.

7.6 Spatial Integration and Housing KPIs and Targets

Table 7.6.1: Spatial integration and housing Pillar KPIs and Target

Indicator	Baseline (2025)	Target (2030)
Municipalities with approved and operational PMOTs	5	13 (All)
% of major public investments in PMOT municipalities compliant with PMOT zoning (at appraisal)	At appraisal	≥80%
Informal settlements upgraded with basic infrastructure and tenure regularization	Pilot	2

% of upgraded settlement households with piped water, electricity, and all-weather road access (verified 12 months post-completion)	0%	≥70%
Households receiving support through government housing programs (cumulative)	Pilot	At least 5,000
% of program-supported households with durable structure + documented land tenure	0%	≥80%
Housing finance products commercially launched (housing loan + micro-housing finance)	0	At least 2
Cumulative housing lending volume -commercial banks and MFIs (US\$ million)	~0	US\$10 million
Municipalities with operational building permit and inspection systems	NA	All 13
% of permit applications receiving on-site inspection and compliance sign-off	0%	≥80%

7.7 Quick Wins, Phased Priority Interventions, Implementation Arrangements, and Spatial Priorities

Quick Wins (2027)

- Advance Hera PPP and launch competitive developer procurement by end-2027: the highest-impact early action for demonstrating housing market viability.
- Finalize and gazette the National Housing Policy, Serviced Land Delivery Guidelines, and Informal Settlement Upgrading Framework by end-2027.
- Initiate PMOT preparation for the eight remaining municipalities, prioritizing Dili and Covalima by end-2028.
- Launch the digital building permit system in Dili and the five PMOT municipalities, and draft the National Building Regulation, by end-2028.
- Pilot housing loan and micro-housing finance products with at least two commercial banks and two MFIs by end-2028.

Short-term (2028-2029)

- Complete PMOT preparation for at least 5 of the 8 remaining municipalities, including Dili.
- Scale Uma Dignu and Uma Kain community housing programs with climate-resilient standards; deliver serviced land packages targeting 2,500 households.

- Enact mortgage foreclosure law and strata title legislation; deploy building inspectors in all municipalities.
- Identify and initiate preparation of at least one additional PPP housing site in a secondary city.

Medium-term (by 2030)

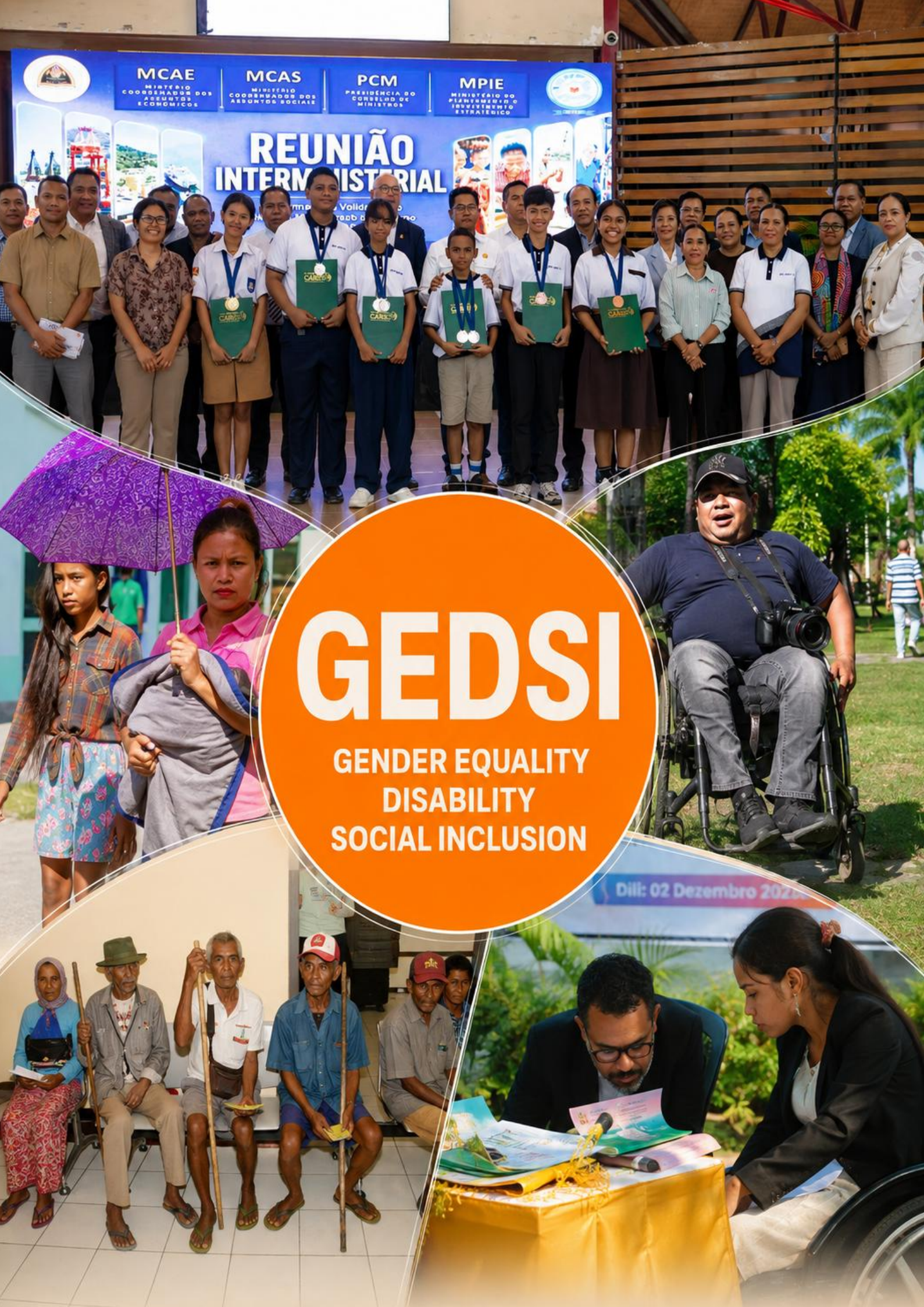
- All 12 municipalities and RAEOA with approved and operational PMOTs guiding investment and building control.
- 5,000 households cumulatively benefiting from housing programs; 2 informal settlements upgraded.
- Operational building permit systems with $\geq 80\%$ compliance in all municipalities.
- US\$10 million in cumulative housing finance lending; Hera PPP delivering units with replication framework in place.

Implementation will be led by MPSI (spatial planning and PMOT preparation), MPW (building permits, urban infrastructure, and informal settlement upgrading), and MRDCH (community housing programs), with BCTL and Ministry of Finance leading housing finance. The Housing Roadmap Interministerial Steering Committee (Government Resolution 42/2025), co-chaired by MPSI and MRDCH with Finance, Justice, Public Works, State Administration, and Social Solidarity, provides cross-ministry governance. All spatial and housing investments will prioritize lagging municipalities and GEDSI standards in beneficiary targeting and reporting. Spatial priorities sequence by PMOT coverage: Dili and the five existing PMOT municipalities first (2027), then remaining municipalities as their plans are approved (2028-2030). Secondary city development concentrates on Maliana, Suai, Baucau, Lospalos, and Oecusse-Ambeno.

CHAPTER 8

Mainstreaming Cross-Cutting Issues: GEDSI, Climate Change, and Environment





GEDSI

GENDER EQUALITY
DISABILITY
SOCIAL INCLUSION

Dill: 02 Dezembro 2020

Preface



The Medium-Term Plan (MTP) 2027-2030 reaffirms the Government of Timor-Leste's commitment to building a nation where development is inclusive, equitable, and leaves no one behind. As we pursue sustainable economic growth and national prosperity, Gender Equality, Disability and Social Inclusion (GEDSI) must remain at the heart of public policy, planning, budgeting, and service delivery to ensure that every citizen has equal opportunities to participate in and benefit from development.

Timor-Leste has made significant progress in advancing gender equality and social inclusion. The Government has strengthened the legislative and policy framework through the Constitution, the National Action Plan for Persons with Disabilities (2021-2030), the Maubisse Declaration III (2023-2028), and the integration of Gender-Responsive Budgeting (GRB) and GEDSI markers into the Public Financial Management System. Women are also making greater contributions to economic development, representing 43.2% of registered MSMEs, while 36 of the 132 ministries and agencies have begun applying the GEDSI Marker and GRB tools in their planning and budgeting processes.

Despite these achievements, important challenges remain. Women's labor force participation stands at 24.2%, compared with 36.9% for men. Persons with disabilities continue to face barriers in accessing education, employment, infrastructure, and public services, while many vulnerable and marginalised groups remain excluded from opportunities to fully participate in national development. Addressing these disparities requires stronger institutional commitment and more systematic mainstreaming of GEDSI across all sectors and levels of government.

This chapter provides a strategic framework for embedding GEDSI into government policies, programmes, budgets, and public investment. It promotes the systematic application of Gender-Responsive Budgeting, the institutionalisation of GEDSI and disability markers, universal accessibility standards for public infrastructure, and inclusive planning, implementation, and monitoring systems. Together, these measures will strengthen accountability and ensure that development investments contribute to greater equality, participation, and shared prosperity.

Achieving these ambitions requires strong leadership, effective coordination, and partnerships among government institutions, municipalities, development partners, civil society organisations, organisations of persons with disabilities, the private sector, and communities. Through collective action, we can expand opportunities for women, youth, and persons with disabilities in education, entrepreneurship, employment, and leadership while strengthening social cohesion, economic resilience, and good governance.

Let us continue working together towards a Timor-Leste where dignity, equality, and opportunity are guaranteed for all, ensuring that no one is left behind in our journey towards a stronger, more inclusive, and more prosperous nation.



Elvina Sousa Carvalho
Secretary of State for Equality

CHAPTER 8: MAINSTREAMING CROSS-CUTTING ISSUES

(GEDSI, Climate Change, and Environment)

8.1 Introduction and Contribution to National Priorities

Cross-cutting issues are integral to the success of all pillars in this MTP 2027-2030. Gender Equality, Disability and Social Inclusion (GEDSI) and climate change and environmental sustainability must be systematically mainstreamed across every sector to ensure that development is inclusive, equitable, and resilient. Youth-specific programming is addressed substantively in Chapter 5 (Social and Human Capital Development, KRA 3) through MJDAC's youth development agenda; this chapter ensures youth considerations are embedded as a disaggregation and design requirement across GEDSI and climate interventions, working in coordination with Chapter 5.

This chapter provides a unified strategic framework for mainstreaming GEDSI and climate resilience so that economic diversification, infrastructure, human capital, and institutional development deliver benefits for all Timorese people, especially the most vulnerable, while protecting the environment for future generations.

8.2 Strategic Issues in Cross-Cutting Areas

8.2.1 Gender, Equality, Disability and Inclusion (GEDSI)

Despite significant progress in establishing an enabling policy and legal framework, Timor-Leste continues to face persistent gender inequalities, deep-rooted socio-cultural barriers, and the exclusion of persons with disabilities and other marginalized groups. While the Constitution guarantees gender equality and the rights of persons with disabilities, and the *Maubisse* Declaration III (2023-2028) provides a strategic framework for the economic empowerment of rural women and persons with disabilities, implementation gaps remain across sectors. Women's labor force participation, at 24.2% compared to a male rate of 36.9%¹⁰⁵, remains among the lowest in Southeast Asia. Land tenure security for women also remains constrained, an issue directly addressed through the joint and individual land title registration provision now embedded in Chapter 6, KRA 1. Despite increasing connectivity, only about 35%¹⁰⁶ of the population used the internet in 2024, and digital literacy assessments highlight the need to strengthen digital skills among women, youth, low-income households, and rural communities to support financial inclusion and inclusive economic growth¹⁰⁷.

¹⁰⁵ INETL Labour Force Survey 2021

¹⁰⁶ Data Reportal/ITU

¹⁰⁷ UNCDF (2023) *Assessing Digital and Financial Literacy in Timor Leste: A Survey on Knowledge, Skills and Access*

To bridge this gap, the Government has integrated Gender-Responsive and Budgeting (GRB) into the Public Financial Management System. The Disability National Action Plan (2021 - 2030) introduces a disability marker intended to enhance monitoring and mainstream disability inclusion across line ministries, though the rollout and active use of this marker is not yet systematically tracked.

8.2.2 Climate Change, Biodiversity, Pollution Control, and Environmental Sustainability.

Timor-Leste is highly vulnerable to climate-induced hazards, including severe floods, prolonged droughts, landslides, and sea-level rise, environmental degradation driven by unsustainable land use, deforestation, and pollution. An integrated vulnerability assessment covering 122 villages found that many communities continue to face inadequate access to clean water, low household incomes, limited agriculture infrastructure, and environmental degradation. Timor-Leste's response is anchored in its 2026 updated Nationally Determined Contribution (NDC) and the National Adaptation Plan (NAP), which priorities climate risk governance; nature-positive growth and transition; low carbon development; and climate adaptation and resilience building across key sectors, including infrastructure, biodiversity, health, agriculture, water and sanitation, disaster risk reduction, and tourism, forms the strategic adaptation component of the NDC. Sustainable use of natural resources needs attention to mitigate risks of air and water pollution, especially around urban growth, transport, manufacturing and agricultural development, and waste management.

Moreover, Timor-Leste endowed with rich terrestrial and marine biodiversity, including globally significant forests, coral reefs, mangroves, and freshwater ecosystems. These ecosystems support food security, livelihoods, cultural heritage, and climate resilience. However, biodiversity is increasingly threatened by land-use change, unsustainable resource use, invasive species, pollution, and climate change. To address these challenges, the Government has updated the National Biodiversity Strategy and Action Plan (NBSAP) 2026-2030, which provides the national framework for biodiversity conservation and the integration of ecosystem management into sustainable development. Timor-Leste is a Party to the Convention on Biological Diversity (CBD) and has ratified the Agreement on the Establishment of the ASEAN Centre for Biodiversity and the ASEAN Agreement on Trans-boundary Haze Pollution, reaffirming its commitment to biodiversity conservation, sustainable development, and strengthened environmental governance through improved pollution monitoring, enforcement, and the application of the polluter-pays principle. Climate Change, Biodiversity, Pollution and Environmental Sustainability.

8.3 Strategic Objectives and Key Result Areas

The Mainstreaming cross-cutting issues is guided by two Strategic Objectives (SOs) and three Key Results Areas (KRAs)

1. SO1: Ensure inclusive, equitable, and gender-responsive development by embedding GEDSI frameworks into public financial management, economic sectors, and infrastructure planning to leave no one behind.
2. SO2: Strengthen national resilience to climate-induced hazards and promote environmental sustainability through climate adaptation, ecosystem restoration, climate-proofed infrastructure, sustainable natural resource management, pollution control and localized disaster-risk management, in alignment with Timor-Leste's NDC 3.0 commitments National Adaptation Plan (NAP).

These objectives are operationalized through 3 Key Result Areas (KRAs):

1. **KRA 1: GEDSI Institutionalisation and Sectoral Mainstreaming** - Systematic integration of gender-responsive budgeting and social inclusion tracking markers in policies, budgets, programmes, and monitoring.
2. **KRA 2: Climate Adaptation, Environmental Governance, Disaster Risk Reduction, and Community Resilience** - Strengthened national resilience to climate change and disaster risk, through integrated climate adaptation, disaster risk reduction, and sustainable natural resource management to aligned with the NAP and NDC 3.0.
3. **KRA 3: Biodiversity Conservation, Pollution Control and Sustainable Ecosystem Management** - enhanced conservation, restoration, and sustainable management of terrestrial and coastal ecosystems through biodiversity protection, ecosystem restoration, pollution control and traditional conservation practices (*Tara Bandu*), and the development of conservation infrastructure, aligned with the National Biodiversity Strategy and Action Plan (NBSAP) 2026-2030.

8.4 Cross-Cutting Pillar Results Framework

Level	Result Description
Impact	Inclusive, equitable, climate-resilient, environmentally sustainable national development and disaster resilient Timor-Leste that ensures balanced development and eliminates regional disparities and structural inequalities.
Goal	Equitable access to opportunities, resources and reduced socioeconomic vulnerabilities through inclusive governance, climate resilience, biodiversity conservation, and sustainable environmental management for all citizens, particularly women, youth, persons with disabilities by 2030.
Pillar Outcomes (2030)	GEDSI markers and gender-responsive budgeting operating across all sectoral ministries, with infrastructure increasingly certified for accessibility before funding approval.

	• Women, youth, and persons with disabilities participating more fully in education, formal employment, MSME ownership, and credit access. • All 12 municipalities and RAEOA implement inclusively climate adaptation and disaster risk reduction measures, resulting in resilience community, strengthened local adaptive capacity, reduced climate related risk and growing share of infrastructure built to combined climate-resilience and accessibility standards. • Terrestrial, freshwater, coastal, and marine ecosystems are restored and sustainably managed, enhancing biodiversity, ecosystem services, and climate resilience while supporting sustainable livelihoods and community-based conservation using traditional “<i>Tara Bandu</i>” practices, the establishment of biodiversity conservation infrastructure, including a national crocodile conservation park, and implementation of the National Biodiversity Strategy and Action Plan (NBSAP) 2026-2030.5. • Environmental quality is improved through effective pollution prevention and control, sustainable waste management, and inclusive, climate-resilient infrastructure that support healthy communities and sustainable development. • Disaster early warning systems and reforestation programmes reducing exposure and restoring watersheds, with measurable benefit-sharing to women and marginalized youth.
Strategic Interventions	Quick wins (2027) • Establish GEDSI Secretariat under MPSI-IPU to enable systematic screening of major infrastructure projects to ensure infrastructure compliance with GEDSI principles. Institutionalise GRB/GEDSI marker across line ministries. • Finalise costed municipal climate adaptation plans for all 12 municipalities and RAEOA. • Develop and adopt regulations and guidelines supporting climate adaptation, pollution control, biodiversity conservation, and environmental management, including strengthening “<i>Tara Bandu</i>”. • Establish pilot community-based climate adaptation and environmental management initiatives in priority vulnerable villages. Launch pilot Green Schools, Green Villages, and Blue Economy initiatives. • Establish community tree nurseries and begin production of indigenous and climate-resilient seedlings. Complete the

	establishment of the Crocodile Conservation Park and Flora & Fauna Conservation Centre. Establish disaster early warning baseline. Lead: MPSI/IPU GEDSI Secretariat, Ministry of Tourism and Environment. Short-term (2028-2029): • Full GRB/GEDSI marker application across sector ministries. • Expand inclusive employment, Scale climate-resilient infrastructure standard enforcement. • Scale up community-based climate adaptation initiatives across municipalities. • Expand Green Schools, Green Villages, and Blue Economy initiatives nationwide. • Strengthen community-based environmental governance through implementation of <i>Tara Bandu</i> and environmental regulations. • Expand reforestation and ecosystem restoration programmes using seedlings produced by community nurseries. • Expand and roll out sustainable agroforestry programmes with benefit tracking for women, youth, persons with disabilities (PWDs), and local communities. • Expand clean cooking stove programmes in priority municipalities. Medium-term (by 2030) • 100% GRB/GEDSI marker application. • All priority infrastructures certified to combine standards. • Municipal climate adaptation plans complete in all 12 municipalities and RAEOA. • Achieve full implementation of municipal climate adaptation plans across all municipalities and RAEOA. • Sustain biodiversity conservation, pollution control, and ecosystem restoration programmes through strengthened institutional and community management systems. Operationalize community nurseries in all municipalities to support long-term reforestation and agroforestry programmes. • Mainstream sustainable agroforestry and climate-smart land management nationwide. Institutionalize Green Schools, Green
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	Villages, Blue Economy, and clean cooking initiatives as part of municipal environmental programmes. 1,000 hectares reforested with ≥40% benefit-sharing. PWD education completion, PWD job allocation. Strengthen monitoring, evaluation, and reporting of NDC and NAP implementation and environmental outcomes.
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8.5 Results Framework by Key Result Area

8.5.1 GEDSI

Strategic Outcome: GEDSI markers and gender-responsive budgeting are functioning across government, infrastructure investment is increasingly certified accessible before funding approval, and women, youth, and persons with disabilities are participating more fully in education, employment, and the formal economy.

Indicator	Baseline (2025)	Target (2030)	Responsible Agencies
% of sectoral ministries applying the GEDSI Marker and GRB tools	36 from 132 Line Ministries. State Secretariats, AA and Municipal Administrations	100%	Lead: SSE; Support: MPSI, MOF
% of line ministries actively using the disability marker in planning/budget submissions	10 from 132 line ministries. State Secretariats, AA and Municipal Administrations	100%	Lead: SSE; Support: MOF, MSSSI, MPSI
% of public infrastructure projects certified compliant with Universal Accessibility and Safety Design Standards prior to funding approval	<10%	100%	Lead: MPSI Support: MPW, MTC, MOF, SSE
Completion/transition rate of secondary and TVET education by PWDs, disaggregated by gender and age	~15%	≥60%	Lead: MOE Support: SEFOPE, SSE

% of new formal private-sector jobs filled by PWDs	Low	≥1% of the 5,000-7,000 annual jobs target (Chapter 3 KRA 6)	Lead: CMEA/SEFOPE Support: SSE
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Strategic Interventions 2027-2030

- **Institutionalize GEDSI and disability budget markers across all sectors:** Enhance the implementation of GEDSI budgeting markers and the disability marker across all line ministry plans and budgets, transforming them from reporting requirements into compliance criteria that guarantee explicit public funding allocations. Lead: Ministry of Planning and Strategic Investment (MPSI) - Integrated Planning Unit (IPU) GEDSI Secretariat and the Ministry of Finance (MoF); Support: Secretary of State for Equality (SSE).
- Establish the GEDSI Secretariat and mandatory infrastructure screening: Establish the GEDSI Secretariat under IPU/MPSI, empowered with mandatory assessment and compliance approval authority over the national infrastructure life cycle.
- Roll out GEDSI screening tools for all new infrastructure projects, including procurement quotas for women-owned enterprises. Lead: MPSI GEDSI Secretariat; Support: Ministry of Public Works (MPW), Ministry of Transport and Telecommunication (MTC) and Ministry of Finance (MoF)
- Expand inclusive economic participation: Expand inclusive employment and entrepreneurship programs targeting women, persons with disabilities, and rural youth, linked to the SME Credit Guarantee Scheme (Chapter 3) and TVET pathways for persons with disabilities (Chapter 5). Lead: Ministry of Coordinating Ministry for Economic Affairs (CMEA); Support: Secretary of State for Equality (SSE), Timor-Leste National Bank (TLNB), Institute for Business Development Support (IBDS).
- Expand digital literacy and inclusion programs: Expand digital literacy and digital public service access targeting women, persons with disabilities, and rural communities, building on Chapter 4 connectivity gains. Lead: Ministry of Transport and Telecommunication (MTC); Support: Secretary of State for Equality (SSE), Ministry of Education (MoE).

8.5.2 Climate Change, Biodiversity, Pollution Control and Environmental Sustainability Management

Strategic Outcome: All the municipalities have strengthened climate adaptation and environmental sustainability through inclusive climate adaptation implementation, climate-resilient and environmentally compliant public infrastructure, disaster risk reduction, biodiversity conservation, pollution control, reforestation ecosystem restoration and agroforestry enhancing environmental resilience and sustainable livelihoods while

equitable benefit-sharing to women and marginalized youth, in alignment with Timor-Leste's Nationally Determined Contributions (NDC) and National Action Plan (NAP) commitments.

Table 8.5.2 Result matrix of Climate Adaptation, Environmental Governance, Reforestation, Sustainable Agroforestry, and Disaster Resilience

Indicator	Baseline (2025)	Target (2030)	Responsible Agencies
Cumulative hectares of degraded land reforested, with at least 40% of green jobs and economic benefits accruing to women and marginalized youth	300 hectares	1,000 hectares (250/year)	Lead: MALFF; Support: MTE
Cumulative hectares under sustainable agroforestry programs implemented with women, youth, PWDs, and local communities	50 ha	800 ha across all municipalities	Lead: MALFF; Support: MTE
Number of community tree nurseries established and operational, producing seedlings for reforestation and sustainable agroforestry programs.	4 (Maubara, Viqueque, Lautem and Manufahi)	13	Lead: MALFF; Support: MTE
% of municipalities with approved and implemented climate adaptation plans that aligned with National Determined Contribution (NDC) and National Adaptation Plan (NAP) through the inclusive and participation of local authorities, with women, youth, and People with Disabilities (PWD).	(112 village IVA (25% implemented)	All 12 municipalities and RAEOA	Lead: MTE; Support: MPSI, SSE, Municipalities
% of National Adaptation Plan (NAPA) Priority Actions completed	40%	80%	Lead: MTE; Support: LMs
% of new priority infrastructure built to combined environmental, climate/disaster-resilience and universal accessibility standards (GEDSI-compliant)	<10%	100%	Lead: MPW/MTC; Support: MPSI

# of Community-based climate adaptation and Environmental management initiatives are established and operational in targeted villages.	Green Schools/Villages: 4	Green School and Village 16	Lead: MTE; Support: MOE
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Strategic Interventions 2027-2030

- Finalize costed, inclusive municipal climate adaptation plans: Finalize costed municipal climate adaptation plans across all 12 municipalities and RAEOA, ensuring high-risk zones are prioritized through participatory vulnerability mapping engaging women, youth, and local Disabled People's Organizations (OPDs). Align with NAP priority sectors and NDC commitments. Lead: Ministry of Tourism and Environment; Support: Ministry of Planning and Investment and Municipalities.
- Institutionalize combined environmental, climate-resilience and accessibility standards: Mandate MPSI-IPU GEDSI screening clearance and universal physical design compliance, applying a single combined certification standard. Lead: MPSI-IPU; Support: Ministry of Public Works, Ministry of Transport and Communication, and Ministry of Finance.
- Expand and scale up community-based climate adaptation and environmental management initiatives: Restore degraded ecosystems, protect watersheds and coastal areas, promote sustainable natural resource management, strengthen community resilience to climate change and disasters, reduce pollution, and enforce compliance with national environmental regulations. Lead: Ministry of Tourism and Environment. Support: Secretary of State for Equality, Municipal Authorities, and Community Organizations.
- Increase the participation and equitable benefits of women, marginalized youth, and persons with disabilities (PWDs): Develop and implement inclusive participation and benefit-sharing mechanisms to ensure women, marginalized youth, and persons with disabilities (PWDs) actively participate in and benefit from climate adaptation, biodiversity conservation, ecosystem restoration, and sustainable natural resource management programs through capacity building, employment opportunities and community leadership. Lead: Ministry of Tourism and Environment; Support: Secretary of State for Equality, Municipal Authorities, and relevant ministries.
- Strengthen community-based forest and agroforestry management: Scale up community-led reforestation and sustainable agroforestry programs by restoring degraded forests and watersheds, establishing community nurseries, engaging multi-stakeholder partnerships to conserve biodiversity and enhance environmental management. Lead: Ministry of Agriculture, Livestock, Fisheries and Forestry (MLFF). Support: Ministry of Tourism and Environment.
- Provide community micro-grants and strengthen secure land-use: Arrangements for women, youth, and local communities to support reforestation, agroforestry,

watershed restoration, and nature-based disaster risk reduction. Lead: Ministry of Agriculture, Livestock, Fisheries and Forestry (MLFF). Support: Ministry of Tourism and Environment, Support: Secretary of State for Equality.

- Green Schools and Green Villages: Scale up Green Schools, Green Villages, and Blue Economy initiatives in all municipalities to strengthen environmental awareness, community stewardship, sustainable livelihoods, and climate resilience. Lead: Ministry of Tourism and Environment Support: Ministry of Agriculture, Livestock, Fisheries and Forestry (MLFF), Secretary of State for Equality.

8.5.3 Biodiversity Conservation, Pollution Control and Environmental Sustainability Management

Strategic Outcome: Biodiversity and terrestrial and coastal ecosystems are conserved, restored, and sustainably managed through strengthened environmental governance, ecosystem restoration, traditional conservation practices (Tara Bandu), pollution control, and community participation.

Table 8.5.3 Biodiversity Conservation, Pollution Control and Environmental Sustainability Management

Indicator	Baseline	Target	Responsible Agency
Number of biodiversity conservation and ecosystem restoration initiatives implemented	46 marine, terrestrial, and coastal conservation areas established and under conservation	All 46 marine, terrestrial, and coastal conservation areas strengthened.	Lead: MTE; Support: MALFF
Number of traditional conservation (Tara Bandu) initiatives strengthened	27 areas (18 terrestrial, 9 marine) 18 terrestrial and 9 marine area implemented	40 areas	Lead: MTE; Support: MALFF
% of national developed and approved to comply with environmental regulations and standards for pollution control and the management of ozone-depleting substances and to control air,	5 laws	Climate Change Basic Law, Environmental Standards Decree-Law, and Pollution Control Decree-	Lead: MTE; Support: MALFF

water, soil, and noise pollution		Law developed and approved.	
# of municipalities implementing pollution control measures (air, water, soil and noise)	11 municipalities have implemented air quality and noise monitoring.	12 Municipalities and RAEOA	Lead: MTE; Support: MCAE
# of establishment of crocodile park conservation, Establishment of infrastructure for flora and fauna	DED tender stage	Crocodile park and Flora and Fauna conservation Centre Established	Lead: MTE; Support: MALFF

Strategic Interventions 2027-2030

- Strengthen biodiversity conservation and ecosystem restoration: by expanding protected areas, restoring degraded ecosystems, and conserving priority flora and fauna through community participation and sustainable natural resource management. Lead: Ministry of Tourism and Environment; Support: Ministry of Agriculture, Livestock, Fisheries and Forestry.
- Institutionalize traditional conservation practices (*Tara Bandu*) and strengthen pollution control through improved environmental governance, enforcement of environmental regulations, and integrated management of air, water, soil, and noise pollution. Lead: Ministry of Tourism and Environment; Support: Ministry of Agriculture, Livestock, Fisheries and Forestry

8.6 Cross-Cutting Pillar KPIs and Targets

Indicator	Baseline (2025)	Target (2030)
% of sectoral ministries applying GEDSI Marker and GRB tools	36 from 132 Line Ministries, State Secretaries and Autonomous Agencies and Municipalities.	100%
% of public infrastructure certified compliant with Universal Accessibility Standards	<10%	100%
Completion/transition rate of secondary/TVET education for PWDs	~15%	≥60%

Indicator	Baseline (2025)	Target (2030)
% of municipalities with approved, inclusively developed climate adaptation plans	Low	All 12 municipalities and RAEOA
% of new priority infrastructure built to combined environmental, climate-resilience and accessibility standards	<10%	100%
Cumulative hectares reforested, with ≥40% benefit-sharing to women/marginalized youth	300	1,000 hectares
Sustainable agroforestry programs with women, youth, PWDs and local communities	50ha	800 hectares

8.7 Quick Wins, Phased Priority Interventions, Implementation Arrangements, and Spatial Priorities

Quick Wins (2027)

1. Gender Equality, Disability and Social Inclusion (GEDSI):

- Institutionalize GRB and the GEDSI/disability marker across all line ministries and agencies -including SSE/MPSI clarification of whether these are one instrument or two.
- Establish the GEDSI Secretariat under MPSI-IPU, with national coordination and compliance authority.
- Introduce mandatory GEDSI screening and universal accessibility assessment for all new priority infrastructure projects before funding approval.
- Develop national guidelines and capacity-building programs on inclusive planning, procurement, and infrastructure design.
- Launch digital literacy and digital public service initiatives targeting women, youth, persons with disabilities, and rural communities.

2. Climate Change, Biodiversity, Pollution Control and Environmental Sustainability Management

- Finalize costed municipal climate adaptation plans across all 12 municipalities and RAEOA, prioritizing high-risk zones. Establish the baseline for disaster early warning system coverage by municipality, identifying current gaps.

- Develop and enact priority legislation and regulations on climate change, environmental standards, pollution control, and biodiversity conservation.
- Strengthen community-based environmental governance by developing and implementing guidelines to institutionalize “*Tara Bandu*” and other local conservation practices for biodiversity conservation and sustainable natural resource management.
- Commence construction of the Crocodile Conservation Park and Flora & Fauna Conservation Centre.
- Install hazardous waste treatment facilities for liquid and solid waste in Dili, Baucau, and Bobonaro.
- Construct sludge oil storage and treatment facilities in RAEOA Oecusse and Atauro to reduce marine pollution.
- Install crocodile hazard warning signage in identified high-risk areas (Lautém, Baucau, Viqueque, and Dili) Launch Green Schools, Green Villages, and Blue Economy initiatives in priority municipalities.
- Establish community tree nurseries to supply seedlings for reforestation and agroforestry programs.
- Continue installing seawater desalination systems in water-scarce communities identified through the Integrated Vulnerability Assessment (IVA).

Short-term (2028-2029)

1. Gender Equality, Disability and Social Inclusion (GEDSI):

- Achieve full implementation of GRB and GEDSI Marker across all sector ministries.
- Expand inclusive employment and entrepreneurship programs for women, youth, and persons with disabilities, linked to the SME Credit Guarantee Scheme.
- Strengthen public procurement mechanisms by prioritizing eligible women-owned and women-led enterprises in government contracting opportunities.
- Strengthen monitoring and reporting of GEDSI indicators, resolving the data quality gaps identified in this document.

2. Climate Change, Biodiversity, Pollution Control and Environmental Sustainability Management

- Scale up environmentally sustainable, climate-resilient, disaster-resilient, and GEDSI-compliant public infrastructure across the transport, water, health, education, and other priority sectors by integrating environmental, climate resilience, disaster risk reduction (DRR), and universal accessibility standards into planning, design, construction, and maintenance.
- Implement municipal climate adaptation plans across all 12 municipalities and RAEOA, expanding community-based climate adaptation and environmental

management initiatives in climate-vulnerable communities, consistent with the National Adaptation Plan (NAP) and Nationally Determined Contribution (NDC)

- Continuing the installation of seawater desalination systems to provide safe drinking water in water-scarce and climate-vulnerable communities identified through the Integrated Vulnerability Assessment (IVA).
- Expand and institutionalize “*Tara Bandu*” and other local conservation practices across municipalities to strengthen biodiversity conservation, ecosystem restoration, and sustainable natural resource management.
- Expand reforestation, biodiversity conservation, ecosystem restoration, and sustainable agroforestry programs through climate-smart agriculture, sustainable land management, community tree nurseries, and restoration of degraded terrestrial and coastal ecosystems, ensuring the active participation and equitable benefits of women, youth, persons with disabilities (PWDs), and local communities.
- Strengthening implementation of pollution control measures for air, water, soil, and noise and nature-positive growth commitments.
- Strengthening pollution prevention and control by implementing integrated measures to improve air, water, soil, and noise quality, strengthening environmental governance and regulatory compliance, and promoting nature-positive and low-carbon development.

Medium-term (by 2030)

1. Gender Equality, Disability, and Social Inclusion (GEDSI):

- Achieve 100% application of GRB and GEDSI Marker across government.
- Ensure all priority public infrastructure complies with combined Universal Accessibility and climate-resilience standards.
- Demonstrate measurable improvements in women's MSME ownership, PWD education completion, and PWD employment allocation.

2. Climate Change, Biodiversity, Pollution and Natural Resource Sustainability Management

- Complete municipal climate adaptation plan implementation in all 13 municipalities.
- Achieve full implementation of climate adaptation plans across all municipalities and RAEOA.
- Ensure all priority public infrastructures comply with environmental, climate resilience, and universal accessibility standards.
- Achieve nationwide implementation of community-based climate adaptation and environmental management initiatives.
- Achieving national disaster early warning system coverage across all 13 municipalities.
- Achieve 1,000 hectares reforested, with ≥40% of economic benefits allocated to women and marginalized youth. Report Timor-Leste's NDC and NAP implementation progress as part of the MTP's 2030 end-term evaluation.

- Achieve national targets for reforestation, ecosystem restoration, and sustainable agroforestry.
- Operationalize community tree nurseries in all municipalities.
- Fully operationalize the Crocodile Conservation Park and Flora & Fauna Conservation Centre
- Institutionalize Green Schools, Green Villages, Blue Economy, and clean cooking initiatives nationwide.

Implementation will be led by MPSI (through the new IPU GEDSI Secretariat) and the Ministry of Tourism and Environment, in close coordination with SSE, MALFF, relevant line ministries, and municipalities. All actions will prioritise lagging municipalities and vulnerable groups, with explicit coordination with Chapter 5 (youth programming via MJDAC) and Chapter 6 (land tenure gender provisions).





CHAPTER 9

MONITORING, EVALUATION AND REPORTING

Integrated Medium-Term Plan (MTP) 2027-2030

A Results-Oriented Framework for Accountability,
Learning and Impact



RESULTS-FOCUSED

Track progress and achieve
measurable outcomes



ACCOUNTABLE & TRANSPARENT

Strengthen accountability through
credible data and public reporting



INCLUSIVE & EQUITABLE

Disaggregated data by sex, disability,
age and municipality



INTEGRATED & SIMPLE

Aligned with existing systems and
linked to planning and budgets



ADAPTIVE & LEARNING

Use evidence for learning,
decisions and improvement



ANNEX 1

Comprehensive Results Framework
for the MTP 2027-2030



ANNEX 2

Indicator Metadata Reference
Definitions, Calculation Methods, Data Sources,
Frequency and Custodians



CHAPTER 9: MONITORING, EVALUATION AND REPORTING

9.1 Introduction

The Integrated MTP 2027-2030 requires a robust, practical, and results-oriented Monitoring and Evaluation (M&E) system to track progress, ensure accountability, support learning, and enable timely corrective actions by the Council of Ministers, line ministries, municipalities, development partners, and civil society.

This chapter establishes the overall M&E framework, institutional arrangements, key performance indicators, reporting mechanisms, and capacity requirements to support effective implementation of the MTP. The system is designed to be simple, integrated with existing government systems, and directly linked to decision-making and budget processes.

This chapter operationalizes **Annex 1: Comprehensive Results Framework for the MTP 2027-2030**, which contains the consolidated indicator set referenced throughout this chapter, and is accompanied by **Annex 2: Indicator Metadata Reference**, which provides the precise definition, calculation method, data source, collection frequency, and responsible custodian for every indicator in the MTP.

9.1.1 Purpose and Principles of the M&E System

The M&E system will:

- Track progress against the MTP's strategic objectives, pillar outcomes, KRAs, and indicators.
- Provide credible, timely, and actionable information for high-level oversight and adaptive management.
- Strengthen accountability and transparency including through public reporting.
- Ensure systematic mainstreaming of cross-cutting issues (GEDSI, climate resilience, spatial equity).
- Align MTP reporting with Timor-Leste's existing international reporting obligations including the Sustainable Development Goals, Nationally Determined Contribution under the Paris Agreement to avoid duplicative parallel reporting systems for the same underlying data.

9.1.2. Core Principles

- Results-focused and outcome-oriented.
- Integrated with existing systems (EMIS, HMIS, SIGI, SIGAP, SPMIS, budget execution data/DBFTL)

- Disaggregated by sex, disability, age, and municipality, per the specific disaggregation requirements set out in Annex 2 for each indicator.
- Owned by implementing institutions with central coordination by MPSI/IPU, with specific responsibilities defined in 0
- Linked to the annual budget and planning cycle.
- Single source of truth: where an indicator appears in more than one pillar chapter, all instances must report identical figures, definitions, and sources enforced through the cross-chapter consistency protocol in 0.

9.1.3. Institutional Arrangements

- **Central Coordination:** The Integrated Planning Unit (IPU) under MPSI will serve as the national M&E coordinating body for monitoring and evaluating MTP results.
- **Sectoral Responsibility:** Each line ministry will maintain its sectoral M&E system aligned with the national framework and designate a focal point.
- **Municipal Level:** Municipalities will report on local priorities and decentralized services.
- **High-Level Oversight:** The Council of Ministers will receive annual performance reports, with periodic reviews chaired by the Minister of Planning and Strategic Investment.

9.2 Roles and responsibilities matrix

Table 9.2.1: Ministries and agencies roles and responsibilities on the monitoring and reporting of MTP implementation

Task	Responsible	Accountable	Consulted	Informed
Collect raw indicator data at source (facility, household, administrative record)	Line ministry data units / agencies (e.g., MOH facilities, EDTL, INSS)	Line ministry Director General	Municipalities , implementing agencies	IPU/MPSI
Validate and quality-check sectoral data before submission	Line ministry M&E focal point	Line ministry Director General	Sector data custodians (per Annex 2)	IPU/MPSI
Submit quarterly sectoral progress report to IPU	Line ministry M&E focal point	Line ministry Secretary of State/Minister	-	MOF

Compile cross-pillar Annual Performance Report	IPU/MPSI	Director, IPU	MOF (DG PME/UMAD), Line ministry focal points, INETL.	Council of Ministers
Run cross-chapter consistency check (Section 9.8)	IPU/MPSI	Director, IPU	Line ministries with shared indicators	—
Approve Annual Performance Report before COM submission	MPSI leadership	Minister of Planning and Strategic Investment	Line ministries (final review)	Council of Ministers
Present Annual Performance Report to COM	Minister of Finance (Performance Monitoring and Evaluation Unit)	Council of Ministers	IPU-MPSI	Development partners, public
Conduct Medium-term Review (2028) and End-Term Evaluation (2031)	IPU/MPSI, with independent technical support	Council of Ministers	All line ministries, development partners	Public, National Parliament
Resolve red-rated indicators / escalation	IPU/MPSI, relevant line ministry	Minister of Planning and Strategic Investment, relevant line minister	—	Council of Ministers (per Section 9.13)
Maintain Annex 2 metadata reference and resolve definitional disputes between chapters	IPU/MPSI	Director, IPU	INETL, line ministry technical units	All line ministries

9.3 Results Framework and Key Indicators

The MTP uses a hierarchical results framework, fully detailed in **Annex 1: Comprehensive Results Framework for the MTP 2027-2030**:

- National and Pillar Outcomes (high-level, for COM tracking).
- Key Result Areas (KRAs)/also referred as Strategic Priorities and Strategic Outcomes (pillar level).
- Indicators with baselines (2025) and targets (2030), labelled by result level (Output, Intermediate Outcome, or Outcome) consistent with the levelling convention applied across all pillar chapters.

All pillars report against their respective strategic indicators. Cross-cutting issues such as GEDSI and climate resilience are tracked with disaggregated data per Chapter 8 and reported both within their own chapter and as a disaggregation layer across other pillars' indicators where data systems permit.

Where an indicator's precise definition, unit, calculation method, or source is required for accurate reporting, this is set out in **Annex 2: Indicator Metadata Reference** rather than repeated in this chapter.

9.4 Reporting and Review Mechanisms

- **Quarterly Progress Reports:** Line ministries and municipalities submit concise updates to MOF, using the standardized reporting template referenced in Section 9.7
- **Annual Performance Report:** Comprehensive review submitted to the Council of Ministers by March each year.
- **Medium-term Review:** Comprehensive assessment in 2028 to adjust priorities and targets, including formal resolution of indicators marked TBC across the MTP (see Section 9.7, Data Gap Closure Plan).
- **End-Term Evaluation:** Final assessment in 2031 to inform the next planning cycle.

9.5 Performance Rating Methodology

Reports use a four-tier rating system applied uniformly across all indicators in all chapters:

Rating	Definition
 Green	Indicator is on or ahead of the trajectory required to meet its 2030 target, based on the most recent reporting period compared to an agreed interim milestone path between the 2025 baseline and 2030 target.
 Amber	Indicator is behind the required trajectory but a credible, costed pathway to the 2030 target remains achievable within the current MTP period, subject to corrective action identified in the report.
 Red	Indicator is significantly behind trajectory with no credible pathway to the 2030 target under current implementation arrangements, or its baseline remains unconfirmed beyond its agreed resolution date (see Section 9.7).
 Not yet measurable	Baseline establishment or data system development is still in progress, consistent with an agreed date in the Data Gap Closure Plan (Section 9.7). This becomes Red automatically if the agreed resolution date is missed.

Each Annual Performance Report states, for every Amber and Red indicator, the specific corrective action proposed, the responsible institution, and the date by which the rating is expected to improve. Ratings that remain Red for two consecutive Annual Performance Reports trigger the escalation pathway in Section 9.13.

9.6 Data Sources and Information Systems

9.6.1. Core systems

The M&E system will draw from:

- Existing core sectoral systems (EMIS, HMIS, the national land cadaster, budget execution/DBFTL data).
- SPMIS (Strategic Planning and Monitoring Information System): the central system MPSI is implementing to consolidate cross-pillar indicator reporting, replacing fragmented spreadsheet-based submission from line ministries. SPMIS is designed to interoperate with EMIS, HMIS, and the data exchange protocol committed to under Chapter 6, KRA 4 (target: operational data exchange protocol by 2028).
- Regular surveys and studies (INETL Labor Force Survey, Census, Demographic and Health Survey, and sector-specific surveys named in Annex 2).
- Project-level monitoring by line ministries and implementing agencies.

IPU-MPSI leads efforts to improve data quality, interoperability, and timeliness, including resolving the system readiness gaps identified below.

9.6.2. Data System Readiness

Table 9.6.1: Roles and Responsibilities Matrix for Monitoring & Evaluation Reporting

System	Current Status	Gap	Target Operational Date
EMIS (Education)	Operational; data quality and disaggregation gaps remain	Disability and rural/urban disaggregation not yet systematic	2027
HMIS (Health)	Operational; facility-level reporting incomplete	Real-time reporting not yet achieved at all CHCs	2028
SIGAP (Civil Service HR)	58% of public administration employees covered.	Full system deployment across central government	2029
SIGI (Land)	Operational for registration; titling data not integrated	Registration-to-titling pipeline integration	TBC with DNTPSC
SPMIS (Central M&E)	In development	Full specification, interoperability protocol, and rollout to line ministries	End-2027
GEDSI/Disability Marker	Not yet systematically tracked	Confirm whether GEDSI Marker and disability marker are one instrument or two; establish active-use tracking	2027
Municipal Performance Monitoring Framework	Does not yet exist	Full establishment, including baseline data collection	2027

National Cancer Registry	Does not exist	Full establishment and first annual report	Registry by 2028; first report 2029
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This table is reviewed and updated annually as part of the Annual Performance Report, with resolved systems moved out of the readiness table and newly identified gaps added.

9.6.3. Data Gap Closure Plan

Table 9.6.2: Data gap closure plan

Pillar	Data Gap	Action Required	Responsible Agency	Target Date
Economic Diversification	TVET graduate employment outcomes not tracked	Establish TVET graduate tracer system	SEFOPE / INDMO	End-2027
Economic Diversification	MSME graduation from micro to small not tracked	Establish tracking via SERVE/MCI registry, with IADE cohort tracking	Ministry of Commerce and Industry / IADE	2028
Infrastructure (Roads)	No national travel time baseline	Baseline travel time survey, all 13 Dili-municipal capital routes	Ministry of Public Works	End-2027
Infrastructure (Roads)	No transport cost per ton-km baseline	Baseline corridor transport cost survey, six named corridors	Ministry of Public Works (NRAMS), with INETL	End-2027
Infrastructure (Water)	No urban water supply-hours baseline	Establish zone-level supply hours monitoring	BTL	End-2027
Infrastructure (Electricity)	No consolidated outage/reliability baseline	Consolidate feeder-level outage data into national SAIDI figure	EDTL	2028

Infrastructure (Maritime)	No cargo dwell time baseline	Establish baseline from Timor Port operator data	MOF (Customs) / MTC	End-2027
Infrastructure (Public Transport)	NPTA institutional assessment incomplete	Complete assessment; adopt regulatory framework	MTC	2026 / 2027
Infrastructure (Public Transport)	No women's safety perception baseline	Conduct baseline safety perception survey	MTC/NPTA, with Ministry of Social Solidarity	End-2027
Social and Human Capital (Education)	No Grade 3 numeracy baseline	Establish standardized EGNA assessment	Ministry of Education	2027
Social and Human Capital (Cancer)	No domestic cancer incidence/mortality data	Establish National Cancer Registry; first annual report	Ministry of Health	2028 / 2029
Social and Human Capital (Cancer)	No HPV vaccination coverage baseline confirmed	Confirm from EPI administrative records	Ministry of Health (EPI/MCH)	End-2027
Social and Human Capital (Youth/HCDF)	HCDF composition and outcomes not tracked	Establish HCDF graduate outcomes tracking system	MOF / HCDF Secretariat	2027
Institutional Development (Municipal Governance)	No municipal service delivery monitoring system	Establish Municipal Performance Monitoring Framework	Ministry of State Administration	2027
Institutional Development (Justice and Land Tenure)	Land titling baseline requires confirmation	Confirm titling-specific baseline with DNTPSC	MOJ (DNTPSC)	End-2027

Institutional Development (Security and Defense)	No EEZ patrol days / emergency response time baseline	Commission baseline data	Ministry of Defense / Ministry of Interior	End-2027
Cross-Cutting (GEDSI)	GEDSI Marker baseline unit unclear	Clarify count vs. percentage and confirm baseline	SSE / MPSI	End-2027
Cross-Cutting (GEDSI)	GEDSI Marker & disability marker	Confirm whether GEDSI Marker and Disability Marker are one instrument or two.	SSE / MPSI	End-2027
Cross-Cutting (GEDSI)	SERVE registration figures require reconciliation	Reconcile against total annual registrations baseline	MCAE / SSE	End-2027
Cross-Cutting (Climate)	NAP implementation baseline unconfirmed	Confirm baseline and monitoring methodology	Ministry of Tourism and Environment	End-2027
Cross-Cutting (Climate)	No disaster early warning system baseline	Establish baseline coverage by municipality	Civil Protection Agency	End-2027

IPU/MPSI tracks this table as a standalone deliverable at the first Annual Performance Report (March 2028), since a significant share of the MTP's indicator base becomes reportable only once these systems are in place. Establishing measurement systems is treated as a precondition for, not a parallel track to, substantive 2028-2030 delivery.

9.7 Cross-Chapter Indicator Consistency Protocol

Where the same indicator is relevant to more than one pillar, the following protocol applies:

1. **Single ownership per indicator.** Every indicator that could plausibly appear in more than one chapter is assigned exactly one "owning" chapter/KRA in Annex 2. All other chapters referencing it cite the owning chapter's figure directly rather than restating it independently.
2. **Pre-publication reconciliation check.** Before any Annual Performance Report or chapter revision is finalized, IPU/MPSI runs a cross-reference check against Annex 2 confirming no indicator appears with conflicting values anywhere in the document.

3. **Change propagation rule.** Any revision to a shared indicator's baseline, target, or definition is applied simultaneously to every chapter in which it appears, with the date and reason for the change logged in Annex 2.

9.8 Alignment with International Reporting

Many MTP indicators map directly onto Timor-Leste's existing international commitments. To avoid creating parallel reporting systems for substantially the same underlying data, the M&E system aligns with:

- **Sustainable Development Goals (SDGs):** indicators such as under-5 stunting, maternal mortality, NEET rate, and social protection coverage correspond closely to specific SDG indicators. Annex 2 notes the corresponding SDG indicator code where applicable, and SDG Voluntary National Review reporting draws on the same verified MTP data rather than separately collected figures.
- **Nationally Determined Contribution (NDC):** the climate adaptation and resilience indicators in Chapter 8 (KRA 2): municipal adaptation plans, NAP implementation progress, disaster early warning coverage are the same indicators Timor-Leste reports against under its updated NDC. IPU/MPSI and the Ministry of Tourism and Environment coordinate MTP and NDC reporting cycles to use a single data collection and verification process.

9.9 Capacity Development

Successful implementation of the M&E system requires sustained investment in institutional capacity. Line ministries and municipalities will receive targeted training on results-based monitoring, data analysis, and reporting. Dedicated resources for M&E activities will be included in sector budgets. Where gaps exist, technical support from development partners will be mobilized to strengthen national systems and build long-term capability.

9.9.1. Public Dissemination and Stakeholder Engagement

1. The Annual Performance Report is published in a publicly accessible format following its presentation to the Council of Ministers, consistent with the transparency principle in Section 9.2.
2. Development partners receive the Annual Performance Report and have a standing opportunity to provide input ahead of the Medium-term Review (2028) and End-Term Evaluation (2031).
3. Civil society organizations, including those representing women, persons with disabilities, and youth, are consulted as part of the review processes, consistent with the participatory commitments embedded in Chapter 8's GEDSI and climate adaptation interventions.

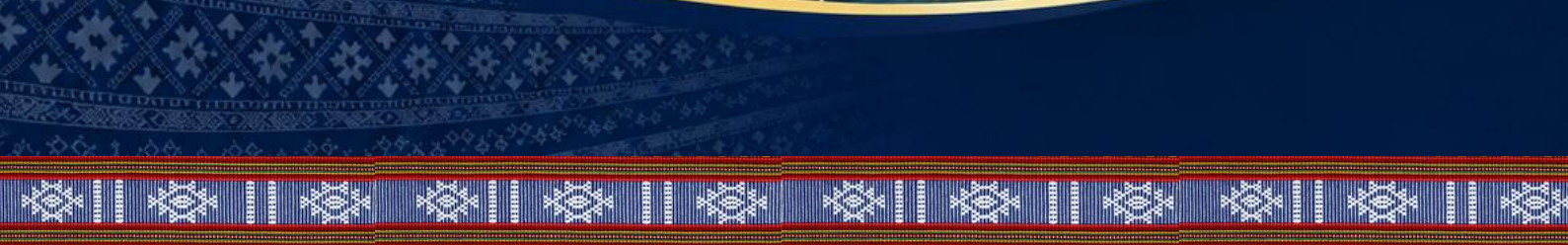
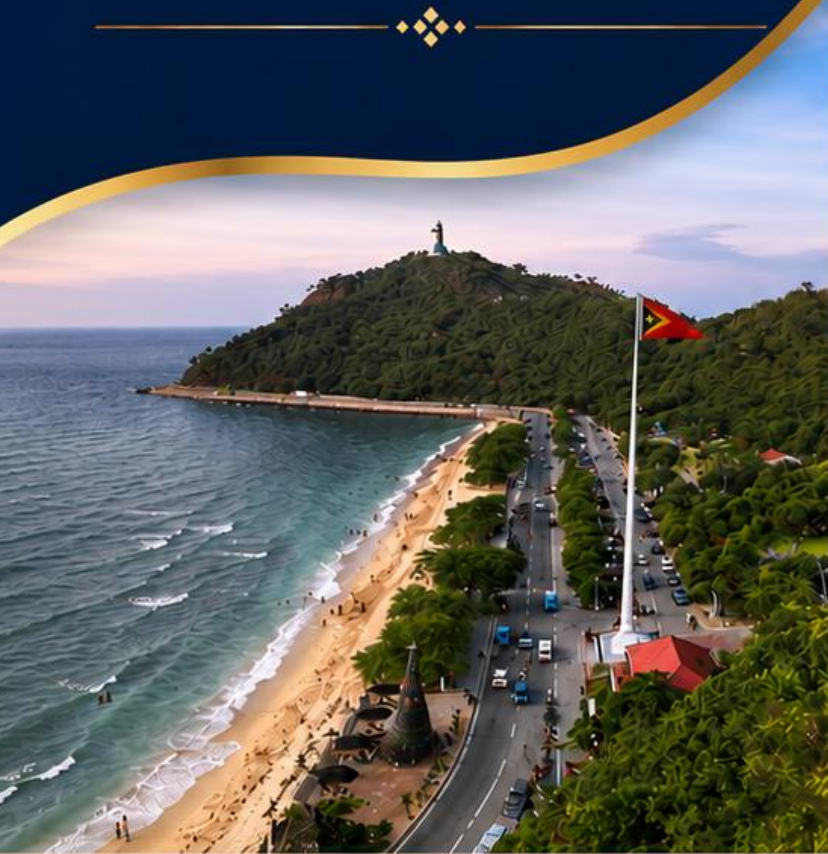
9.9.2. Risks and Mitigation

Key risks to effective M&E include fragmented reporting, poor data quality, and limited use of findings for decision-making. These are addressed through standardized reporting templates, regular data verification exercises, capacity-building programs, and clear linkage of M&E reports to high-level review meetings.

Escalation pathway: where an indicator remains Red for two consecutive Annual Performance Reports, or a Data Gap Closure Plan action (Section 9.7) misses its agreed target date, IPU/MPSI formally escalates the matter to the Minister of Planning and Strategic Investment, who raises it directly with the relevant line minister ahead of the next Council of Ministers review. The Council of Ministers review requires the ministry responsible to present a revised corrective action plan with a specific timeline, rather than the indicator continuing to be reported as Red without consequence.

ANNEX

MTP 2027-2030



Annex 3 - Definitions and Terminologies

Definitions are provided only for essential terms, while other relevant terminology is presented in the list of abbreviations.

Term	Definition
Administrative and Geographic Definitions	
National	Pertaining to the entire territory of Timor-Leste.
Municipal	First-level administrative division (14 municipalities including Atauro).
Administrative Post	A second-level administrative division within a municipality.
Suco	Local administrative/community unit within an Administrative Post, comprising of one or more aldeias
Aldeia	Smallest administrative/community unit within a Suco.
Urban Area	Areas officially classified by the National Statistics Institute as urban, characterized by concentrated population, infrastructure and economic activity.
Rural Area	An area officially classified as rural by the National Statistics Institute (INE), generally characterized by dispersed settlements and agricultural land use.
National Road	Primary road connecting municipalities and nationally significant destinations.
Municipal Road	Road connecting administrative posts, towns and villages within a municipality.
Rural Road	Road providing access between rural communities, farms and municipal or national roads.

Term	Definition
Population and Demographic Definitions	
Children	A person under the of age 18 Years
Youth	Persons aged 15–24 years.
Child mortality rate	The probability of a child born in a specific year or period and dying between the age of 1 year and before reaching the age of 5 years. If subject to age-specific mortality rates of that period, expressed per 1000 survivors up to age 1.
Adult Population	People aged 18 years and above.
Population Growth Rate	Annual percentage increase in the population.
Child dependency ratio the ratio of the population of children aged 0-14 to	The ratio of the population of children aged 0-14 to the working-age population 15-64, per 100 working-aged persons
Poverty and Vulnerability	
Extreme Poverty	A condition where individuals are unable to meet minimum basic food and non-food needs.
Multidimensional Poverty	Poverty measured through multiple deprivations in health, education and living standards.
Poverty Rate	Percentage of the population living below the national poverty line.
Vulnerable Population	Individuals or groups at increased risk of poverty, exclusion, discrimination or shocks.
Social Exclusion	A process through which individuals or groups are prevented from fully participating in society.

Term	Definition
Economic Shock	A sudden event affecting household income, employment or livelihoods.
Food Insecurity	Lack of reliable access to sufficient, safe and nutritious food.
Social Vulnerability	Exposure to risks arising from poverty, disability, age, gender, geography or social disadvantage.
Justice Sector and Land Tenure	
Courts of First Instance	District-level courts where cases are first heard; as of 2024, operational in only four jurisdictions — Dili, Baucau, Suai (Covalima), and Oecusse (RAEOA) leaving nine municipalities without direct access to formal court services.
DNTPSC (National Directorate of Land, Property and Cadastral Services)	The institution is responsible for land registration, titling, and legal processing of cadastral records, including dispute resolution.
Judicial Case Backlog	The stock of court cases awaiting resolution; approximately 4,000 cases were pending in the district courts as of 2024.
Land Title	A formally issued legal document certifying secure, bankable ownership of a registered land parcel, distinct from mere cadastral registration.
National Digital Cadaster	Timor-Leste's digital register of land parcels; more than 326,111 parcels have been recorded nationally, though far fewer have been converted into formal titles.
Titling Gap	The bottleneck between land parcels that have been digitally registered in the cadaster and those that have been converted into legally secure, formally issued titles.
Municipal Governance	

Term	Definition
Administrative Overhead	The share of a municipal budget spent on administrative running costs rather than direct service delivery or capital investment; currently 40–60%, targeted to fall to ≤30% by 2030.
Balcão Único (One-Stop-Shop, OSS)	A municipal facility that delivers a package of priority government services to citizens at a single location; construction is complete in all 12 municipalities, RAEOA, and Atauro.
GTIM (Inter-Ministerial Working Group for Decentralization)	The coordination body through which line ministries provide technical support to Municipal Authorities during decentralization.
Local Power Bodies	Elected municipal government bodies — Municipal Presidents, Vice-Presidents, and Municipal Assemblies — established under Law No. 23/2021, replacing appointed Municipal Authorities.
Minimum-Conditions Assessment (avaliação de condições mínimas)	The formal evaluation used to determine whether a municipality meets the conditions required to install elected Local Power bodies.
Municipal Finances Law	Law No. 16/2023 of 31 May, which establishes the legal framework for municipal budgets and own-source revenue, including property rate systems.
Own-Source Revenue	Revenue that a municipality raises locally, such as property rates, as distinct from transfers from the central government budget.
Public Finances and Anti-Corruption	
Anti-Corruption Focal Point	A designated official within a line ministry or municipality responsible for coordinating anti-corruption measures and the institution's internal control plan.
Corporate Recovery and Insolvency Code (CREI)	Law No. 9/2025 of 22 December, establishing Timor-Leste's first structured framework for corporate recovery and insolvency.

Term	Definition
Internal Audit Function	The institutional control mechanism that reviews and verifies financial management practices within line ministries and municipalities; currently only partially established.
Medium-Term Expenditure Framework (MTEF)	A multi-year budget planning instrument linking policy priorities to resource allocation over a period longer than a single fiscal year.
Non-Oil Domestic Revenue	Government revenue generated from sources other than petroleum, expressed as a share of GDP; currently below the Government's 17.5% target.
Policy-Based Budget Structure	A budget format organized around policies and program with aligned performance indicators, rather than input or line-item categories.
Pre-Budget Statement / Citizen Budget	Simplified budget documents published to inform and enable civil society consultation ahead of and during the annual budget cycle.
Procurement and Public Contracts Code	Decree-Law No. 1/2025 of 8 January, the legal framework governing public procurement, including mandatory contract publication and whistleblower protection.
Public Financial Management (PFM)	The system of rules, institutions, and processes governing how public funds are budgeted, executed, procured, accounted for, and audited.
Whistleblower Protection	Legal and institutional safeguards for individuals who report corruption, shielding them from retaliation.
Public Administration and Digital Government	
Common Unique Identifiers	Standardized identification numbers for citizens, businesses, and land parcels that allow different government registries to be reliably linked.

Term	Definition
Digital Service Delivery Roadmap	A ministry-level plan setting out the phased digitization of priority citizen-facing services.
GRP/FMIS (Government Resource Planning / Financial Management Information System)	The Government's core financial management system, with which the SIGAP-FOUN digital HR system is being made interoperable.
Interoperability	The capacity of separate government information systems to exchange and jointly use data, currently missing between most sectoral systems.
SIGAP-FOUN (Integrated Public Administration Management System)	Timor-Leste's integrated digital human resources platform for the civil service; FOUN is Tetum for "new". Covers 58% of public administration workers as of 2026.
South Submarine Cable	The undersea fibre-optic cable providing Timor-Leste's core international internet connectivity, an enabling condition for digital government services.
Strategic Workforce Planning	A structured process for forecasting and managing staffing needs across public institutions; no integrated model currently exists.
Unified Career Regime (Regime de Carreira Única)	A single, merit-based civil service career framework intended to replace the current system of one general regime and approximately sixteen special regimes with distinct pay tables.
Security and Defense	
Community Policing	A policing approach that engages local communities in identifying and responding to public safety concerns. (p. 21)
Electronic Single Window	An integrated digital platform intended to consolidate border and customs clearance processes; not yet operational. (p. 21)

Term	Definition
Exclusive Economic Zone (EEZ)	The maritime area over which Timor-Leste holds sovereign rights for the exploration and use of marine resources. (p. 21)
Illegal, Unreported and Unregulated Fishing (IUU)	Fishing activity conducted outside authorized or regulated frameworks; estimated to cost Timor-Leste's EEZ approximately US\$40 million per year. (p. 21)
Maritime Domain Awareness (MDA)	A national system for monitoring and coordinating activity across Timor-Leste's maritime waters and EEZ, currently in early development. (p. 21)
International Relations	
ASEAN Accession Roadmap	The set of criteria Timor-Leste must fulfil to complete full ASEAN membership; five of seven criteria were substantially fulfilled as of 2026. (p. 21)
ASEAN Chairmanship National Organizing Council (ACNOC)	The body coordinating preparation and delivery of Timor-Leste's 2029 ASEAN Chairmanship, organized into five sectors and fourteen subcommittees. (p. 21)
ASEAN Community Vision 2045	ASEAN's long-term strategic vision guiding regional integration, to be reflected in Timor-Leste's national and sectoral plans. (p. 23)
Chairmanship Legacy Program	The program designed to sustain institutional and diplomatic gains from Timor-Leste's 2029 ASEAN Chairmanship beyond the chairmanship year itself. (p. 22)
National Implementation Roadmap (2026–2030)	Timor-Leste's plan for implementing its commitments under the ASEAN Economic Community pillar. (p. 21)
GEDSI (Gender Equality, Disability and Social Inclusion)	An inclusive approach that promotes equal rights, opportunities and meaningful participation for women and men, persons with disabilities, and people or groups who may face social exclusion, discrimination or barriers to accessing services, information and opportunities.

Term	Definition
Gender Marker	A coding or classification tool used in the Public Financial Management System (PFMS) to identify and track whether policies, programs, projects or budget allocations address gender equality and the different needs and priorities of women, men, girls and boys.
Public Financial Management System (PFMS)	The system of laws, institutions, rules, procedures and information systems is used to plan, mobilize, allocate, execute, account for, report and audit public financial resources to support effective, transparent and accountable public service delivery.
Nationally Determined Contribution (NDC)	A country's nationally determined commitment and action plan under the Paris Agreement for reducing greenhouse gas emissions and, where applicable, strengthening adaptation and climate resilience.
Integrated Vulnerability Assessment	A systematic assessment that brings together climate, environmental, social, economic and other relevant information to identify the exposure, sensitivity and adaptive capacity of people, communities, ecosystems and assets, and to inform risk reduction and adaptation planning.
National Adaptation Plan (NAP)	A national process and planning framework for identifying medium- and long-term climate change adaptation needs, priorities and actions, and for integrating adaptation into national and sectoral development planning, policies, programs and budgets.
Tara Bandu	A traditional Timorese community-based customary practice and social institution that establishes locally agreed rules, obligations and restrictions for managing natural resources, resolving or preventing conflicts, and promoting social harmony and collective responsibility.



REPÚBLICA DEMOCRÁTICA DE TIMOR-LESTE
IX GOVERNO CONSTITUCIONAL



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