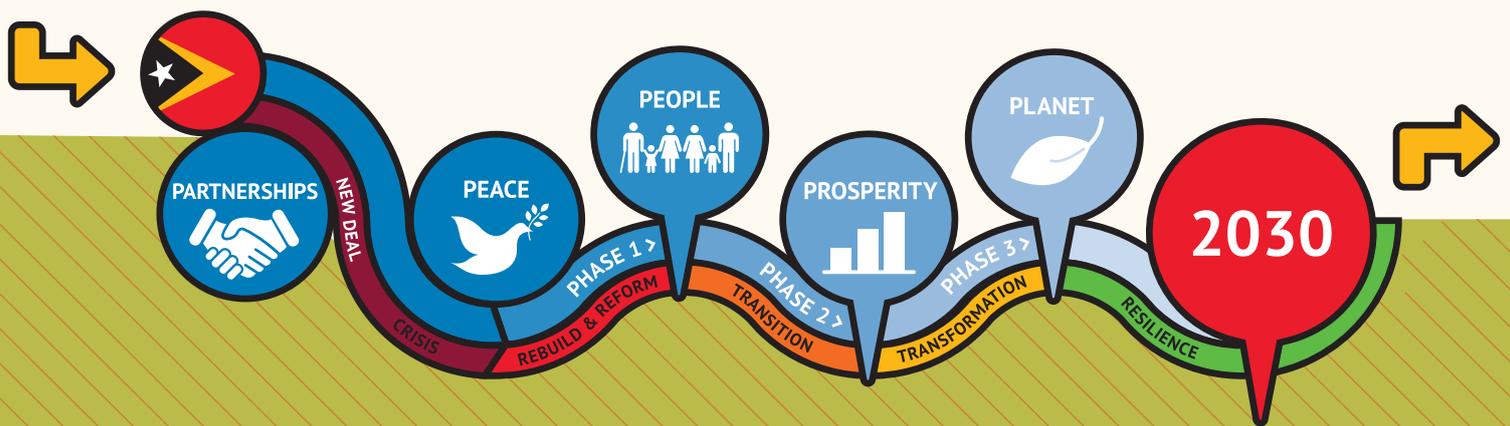




TIMOR-LESTE'S **ROADMAP** FOR THE IMPLEMENTATION OF THE 2030 AGENDA AND THE SDGS



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INTRODUCTION

PURPOSE OF THE DOCUMENT

Timor-Leste has achieved substantial progress on sustainable development over the fifteen years since its independence in 2002. Emerging from a period of conflict, instability and a significant erosion of development gains, due to a traumatic independence struggle and violent occupation, the Government and people of Timor-Leste successfully laid the foundation for peace, stability and nation-building in the first decade of independence. Aiming to develop a “prosperous and strong” upper middle-income nation by 2030, the country then embarked on a process of economic, social and political development, which is encapsulated in the ‘National Strategic Development Plan 2011-2030 (SDP)’.

This document focuses on the development experience of Timor-Leste so far. It describes Timor-Leste’s roadmap and approach to achieving sustainable development, framed within the 2030 Agenda and the Sustainable Development Goals (SDGs). It also describes the plans and strategies that have framed the development aspirations of the country, as well as the systems, policies and institutional structures that have been put in place to enable and sustain progress. This document offers Timor-Leste’s approach and experience as a framework for exchanging insights and experiences with the rest of the world, and a collection of lessons-learned for other countries looking to transition out of fragility.

This document is based on the SDP, which articulates Timor-Leste’s development goals and priorities. National consultations informed the SDP and it reflects the aspiration of Timor-Leste’s citizens.

This roadmap also examines the ecosystem of sustainable development in Timor-Leste. It highlights the factors that help to create an enabling environment for achieving the 2030 Agenda. These factors include crafting and sustaining peace as well as reconciliation following the conflict periods. Peace and stability were further strengthened by national systems development, policies and institutional structures. The environment of peace and security has allowed the targets and aspirations of the Timorese people (as described in the SDP) to be translated into concrete development progress, sustainable peace and steady progress towards resilience.

TIMOR-LESTE’S DEVELOPMENT CONTEXT

After 500 years of Portuguese colonial dominance and 24 years of Indonesian occupation, Timor-Leste regained independence on 20 May 2002 as the Democratic Republic of Timor-Leste. Timor-Leste is a lower middle-income country with a population of 1.2 million and a landmass size of 15,410 km². The country belongs to the Small Island Developing States group.

Timor-Leste emerged from a history of colonial rule and foreign occupation through a short but devastating period of civil unrest and conflict. The militia uprising in late 1999 destroyed much of the nation’s infrastructure and productive assets, significantly setting back progress. Many development challenges remain, especially in the rural areas. Overall, poverty (based on the national poverty line) was still 41.8 percent in 2014, despite having fallen

from 50.4 percent in 2007¹. However, life expectancy has increased by 10 years since 1999. Agriculture is still the main livelihood activity for 70 percent of the population, characterized by mostly subsistence farming. Seasonal food insecurity and malnutrition remain concerns in rural areas, especially micronutrient deficiencies among children and pregnant women².

Despite these challenges, Timor-Leste has been particularly successful in creating peace and stability. The country has not suffered protracted violence or instability in recent years. A major factor that helped Timor-Leste overcome conflict and reach a state of lasting peace has been strong political leadership, which managed to largely unify the country. Moreover, the Timorese state has dealt well with the issue of reconciliation with Indonesia and with Timorese citizens who were supporting the Indonesian occupation prior to independence. This has helped improve social cohesion and normalize relations with Indonesia, including on the issue of a shared border.

The process of reconciliation and peace building in Timor-Leste has also benefitted from solid efforts to provide for war veterans, who receive a pension from the state. This further reduces the risk of dissatisfaction and spoilers. In addition, the maturing culture of democracy and respect for democratic institutions, as well as recognition of the role that all political leaders play in national development (even in opposition), strengthen the culture of inclusion and minimize the risk of marginalization.

Timor-Leste has built an impressive track record with regard to democracy and human rights, especially considering its young age as a nation. Timor-Leste has been ranked as the most democratic nation in Southeast Asia, fifth in Asia and coming 43rd globally in the Democracy Index 2016, published by the Economist Intelligence Unit³. This index considers five variables: electoral process and pluralism; the functioning of the government; political participation; political culture; and civil liberties. Moreover, Timor-Leste also has the highest percentage of women (38 percent) in parliament in all of Asia, and is in the top 20 in the world⁴.

Looking back over the past decade, Timorese politicians have been notable for their dynamic political competition. Since the restoration of independence in 2002, Timor-Leste has had four sets of highly competitive Presidential and Parliamentary elections, which have been universally recognized as free and fair. This includes the 2017 presidential election, which was the first election conducted by Timor-Leste without any direct assistance from the international community. Parliamentary elections are due to be held in the second half of 2017.

Timor-Leste's main income is derived from oil revenues. Section 139 of the Timor-Leste Constitution mandates that exploitation of the country's natural resources (including the oil reserves) should lend themselves to the establishment of mandatory financial reserves. In accordance with this provision, the Government of Timor-Leste set up a sovereign wealth fund in 2005, the Petroleum Fund of Timor-Leste, to support the management of Timor-

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- 1 World Bank (2016a), Poverty in Timor-Leste 2014, Dili: World Bank with RDTL, September.
- 2 RDTL (2014), Zero Hunger Challenge: National Action Plan for a Hunger and Malnutrition Free Timor-Leste, Dili: Government of Timor-Leste and MoH [Ministry of Health] (2014), Timor-Leste National Nutrition Strategy 2014-2019, Dili, Timor-Leste.
- 3 <http://www.eiu.com/topic/democracy-index>, <http://thediplomat.com/2017/03/the-importance-of-timor-lestes-2017-elections/>
- 4 <http://www.ipu.org/wmn-e/classif.htm>

Leste's petroleum resources for the benefit of both current and future generations. The Fund is also a tool that contributes to sound fiscal policy, where appropriate consideration and weight is given to the long-term interest of Timor-Leste's citizens.

The fund, modelled on the Norwegian Government Pension Fund Global is intended to safeguard capital with transfers out of the fund not to exceed the Estimated Sustainable Income for the Fiscal Year (ESI). In subsequent years, the Governments of Timor-Leste decided to withdraw amounts in excess of the ESI in order to front-load development through major infrastructure investments. This was intended to hasten the diversification of the economy before the oil and gas resources are depleted.

As a result, economic growth has averaged over 10 percent every year since 2007⁵, and non-oil-related gross domestic product grew at an average rate of 12 percent annually in the past five years. Besides oil, Timor-Leste exports agricultural products, with coffee making up 95 percent of non-oil exports.

Timor-Leste has one of the youngest populations in the world, with nearly 62 percent below the age of 25. While being an opportunity and asset if invested in strategically, the young population increasingly exerts pressures on the economy as well as social services, and therefore on peace and stability. In Dili, opportunities for higher education attract young people from the poorer rural areas, resulting in significant rural-urban migration. This provides a challenge for the estimated 19,000 youth, who are looking to enter the workforce annually^{6,7}. The Government of Timor-Leste has recognized that the high unemployment rate, particularly among economically marginalized youth, could be a potential source of instability. In response, the Government has created a Youth Policy aimed at creating more employment opportunities.

With the vision of building a stronger, upper middle-income nation by 2030, high on the agenda in Timor-Leste is strengthening the non-oil economy through: economic diversification; creating more and better job opportunities for youth; developing strategic industries; and prioritizing rural development. Currently ranked 175th on the World Bank Ease of Doing Business Ranking, Timor-Leste is putting a special focus on private sector development. This involves enhancing the small and medium enterprises sector, while also removing some of the binding constraints to private sector growth; and improving infrastructure, increasing efficiency in the public sector, also building up skilled labor.

There has been good progress in improving basic education and health care. The net enrollment rate for primary school rose from 65 percent in 2001 to 92 percent in 2013. The next steps focus on improving the quality of education. Meanwhile, since independence in 2002, infant and maternal mortality rates have fallen rapidly, vaccination rates have improved, and the incidence of malaria has fallen by 95 percent⁸. At the same time, even though fertility

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5 Government of Timor-Leste. Democratic Republic of Timor-Leste 2013 Development Partners' Meeting Background Paper.

6 La'o Hamutuk (2016c), 'Rights and Sustainability in Timor-Leste's Development', November. Accessed 14 November 2016 from www.laohamutuk.org

7 Courvisanos, Jerry and Boavida, Matias. Review of the Roadmap for Sustainable Development in Timor-Leste: A Preliminary Economic Policy Report. UNTL/Federation University, Australia. Pg. 6

8 ADB Country and Portfolio Indicators

rates remain high these have been decreasing over the past years and the focus now is on improving maternal mortality indicators.

Real progress has been made in restoring and upgrading a core network of national, district, and rural roads. Public investment has transformed the electricity sector at an impressive rate since independence. Since 2008, the Government of Timor-Leste, through its electric utility, *Electricidade de Timor-Leste (EDTL)*, has invested nearly \$1 billion. This investment meant that old, inefficient diesel generation could be replaced, and that a single transmission and distribution system could be created from a collection of isolated systems. Because of this investment, network-supplied electricity coverage increased from 21 percent of households in 2003 to 83 percent in 2016⁹. The installed generating capacity more than tripled, giving EDTL enough capacity to connect all households and easily meet peak demand until at least 2027 under the highest load-growth scenario¹⁰. In the meantime, deregulation has delivered transformative gains in telecommunications, providing 3G mobile internet services.

The next focus is on further improving access to clean water, sanitation, and solid waste management, especially in remote, rural areas. Infrastructure is improving, but additional investments, particularly in rural areas, are needed¹¹ to support inclusive growth.

Timor-Leste is exposed to multiple natural hazards including floods, coastal erosion, tsunamis, strong winds (cyclones), prolonged dry seasons (drought), earthquakes, landslides and forest fires. The most frequent types of hazards in recent years included floods, landslides and drought, which affected domestic food production. The Government of Timor-Leste has recognized this challenge and is actively working on ways of reducing disaster risk and on mitigating the effects of climate change – for example, by planting trees to combat erosion and risk of landslides. The Ministry of Social Solidarity has also developed mechanisms to support communities affected by natural disasters.

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9 2016 Electrification rate Ministry of Public works

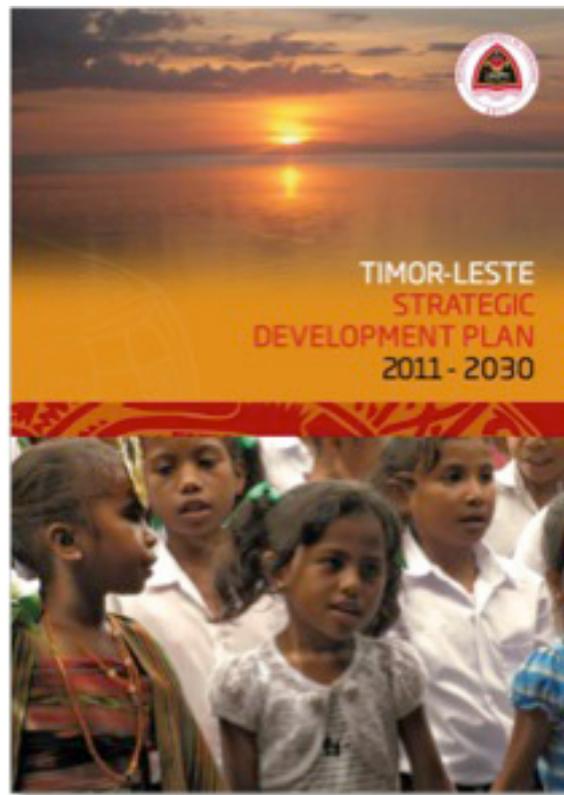
10 <https://www.adb.org/sites/default/files/linked-documents/cps-tim-2016-2020-ssa-05.pdf>

11 ADB Country Partnership Strategy. Timor-Leste 2016-2020. April 2016. Pg. 1-2.

ACHIEVING THE 2030 AGENDA: TIMOR-LESTE'S STRATEGIC DEVELOPMENT PLAN 2011-2030 AND THE SDGS

At the time of independence in 2002, Timor-Leste developed a national vision called 'Timor-Leste 2020, Our Nation Our Future'. This document provided the framework within which the 2002 National Development Plan was drafted. This Plan focused on: poverty alleviation and basic needs; the consolidation of security and stability; and capacity-building for the basic institutions of the State.

In 2010, a broad national consultation process was initiated to formulate the country's next development plan. Extensive consultations were held at the local level throughout the country, with the direct involvement of the Government's senior leadership. The outcome of this process was the 'Timor-Leste Strategic Development Plan 2011-2030' (SDP).



THE TIMOR-LESTE STRATEGIC DEVELOPMENT PLAN 2011-2030

The SDP is an integrated package of policies aligned with the Millennium Development Goals (MDGs), designed to be delivered in three phases: short term (1-5 years), medium term (5-10 years) and long term (10-20 years). It was developed between 2010 and 2011 and submitted to the Timor-Leste Parliament for approval on 7 July 2011. The SDP covers three key areas: social capital, infrastructure development and economic development. Underlying these are strategies for creating an effective institutional framework and a strong macroeconomic foundation¹². The main structure and content of the SDP are summarized in Figure 1 below.

FIGURE 1: STRUCTURE AND TOPICS OF THE STRATEGIC DEVELOPMENT PLAN

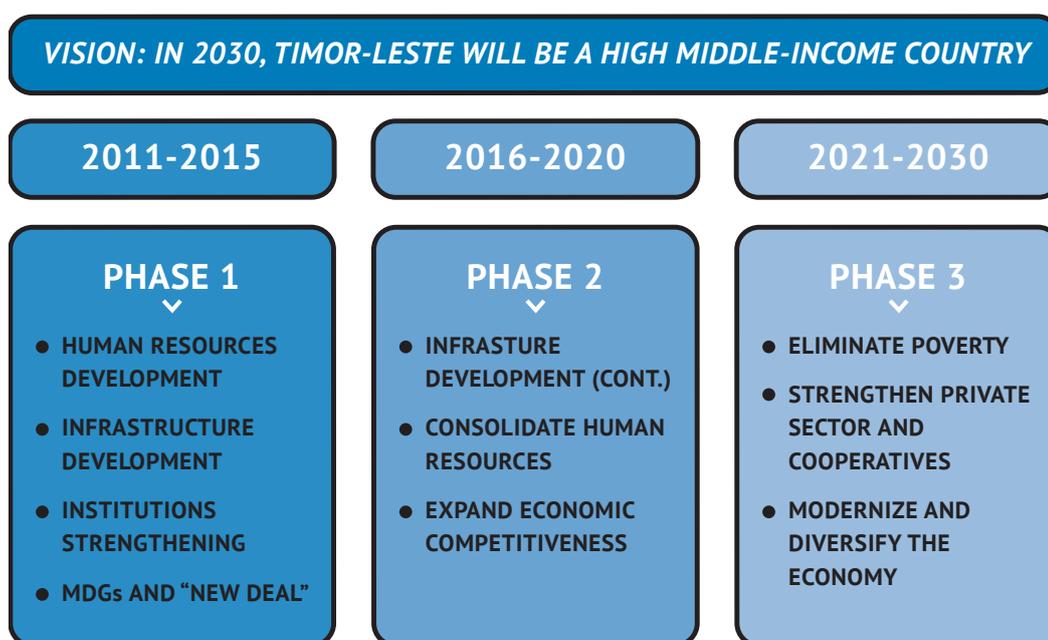


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12 Strategic Development Plan p.13

The primary focus areas under each phase are listed in Figure 2 below. Notable features of this strategy include a significant early investment in infrastructure development to enable delivery of basic services (such as electricity, health and education) to rural areas; as well as the explicit incorporation of global processes such as the MDGs and the New Deal for Fragile States. The revenues generated by the national Petroleum Fund, which was designed to underwrite the nation’s sustainable development in the medium term, enabled the significant infrastructure investment.

The SDP has a total of 149 sub-goals across the three focus areas, the underlying institutional framework and the macroeconomic foundation strategies. These sub-goals guide the sector plans, programmes and projects developed by the Government. They also provide a reference point for the development activities of other actors such as civil society, religious organizations, non-governmental organizations (NGOs), and development partners.

FIGURE 2: TIMOR-LESTE SUSTAINABLE DEVELOPMENT PLAN 2011-2030



TIMOR-LESTE AND THE SDGS

The Post-2015 consultation process to define a successor framework to the MDGs began not long after Timor-Leste initiated implementation of the SDP in 2012-2013. Timor-Leste played an active role in this process, notably by working with the g7+ group of countries to successfully advocate for a goal on peace, stability and effective institutions (resulting in SDG Goal 16), and offering detailed wording for targets that were of particular relevance for developing countries.

ADOPTING AND CHAMPIONING THE 2030 AGENDA AND THE SDGS

The Government of Timor-Leste adopted the 2030 Agenda and Sustainable Development Goals through Government Resolution No. 34 of 2015 on 23 September 2015, two days before they were formally adopted by the United Nations at the General Assembly. This Resolution also mandated the establishment of a working group on SDG implementation to be chaired by the Prime Minister’s Office. Adoption of the 2030 Agenda and the SDGs was subsequently ratified by a resolution of the National Parliament on 18 November 2015. Resolution No 19/2015 also recommended that the Timor-Leste Government align its planning and budget systems with the SDGs. The Government subsequently issued a directive (Directive No 038/2015/XII/PM of 22 December 2015) establishing the SDG Working Group, and a Decree (Government Decree No. 1, 1 February 2016) mandating that the SDGs should be reflected in annual plans and budgets.

On the global stage, Timor-Leste has also championed the implementation of the Agenda from its inception, for instance through the participation of the Prime Minister in the High-Level Group on SDG Implementation, which was formed the day after the 2030 Agenda was adopted in New York. Together with the leaders of Brazil, Colombia, Germany, Liberia, South Africa, Sweden, Tanzania and Tunisia, Prime Minister Araújo committed to work actively to rally support for the implementation of the SDGs, and to mobilize “concrete commitment and sustained engagement, at all levels, for the duration of this Agenda.” Efforts to exchange experience and support ‘fragile to fragile’ cooperation on the SDGs through the g7+ network are also an integral part of this commitment.

FIGURE 3: THE SUSTAINABLE DEVELOPMENT GOALS: OBJETIVU DEZENVOLVIMENTU SUSTENTAVEL



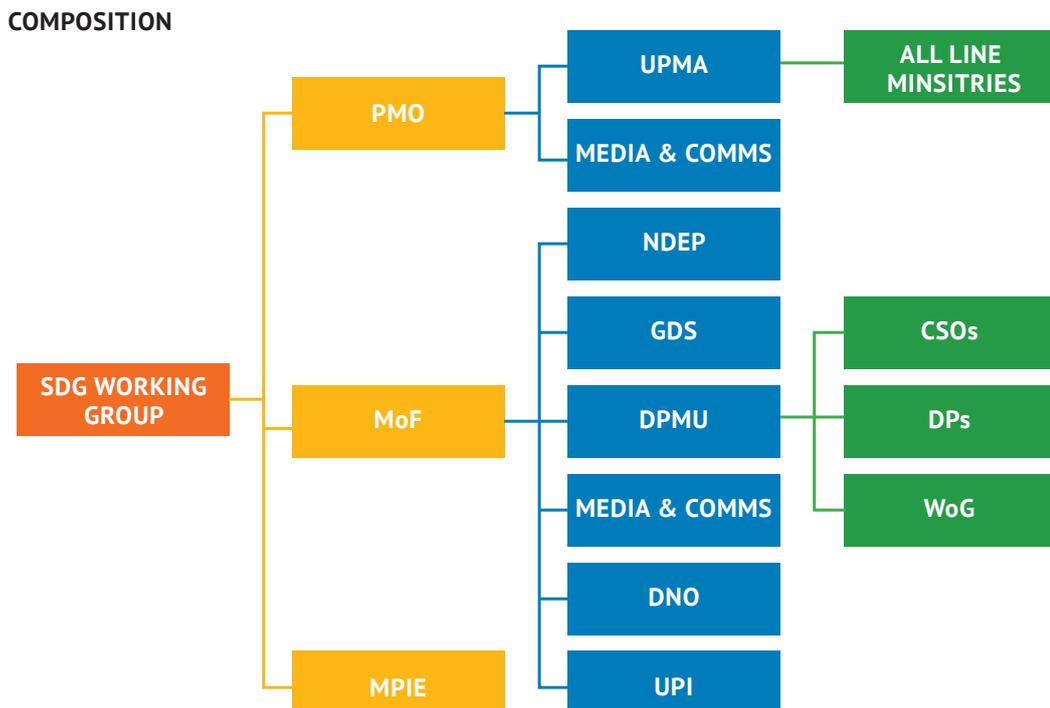
THE SDP AS A VEHICLE TO ACHIEVE THE SDGS

INSTITUTIONAL ARRANGEMENTS FOR MAINSTREAMING THE SDGS

As mentioned above, one of the first actions taken by the Government of Timor-Leste in response to the adoption of the 2030 Agenda was to establish an SDG Working Group under Government Resolution 34/2015. This Working Group was tasked to identify ways in which the new global goals of the 2030 Agenda could be harmonized with the SDP, and integrated into the Program of the 6th Constitutional Government that assumed office on 16 February 2015.

The SDG Working Group is chaired by the Prime Minister’s Office, with strong representation from the Ministries and units responsible for planning, budgeting, monitoring and implementation of the SDP. The Working Group also identified responsible Government agencies for each of the 169 SDG targets, along with the other Ministries and agencies who would share the responsibility for achieving the target.

FIGURE 4 BELOW SUMMARIZES THE COMPOSITION OF THE SDG WORKING GROUP



ALIGNMENT AND COVERAGE OF THE SDGS WITH THE SDP

The SDGs Working Group assessed the alignment of Timor-Leste's Strategic Development Plan 2011- 2030 (SDP) with the Sustainable Development goals and targets. The Group identified strong consistency and convergences. It was evident that Sustainable Development Goals 1 through 15 are well aligned with the goals of the SDP. Goal 16: Peace, justice and strong institutions and Goal 17: Partnerships for the goals are consistent with the SDP implementation approach (further details are described in the 'enablers' section of the SDGs roadmap document). At the SDG target level, 58 SDG targets are aligned with SDP sub-goals to varying levels of proximity. Figure 5 below summarizes the alignment of the SDP sectors with the SDG goals. It also summarizes the number of SDG targets that are reflected in the SDP by sector.

FIGURA 5: ALINHAMENTO DOS ODSS POR SETORES PRIORITÁRIOS DO PED

TIMOR-LESTE'S STRATEGIC DEVELOPMENT PLAN SECTOR	MATCHING SDGS	#MATCHING SDGS TARGET
Social Capital	Goal 1: No poverty Goal 2: Zero hunger Goal 3: Good health and well-being Goal 4: Quality education Goal 5: Gender equality Goal 10: Reduce inequality Goal 12: Responsible consumption and production Goal 13: Climate action Goal 14: Life below water Goal 15: Life on land Goal 16: Peace, justice and strong institutions	71
Economic Development	Goal 1: No poverty Goal 2: Zero hunger Goal 8: Decent work and economic growth Goal 9: Industry, innovation and infrastructure Goal 10: Reduce inequality Goal 12: Responsible consumption and production Goal 14: Life below water Goal 17: Partnership for the goals	52
Infrastructure Development	Goal 6: Clean water and sanitation Goal 7: Affordable and clean energy Goal 11: Sustainable cities and communities Goal 12: Responsible consumption and production	25
Institutional Framework	Goal 10: Reduce Inequality Goal 12: Responsible consumption and production Goal 16: Peace, justice and strong institutions Goal 17: Partnership for the goals	18

Similarly, at the indicator level, the Working Group has mapped the number of proposed SDG indicators that are aligned with the SDP, as shown in Figure 6 below.

FIGURE 6: ALIGNMENT OF SDG INDICATORS WITH THE SDP

GOALS		SDG INDICATORS	ALIGNED WITH SDP
1	No poverty	9	6
2	No hunger	15	7
3	Good health	25	14
4	Quality education	11	10
5	Gender equality	14	3
6	Clean water and sanitation	10	9
7	Clean energy	6	6
8	Good jobs and economic growth	15	4
9	Innovation and infrastructure	12	5
10	Reduced inequalities	12	3
11	Sustainable cities and communities	13	6
12	Responsible consumption	12	4
13	Protect the planet	5	4
14	Life below water	10	7
15	Life on land	15	8
16	Peace and justice	21	14
17	Partnership for the goals	24	0
TOTAL		229	110

Analyses undertaken to match the SDGs with the national development framework show that the SDP is consistent with the aspirations of the 2030 Agenda, as it covers the essential elements of peace, people, prosperity, planet and partnerships. The convergence of SDG targets and indicators is also strong. This is particularly true for the SDGs related to the basic needs of people, namely:

- **Goal 3:** Good health and well-being,
- **Goal 4:** Quality education,
- **Goal 6:** Clean water and sanitation,
- **Goal 7:** affordable, clean energy,
- **Goal 13:** Climate action and,
- **Goal 16:** Peace, justice and strong institutions.

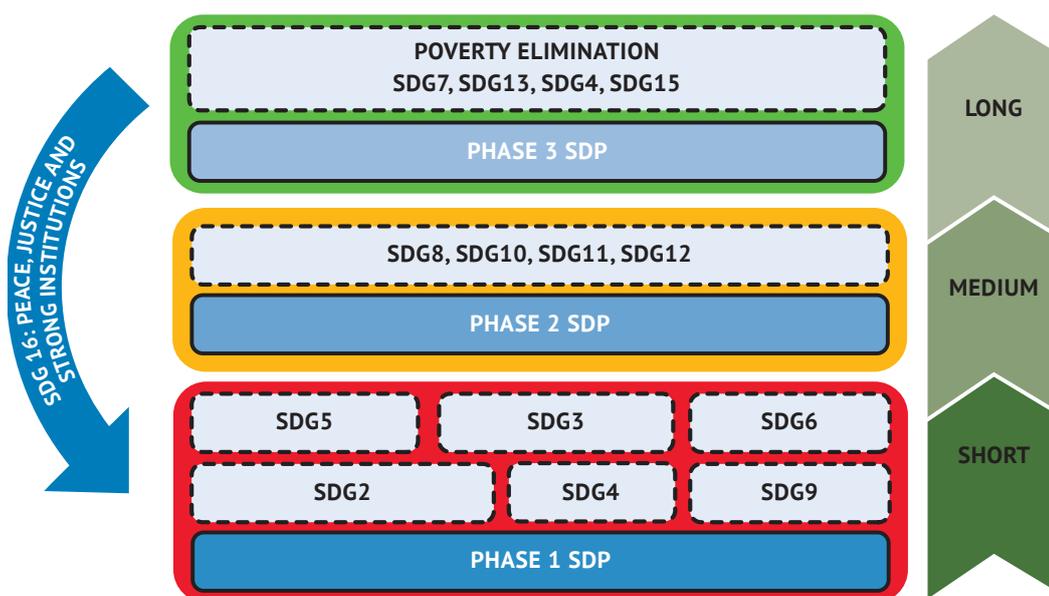
Coverage and consistency of the SDGs and SDP indicators as well as targets will be improved further through the ongoing process of reviewing and updating the SDP.

SEQUENCING OF SDG TARGETS AND RELATED SDP SUB-GOALS

An important element of Timor-Leste’s approach to achieving the SDGs (and the previous MDGs) has been to sequence and focus attention on priority development needs (i.e. SDG targets and indicators). This sequencing is based on the developmental status of the country, as well as those priorities identified in order to meet people’s needs, while also maintaining peace and social cohesion.

Put in terms of the ‘five Ps’ of the 2030 Agenda, the focus of the SDP has been on ‘People’ in the short term, ‘Prosperity’ in the medium term and ‘Planet’ in the longer term. Meanwhile, ‘Peace’ has been the basis for the country’s development aspiration since 2002, and ‘Partnerships’ have been a strong dimension of Timor-Leste’s engagement with the rest of the world. In summary, the mapping of the SDGs against the three phases of the SDP can be seen in the graph below.

FIGURE 7: ALIGNMENT OF THE SDG GOALS WITH THE SDP PHASES



However, sequencing does not imply that the goals prioritized for the longer term have been ignored. Part 7 of the SDP clearly articulates staging of actions across all sectors in the short, medium and long terms. This staging has been translated into the sector and annual plans at the line ministry level. For example, the Government of Timor-Leste has been putting in place the necessary systems, capacities, policies and programmes to address environmental sustainability and resilience from the earliest days of independence. This is reflected in many analyses and programmes, such as the National Adaptation Plan of Action.

Under Goal 7 on energy access, the Government has prioritized the achievement of target 7.1 “by 2030 to ensure universal access to affordable, reliable, and modern energy services”;

and particularly ensuring access to reliable electrical supplies across the country. To date, electricity has reached more than 70 percent of the population. Target 7.2: “increase substantially the share of renewable energy in the global energy mix by 2030” will be the focus of attention in the longer-term phase of the SDP.

The sequencing of targets and priorities also recognizes the interrelationships between different goals and targets. It also recognizes the need to establish the building blocks upon which ‘Prosperity’ and protecting the ‘Planet’ can be achieved. Timor-Leste understands that meeting peoples’ basic needs for income, food, health, education and access to services is an essential prerequisite for economic growth and ‘Prosperity’. Actions are being taken to promote the diversification of the economy through private sector development, particularly in promising sectors such as tourism. His Excellency Prime Minister Dr. Rui Maria de Araujo reiterated this in his speech at the National University of Timor-Leste on 10 August 2016.

“Ultimately, we want to eliminate poverty, strengthen the basis of our economy and coexist in harmony with our environment. Achieving all these goals will necessarily result in poverty elimination, Goal 1. Achieving these goals will also ensure peace and stability, creating a positive feedback that will strengthen the foundations of our development. Education and good health leads to a productive workforce, stronger institutions, and economic growth, which then reduces the risks of conflict and instability, creating the conditions for further improvement in human development, economic development, and so on.

Ultimately, when we have a well-educated and healthy population, when we have strong economic foundations and growth, we will be more effective in our measures to protect our environment and arrest climate change trends. However, this does not mean that we will wait until that day in that distance period to focus on other goals, on the goals for our planet. This is the plan for the government, the joint effort between the whole of government. Individually, each of our line ministries also have their own priorities, aligned with the SDGs, which I will present to you later.

Then again, as we are currently looking into revising our SDP, this roadmap may change. But we can be certain that the goals for the short term, the human development goals, will stay more or less the same.”

CONCLUSION

The SDP provides an effective roadmap for how to achieve the SDGs in Timor-Leste. Some SDG targets are yet to be fully addressed in the current SDP. The envisaged periodic updating and revision of the SDP will provide an opportunity to consider and incorporate SDG targets and relevant national indicators that may be needed to achieve the 2030 Agenda. The SDP also provides a sequencing of goals and targets in line with the development status and priority needs of the country. This provides a frame for what steps the country needs to take to achieve the SDGs. The Government’s focus will be on ensuring that the systems, structures and capacities are in place to deliver this national vision for the people of Timor-Leste as described in the following section.

ENABLING PROGRESS: MAINSTREAMING THE 2030 AGENDA INTO NATIONAL SYSTEMS

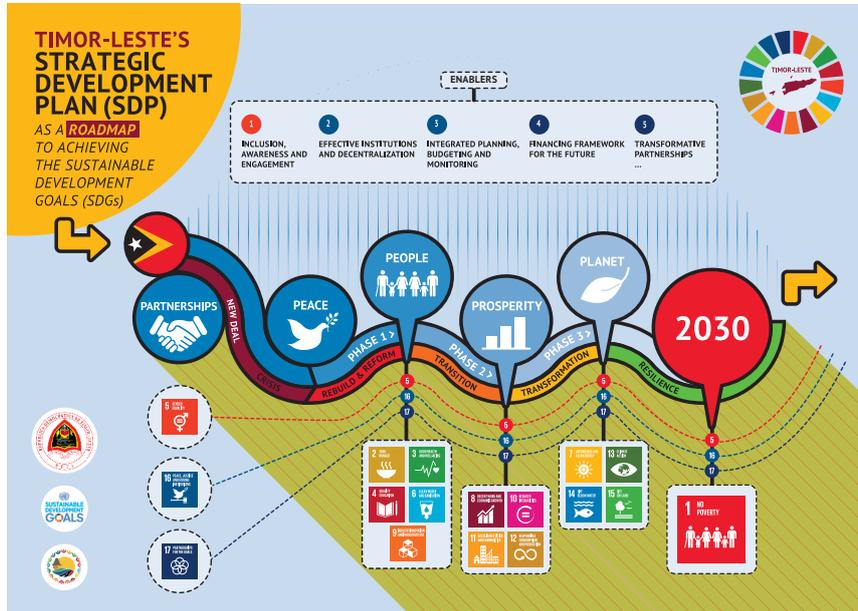
The Strategic Development Plan (SDP) provides a clear, comprehensive and coherent framework for development from 2011 to 2030, which is consistent with the aspiration and approach of the SDGs. Even so, alone, a good plan is insufficient for achieving progress. A critical element of Timor-Leste's roadmap to 2030 has been the systems, structures, strategies, capacities and policies put in place by the Government to enable the effective delivery of the SDP.

Globally, it is well recognized that to achieve the SDGs, the key elements of the 2030 Agenda will have to be deeply mainstreamed into national systems, financing strategies, plans and policies for development. Paragraph 55 of the 2030 Agenda for Sustainable Development below (emphasis added) captures this idea.

“The SDGs and targets are integrated and indivisible, global in nature and universally applicable, taking into account different national realities, capacities and levels of development and respecting national policies and priorities. Targets are defined as aspirational and global, with each government setting its own national targets guided by the global level of ambition but taking into account national circumstances. Each government will also decide how these aspirational and global targets should be incorporated in national planning processes, policies and strategies. It is important to recognize the link between sustainable development and other relevant ongoing processes in the economic, social and environmental fields.”

The Government of Timor-Leste has been working to identify and establish the most important systems, policies and processes needed to sustain achievement of the SDP. These focus, in particular, on how national systems can be strengthened to address modern development challenges that are complex, interrelated and quickly evolving. They also consider how resources can be effectively managed and mobilized to achieve results. The insights from this experience have been summarized in Figure 8 below, showing the multi-stage SDP priorities.

FIGURE 8: TIMOR-LESTE'S ROAD TO THE SDGs



The figure below shows the priorities of the national SDP of Timor-Leste and how it focuses on the different P's of the 2030 Agenda over time. The five P's are: 'Peace', 'People', 'Prosperity', 'Planet' and 'Partnership'. As mentioned above, the sequencing of the five P's does not mean that the 'Planet' is only taken care of in the final phase or that 'Peace' is unimportant beyond the first phase, but it describes changing priorities. The fifth P, 'Partnership', is cross-cutting through all different priority phases.

FIGURE 9: THE FIVE P'S OVER TIME

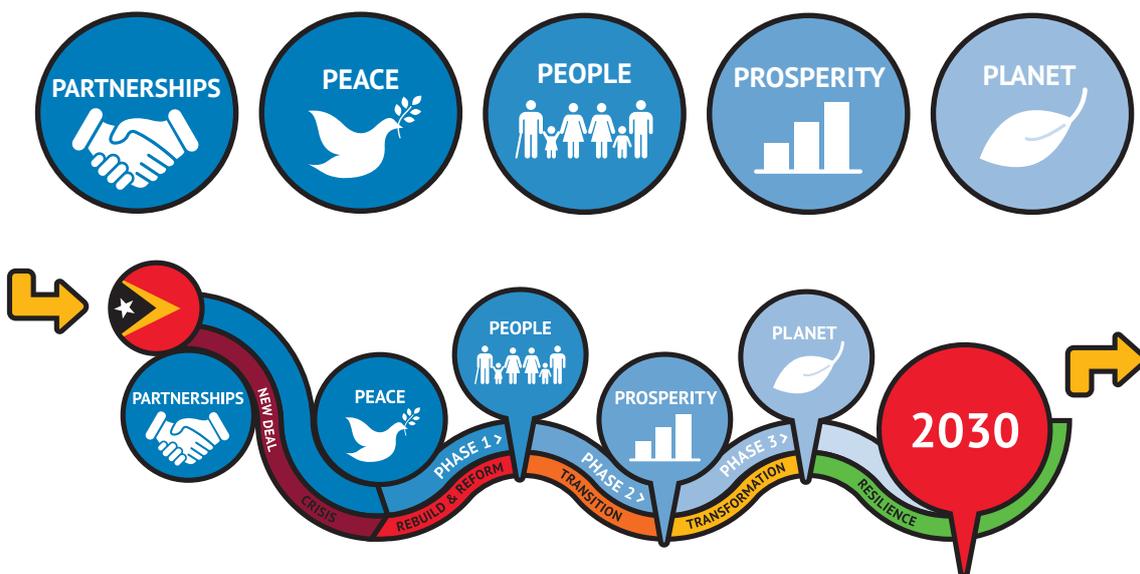


FIGURE 10: FROM FRAGILITY TO RESILIENCE: THE FIVE PHASES OF THE 'NEW DEAL FRAGILITY SPECTRUM'

Below the five P's is a row showing the different phases of the 'Fragility Spectrum of the New Deal', moving from crisis, to rebuilding and reform, to transition, via transformation to resilience.

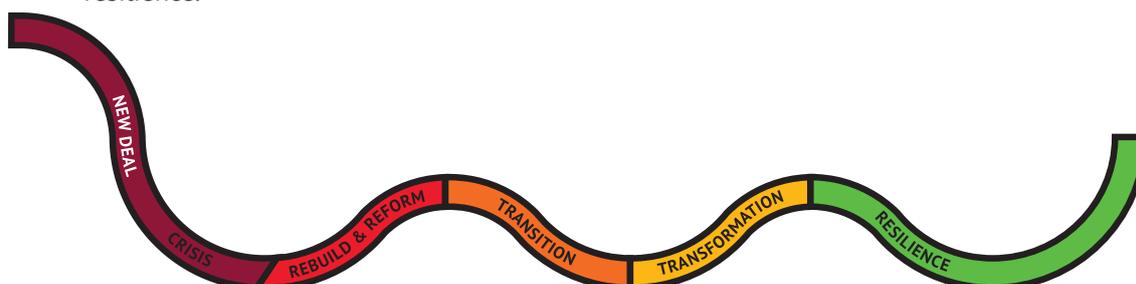
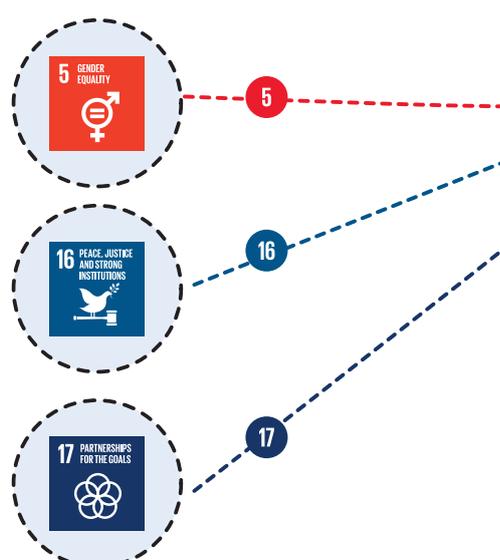


FIGURE 11: HOW THE SDP SETS THE NATIONAL PRIORITIES FOR THE SDGS

While recognizing that the SDGs are integrated and indivisible, and while working simultaneously on the implementation of all 17 SDGs, different SDGs move to the forefront of implementation at different points in time under the SDP as shown in the figure below.

The priority SDGs are aligned with the different phases of the SDP, all culminating in SDG 1: Eradication of poverty by 2030, the end date of the SDP and the SDGs. Meanwhile, SDG 5: Gender equality, SDG 16: Effective institutions, and SDG 17: Partnerships are all crosscutting goals.



KEY ENABLERS FOR TIMOR-LESTE'S PROGRESS TOWARDS SUSTAINABLE DEVELOPMENT

Os Governos de Timor-Leste têm vindo a realizar várias ações com vista a permitir ao país progredir rumo ao desenvolvimento sustentável sob o quadro do PED e o quadro global dos ODSs. De seguida descrevem-se cinco destes elementos conducentes:

FIGURE 12: FIVE ENABLERS



- 1 INCLUSION, AWARENESS AND ENGAGEMENT:**
Building on Timor-Leste's strong social solidarity efforts to further empower youth, women, and marginalized groups in national development.
- 2 EFFECTIVE INSTITUTIONS AND DECENTRALIZATION:**
Making public administration more effective and responsive, while decentralizing services to the Municipalities.
- 3 INTEGRATED PLANNING, BUDGETING AND MONITORING:**
Implementing Program-based Budgeting to strengthen alignment of national investments with the SDP.
- 4 FINANCING FRAMEWORK FOR THE FUTURE:**
Diversifying economic development away from natural resources, to strengthen the domestic private sector as the engine for future growth.
- 5 TRANSFORMATIVE PARTNERSHIPS:**
Leading and advocating for the 2030 Agenda globally, while further engaging civil society and the private sector in national development.

INCLUSION, AWARENESS AND ENGAGEMENT

WHY IS THIS A CRITICAL ENABLER?

Inclusion, awareness and engagement are key elements for achieving the aspirations of the SDP and the SDGs. 'Reaching the furthest behind first' and 'leaving no one behind' are also key principles of the SDP and the 2030 Agenda. These important aims can only be achieved if the development process is inclusive and engages all sections of society. In addition to providing a social safety net, empowering people through equal access to resources is essential for inclusive development.

INCLUSION

Social solidarity in the form of social protection and transfers to veterans and vulnerable groups, such as single mothers, the elderly and the disabled, were prioritized early on to ensure social cohesion and continued peace.

Since then, the Government of Timor-Leste has adopted legal instruments to promote inclusion, representation and the participation of women, young people and senior citizens. As such, in local suco level elections, seats are reserved for women and youth, to ensure their representation. The SDP also includes a commitment to putting comprehensive measures in place to ensure the right to education for groups that have been socially marginalized. These measure also allow for the equity of educational opportunity regardless of ethnicity, language, socioeconomic status, religion, gender, health (including HIV status), disability or location.

These measures help address exclusion, marginalization, inequality and extreme poverty. These are root causes and drivers of fragility. Since many of the goals and targets are 'zero-based', they can only be achieved by delivering results for all citizens. In the case of Timor-Leste, this translates into an urgent need to focus on remote rural communities, which are lagging the furthest behind in terms of development, urban slums and vulnerable populations, including women and girls, the disabled, youth and the elderly. Pursuing the aspirations of 'Leaving no one behind' and 'reaching the furthest behind first', will also help to address Timor-Leste's growing inequality.

INCLUSION, AWARENESS & ENGAGEMENT

Success Story

- Social solidarity in the form of social transfers to veterans and vulnerable groups were prioritized early on to ensure social cohesion and continued peace.
- Timor-Leste has prioritized women's political participation, which resulted in women holding 38 percent of parliamentary seats, the highest percentage in Asia. It also includes a commitment to gender-sensitive budgeting. Furthermore, women are represented in the police force (16 percent) and military service (9 percent).
- Countrywide discussions on the SDP have ensured awareness, engagement and buy-in down to the suco level.

Next Steps

- Empowerment: involves moving from social transfers to ensuring equal access to resources so that every Timorese, irrespective of age, gender, geographic location and ability, can become a contributing member of society.
- Reaping the 'demographic dividend': means investing in education to ensure that youth are well educated, skilled and have employment opportunities. This is an integral part of achieving the SDP and the SDGs.

GENDER EQUALITY: TAPPING THE POTENTIAL

Advancing gender equality accelerates progress on the SDP and on achieving the SDGs. Globally, women hold untapped potential. By advancing women's equality in terms of access to resources and participation in the labor force, \$12 trillion could be added to the global GDP by 2025¹³. Achievements under Goal 5 on gender equality have an acceleration effect on other SDGs, for example, SDG1 (reducing poverty) and SDG2 (ending hunger). If rural women in developing countries had the same access to productive resources as men, they could increase yields on their farms up to 30 percent,, in turn reducing the number of hungry people in the world by up to 17 percent¹⁴.

Timor-Leste's Maubisse Declaration on Rural Women's Empowerment recognizes this potential, calling for measures such as:

- Gender sensitive data collection;
- The implementation of gender equality policies, particularly within the agricultural industry;
- Greater access to credit for women, and;
- A commitment to a 30 percent quota set aside for female beneficiaries as recipients of training in management, marketing, trade and advertising.

Timor-Leste's leadership has recognized the importance of empowering women and achieving gender equality. It has committed itself to gender-sensitive budgeting and to establishing a gender monitoring system under the Office of the Prime Minister. Furthermore, the government has prioritized women's political participation since independence. This resulted in women holding 38 percent of parliamentary seats, the highest percentage in Asia. It is important, that these changes also reach the municipal and suco council levels.

In the area of 'Women, Peace and Security', Timor-Leste has developed a National Action Plan for the Implementation of Security Council Resolution 1325 and encouraged women's participation in the security forces. Now, 16 percent of the police force and 9 percent of the military service are made up of women.

Domestic violence remains high in Timor-Leste, a characteristic that many post-conflict societies share. The Government of Timor-Leste has recognized this challenge and is actively working to address it. New legislation has made domestic violence a public crime, no longer requiring the victim to go to the police her or himself, but rather obliging anyone witnessing domestic violence to report it to the police. Since then the number of reported incidences have increased. The Government has provided specialized training to the police on how to respond to reports of domestic violence and safe houses are being provided across the country in cooperation with NGOs.

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13 McKinsey Global Institute - September 2015

14 <http://www.un.org/womenwatch/feature/ruralwomen/facts-figures.html>

YOUTH: REAPING THE ‘DEMOGRAPHIC DIVIDEND’

Timor-Leste is currently the seventh youngest country in the world, with 67.5 percent of its population under the age of 30. The nation is experiencing a very distinct ‘youth bulge’. The total population is rapidly growing, which if used effectively, could be a major opportunity, but if not handled successfully, could lead to serious social problems due to potential mass unemployment among the young people. The projections reveal that at the current rate of labor force growth, 18,000 new jobs need to be created annually.

In the early stages of demographic transition, it is crucial for Timor-Leste to respond with adequate investment into children and youth, so that the country’s ‘youth bulge’ can be translated into a ‘demographic dividend’. A ‘demographic dividend’ means an accelerated productivity growth that comes from a decline in a country’s birth rates. Timor-Leste’s fertility rate has decreased in the last five years from 5.7 to 4.4 children per woman. This trend needs to continue, for the demographic dividend to takeoff. The subsequent change in the age structure of the population creates more workers relative to dependents, conditional on sufficient jobs being available. It creates a favorable age-structure and a demographic opportunity that lasts for three to four decades. If nations realize this opportunity and prepare for it with timely and evidence-based policies on education, health and employment, then the country can enjoy an accelerated productivity growth and achieve impressive economic gains. It is widely acknowledged that demographic changes, together with sound policies have been a key stimulus for the economic success of many Asian and Latin American countries over the last two decades. The key trigger for the ‘demographic dividend’ is when favorable changes in the age structure of a population are accompanied by judicious policies on education, training, health and infrastructure development and productive employment creation. This is a priority for Timor-Leste to sustain peace and accelerate development.

DIVERSITY

As it is important to include women and youth at the center of development, it is important to include people living with disability, senior citizens, religious minorities and sexual minorities (LGBTI). Only then will development be inclusive and benefit all, as well as ensure that all members of society can contribute by achieving their full potential. In order to include their ideas and concerns, NGOs and civil society groups have an important role to play in policy making and policy implementation and are consulted regularly.

AWARENESS AND ENGAGEMENT

Awareness acts as an enabler in three ways, on one hand it is the first step to engagement, which is key for every Timorese citizen to feel ownership over the shared development vision of the SDP and the global SDGs. Secondly, awareness and engagement are key to achieving behavioral change, for citizens to appreciate services such as health care and education and take advantage of them once provided. Without awareness, engagement and buy-in, hospitals and schools built may remain empty, if, for example, citizens in rural areas distrust modern medicine or do not see the value in education.

Thirdly, awareness and engagement among citizens is an enabler because informed citizens can better hold their administrative and elected officials accountable, decreasing the risk of

corruption and increasing efficiency as well as strengthening the social contract. Knowledge and engagement on the SDP and SDGs leads to more ownership, civic engagement and a more informed electorate. This is crucial for the development of Timor-Leste and its continued path of peace and democracy.

Timor-Leste recognized the importance of awareness raising and engagement early on and in 2010/2011 carried out countrywide discussions on the planned SDP, down to the suco level. It also encouraged each municipality to develop their own local development plan, outlining their vision and priorities. In 2015, the Government also introduced a social audit process, working with the national umbrella of NGOs, FONGTIL, as described in the section on Transformative Partnerships below.

NEXT STEPS

A midterm review of the SDP is planned in the near future. This review will be built on an inclusive and public consultation process. Decisions on local priorities (and SDG targets) will also be reviewed. This process will consider national priorities and SDG targets/indicators. It will involve an analysis of local socio-economic indicators (i.e.: census data and the Sensus fo Fila Fali suco profiles), local trade-offs and the analysis of catalytic development interventions, such as empowering women and youth groups as agents of change.

To 'leave no one behind' and 'reach the furthest behind first', it will also be important to:

- Continue collecting disaggregated data;
- To track progress across the urban-rural and gender divide;
- To ensure all sectors of society benefit equally from development interventions and investments.

Medium to long-term, Timor-Leste is increasingly moving from social transfers to empowerment by providing equal access to resources and education for every Timorese, irrespective of gender, geographic location, age and ability, so that each citizen can become a contributing member of society to their fullest potential.

To have well-trained youth entering the workforce over the coming years, and build the foundations for reaping the demographic dividend, Timor-Leste will continue to make significant investments in quality education and training. Recognizing the increased demand, the long-term investment needed (10-15 years per child, investments are needed now for the workforce of 2030) and the change in skills required, Timor-Leste is gearing up for a transformational leap forward in the provision of education, as the country is moving from oil-dependency to a more diversified, knowledge and skills-based economy.

EFFECTIVE INSTITUTIONS AND DECENTRALIZATION

WHY ARE EFFECTIVE INSTITUTIONS IMPORTANT?

Timor-Leste is an active promoter of the 2030 Agenda and advocates for strong ‘governance goals’ (SDG 16). Since 2002, all six constitutional governments have made their priority to restore peace and promote economic growth by rebuilding infrastructure and strengthening public institutions. The sixth Constitutional Government intends to further foster governance systems by improving the efficiency of its institutions, promoting public participation and enhancing accountability mechanisms. At the global level, Timor-Leste plays a key role in sharing its experience, particularly with g7+ members.

In the next section, this document highlights some of the reforms implemented and the importance of these ‘enablers’ to localize the SDGs. The last section discusses how Timor-Leste intends to use ‘decentralization’, in a phased approach, to localize the SDGs at municipal level.

EFFECTIVE INSTITUTIONS AND DECENTRALIZATION

Timor-Leste has laid the ground for solid institutions to implement the SDGs.

Key achievements include:

- Public administrative reforms
- Enhanced integrity and efficiency of public institutions

From strengthening public institutions to improving efficiency

Since gaining independence in 2002, Timor-Leste has taken strides in restoring stability and rebuilding the country. This progress is due to a conscious effort made by successive governments to ensure the provision and restoration of key public services and infrastructure. A major part of that work (which recognizes and respects traditional governance systems) was the instigation of the ‘de-concentration process’ as part of the ‘decentralization principles’. This was also alluded to in: the Constitution of the Republic; and key legal and administrative reforms such as the Legislative Harmonization and Judicial Reform, the Public Administration Reform, the Economic Reform and the Performance Management Reform. These are further described in the section on ‘Integrated Planning, Budgeting and Monitoring’ below. Efforts are also being made on democratic participation, downward accountability and community monitoring. For example, social audits are conducted at suco level, allowing local community members to discuss issues of service delivery. Now outsourced to NGOs, this initiative will be sustained as functions such as social auditing are devolved to local authorities. The Law 2/2004 on suco elections is another illustration of how the participation of women and young people is strengthened in traditional local governance systems. The country has also invested in its national statistical capacity, notably for the organization of population surveys (five-year cycle, moving to a 10-year cycle in future) and the production of the ‘Sensus for Fila Fali’, as well as suco level development progress reports, which are used to help grassroots

communities prioritize local development. The Sensus fo Fila Fali gives back to Timorese citizens the information they provided to the 2010 census in the form of 24-page summary reports of progress for every one of the 442 sucos in the country.

Enhancing integrity and efficiency

Beyond building accountable institutions (SDG 16), Timor-Leste has the requisite institutional framework for more transparent and accountable governance. This includes the Commission on Anti-Corruption (CAC), which was established in 2009 with a mandate to prevent and investigate corruption. It also includes the Provedoria for Human Rights and the Civil Service Commission (CFP), which was established in 2004 to promote integrity in public sector. Other oversight institutions include the Parliamentary Commission A and Commission C, focusing on promoting public sector ethics, and enforcing oversight on budget and public financial management respectively. It also includes the Inspector General's office, the Prosecutor General's office, the Court of Appeal and Audit and the National Procurement Commission. Timor-Leste also established a transparency e-portal, which presents information on budgets and expenditures (from 2002 onwards) in Tetum, Portuguese, and English, inline with world best practices.

The importance of implementation:

Timor-Leste made significant progress to deliver basic services and enhance its public infrastructure. To continue improving access to services and economic growth across the country, particularly in remote areas, the Government will 'bring government closer to its people' and transform municipalities to administrative units responsible for the production of public services within their catchment area (provision functions will remain the competence of central administrations). Initially under the authority of sector ministries and national agencies, municipalities will gradually be responsible for the implementation and monitoring of sector policies at the subnational level, once the appropriate legal frameworks and capacities are in place. Over time, this will include the capacity of municipal units to define local priorities; to suggest corrective-measures; to develop regulations that respond to local contexts; decide on the utilization of public fiscal resources; and initiate partnerships with other municipalities and the private sector. As described below, functions and resources will be transferred to the municipalities as they embark on the implementation of their first midterm (and annual) development plans.

The importance of 'the how', not just 'the what'

To maximize the effectiveness of every dollar spent to provide the best possible environment for economic growth and quality service delivery, the aid coordination unit (Ministry of Finance) is responsible for driving and coordinating foreign aid using the 'New Deal' principles set forth in the Engagement in Fragile States (2011) and under the country's motto 'One-Plan, One-Budget, One-System'. Analysis of aid effectiveness is not limited to large scale national development programmes but includes investments made at local/community level. The decision to 'slow-down' decentralization and to invest in the 13 municipalities as future administrative units responsible for service delivery was motivated by a review that recommended local development investments be made at municipal level, where economies of scale and sustainability are easier to meet.

As a country that strongly believes in the 2030 Agenda, Timor-Leste recognizes the SDGs as a unique opportunity to rethink local development, beyond the traditional vertical and sectorial interventions. The country is committed to 'localize' the SDGs at the subnational level.

Decentralization to localize the SDGs in municipalities

Under the current Decree-Law on de-concentration and the draft decentralization law being considered by Parliament, municipalities (and autonomous regions) will, from 2018, play a prominent role to prioritize, plan, budget, implement and monitor local development plans. For the Government, it is therefore critical for SDGs to be mainstreamed in municipal development plans and budgets (see section below).

In Timor-Leste, SDG localization and the pledge to 'leave-no-one behind' is built on a commitment to focus SDG implementation on municipal rural communities, urban slums and vulnerable populations, such as women, girls, youth, the disabled and the elderly.

From de-concentration to decentralization

Driven by the current decentralization process, the SDGs will be localized in the following three decentralization phases:

- De-concentration (2016-2018),
- Institutional decentralization (2018 – 2020) and
- Territorial decentralization (from 2020)

This approach will take into account lessons learnt from previous decentralization programmes such as the: Programa Dezenvolvimentu Lokal, the Programa Dezenvolvimentu Integradu Munisipiu, and the Programa Nasional Dezenvolvimentu Suku.

The choice for 'landing the SDGs' at the municipal level through a phased and asymmetric decentralization process was made by the Government considering local capacities and the need to synchronize this process with future public administration reforms and election cycles. It is important to note that the level and type of decentralization will vary from one municipality to another.

In this context, over the next two to three years, the Government will strengthen municipal administrative units and provide them with regulations, standard operating procedures, human resources, financial allocations and equipment. While delegated functions will be assigned by the various ministries, the Government plans to support sector ministries to complete functional assignments, cost sector strategies and to review human resources requirements, including civil service arrangements and codes.

During the second phase (from 2018), Ministries will transfer additional functions and resources to municipalities, including for the management of larger budgets and decisions on local expenditures. During this phase, the Government expects to establish strong municipal administrations to prepare for the formation of elected municipal councils in 2020.

The third and last phase of the decentralization process will be introduced from 2020 with local elections that will form the first municipal councils (headed by a Mayor). As anticipated by the draft Law on decentralization, the municipal councils will be progressively established in all municipalities and will be accountable to the people.

The SDGs will be localized at municipal level in three phases:

2016-18: De-concentration

2018–20: Institutional decentralization

From 2020: Territorial decentralization

Mainstreaming SDGs in municipal plans and budgets

Shifting from ‘vertical sector interventions’ towards more integrated territorial development policies, the Government will use a territorial/municipal local development approach. This involves a holistic vision of local development and will help create an enabling environment for sustained growth and a better balance between economic, social, environmental and governance elements. To support this process and to help municipalities in their efforts to mainstream SDGs in their development plans and budgets, a ‘whole of government’ as well as a ‘programme-based budgeting approach’ will be used. This will foster horizontal and vertical coordination amongst departments and improve integrated planning, budgeting and performance monitoring.

As for suco plans, municipalities will conduct public consultations on local development priorities as well as SDG goals and targets with local residents, civil society organizations (CSOs), suco chiefs, representatives of vulnerable groups, minorities, women, youth, religious leaders, the private sector and other local actors. Recommendations on local priorities and SDG targets will subsequently be reviewed by municipal authorities considering national priorities, the ‘Sensus for Fila Fali’ and costs-benefit analysis of catalytic development interventions. Throughout this process, conflict sensitivities, a rights-based approach and gender issues will be taken into consideration to address exclusion, marginalization, inequality and extreme poverty. As a country that moved from conflict to peace and stability, it should also be noted that Timor-Leste recognizes the importance of social cohesion and consensus building across society. As with the National Parliament, where women are holding 38 percent of parliamentary seats, the participation and representation of women, youth and vulnerable groups will be encouraged at the subnational level through existing governance systems or ad-hoc decision-making process, which can be established by municipalities. Community monitoring (including complaint mechanisms) and social auditing are other areas the Government will strengthen to improve the quality of public service and downward accountability.

Fiscal decentralization and municipal public finance management (PFM)

To provide necessary, equitable and predictable financial resources to municipalities, fiscal decentralization policies and allocation formulas will be developed. At the same time, support will be provided to strengthen the PFM/municipal finance capacities and to identify opportunities for increasing municipal fiscal revenue generation (e.g. through local licensing and municipal fees). In urban municipalities, the use of municipal bonds, public private partnerships and other financing models may be considered. New legal frameworks and fiscal incentives will be piloted to encourage private sector investments at municipal levels

and to support inter-municipal cooperation. In key municipalities, 'one-stop-shops' will be established to simplify business licensing, procurement and other municipal administrative services. Use of e-governance and mobile technology will be promoted in these initiatives.

Private sector engagement

Depending on local needs and existing capacities, municipalities will strengthen partnerships with the private sector for local economic development, job creation, vocational training and the delivery of public services including, education, health, water and sanitation, agriculture and irrigation, tourism, construction and maintenance of local infrastructure. To stimulate private investments at the municipal (or inter-municipal level), the Government will, for instance, promulgate new legal frameworks on private-public partnerships, offer fiscal incentives for employment, create special economic zones, simplify business licensing and harmonize procurement procedures. 'Service delivery agreements' could also be developed to allow the private sector to deliver public services according to national norms and standards.

Capacity development

Using results from local governance diagnostics, capacity development action plans will be developed to train civil servants (and future councilors) and to improve policies, legal framework and administrative systems that are needed to deliver the SDGs. Capacity development will also support CSOs, the private sector, academia and the population as a whole. Significant efforts will be made to improve local leadership, human resources, as well as the technical and management capacities of municipal authorities. This will also include improving their ability to mobilize local resources, deliver services, and involve the population in policy decisions, planning and decision-making. Special attention will be given to strategies aimed at engaging the most excluded.

Inclusive local development

As described in the section below on 'Inclusion', Timor-Leste has several policies on inclusion, equity and social protection. Under the current system, these policies are mainly used to deliver social benefits and/or cash to beneficiaries (i.e.: veterans, women, elderly). Localizing the SDGs, is an opportunity for municipalities to ensure that local development is more inclusive and that vulnerable groups will have equal access to services and equal rights beyond being recipients of government support. For example, municipalities could develop 'youth volunteering' initiatives for youth to engage in their community and have the chance to be trained and stay in their municipality, rather than migrating to Dili or other urban centers.

NEXT STEPS

The preceding section describes the wide range of efforts that the Government of Timor-Leste is undertaking to strengthen national institutions to deliver the Strategic Development Plan and achieve the 2030 Agenda. Moving forward, a primary focus will be to further the on-going decentralization reform, ensuring that national development is inclusive, balanced and meets the needs of all citizens – while also being consistent with the commitment to 'leave no one behind'. The Government will localize the SDGs at municipal level following the three decentralization phases described above. Key priorities for this process will include:

- A review of key sector ministries' functional assignments;
- The formulation and costing of strategic sector plans;
- An analysis and capacity development plan for human resources, including the development of a cadre of civil servants assigned at subnational level;
- The gradual assignment of functions and transfer of resources to municipalities (until 2020);
- A review of fiscal decentralization policies, intergovernmental fiscal transfers, sector/special grants, tax regime and strengthening of municipal fiscal capacities/PFM;
- The introduction of multi-year and integrated programme-based planning and budgeting for municipal development plans (midterm and annual);
- The introduction of area-based programming, including inter-municipality cooperation;
- Regular public consultations and oversight mechanisms organized so that the delivery of services can be prioritization and service quality assured;
- Support and capacity development to local CSOs, women and youth groups to enhance the quality of public participation and social auditing;
- The adoption of legal frameworks and fiscal incentives for private sector engagement in local development and/or service delivery.

INTEGRATING PLANNING, BUDGETING AND MONITORING FOR EFFECTIVE IMPLEMENTATION

WHY IS THIS A CRITICAL ENABLER?

The SDP and the 2030 Agenda both set out ambitious goals for national development. To achieve these ambitions, available financial resources must be effectively targeted at the most important needs and priorities. As mentioned above, paragraph 55 of the 2030 Agenda commits member states to “setting its own national targets guided by the global level of ambition but taking into account national circumstances” and ensuring the targets specified are “incorporated into national planning processes, policies and strategies”.¹⁵

Asia Pacific Regional analysis by UNDP shows that many governments have not yet linked planning, budgeting and monitoring systems to effectively achieve development goals such as the SDGs. The systems being put in place by the Government of Timor-Leste place it ahead of many others in the region on scorecards such as the Public Expenditure and Financial Accountability framework. Even so, efforts are underway to further strengthen national budgeting and planning systems.

INTEGRATING PLANNING, BUDGETING & MONITORING

Success story:

- The establishment of the Planning, Monitoring and Assessment Unit in 2015 demonstrates the Government’s intention to effectively integrate planning, budgeting and monitoring processes under the motto ‘One Plan, One Budget, One M&E.
- The ‘programme budgeting’ approach introduced with the support of OECD has shown great potential for strengthening the planning and budgeting process in across government.

Next steps

- Operationalize ‘programme budgeting’ for all Government entities and prepare the 2018 budget on a programme basis.

- Continue the transition from annual to multi-year (medium term) planning and budgeting.
- Strengthen capacities for decentralized planning and budgeting, to support the decentralization process.
- Strengthen dialogue and accountability with citizens through better sharing of information and awareness-raising.
- Develop systems to identify and prioritize dependencies, cross-cutting investments and programme investments with multiple development dividends.

15 <http://www.un.org/womenwatch/feature/ruralwomen/facts-figures.html>

WHERE WE ARE

Timor-Leste has progressively developed national planning and budgeting systems over the last 15 years. These systems both adhere to the SDP vision but have operated largely in parallel. The Government has also developed a strong framework for monitoring, including essential prerequisites such as a national census and a national statistical system to provide the data required to track progress and adapt priorities.

The National Parliament passed a resolution in 2015 committing to the SDGs and asking for “the alignment of planning and budgeting systems to the SDGs”. In response, the SDG Working Group has analysed the coherence and coverage of the SDGs in the SDP. Meanwhile, the Government has directed all agencies to reflect the SDGs in their annual plans and budget requests.

The national planning system

The national planning system is based on the SDP as a medium-term development vision: “one vision, one plan, which provides the overarching framework for all programs and projects to align with, as agreed in the Dili Development Pact 2011”.

Each elected Constitutional Government lays out a programme providing priorities and plans for its term (usually five years). The current Sixth Constitutional Government has a term of 2.5 years, which is due to end in second half of 2017. The Program of the Sixth Constitutional Government is built around four pillars:

- a. Social Development
- b. Infrastructure Development
- c. Economic Development
- d. Governance Development

Line ministries and agencies propose annual plans, programmes and projects for inclusion in the Annual Budget. These are reviewed through the *jornadas orçamentais* budget planning and prioritization process, coordinated by the Ministry of Finance. These annual plans are largely aligned with the Sectorial Plans of the respective Ministries, however not all Ministries have a consistently framed and up-to-date plan. .

Beyond individual Line Ministry plans, the Government currently has no medium-term development plan (such as a National Development Plan). The programmes promulgated by the elected Constitutional Governments, such as the current Program of the Sixth Constitutional Government, are instead used as reference points for multi-year planning.

The national budget management system

At independence the Government inherited an input-based budgeting system put in place by the UN Transitional Administration. Budgets were prepared and approved at the line item level, using modified cash basis accounting. Budget implementation was measured by cash execution only.

Since then, development of the national budget system has taken place in three broad phases:

1. 2002-2007: establishment of core budgeting functions;
2. 2007-2014: capacity building of the Ministry of Finance and related institutions, introduction of the Financial Management Information System (FMIS) and a Program Budget Structure through the Law on Budget and Financial Management in October 2009;
3. 2015-present: introduction of programme-based budgeting and greater emphasis on fiscal sustainability, gender responsive budgeting and integration of planning and budgeting functions.

Integrating planning and budgeting processes through a programme budgeting approach

On 11 June 2015, the Government of Timor-Leste passed a Decree Law 22/2015 mandating the creation of a Planning, Monitoring and Evaluation Unit (UPMA: Unidade de Planeamento, Monitorizacao e Avaliacao) under the Prime Minister's Office. UPMA was mandated "to connect the annual plans from State Institutions to the General State Budget in a more explicit way, and developing financial reporting and monitoring tools."

UPMA has led the development of a programme budgeting approach for Timor-Leste, to enhance the efficiency and effectiveness of SDP implementation and to strengthen the focus on fiscal sustainability and service delivery at local levels. UPMA has worked with the Organisation for Economic Co-operation and Development (OECD) to develop a 'programme budgeting roadmap' for Timor-Leste. This lays out a strategy to strengthen the links across planning, budgeting and monitoring and accountability on a medium-term planning basis.

Key steps being undertaken at present include:

- a. Piloting programme budgeting with 25 Government agencies in 2017 covering 83 programmes, which account for 58 percent of the non-infrastructure budget.
- b. Updating the Financial Management Information System (FMIS) chart of accounts for programmes and activities to link plans and budgets
- c. Developing a standard programme of good governance and institutional management across all participating line ministries.
- d. 2018 budget process will be program budget based for all Government entities.
- e. Introducing performance auditing

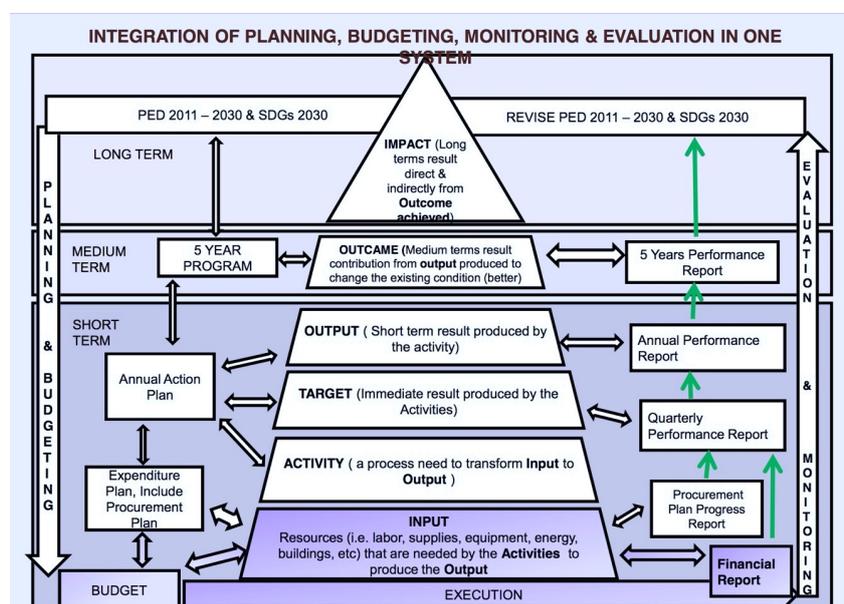


NEXT STEPS

- The Government is committed to strengthening the linkage between planning and budgeting in the coming years, in line with global best practices. The Government recognizes the importance of this approach to enhance delivery of the SDP and to fulfil Timor-Leste's commitment under Paragraph 55 of the 2030 Agenda. This process will also support the on-going transition from the earlier input-based annual planning and budgeting processes to a new multi-year, integrated, results-focused planning and budgeting process that provides citizens and decision-makers at all levels with clear information on national priorities, plans and expenditures.
- The Government's long-term vision is to have an integrated system for planning, budgeting, monitoring and evaluation that strongly links these processes to the medium- and long-term visions of the country. The figure below describes the overall model that will be established.
- Further efforts will be required to strengthen medium term planning and budgeting, (e.g. through the introduction of national development plans complemented by medium term sectoral expenditure frameworks, and a greater focus on monitoring for impact and results as well as expenditures).
- In line with the on-going decentralization of services to municipalities, the Government will also ensure strengthened capacities for programme budgeting and medium term planning at the municipal and local levels.

- These steps will provide the basis on which implementation of Government plans and programmes can be made more effective, by more directly linking Government inputs and activities to the intended outputs, outcomes and the long term impact intended.
- Estes passos constituirão a base sobre a qual será possível tornar os planos e programas do Governo mais efetivos, por meio da ligação direta entre contributos e atividades governamentais aos resultados, efeitos e impactos a longo prazo pretendidos.

FIGURE 13: INTEGRATED PLANNING, BUDGETING, MONITORING AND EVALUATION
(SOURCE: UPMA)



In addition to strengthening the link between national plans and fiscal budgets, the government is also working to ensure greater alignment of Official Development Assistance (ODA) and development partner assistance with national programmes and policies, including through the introduction of an Aid Management Effectiveness Policy. This aims to ensure “a radical improvement in the reporting on the use of external aid resources both on-budget and off-budget and their complementarities with Government-funded development”. This is part of efforts to develop an integrated financing framework for national development, using tools such as Development Finance Assessments which take into account all types of financing – public and private, domestic and international – and a long-term perspective across the government’s financing framework.

Underlying all these efforts is a commitment to strengthen dialogue and accountability with citizens. The Government will continue to prioritize transparency in priority-setting, budgeting and monitoring, particularly for deconcentrated and decentralized programmes and budgets. Such dialogue and transparency will ensure a continued link between the bottom-up development plans and services to be delivered by municipalities, and the overall national vision and strategies towards 2030.

Monitoring and evaluation in Korea: The abundance of real-time information [i]

Following the Asian financial crisis in 1998 and the need to increase public spending due to an ageing population, the Korean government instigated a number of reform programmes to improve efficiency. In 2006, the National Finance Act made it a legal requirement for ministries and agencies to monitor performance and be evaluated.

Performance monitoring is based on a variety of systematically collected data, including financial performance, customer surveys and administrative data. This information is then used to measure progress against indicators on planning implementation, impact, public relations and policy evaluation.

The evaluation process is split into two areas: self-evaluation and an in-depth review process. Each year, a third of programmes are evaluated through self-assessment by ministries (coordinated by the Ministry of Finance) and selected major programmes are evaluated annually by an evaluation committee under the Prime Minister's office. The results of evaluation feedback directly inform future budgetary decision-making.

The Government is also committed to strengthening monitoring and evaluation functions within agencies, to create a stronger culture of performance management and to allow for plans to be adjusted and approaches corrected in response to changing circumstances. Models such as those used in Korea (see box) are amongst those that will serve as benchmarks.

Finally, the Government recognizes that development is a complex and multidimensional process, and that goals of the SDP (as well as the SDGs) are closely intertwined. Effective development will require the introduction of systems (such as futures analysis and scenario-based strategic planning) to identify and prioritize dependencies, cross-cutting investments and programme investments with multiple development dividends. The systems and capacities required for such strategic planning will also be developed in the years to come.

A FINANCING FRAMEWORK FOR THE FUTURE

WHERE ARE WE?

Understanding the mix and trends in resources across the financing landscape is important to identify the key financing opportunities and challenges that Timor-Leste will face in realizing the SDP and SDGs.

At this critical phase in Timor-Leste's history, decisions and institutional structures for managing and leveraging the country's finances will have a significant impact on long-term development. The need to restructure the economy and financing model over the long term is well recognized with, for example, the call in the SDP for diversification into three key non-oil sectors: agriculture, manufacturing and tourism. The need for transformation is reinforced by the country's demographics – with a projected 40 percent growth in the working age population by 2030, there is a need to create jobs and markets, as well as a skilled labor force that can take them on.

Public finance dominates the Timorese financing landscape. Government spending accounted for more than three-quarters (78 percent) of financing flows in 2014 (Figure 14). Meanwhile, two-thirds (67 percent) of new capital investment in 2014 was made by the government.¹⁶ Official development assistance is the second largest source of financing in the country, at \$248.8 million in 2014, accounting for 13 percent of the total. Private investment remains small, with combined domestic private investment and foreign direct investment accounting for 5.1 percent of total financing, at \$84.1 million and \$33.9 million respectively.

FINANCING FRAMEWORK FOR THE FUTURE

Success story

- Timor-Leste has taken a responsible approach to successfully leverage its natural resources to finance key development investments and advances, while putting policies in place to ensure strong leadership and coordination to create an integrated financing framework for the future.

Next steps

- Design and implement a holistic approach to financing development results as a step toward setting a strategy to effectively mobilise and manage finance. For example, leveraging development assistance and domestic resources to attract FDI in order to diversify the economy, leading to reduced oil-dependency and a sustainable future.

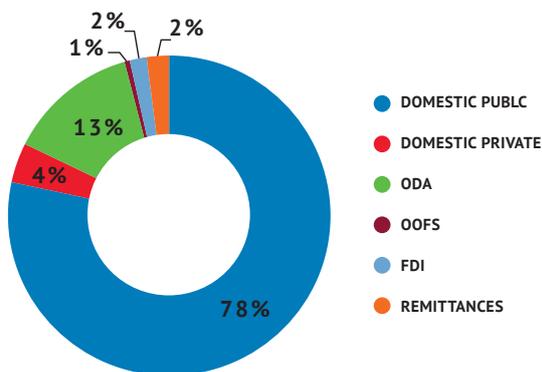
Petroleum revenues are the primary source of public revenue (Figure 15). In 2015 petroleum revenues accounted for 79 percent of all revenues to the state, or 88 percent of all revenues excluding grants.¹⁷ Much of Timor-Leste's petroleum wealth has already been extracted, with new oil revenues from existing fields likely to run out in the next five years. The Kitan oil field ceased production in 2015, with the only other active field, Bayu-Undan, projected to cease production by 2021. The potential of other oil fields, such as the Greater Sunrise field, is yet to be determined. Significant reserves have been built from the revenue already extracted. However, depending on assumptions made about medium term levels of government spending, growth in tax revenues and decisions about borrowing levels, as well as the returns on the Petroleum Fund's assets, the Petroleum Fund could run out in the next 10–15 years (Figure 15).

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16 67 percent of gross fixed capital investment. Source: Timor-Leste National Accounts 2000–2014, Ministry of Finance, General Directorate of Statistics.

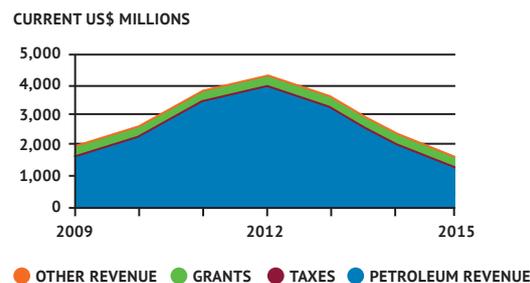
17 IMF Article IV assessment 2015

FIGURE 14: DOMESTIC PUBLIC FINANCE ACCOUNTS FOR OVER THREE-QUARTERS OF FINANCING AVAILABLE



Sources: Timor-Leste National Accounts 2000–2014, Timor-Leste Budget Book1, OECD DAC, UNCTAD, World Bank. Domestic private figures are proxied as the difference between gross fixed capital formation by private corporations and FDI. Data is for 2014. OOFs = other official flows.

FIGURE 15: PETROLEUM DOMINATES PUBLIC FINANCE REVENUE



Sources: International Monetary Fund (IMF) Article IV assessments for 2015 and 2013.

Traditional development partners play an important role in the human capital and social sectors in Timor-Leste, though concessional financing from many international actors may fall in coming years. Official Development Assistance accounted for around 30 percent of the total health spending in 2014. Much of this concessional financing is also time-bound: as Timor-Leste’s economy grows and it ‘graduates’ from Least Developed Country status (as it is likely to do in 2018) or Low Middle Income Country status (as it aims to by 2030), it will become ineligible for many international financing instruments that are currently active in the country. Most Vaccine Alliance (GAVI) funding, for example, will finish at the end of 2017 and eligibility for the Global Fund may end in the early 2020s.

The Government has a range of operational financing policies in place that link to longer-term plans largely through agreements on how to sequence priorities. There are many reforms ongoing at the policy, planning, coordination and delivery levels. Strong policies on aid management, industrial development and tourism are newly completed. New structures for coordinating across ministries and agencies have recently been established. The budget is also moving to a programme based, multi-year approach with the establishment of new planning processes and monitoring outcomes.

This is an important time for Timor-Leste to assess how it will link its planning and budgeting processes with the long-term financing of results. This is further described in the section on ‘Integrating Planning, Budgeting and Monitoring’ below. The government has significant resources available in the short and medium terms, but wider forms of financing remain limited. How the country’s reserves are invested will have a critical bearing its future development path. It will also influence the extent that the government is able to transition to a sustainable post-oil financing model, reap the benefits of a rapidly growing population, and achieve the vision of the SDP.

Transforming the private sector is a critical part of the transition to a sustainable overall model of financing. This will require attracting greater volumes and diversity of private investment. Private sector investment remains low in total and as a proportion of total investment. Private corporations accounted for under a quarter of capital formation in 2014 with non-oil corporations accounting for 15 percent, or \$76 million. Nevertheless, there are some signs of growth in private investment, with non-oil capital formation in 2014 reaching its highest level since independence. It should be noted, though, that levels have fluctuated considerably year on year. There is some evidence of a small but growing pipeline of foreign direct investment projects.

WHY IS THIS A CRITICAL ENABLER?

The policies and institutional structures that the Government has in place to deliver this shift to a more diversified and sustainable financing base for development will be an important determinant of the country's long-term success.

To address specific challenges and to achieve sustainable development according to the strategies in place, the government will develop new, more effective and integrated approaches to mobilizing and managing public and private finance in line with the Addis Ababa Action Agenda. This agenda assumes that countries will use their own national development strategies and plans to respond to the SDGs and calls for the adoption of Integrated National Financing Frameworks (INFFs). These frameworks should provide a structure for governments to form and implement a strategic, holistic, results-driven approach to financing their development objectives. The approach being taken by the government of Timor-Leste is intended to effectively mobilise necessary investments and support coherence across government in channeling resources to the areas where they are most needed.

WHAT'S NEXT

The ambitious targets of the SDP introduces the need for an integrated vision of fiscal planning and management, which also transcends traditional public financial management and allows for the alignment of private investments. Such a strategy for mobilizing resources should be commensurate in scale and consistent with the intended SDP results. It should provide clarity on the contributions that all actors – public and private, domestic and international – can play in achieving that vision.

Timor-Leste intends to establish an integrated approach to financing the SDP by strengthening essential building blocks for mobilizing and managing finance flows for results, including:

- Leadership that facilitates coherence across government;
- A clear vision for results;
- An overarching strategic financing policy;
- Operational financing policies for specific flows; and
- A monitoring, evaluation and learning system with strong participatory processes for accountability and dialogue.

Meanwhile, the Timorese private sector is small, but with some signs of potential for future growth. Private investment accounted for just 6.1 percent of total finance in 2014 or \$118 million (including domestic private investment and Foreign Direct Investment). Stimulating private sector development is critical for moving to a sustainable economic and financing model in the long term, once oil revenues have run out or declined significantly. The SDP identifies three sectors beyond the oil and petroleum industry – agriculture, manufacturing and tourism – as priorities for economic diversification. An effective financing strategy should include a costing of interventions in these sectors, or providing quantitative benchmarks for the scale of private financing it aims to mobilize.

There are several ongoing reforms that seek to improve different aspects of the business environment and contribute to stronger private sector development. In 2015, the Minister of State and Coordinating Minister for Economic Affairs (MECAE) initiated the ‘Guide for Economic Reform and Growth of Timor-Leste 2015-2017’, which includes several interventions designed to improve the business environment and stimulate greater private investment¹⁸. As a result an industrial policy is being developed with the Ministry of Commerce, Industry and Environment, and a tourism policy is also being developed with the Ministry of Tourism. There are legal reforms in several areas, including private investment law, export promotion law, land law, labor regulation, competition, insolvency and bankruptcy legislations. Meanwhile, a policy action plan on creating an enabling environment for business is also being developed.

One area that may become increasingly important for a strong business environment is investment in human capital. Establishing a skilled labor force and opportunities for jobs are important for reaping the benefits of Timor-Leste’s demographic trends. A well-educated, healthy workforce is essential for sustainable private sector growth, particularly in sectors such as agriculture and tourism that can be quite labor intensive. Investments in human capital – particularly in education, training, healthcare and nutrition – take 10 to 15 years to pay off and, with the potential workforce growing 40 percent by 2030, it is important to consider investments in these areas from the perspective of their impact on long term economic prospects.

TRANSFORMATIVE PARTNERSHIPS

WHY THIS IS AN ENABLER OF PROGRESS

The 2030 Agenda recognizes that the SDGs are a vision for all people, everywhere. Ending poverty, protecting the planet and ensuring prosperity for all requires partnership and collaboration, as captured in SDG Goal 17, which aims to revitalize the global partnership for development. The scale and complexity of the 2030 Agenda requires coordinated action across governments, civil society and the private sector, both domestically and internationally. Timor-Leste has recognized the importance of domestic and international partnerships from early in its modern history, and is working actively to strengthen the global partnership for development.

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18 Prime Minister Dr. Rui De Araújo, Speech at 2016 Timor-Leste Development Partners Meeting, 4 July 2016

TRANSFORMATIVE PARTNERSHIPS

Success story

- Timor-Leste has transformed rapidly from being mainly a recipient of external assistance, to demonstrating strong national ownership of development in the context of robust partnerships with a range of actors.
- The Government recognizes the importance of actively contributing to global development processes and has made important contributions to the Post-2015 and 2030 Agenda processes, as well as offering peer-to-peer support to other countries in similar circumstances.

- Domestically, the Government has initiated important partnerships such as with civil society on social auditing, and has strongly supported the development of the private sector in the context of open engagement with overseas investors and foreign trade.

Next steps

- The Government will continue to actively engage with regional and global processes around the 2030 Agenda, in line with the commitment made as part of the High-Level Group on SDG Implementation.

ENGAGEMENT WITH THE EXTERNAL WORLD

As a small, open trading nation Timor-Leste has a long history of engagement with the outside world. The journey to regaining independence was strongly supported by external partners, particularly during the transition period from the end of colonial rule to independence between 2000 and 2002. As a newly independent nation, Timor-Leste continued to benefit from external support through foreign development assistance, capacity building, technology transfer and trade. This support was essential to the early development of national systems and capacities, and for meeting the basic needs of the population, while the country's productive capacity and incomes were rebuilt.

A significant shift in this relationship occurred once national fiscal revenues began improving through the establishment of the Oil Fund. With greater and more stable financial resources available, the Government of Timor-Leste began to more actively contribute to regional and global development processes, for instance through its participation in the Community of Portuguese-Speaking Countries (CPLP) and the g7+, and pending membership of ASEAN.

Engagement with such partnerships has given the country access to useful lessons from peers; platforms from which to contribute a collective voice to global discussions; and the opportunity to provide technical and financial support to other developing countries through south-south and fragile-to-fragile partnerships.

The Government maintains dialogue with development partners through the annual Timor-Leste and Development Partners Meeting and Quarterly Development Partners Meetings. These meetings are an opportunity to review progress and challenges in national development and the effectiveness of delivering official development finance. Given its specific situation, Timor-Leste also hosts the 'International Dialogue on Peacebuilding and Statebuilding' and is a champion of 'Monitoring Principles for Good International Engagement in Fragile

States and Situations'. At the bilateral level, there are additional mechanisms with partners providing general budget support (the European Union and Australia). The Development Partnership Management Unit under the Ministry of Finance is responsible for coordination and management among development partners, line ministries, CSOs and the private sector. Information on external assistance is captured through the Aid Transparency Portal and is used to inform the budgeting process. However, as in many countries, non-ODA finance is yet to be captured in a consolidated way.

Timor-Leste as a Founding Member of the New Deal for Engagement in Fragile States

Timor-Leste has been in the forefront of the development for the 'New Deal for Engagement in Fragile States', since the first 'International Dialogue on Peacebuilding and Statebuilding' was held in Dili on 10 April 2010. The Dili Declaration set out the 'New Deal's' vision and created the g7+ group of self-declared fragile states. The endorsement of the 'New Deal' was held in Busan, Korea in October 2011, after an intensive process of negotiation between the g7+ countries and the International Network for Conflict and Fragility composed of Development Assistance Committee donor countries. Timor-Leste was Co-Chair of the Committee under the first mandate of the 'New Deal', and serves as the base for the g7+ Secretariat. The g7+ Secretariat is hosted and supported by the government of Timor-Leste and is based in Dili.

This mandate was renewed for another five years at the 2016 Global Ministerial Meeting through the 'Stockholm Declaration on Addressing Fragility and Building Peace in a Changing World'. The renewed mandate makes a clear commitment to focus on the implementation of the Agenda 2030 and the SDGs, using the 'New Deal' principles, providing a country-led pathway out of fragility, with the mantra: 'From Fragility to Agility'.

Development partners' use of country systems has improved in the past years. According to development partner responses, the use of national procedures for budget execution increased from 5 percent in 2013 to 26 percent in 2015, while the use of financial reporting increased from 2 percent to 25 percent. National auditing procedures were used by 25 percent of development cooperation in 2015 (10 percent in 2013) and 40 percent relied on country procurement systems (9 percent in 2013). Development partners should strive to increase their use of country systems, which can only lead to improvements in the system, capacities and human resources. As discussed in the section on planning, budgeting and monitoring, the Government is prioritizing the introduction of a programme budgeting system to ensure that robust systems and proper procedures are in place for public financial management (PFM). The relatively low use of country systems shown above undercuts the efforts made by the government aimed at creating a strong PFM system.

Timor-Leste has been a long-standing pioneer in implementing aid effectiveness, voicing the specific needs and opportunities of countries in fragile situations under the 'New Deal' principles through the work of the g7+. In all these processes, the Government consistently advocates for countries to adhere to principles of good partnership such as the New Deal FOCUS and TRUST principles. Together with the rest of the g7+ community, Timor-Leste advocated for the inclusion of SDG Goal 16 on peace and justice, which is widely seen as one of the most transformative goals. Timor-Leste is also participating as a founding member of the 'Pathfinders for peaceful, just and inclusive societies' initiative. The initiative, co-convened with the Governments of Brazil, Sierra Leone and Switzerland, brings together governments

and multi-stakeholder partnerships working to accelerate the implementation of Goal 16 and associated targets on peace, justice and inclusive institutions in Agenda 2030.

The Government of Timor-Leste has also committed to advocate for the implementation of the 2030 Agenda through the High Level Support Group for SDGs Implementation.

As Timor-Leste approaches its 15th anniversary as an independent nation in the modern world, the Government recognizes that all countries have a responsibility to contribute to and lead global development partnerships, irrespective of size or developmental status. All countries have lessons and experience to share, and a strengthened global partnership for development benefits all the peoples of the world.

INCLUSIVE DOMESTIC PARTNERSHIPS: ENGAGING CIVIL SOCIETY AND THE PRIVATE SECTOR IN NATIONAL DEVELOPMENT

CSOs, national parliament members and the private sector are active development stakeholders in Timor-Leste, participating in dialogue forums and maintaining relationships with the government and development partners. CSOs are organized under the NGO Forum of Timor-Leste (FONGTIL), while national businesses are gathered in the Chamber of Commerce and Industry of Timor-Leste (CCI-TL).

In February 2015, the government launched a social audit initiative in partnership with FONGTIL, enabling civil society to monitor investments and progress in national development. Within Government a dedicated Social Audit Unit in the Prime Minister's Office coordinates this initiative. A Decree Law on Social Audit is currently under consideration. In addition, a government fund is available to finance capacity development for all development stakeholders.

FIGURE 16: INFORMATION MATERIAL ON SOCIAL AUDIT (SOURCE: FONGTIL)



In February 2015, the government launched a social audit initiative in partnership with FONGTIL, enabling civil society to monitor investments and progress in national development. Within Government a dedicated Social Audit Unit in the Prime Minister's Office coordinates this initiative. A Decree Law on Social Audit is currently under consideration. In addition, a government fund is available to finance capacity development for all development stakeholders.

Engagement with the private sector has also evolved rapidly since 2002. At the time of independence Timor-Leste had a very small domestic private sector, consisting mainly of small-scale trading and services as well as smallholder agricultural production (mainly of coffee). Through the front-loading of capital investment and policies for local procurement, the Government has helped to spur local business development, with more than 8,400 commercial licensing certificates issued and renewed and over 3,000 microbusiness licenses issued. Initiatives such as the Community Tourism Program will also help to ensure that local entrepreneurs benefit from the Government's support to the development of strategic industries such as inbound tourism.

LOOKING FORWARD: STRENGTHENING PARTNERSHIPS FOR 2030

The Government of Timor-Leste recognizes that the future development of the country will be built on strong and inclusive partnerships with domestic and external actors. The Government's approach to partnerships to achieve the SDGs encompasses a full spectrum of actors from civil society and the local private sector to international investors, development partners and regional and global partnerships in the international community. Looking forward there are opportunities to further develop the partnership with the private sector as an essential driver of development and prosperity in the country. The diversification of the economy beyond oil and gas, government services and basic agriculture will be a critical element of Timor-Leste's future prosperity. Partnerships with local and foreign entrepreneurs and the creation of a more positive environment for doing business will be crucial to the economic sustainability of the country in the coming decade.

In the context of the 2030 Agenda and the SDGs, Timor-Leste remains committed to contributing its progress and lessons learned at regional and global forums such as the High-Level Political Forum in New York, regional platforms such as the Asia-Pacific Forum on Sustainable Development and the Asia-Pacific Regional Knowledge Exchange, and through bilateral peer-to-peer partnerships with all interested parties. The lessons that the country has learned in successfully navigating the transition from a fragile post-conflict context to an environment of stability with peaceful transfers of power are an important contribution to the global discussion on the 2030 Agenda and particularly SDG Goal 16.

MAINTAINING PROGRESS: PRIORITIES AND NEXT STEPS

CONCLUSION

As described above, Timor-Leste's Roadmap to achieve the SDGs consists of two elements:

1. The Strategic Development Plan 2011-2030, which is a national development vision consistent with the 2030 Agenda in timing and coverage, but contextualized to the country in terms of its sequencing and focus.
2. The systems, structures and policies that have been put in place by the Government of Timor-Leste to effectively deliver the SDP, which describe how we will achieve our long-term vision.

The Government of Timor-Leste recognizes that developing a comprehensive roadmap for achieving the 2030 Agenda in a country context requires further learning, adjustment and reflection on citizen's developmental aspirations. The elements that are currently in place are the culmination of many efforts dating back over the 15-year history of modern Timor-Leste. They provide a guide and a set of tools to complete the remaining journey in fulfilling the aspirations of the Timorese people by 2030.

The intention and aspiration of this process is captured in the message Prime Minister Araújo conveyed to the 2016 Timor-Leste Development Partners Meeting.

*"we believe that the updated, aligned and harmonized strategic development plan with the sdgs, and the instruments we have created to better make the links between planning, budgeting and implementation will set the scene for a better dialogue in the mobilization of additional financial resources to support the sustainable development of timor-leste."*¹⁹

NEXT STEPS

REVISITING AND UPDATING THE STRATEGIC DEVELOPMENT PLAN

The Government of Timor-Leste is undergoing an evaluation of the SDP's first phase of implementation. The findings of the evaluation and the SDGs roadmap will provide inputs to update the SDP. The lessons and priorities identified in this Roadmap, and the feedback and insights it generates from its audience, will be taken as inputs to this review. Specific actions will also be reflected in the programme of the seventh Constitutional Government, which will be developed in the first months of the new administration.

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19 Prime Minister Dr. Rui De Araújo, Speech at 2016 Timor-Leste Development Partners Meeting, 4 July 2016 .

FURTHER STRENGTHENING THE ENABLING FRAMEWORK

The incoming seventh Constitutional Government will agree the specific focus and sequencing of next steps. Even so, some of the emerging priorities that will inform their decision-making process are listed below.

- The institutionalization of the programme budgeting process, including building capacities for effective implementation across the whole of Government, including at the Municipal level.
- Increasing the efficiency of the public administration and strengthening the focus on financial sustainability.
- Furthering the decentralization of service delivery and local government functions to the municipal level, in line with the national policy for decentralization.
- Further strengthening inclusion and outreach, including through the focus on gender equality and the empowerment of women.
- Furthering the process of economic diversification, particularly by encouraging the development of the domestic private sector and small and medium enterprises.
- Developing an integrated financing framework for national development, which leverages all available economic resources for national development including private sector investments and domestic and international financial flows (e.g. including remittances).
- Expanding the focus on youth, as the post-independence generation enters the productive years of their lives, to ensure that they have access to productive employment and opportunities to contribute to the economic, social and political life of the nation.
- Continuing to play a leadership role in advocating for the achievement of the 2030 Agenda, in line with commitments made as part of the High-Level Group on SDG Implementation and through mechanisms such as the g7+, the CPLP and ASEAN.

