



Democratic Republic of Timor-Leste

2014 Development Partners' Meeting

BACKGROUND PAPER

**STRATEGIC DEVELOPMENT PLAN 2011-2030: MANAGING FOR
BETTER RESULTS**

DILI, TIMOR-LESTE
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Introduction

1. The Timorese people struggled for twenty-four long and difficult years to achieve independence. When we finally realised our dream of a re-born Democratic Republic of Timor-Leste in 2002 we were faced with a new set of challenges. We lacked human resources, basic infrastructure and finance and we didn't have the apparatus of a State. We were a people scarred by conflict and in the early years of independence we experienced a cycle of conflict and unrest, which emerged every two years, that was at its worst in 2006.
2. With the election of the Gusmão Government in 2007 Timor-Leste began to enjoy a period of stability and peace. This provided the foundation for confidence in the future and sustained economic growth and development progress. Health and education outcomes continue to improve along with the general wellbeing of the population. The Petroleum Fund reserves have also continued to grow and now stand at over \$15 billion from \$1.8 billion in 2007. Timor-Leste is also stepping up to contribute to the global community including through leadership of the g7+, chairing the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) and holding the Presidency of the Community of Portuguese Speaking Countries (CPLP).
3. Stability and development progress allowed Timor-Leste to move away from crisis management and plan for the future. At the Timor-Leste Development Partners' Meeting (TLDPM) in 2011 the Strategic Development Plan 2011-2030 (Strategic Development Plan) was released setting a framework to transform Timor-Leste from a low-income country to a medium-high income country by 2030, with a healthy, educated and safe population.
4. Prime Minister Gusmão was re-elected 2012 in an endorsement of the Timor-Leste Strategic Development Plan and its vision for the future. The new government set about implementing the Strategic Development Plan and while significant progress has been made there remains much work to be done to improve government services, build infrastructure, create jobs and eradicate poverty.
5. At the Timor-Leste Development Partners' Meeting in 2013 the Government announced the establishment of a Development Policy Coordination Mechanism to facilitate the implementation of the Strategic Development Plan. This Mechanism consists of four Strategic Sectors coordinated by the Office of the Prime Minister and a National Secretariat. The Strategic Sectors are directly aligned with the four pillars of the Strategic Development Plan.
6. To allow the Development Policy Coordination Mechanism to be effective a tool has been developed to drive delivery and ensure policy implementation. This tool is the SDP Matrix and it provides a structure and process to achieve results. It sets out a hierarchy of goals clustered under the four Strategic Sectors. The SDP Matrix allocates responsibility to ensure accountability for results in relation to each goal.
7. The SDP Matrix also recognises the importance of Timor-Leste's development partners in improving the lives of the Timorese people. The SDP Matrix not only allocates responsibility to government it also allocates responsibility to development partners. In this way, consistent with the Accra Agenda for Action and the New Deal for Engagement in Fragile States, it aligns the activities of development partners with national priorities and provides accountability for outcomes.
8. The work of the Development Policy Coordination Mechanism in using the SDP Matrix will be vital to the successful realisation of the Strategic Development Plan. The SDP Matrix will be released and discussed at the 2014 Development Partners' Meeting.

The Timor-Leste Strategic Development Plan 2011-2030

9. On 12 July 2011, the Strategic Development Plan was launched at the 2011 Timor-Leste Development Partners' Meeting. The Strategic Development Plan provides a long-term framework to realise Timor-Leste's vision to become an upper middle-income country, with a healthy, well educated and safe population by 2030. The plan sets out an integral package of strategic policies to be implemented in the short-term (one to five years), in the medium term (five to ten years) and in the long-term (ten to 20 years). It also integrates and incorporates the Millennium Development Goals and the New Deal for Engagement in Fragile States.

10. The Timor-Leste Strategic Development Plan is framed around four pillars; social capital, infrastructure development, economic development, and the institutional framework. At the 2011 Development Partners' Meeting, the Timor-Leste government and our development partners agreed that the Strategic Development Plan would be the overarching framework for all future programs and projects. This meeting also endorsed the Dili Development Pact which commits development partners to the use of country systems and shared responsibility including supporting the Strategic Development Plan.

The Development Policy Coordination Mechanism

11. In 2013 the Government established a Development Policy Coordination Mechanism to oversee, monitor and coordinate the implementation of the Strategic Development Plan and the Five Year Government Program. A key objective of the Development Policy Coordination Mechanism is to also serve as an ongoing forum for policy dialogue between the government and development partners.

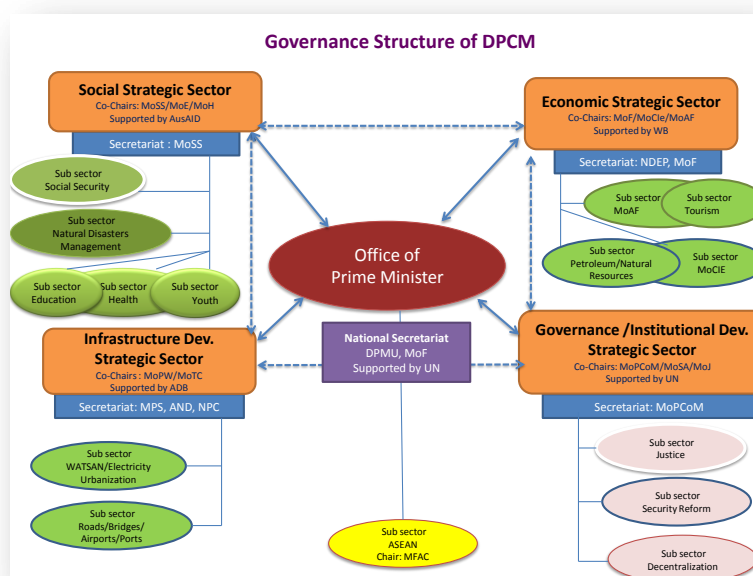
12. Based on the lessons learned from the National Priorities Program, and the principles of the Accra Agenda for Action and the New Deal for Engagement in Fragile States, the Development Policy Coordination Mechanism is country-owned and country-led and aligned to the Government's planning and budgeting system. The Development Policy Coordination Mechanism consists of four Strategic Sectors which reflect the policy pillars of the Strategic Development Plan. They are the:

- Social Strategic Sector
- Infrastructure Development Strategic Sector
- Economic Strategic Sector, and
- Governance and Institutional Development Strategic Sector.

13. The Development Policy Coordination Mechanism will monitor progress, challenges and results of implementation of the Strategic Development Plan through using the tool of the SDP Matrix. Using the SDP Matrix as its framework, the Development Policy Coordination Mechanism will oversee government and development partner results. It will also work with ministries to make sure that the budget is linked to the activities set out in the SDP Matrix and the Annual Action Plans.

14. The Office of the Prime Minister, with the support of the Ministry of Finance, is managing the Development Policy Coordination Mechanism and providing oversight to the four strategic sectors. The Strategic Sectors Working Groups are co-chaired by relevant Ministries and will be supported by the designated development partners. The Development Policy Coordination Mechanism structure is shown in Figure 1.

Figure 1 Governance structure of the Development Policy Coordination Mechanism (DPCM)



The SDP Matrix – Methodology and Philosophy

15. The SDP Matrix has been developed to provide a structure to manage and achieve outcomes. It sets out a process to ensure ownership, accountability and good governance.

16. The SDP Matrix is structured with a hierarchy of goals. At level 1 there are 18 high level goals that directly relate to, and are clustered around, the four pillars of the Strategic Development Plan. Beneath the goals at level 2 there are 'sub-goals', at level 3 there are 'products and services' and at level 4 there are 'activities'. An example of the hierarchy of goals is set out in Figure 2.

17. At each level in the hierarchy of goals there are specific targets against which results can be measured. The inclusion of targets promotes and supports planning. Importantly, the 'activities' at level 4 are to be directly translated to the Annual Action Plans and linked to the National Budget. It is in this way that a concrete link between planning and budgeting is established. Figure 4 below illustrates how targets are set across the various levels.

18. The targets in the SDP Matrix are like Key Performance Indicators in that they provide a method to assess the performance of government on a periodic basis in a way that is understandable, meaningful and measurable. This also allows Ministries to undertake performance assessments to identify progress, improve under-performance and make people responsible for delivering results.

19. While ministries have assumed ownership of the targets in the SDP Matrix they also recognise that core functions also have to be maintained. For example, the national police force PNTL must continue to take emergency calls and the hospital must continue to take x-rays.

Figure 2 SDP Matrix Hierarchy of Goals

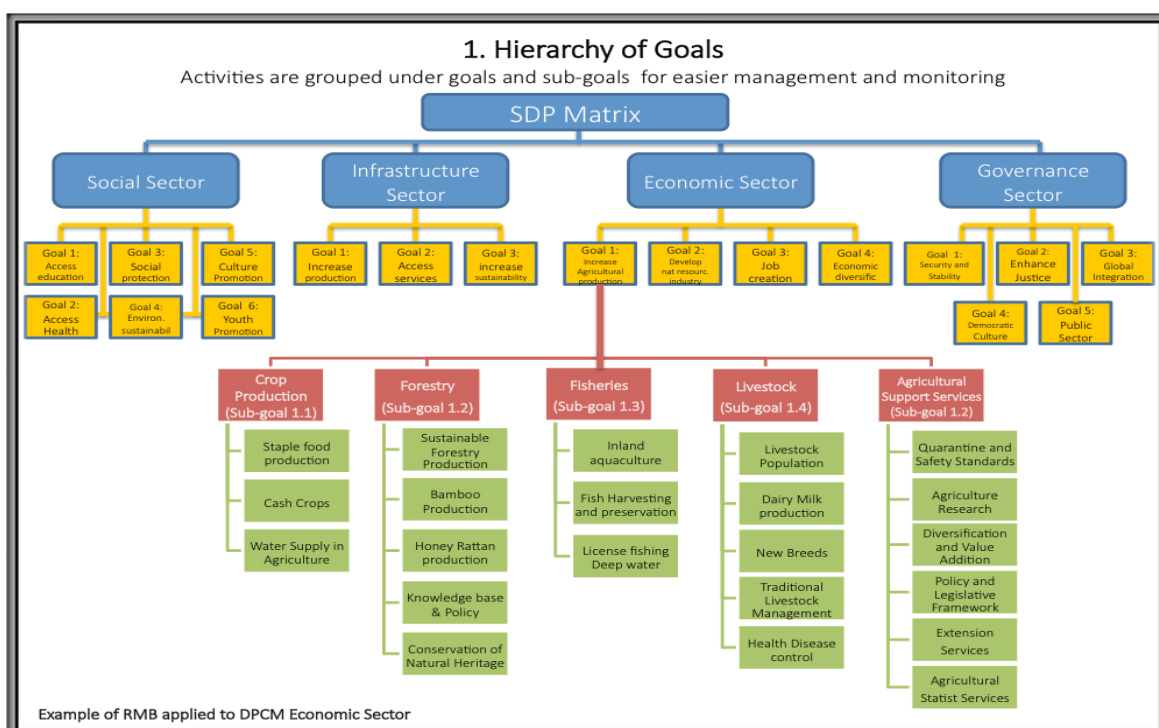
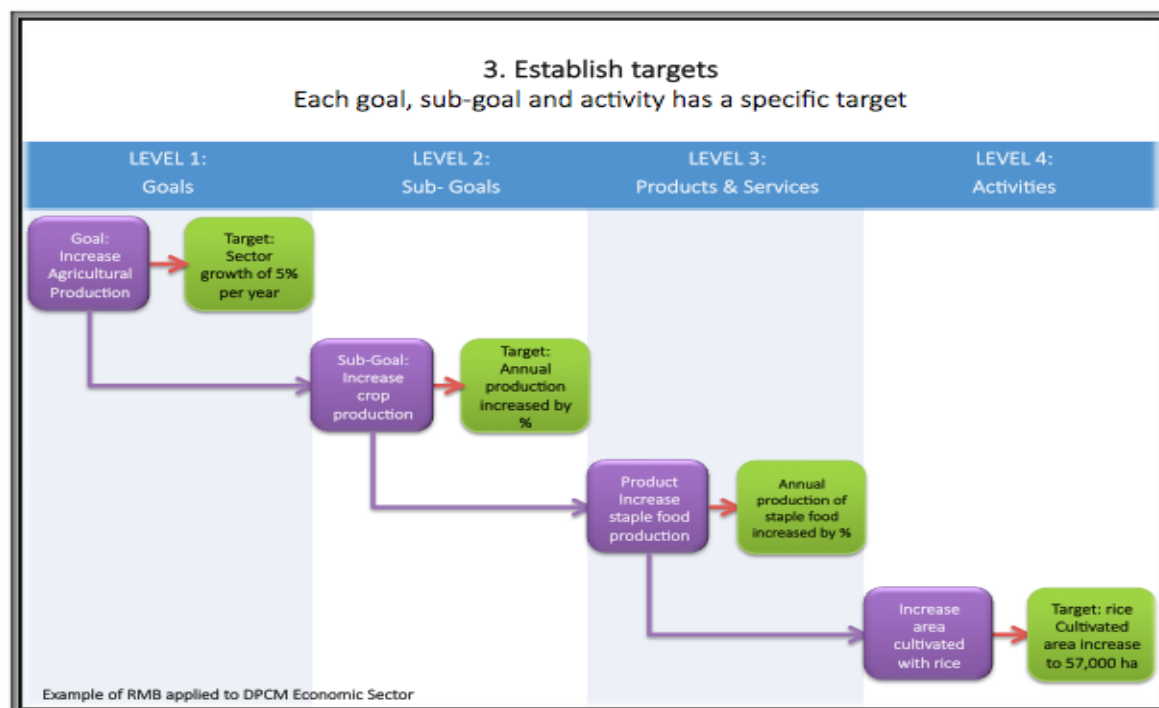


Figure 3 SDP Matrix Establishment of targets

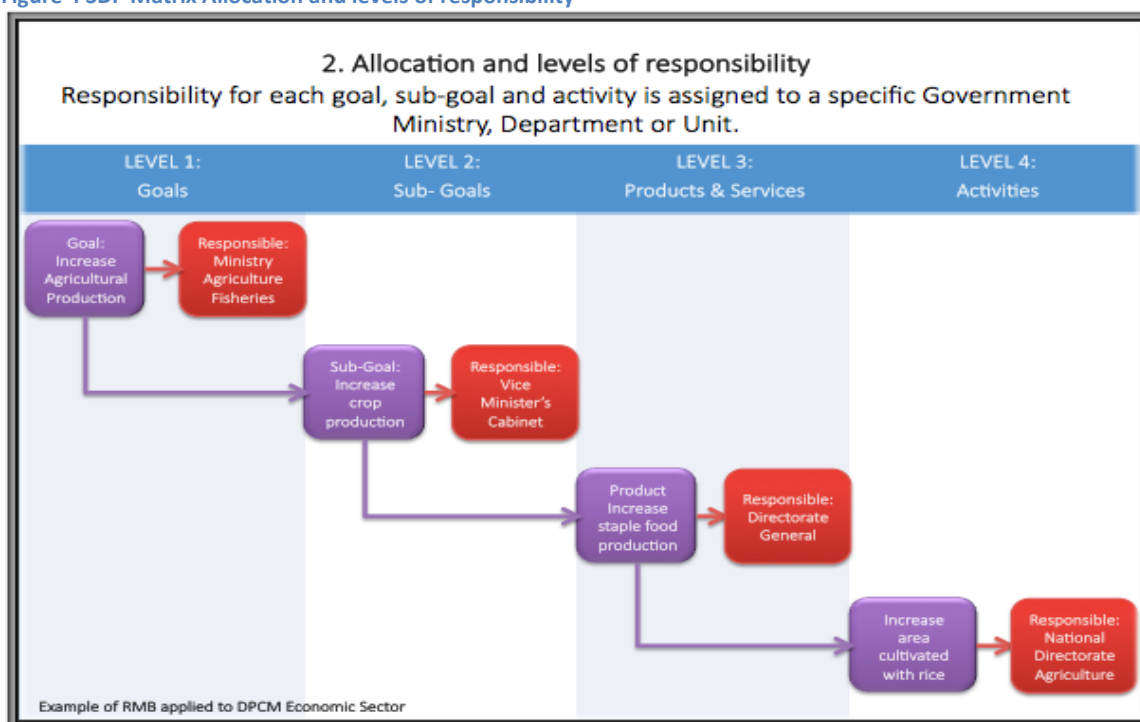


Promoting a whole of government approach and providing good governance

20. The SDP Matrix will support a whole of government approach and play an important role in promoting good governance in the Timor-Leste government. A whole of government approach requires coherence, coordination and complementarity among line ministries. Good governance requires accountability, openness, transparency and leadership. The SDP Matrix, guiding the work of and led by the Development Policy Coordination Mechanism, will be key tool in strengthening the culture of good governance.

21. The SDP Matrix sets goals and, importantly, allocates responsibilities for achieving these goals. In this way, the SDP Matrix provides accountability and responsibility for each goal, sub-goal and activity assigned to a specific government Ministry, department, position or unit. Figure 3 below illustrates how responsibility is allocated across the various levels.

Figure 4 SDP Matrix Allocation and levels of responsibility



22. The operation of the SDP Matrix also separates accountability processes from those responsible for execution or implementation. In this way, and through line ministries and development partners assuming responsibility for targets, the SDP Matrix provides a strong process of accountability.

23. With the New Deal for Engagement in Fragile States the g7+ demands accountability from development partners for the results that are achieved through development assistance. Consistent with this approach, it is also important that Timor-Leste requires accountability for results from ministries that spend public money.

24. With its wide membership, and consisting of various ministries and agencies of the State, as well as development partners, the Development Policy Coordination Mechanism also provides openness and transparency in the oversight of the SDP Matrix and in doing so further strengthens good governance in Timor-Leste.

25. Good governance, however, is not an end in itself. The purpose of good governance is to improve and manage for better results. It is in this way that the SDP Matrix will play an important role in improving service delivery and driving government performance.

Development of the SDP Matrix


26. The development of the SDP Matrix was a highly inclusive and collaborative process with the intensive involvement of ministries as well as development partners. In many ways, the development of the SDP Matrix reflected the inclusive philosophy behind the process undertaken to prepare the Strategic Development Plan. With the Strategic Development Plan the government was determined to consult broadly so that a plan could be drafted that reflected the priorities and hopes of the Timorese people. Community consultations, led by the Prime Minister, were undertaken throughout all the 65 sub-districts of Timor-Leste. The feedback from those consultations, along with strategic plans from individual Ministries, informed and was incorporated into the Strategic Development Plan. In this way it was ensured that the Timorese people had ownership of their national plan.

27. It was in the same spirit of ownership, inclusion and working together that the SDP Matrix was developed. This has ensured that the SDP Matrix incorporates the knowledge and expertise of line ministries and that they agree and support their relevant goals and targets. It was for this reason that the path to developing the SDP Matrix was deliberately not an abstract or academic one. While it may have been an option to prepare a SDP Matrix 'from above' that appeared to be intellectually coherent this would have been at the expense of not only ministry ownership but also of incorporating our local reality, context, capacity and experience. Instead, the government's overarching objective was ownership from the people who will be responsible for achieving the goals in the Matrix. While this may mean that some goals are too ambitious and some may not be ambitious enough a system of accountability has been established that is locally owned. Consistent with the philosophy of the New Deal for Engagement in Fragile States, this process ensures that the SDP Matrix is country owned and country led.

A living document

28. It is important to recognise that the SDP Matrix is a living document. It is not fixed in stone otherwise it would soon become obsolete as circumstances change. As the Development Policy Coordination Mechanism and the responsible ministries and development partners apply the SDP Matrix it will become apparent that it may need to be amended from time to time to take into account implementation progress, evolving local contexts, changing government priorities and emerging issues.

29. Permitting amendments to the SDP Matrix will also allow incorporation of lessons learnt as we work towards achieving its goals. In this way, we can ensure that we adopt a process of continuous improvement in updating the SDP Matrix as we determine better ways to proceed.



The SDP Matrix is a large and comprehensive document. It took many months to develop and involved the contributions of many people across government. There have also been challenges involved in some policy areas in terms of ministry engagement. Given this, it is likely to contain some errors or issues that would benefit from further consideration. There will also be a need, from time to time, for evaluations of the operation of the SDP Matrix and this may also lead to the need for changes. It is for these reasons that the SDP Matrix will be a living document open to correction and improvement.

The SDP Matrix and the Millennium Development Goals

30. World leaders at the United Nations Millennium Summit in 2000 agreed on a set of eight time-bound and measurable goals for combating poverty, hunger, illiteracy, disease, discrimination against women and environmental degradation. Timor-Leste has recognised that the Millennium Development Goals, to be achieved by 2015, provide a basis to greatly improve people's lives.

31. The Strategic Development Plan incorporates the Millennium Development Goals and as a consequence the SDP Matrix is also aligned with these goals.

32. Timor-Leste is making significant progress in relation to two goals: achieving universal primary education, and promoting gender equality and empowering women. Timor-Leste has also surpassed its Millennium Development Goal targets set in 2004 for both the under-five mortality rate [96/1,000 live births] and infant mortality rate [53/1,000 live births]. The short term 5 year targets and actions set in the Strategic Development Plan were intended to help drive Timor-Leste's efforts towards achievement of the Millennium Development Goals.


33. Like many other post-conflict and fragile nations, however, Timor-Leste is unlikely to reach the Millennium Development Goals by the target date of 2015. That is why Timor-Leste is working hard to ensure that the post-2015 global development agenda properly recognises the need for peace and stability before the achievement of substantive development progress can be made.

The New Deal, g7+ and the post 2015 development agenda

34. Timor-Leste is working together and in solidarity with fragile nations on peace building and state building. Timor-Leste is a leading country in the g7+ group of 20 fragile nations¹, which is a platform that provides a united voice to advocate for change in global development policies. The g7+ countries know from bitter experience that it is not possible to eradicate poverty without peace and stability. While these nations are different in geographic locale, linguistics, history, culture and tradition and the causes of fragility, they share many similarities in their experiences of peace building and state building.

35. The g7+ nations are also working closely together to ensure the post-2015 development agenda addresses the need for peace and stability, and that the perspectives of fragile States are central to the global dialogue. This shift in agenda setting reflects the principles of the New Deal for Engagement in Fragile States (New Deal), which was released on 30 November 2011 at the 4th

¹ Afghanistan, Burundi, Central African Republic, Chad, Comoros, Cote d'Ivoire, Democratic Republic of the Congo, Guinea, Guinea-Bissau, Haiti, Liberia, Papua New Guinea, Sao Tome and Principe, Sierra Leone, Solomon Islands, Somalia, South Sudan, Timor-Leste, Togo and Yemen.



High Level Forum on Aid Effectiveness in Busan, South Korea. The New Deal for Engagement in Fragile States had been developed and widely endorsed.

36. The New Deal marks the fundamental change in the way the international community engages with fragile states, enabling better leadership by the recipient countries and better coordination of international assistance. With around 1.5 billion people across the world living in areas affected by fragility, organised crime and conflict this new approach is not only necessary, it is urgent.

37. Timor-Leste is one of the seven pilot countries to implement the New Deal with Australia as the lead development partner. This implementation includes adopting the New Deal's Peacebuilding and Statebuilding Indicators (PSGs) and ensuring that there is a commitment to 'One Vision, One Plan'. The SDP Matrix supports the implementation of the New Deal in Timor-Leste through incorporating the PSGs and through being underpinned by a single national plan, the Strategic Development Plan.

Mid-term review of the Strategic Development Plan

38. The Strategic Development Plan provides the framework for Timor-Leste becoming a nation with a well educated and skilled population, quality universal health care, good infrastructure, a strong private sector operating in a diversified economy and a prosperous society with adequate income, food and shelter for all people. As a framework document the plan needs to be reviewed to take account of progress, changed circumstances and emerging issues.

39. The Fifth Constitutional Government of Timor-Leste will undertake a mid-term review, beginning in early 2015, of the Strategic Development Plan to ensure that it continues to provide the framework for national development through to 2030. By 2015, a mission will be established to undertake this task and determine what adjustments may need to be made to the plan. The mission will consist of relevant institutions including the Office of the Prime Minister, the Ministry of Finance, line ministries, development partners and a specialist and experienced independent consultant.

Annex

SDP Matrix Example: Economic Development Strategic Sector, Goal 1

The example below illustrates the structure of the SDP Matrix for a part of Goal 1: Economic Development Strategic Sector. It shows how the four levels of the SDP Matrix operate while providing only a selection of the targets at the levels of Products and Services and Activity

Goal 1: Increase agricultural production to reduce poverty and ensure food security

Sub-goal: Increase production of crops

Target: 5% Increase in the quantity produced annually

Current Status: 2% increase in the year 2013

Responsible: Minister of Agriculture and Fisheries (MoAF) and Minister of Commerce, Industry and Environment (MoCIE)

Sub-goal: Increase staple food production and food security

Target: 5% increase in the quantity produced annually

Current Status: 2% increase in the year 2013

Responsible: Vice-Minister of Agriculture and Fisheries (VMoAF)

Target: 35% increase in crop production by 2018

Current Status: Between 2007 – 2012 the increase in productivity was approx. 30%

Responsible: Vice-Minister of Agriculture and Fisheries (VMoAF) and Director General of Agriculture and Livestock

Products and Services²: Increase staple food production and food security

Target: Purchase at least 10,000 tonnes of domestic staple crops per year until 2017 ('Povo Kuda Governu Sosa')

Current Status: 4,000 tonnes of paddy, 100 tonnes of corn and 50 tonnes of beans were purchased in 2013

Responsible: Minister of Commerce, Industry and Environment (MoCIE)

Target: Studies performed to facilitate and improve agriculture commodity processing

Current Status: 1 study on coconut oil which is expected to be completed by end of 2014

Responsible: Minister of Commerce, Industry and Environment (MoCIE)

Activity³: Increase rice production

Target: Increase rice production to 85,000 tonnes by 2020

Current Status: 52,399 tonnes by the 3rd trimester of 2013

Responsible: National Director for Agriculture & Livestock

Target: Increase cultivated area to 70,000 ha by 2020

Current Status: 30,578 ha by the 3rd trimester of 2013

Responsible: National Director for Agriculture & Livestock

² This is just a selection of numerous goals for Product & Services under 'Increase staple food production and food security.'

³ This is just a selection of 17 targets under the Activity 'Increase rice production'