



PRESIDÊNCIA DO
**CONSELHO
DE MINISTROS**



FACT SHEET: TIMOR-LESTE COMPACT

Timor-Leste has commemorated its 19 years of Restoration of Independence on May 20, 2021. During 19 years after restoration of Independence, Timor-Leste's commitment to good governance has been well documented and recognized internationally. In 2017, this commitment to good governance led to Timor-Leste being selected by the Millennium Challenge Corporation (MCC), an independent agency of the United State Government, to develop a five-year, multi-million dollar grant agreement – called a compact – that will reduce poverty through economic growth. MCC's unique data-driven approach to project selection and design, as well as its country-led development and implementation model, present a unique opportunity for Timor-Leste to invest in its own economic prosperity and aligns well with Timor-Leste's Aid Policy.

MCC and the Government of Timor-Leste – working through the Compact Development Team Timor-Leste (CDT-TL) – are now designing a compact program to address the country's primary constraint to economic growth – human capital development. The proposed compact aims to reduce the country's disease burden by upgrading the water treatment, sanitation and drainage system in Dili, and improve the quality of secondary education by establishing a center of excellence and training secondary teachers and school leaders.

REDUCING TIMOR-LESTE'S DISEASE BURDEN THROUGH IMPROVED INFRASTRUCTURE



Children play in contaminated drain water in Dili.

Timor-Leste faces extensive economic development challenges caused by a high rate of stunting and morbidity due to diseases brought on by contaminated water, poor sanitation, and floods. The proposed Water treatment, Sanitation and Drainage (WSD) Infrastructure Project will be designed to remove contamination from the environment and improve water quality to address these key concerns. In addition to investing in infrastructure developments, the project will also include social and behavior change efforts to target individuals' water and sanitation hygiene practices. MCC and the Government of Timor-Leste are currently conducting a feasibility study that will help determine the right set of investments to have the greatest impact on reducing the disease burden in Dili.

As Timor-Leste works to limit the impact of the COVID-19 pandemic, access to safe, clean water and modern sanitation services has become even more critical to protect the health of all Timorese. Improving water quality, sanitation and drainage in Timor-Leste will help create the necessary resilience for the country to meet future health challenges, grow the economy and reduce poverty.

The Government of Timor-Leste recently established water quality standards, an independent water utility and an independent water regulator – key reforms that will improve the management of the water sector and help the Government of Timor-Leste to better deliver critical services to its people. These are early demonstrations of Timor-Leste's commitment to the proposed MCC compact. These reforms will help ensure the long-term financial sustainability of the WSD Project and the water and sanitation sector as a whole.

IMPROVING SECONDARY EDUCATION THROUGH BETTER TEACHING



Students at a secondary school in the Ermera municipality during a scoping mission by CDT-TL and representatives from the Ministry of Education, Youth and Sport in September 2020.

Recognizing that economic development requires investments in the Timorese people, the Government of Timor-Leste has also proposed an Education Project that aims to improve the quality of education for students in grades 10 through 12 to equip them with the skills to succeed in jobs and tertiary education.

Improving the quality of education for Timorese students will start by educating and training all current and future secondary school teachers and school leaders in Timor-Leste. The proposed Education Project aims to improve education by developing a center of excellence that will provide pre-service training for future secondary school teachers and school leaders, and by developing in-service training and professional development opportunities for current teachers and school leaders. MCC and the Government of Timor-Leste are currently undertaking a design study that will inform the details and scope of the proposed project.

NEXT STEPS

MCC's compact investments operate on strict five-year implementation timelines –once the five-year clock starts, it cannot be stopped. In order to ensure MCC and the Government of Timor-Leste can successfully implement the proposed projects within the five years, they have invested significant time in developing the compact and preparing the projects for approval and then implementation. CDT-TL and MCC are currently in the process of conducting the remaining studies that will provide key data and information to finalize the details and scope of project designs.