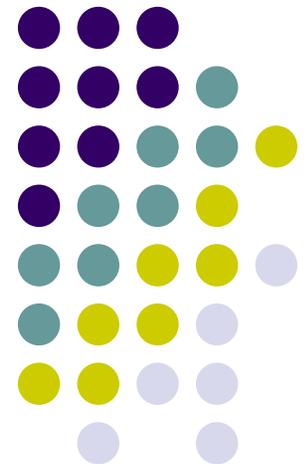


# Youth in Timor-Leste

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Leveraging Public Spending to  
kickstart the Private Sector and  
create jobs



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Seminar convened by Secretary of State for Youth and Sport

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# Youth and Jobs in Timor-Leste



- Creating jobs and income earning opportunities are critical to the future public security & prosperity of Timorese society.
- Youth (15-30) form 25% of the population and this number is expanding rapidly.
- Without due consideration to the matter of youth and job creation now, Timor-Leste will face dire challenges in the next 5-10 years.

# Youth and Jobs in Timor-Leste



- There are up to 15 000 young people entering the labour market at current levels each year.
- Current job creation is tiny of fraction of this figure.
- In 2007 there were 4 300 vocational education and training graduates in Timor-Leste. Few succeeded in obtaining a job.

# Government Response



- Current response of Government and UN, the IFIs (WB, ADB, and IFC) and donors is inadequate.
- The 2008 TLDPM National Priorities Background Paper states:

“Urgent action is required on two fronts, designing mechanisms for temporary employment in the near term while putting in place the foundations for longer-term job creation. The Government has identified three priority areas for progress in 2008: (i) generating employment through public works projects, (ii) stimulating private sector development, and (iii) strengthening local capacity for natural resource management.” p.9.



# Its an Empty Sandwich

- It is quantum leap from emergency cash for work programming and a private sector which can generate 15,000 jobs/year.
- Refer to para 25 and 26 in 2008 TLDPM
- Para 25 states public works programs will only create temp jobs.
- Para 26 states over the long term job creation depends on a 'vibrant' private sector.
- There is nothing in the middle linking the two economic situations!

# The Challenge



- We need to move from post-emergency responses to an economy that creates jobs.
- There is a short term imperative to provide jobs to youth and projects to the districts.
- But these are not designed to be ongoing and promote sustainable growth.

# Leverage Public Spending



- If a vibrant private sector is the goal then current programming should move beyond “cash for work” and “an enabling framework”.
- Cash for work does not create wealth.
- An enabling framework does not create jobs in the short to medium term.
- It is asserted that projected public spending should be leveraged and its effect multiplied.

# Using public money to Build the Private Sector



- Public spending should utilise the private sector in implementing public works.
- Example: the rehabilitation of secondary roads is the main activity of “cash for work”.
- It is overseen by Government engineers trained in labour-intensive methods.
- Peace Dividend Trust business survey suggests that while private sector capacity is low in the districts, it is much higher than commonly assumed.

# Using Local Contractors



- Considerable scope exists for road maintenance and other public works to be executed by the local contractors.
  - In addition to jobs for youth, and rural economic impact, public spending should also build **private sector capacity**.
  - Private contractors may have project management skills but will need training in designing and implementing labour intensive projects.

# Youth and Jobs in Timor-Leste



- A conservative estimate suggests that 150,000 youth will require jobs in the next 10 years.
- The sources of these jobs will be varied eg private sector, Government, the subsistence economy, migrant labour, and a range of other as yet unforeseen avenues.
- However, addressing this challenge requires action today.

# Major examples of new investment



- Rural Water Supply and Sanitation Program (RDTL and AusAID) is spending \$21.5m over the next four years - could spend similar yearly amounts for up to 10 years;
- Infrastructure program is spending \$13.3m over the next four years;
- Ministry of Education is building or renovating 60 schools in 2008 at a cost of \$5m.

# Adding training places to large scale infrastructure projects



- Community Housing Ltd model adds training places to large-scale projects in the construction industry. Adding a trainee workforce in ratio of 1:3 requires accepting an 30 per cent increase in labour costs.
- This additional cost is required for up to six months, the average time it takes for a new employee with a set of basic skills to achieve the productivity of an experienced worker.

# Key elements of approach



1. High standard of front-end skills training needed.
2. Site supervisors need additional training to provide clear instructions to trainees.
3. Site supervisors also need a monetary or other incentive to take on the extra workload.
4. Need for a project manager to closely scrutinise the work.

# Need to make job creation a national goal



- Government should identify number of ongoing jobs or fee-paying services from government and donor investments about to start & set quarterly targets for the number of young people to be engaged.
- This employment goal & targets will focus national attention on the need for key government & donor stakeholders to employ young people.

# The Goal: 9 300 jobs in 12 months?



- 9 300 youth and others in sustained income generating activities across the country by March 2009.
- 20 ongoing jobs at \$85month/Suco.

# The Goal: 9 300 jobs in 12 months?



- What sectors?
  - Rural water supply and sanitation
  - Secondary road works
  - Activities related to major road projects
  - Schools building and maintenance
  - Schools food programme
  - Forestry management

# Need for Implementation mechanism



- Donor support & better coordination is needed to achieve better youth employment/livelihoods & other ways to empower young people.

# Need for National Youth Fund



- Donor/UN agencies sectoral coordination mechanism needed (separate from the government's own inter-ministerial coordination related to youth employment, culture and sports).
- This coordination vehicle should be led by a small but resourced secretariat & backed by untied donor funds disbursed through Government's budget processes.