



TIMOR-LESTE MILLENNIUM DEVELOPMENT GOALS REPORT



February 2004

REPÚBLICA DEMOCRÁTICA DE TIMOR-LESTE
AND UNITED NATIONS COUNTRY TEAM

**TIMOR-LESTE
MILLENNIUM DEVELOPMENT GOALS REPORT**

DEMOCRATIC REPUBLIC OF TIMOR-LESTE

BASIC DATA

Population

| | |
|---------------------------------|-------------------------|
| | 794,298 (estimate 2001) |
| % living in rural areas | 76% |
| Annual population growth rate | 0.90% (1999-2001) |
| Population under 15 years old | 44% (estimate 2001) |
| Dependency ratio | 82% (2001) |
| Fertility rate (children/woman) | 7.1 (estimate 2002) |

Life expectancy and Mortality

| | |
|--|--|
| Life expectancy at birth | Male: 55.6 years; Female: 59.2 years (2001) |
| Infant mortality rate / 1,000 live births): | 80.1 (2001) |
| Under-5 mortality rate / 1,000 live births: | 143.5 (2001) |
| Maternal mortality rate / 100,000 live births: | 420 (1999) |

Poverty

| | |
|--|-----|
| Population below US\$1-a-day | 20% |
| Population below national poverty line | 41% |

Inequality

| | |
|------------|-----|
| Gini index | 37% |
|------------|-----|

Education

| | |
|--|---------------------|
| Adult literacy rate (as % of those aged 15 and over) | 43% (estimate 2001) |
| Net enrolment ratio (primary education) | 76% |

Infrastructure

| | |
|---------------------------------|-----|
| Access to improved water source | 50% |
| Access to piped or pump water | 42% |

Economy

| | |
|----------------|--------------------------|
| GDP | US\$389m (estimate 2001) |
| GDP per capita | US\$478 (estimate 2001) |

Source: National Human Development Report (2002)

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On 20 May 2002, Timor-Leste became the world's newest sovereign State in the 21st century, following the restoration of its independence by the United Nations. On that same year, the country became the 191st member-State of the United Nations.

By becoming a member of the community of nations, Timor-Leste formally acceded to adopt the Millennium Declaration passed by 189 countries in September 2000 aimed to "create an environment, at the national and global levels alike, which is conducive to development and the elimination of poverty". The Declaration, with its specific goals and targets, later on evolved to be globally known as the Millennium Development Goals (MDGs).

As a set of inter-connected and mutually reinforcing development goals, the MDGs provided the backdrop in the development of the first National Development Plan (NDP) of Timor-Leste, which was produced in May 2002. Formulated with the support from its Development Partners, the National Development Plan provides a road map for the country's development over a five-year within a twenty-year perspective. Likewise, the NDP articulates a vision of a Timorese society for the year 2020.

This Report, which is a product of the collaborative effort of the Government of Timor-Leste and the United Nations Country Team, outlines preliminary targets and indicators that are perceived to be most relevant to this country. The publication of this Report is our first attempt to take stock on the status of the MDGs in Timor-Leste.

Some sectors may consider the targets, as outlined in this Report, to be too ambitious as the country faces the challenge of identifying alternative sources of growth while at the same time, aspiring to distribute income more equitably among its citizenry. The Government and the UN Country Team believes however that these targets are realistic enough and achievable given the available resources at their disposal.

As an initial attempt, this Report also represents an important step in the Government's efforts to sensitize the general public as well as policy makers, on the need to advance the achievement of the Goals within Timor-Leste. As a Report, it is also an essential tool which can be used for advocacy, awareness-raising as well as to help renew our political commitment and focus the national development debate on specific priorities set forth in the MDGs.

The Government of Timor-Leste is committed to work towards attaining the objectives set forth by the Millennium Development Goals. As such, it will endeavor to provide the necessary enabling environment within the country to ensure the achievement of the MDGs by the year 2015.

February 2004



Mari Bim Amude Alkatiri

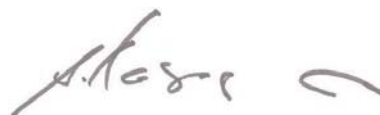
Prime Minister

This is the first report on the Millennium Development Goals in Timor-Leste. It demonstrates that Timor-Leste is genuinely committed to attaining the Millennium Development Goals. Adopted during the Millennium Development Summit of September 2000, the Millennium Development Goals provide a benchmark for Timor-Leste as well as other countries in setting goals and targets to overcome poverty and promote human development by the year 2015. At the time of the Summit, Timor-Leste was still under the United Nations Transitional Administration. Following independence, and as the newest member of the United Nations, Timor-Leste successfully integrated the MDGs as explicit targets in its National Development Plan and is striving to make rapid progress towards achieving them. In August 2003, the Government also formally subscribed to the MDGs.

This report is produced jointly by the Government of Timor-Leste and the United Nations Country Team. The Prime Minister, together with key Ministers, the private sector, representatives of the civil society and the UN Country Team, have engaged with the MDGs Steering Committee. The objective of this Report is to raise awareness and to encourage debate at country level to ensure that poverty issues are prioritised in the national development agenda. This Report is not meant to be a policy recommendation document or a complex analytical exposition. Rather, it is about where Timor-Leste is in relation to MDG targets, what interventions can drive the MDG targets, and what the development prospects are for achieving the MDG targets.

Timor-Leste faces a particular challenge due to the lack of baseline data, and, therefore, the Government is currently undertaking the task of adapting the targets to these conditions. The United Nations Country Team will support Timor-Leste in adapting these targets in 2004 through the National Human Development Report.

February 2004



Sukehiro Hasegawa
United Nations Resident Coordinator

I. Introduction

In September 2000, the United Nations Transitional Administration in East Timor (UNTAET) was administering Timor-Leste when all 189 members of the United Nations adopted the Millennium Development Goals during the UN Millennium Summit. Mr. Kay Rala Xanana Gusmão, a prominent national independence leader, and who was subsequently elected as the first President of the Democratic Republic of Timor-Leste, attended the Millennium Summit as an observer.

Two years after that Summit, Timor-Leste became the world's newest sovereign State. The restoration of its independence in 20 May 2002 comes after approximately 450 years of Portuguese colonial rule and almost a quarter century of attempted integration with Indonesia.

The new nation showed to the world that it is committed to work towards attaining the Millennium Development Goals (MDGs). In partnership with its Development Partners including the UN Team, the incoming Timorese Government then produced a number of reports focused on country realities, and defined national perspectives on human development. These publications included the State of the Nation Report, a document that summarized the state in which the nation found itself in March 2002 - economically, socially and physically - following more than 2.5 years of UNTAET administration.

Another publication was East Timor 2020: Our Nation, Our Future, a popular report based on the results of a countrywide consultation process with more than 38,000 citizens, including school children and youth. This report summarised the people's priorities and challenges, what they could do for themselves, what they want from the civil society organisations including the Church, and what they expect from the Government. The document was considered to be the articulation of the people's vision for Timor-Leste for the year 2020.

Yet another important document formulated prior to the restoration of its independence was the first National Development Plan (NDP). The NDP provides a road map for the development of the country over the next five years within a twenty-year perspective. The NDP incorporated a wide range of strategies, policies, programs and actions to address the needs of the people. It also internalised the MDGs. As a result, the NDP objectives and targets substantially overlap with the MDGs.

Timor-Leste is one of the first countries to report on the MDGs. The UN Country Team comprising the UN Agencies, in partnership with the Government of Timor-Leste, produced a number of reports addressing national themes, trends and challenges. These reports include the Common Country Assessment(2001), the United Nations Development Assistance Framework (2002), and the National Human Development Report (2002).

Building upon the substantial work that was already accomplished, the Government of Timor-Leste, jointly with the UN Country Team, organised a two-day workshop on the MDGs in Dili in March 2003. The workshop was undertaken in part to raise public awareness and increase understanding of the MDGs. It also assessed the present position and links of the NDP objectives to the MDGs, and explored possibilities of adapting the MDGs to the situation of Timor-Leste. The March 2003 workshop was seen as an important step in the overall effort to operationalise the MDGs explicitly in the development processes of the country.

Prior to the March 2003 MDG Workshop in Dili, Timor-Leste also took part in regional conferences on the MDGs, including the UNDP sponsored workshop held in Bangladesh, February 2003 and the joint Asian Development Bank/UNDP workshop in Fiji, March 2003.

As one of the follow up actions to the Workshop, the Government of Timor-Leste agreed to prepare a National MDGs Report. A Steering Committee to facilitate and oversee its preparation was established. The Steering Committee comprised of key Ministers and representatives of the UN Country Team including the World Bank, and was coordinated by the Ministry of Planning and Finance.

This Report is a joint product of the Government and the UN Country Team. Its objectives are to take stock of the current situation in the country on the MDG targets and indicators, inform the people of Timor-Leste and the international community, and encourage debate and advocacy. Adaptation of the MDGs to the circumstances and time frame of this new nation, including the establishment of benchmarks, achievable targets, and indicators to assess progress, will be accomplished through a more intensive exercise. This process will be carried out in conjunction with the preparation of the

second National Human Development Report of Timor-Leste.

The next section focuses on the historical background and challenges arising therefrom, followed by Section III on the development context. The status of the MDG goals, targets and indicators in Timor-Leste is discussed in Section IV. It is followed (in Section V) by a brief presentation on the challenges facing Timor-Leste in addressing the MDGs. The final section covers the conclusions and next steps to be taken in adapting the MDGs to the situation of Timor-Leste.

II. Challenges from History

Colonial Past

Timor-Leste's history has been marked by neglect and suffering. For 450 years, Timor-Leste remained a Portuguese colony, with the indigenous population, particularly the coffee growers, never managing to accumulate capital. The Portuguese and Chinese traders captured much of the revenues from coffee exports. The country and the people remained underdeveloped with the bulk of the economy based on barter.

Between 1953 and 1962, the average annual growth in GDP was just 2%. Money started to arrive thereafter and there was a sudden increase in economic growth, which averaged 6% per annum. Nevertheless, this was not sufficient to overcome decades of under-development and by 1974 the per capita income was still at US\$98. The economy was dominated by agriculture, with subsistence living patterns, and coffee as the main cash and

export commodity. The formal private sector was almost non-existent and the fluctuations in international coffee prices led to numerous balance-of-trade deficits. These conditions did not shift much during the time of Indonesian occupation.

Occupation

After the Portuguese departure in 1975, Indonesia invaded Timor-Leste and occupied the territory during the following 24 years. Although the Indonesians favoured strong, direct rule, the Timorese people never accepted this and were determined to preserve their culture and identity through continued resistance. Anecdotal information indicates that one-third of the population perished in the fighting, forced resettlement and associated malnutrition, and lack of public health services.

During the occupation, Timor-Leste was economically dependent on Indonesia,

and public expenditure was the main driving force of the economy. Although the military regime allocated quite substantive amounts of resources to the region, only a fraction was committed to development, with the bulk concentrated on administration and security. The forced resettlement of the scattered population in villages was intended to improve service delivery. However, after independence, the resettled people have been moving back to their isolated hamlets. As a result, service delivery to the scattered population is becoming a challenge.

The occupation regime also created, through direct subsidies from Jakarta, a dependency of the people on the Government for virtually every service, and a sense of disempowerment among the populace. This, too, is a major challenge now, as the people have to start taking responsibility for their own wellbeing and communities need to become self-reliant.

Independence

In May 1999, agreement was reached between Portugal and Indonesia at the United Nations, to hold a referendum that would allow the Timorese people to decide on whether to continue to be part of Indonesia or to be independent. On 30 August 1999, the people of Timor-Leste voted overwhelmingly with 78% in favour of independence. Pro-integration militia gangs and the Indonesian armed forces responded with extraordinary brutality, rampaging and plundering across the country. As a result, one-third of the population was internally displaced and forced to resettle in refugee camps in West Timor and neighbouring islands.

Between 1,000 and 2,000 people were reported to have died in the violence. It resulted in the destruction of 70% of essential utilities and private and public buildings. Along with the destruction of infrastructure, most economic sectors and particularly the agricultural sector were destroyed. As a consequence, gross domestic product (GDP) contracted dramatically by 45% in 1999.

Also, government institutions ceased to function. These adverse developments will have long-lasting impacts on the economy and the people of Timor-Leste. Following widespread international protest at the violence and destruction, the UN Security Council authorized a multinational force (INTERFET) under the unified command structure of Australia, to restore peace and security. On October 25th the UN Security Council, through Resolution 1272 (1999), established the United Nations Transitional Administration in East Timor (UNTAET) as an integrated, multi-dimensional peacekeeping operation responsible for the administration of Timor-Leste during its transition to independence.

The major achievements under UNTAET included among others: the holding of elections to select the members of the Legislative Assembly (which became National Parliament after independence on 20 May 2002) and President of the Republic; restructuring and developing the civil service; and design and implementation of programs to support the re-establishment of the judicial system and a national police force.

On 24 March 2002, the new Constitution was adopted. On 14 April 2002, Mr. Kay Rala Xanana Gusmão was elected the first President of the nation. And on 20 May 2002, UNTAET turned over the governance of the country to the Timorese Government.

III. Development Context

Vision 2020, National Development Plan and MDGs

The formulation and implementation of the National Development Plan (NDP) for the world's youngest nation has been a unique example of wide popular participation, and early internalisation of MDGs at the national level. For the first time in more than four centuries, the people of Timor-Leste had the opportunity to voice their vision, aspirations and priorities for themselves, their children and future generations.

More than 38,000 men, women and youth from all walks of life spread across the country participated in the country-wide consultations carried out in early 2002. Their vision encompassed peace, security, freedom, tolerance, equity, improved health and education, access to jobs and food security. The process of formulation of the NDP reflects the commitment of the people and the Government of Timor-Leste as well as their development partners, including UNDP, to the participatory and democratic means through which sustainable development of the country will be pursued.

The articulated people's vision for Timor-Leste for the year 2020 is as follows:

- Timor-Leste will be a democratic and prosperous society with adequate food, shelter and clothing for all people and a sustainable environment;
- It will be a prosperous society with adequate food, shelter and clothing for all people;
- Communities will live in safety, with no discrimination;
- People will be literate, knowledgeable and skilled. They will be healthy and live a long and productive life. They will actively participate in economic, social and political development, promoting social equality and national unity;
- People will no longer be isolated because there will be good roads, transport, electricity, and communica-

tions in the towns and villages, in all regions of the country;

- Production and employment will increase in all sectors - agriculture, fisheries and forestry;
- Living standards and services will improve for all East Timorese, and income will be fairly and equally distributed;
- Prices will be stable, and food supplies secure, based on sound management and sustainable utilization of natural resources;
- The economy and finances of the State will be managed efficiently, transparently, and will be free from corruption; and
- The State will be based on the rule of law. Government, private sector, civil society and community leaders will be fully responsible to those by whom they were chosen or elected.

The people identified agriculture, education and health, as the top three priorities for themselves and for their country. Thus, education, health and agriculture (jobs/sustainable livelihoods, income and food security), which are key components for poverty reduction and major elements of the MDGs, remain the top three priorities of the people.

Following the countrywide consultation with the people and drawing upon the results, the National Development Plan was prepared by eight cross-sectoral working groups within the Government, covering such areas as poverty reduction and rural and regional development, human development (education and health), agriculture and infrastructure. The NDP incorporates the people's vision and priorities. Its overriding objectives are poverty reduction in all sectors and regions of the country, promoting economic growth that is equitable and sustainable, and improving the health, education and well being of all the citizens.

The centuries of underdevelopment, combined with the destruction of the modest assets in the 1999 violence, decimated the country. As a result, the people of Timor-Leste had little of

the necessities of normal life and governance and needed virtually everything. The identification of the development needs and the challenges and opportunities facing the country formed the basis for formulation of a wide range of strategies, policies, programs and actions to be implemented during the five-year Plan period (2002/03 to 2006/07) within a twenty-year perspective.

The NDP was finalized in early May 2002 and was subsequently adopted by the National Parliament after the restoration of its independence. Annual action plans have been formulated to operationalise and implement the Plan. Also, quarterly reporting matrices have been prepared to monitor progress on the Plan implementation. Further, during January-March 2003, the Government undertook a prioritisation and sequencing of the activities in the NDP, and attempted to fill gaps in. The results have been incorporated in a draft Road Map for implementation of the Plan.

During the semi-annual Meetings with Development Partners, in May and December 2002, and in June 2003, representatives of all external Partners (bilateral and multilateral donors, UN agencies and others) commented favourably on the NDP as the basis for Timor-Leste's development and the draft Road Map for implementation of the NDP.

The NDP has incorporated a number of development objectives and indicators, which included: sustain GDP growth of 6% per annum; reduce poverty; create jobs; increase access to improved quality schooling and health services; increase school enrolment and progression; reduce infant and maternal mortality; expand coverage of safe water and sanitation; protect and improve the environment including biodiversity; mainstream gender and advance the role of women; and promote good governance and the rule of law. These objectives and indicators are closely aligned with the Millennium Development Goals, targets and indicators.

The MDGs form a large and important subset of the NDP objectives and indicators.

Socio-Economic Context

Measured by both income and broader human development indicators, Timor-Leste is one of the world's least developed countries. Incomes are low, with per capita GDP estimated at only US\$478. Very few people have received an adequate education, and more than half the population is illiterate. Nutrition levels are low, and more than two in five children under five are underweight. The country is still in the process of recovering from the destruction and trauma that followed the 1999 referendum.

According to the National Human Development Report (2002), the national Human Development Index (HDI) was estimated at 0.395 for 1999, which is identical to that of the Central African state of Rwanda for that year. In 2001, there was a slight improvement in the HDI to 0.421. The country also has the highest rate of human poverty of all the Asian countries for which a Human Poverty Index (HPI) has been calculated.

Timor-Leste has made considerable progress in rebuilding its economy over the past three years. Real GDP is estimated to have grown by 15% in 2000 and 18% in 2001. GDP has regained its pre-1999 level at US\$389 million in real terms. The large presence of the UN personnel and the return of the Diaspora led to a rapid resumption of commerce and services, such as restaurants and hotels. The reconstruction of private homes and public buildings and commercial property has spurred the construction sector. The restoration of agricultural lands and reopening of access roads have contributed to significant increases in food production (mainly maize and rice). Overall, the agricultural production has almost reached the pre-1999 levels, although rice production remains below the level in the mid-1990s. Coffee production in 2000 increased by 40%, but this did not result in better incomes due to falling world coffee prices, which continued through 2001.

However, the positive signs of recovery suffered a set back, following the scaling down of the UN presence following independence. It led

to a contraction of the economy, particularly in urban areas and in services that catered to expatriates. The late arrival of the rains in December 2002-January 2003 impacted adversely on agricultural production, especially of maize. Most recent estimates indicate that GDP dropped by about 5% in FY2002-03. A further 2% decline is projected in FY2003-04 followed by a modest resumption of growth of about 1% in 2004-05. However, the latter is also in jeopardy because of the gradual withdrawal and phase out of the UN presence by June 2004, combined with a projected decline in public expenditure by bilateral and multilateral donors in FY2003-04 and thereafter. Unfortunately, substantial increases in the oil/gas revenues from the Timor Sea are being delayed as well. Unless the trend in donor support is reversed, the GDP may suffer a precipitous decline in FY2003-04.

The scaling down of the UN presence also had an adverse impact on employment, especially in the urban areas and among youth. This is on top of the about 16% open unemployment rate and more substantial under-employment in the economy. In addition, about 16,000 new

workers are entering the labour force each year. Creating remunerative jobs for the unemployed, under-employed and the new entrants into the labour force is a challenge even in a rapidly growing economy. It will be an impossible task in an economy that is either declining or stagnating.

Public Expenditure and MDGs

Public expenditure in Timor-Leste comprises several components. These include those from (i) the Government budget or from the Consolidated Fund for East Timor (CFET); (ii) the Trust Fund for East Timor (TFET); (iii) bilateral and multilateral donors including the UN agencies, programs and funds; (iv) the United Nations; and (v) international NGOs. The Government budget allocates on average at least 35% of the core expenditures to Education and Health. Within the Education sector, almost half the expenditures are being devoted to primary education, while 60% of the Health sector expenditures are going to basic health care delivery. Thus, the budget is oriented to be pro-poor and is aimed at addressing the MDGs.

IV. Status on Major Goals, Targets and Indicators

The global MDGs are to be achieved over a 25-year period with 1990 as the base year and 2015 as the final year for most of the targets. Timor-Leste is starting only now, and needs to adapt the MDG targets to fit its national situation keeping in view the time frame from now to the target year of 2015. Recently, the country pledged to develop its national policies and mobilize financial resources to address the MDGs.

Taking the data from the Poverty Assessment and other surveys, this section provides preliminary benchmarks for the indicators in FY2001-02. This should be seen as primarily a stocktaking exercise on the current status on some of the MDG indicators for which data are available. These may be refined and expanded as additional information becomes available.

Further, this section includes indicative pro-rata targets to be achieved during the remaining 12.5 years to the global target year of 2015. The pro-rata targets are essentially indicative. They will be reviewed and realistic and achievable targets will be formulated based on a more in depth analysis of the factors influencing the indicators, capacity limitations, and financial and other resources available to make progress on these over the next 12.5 years.

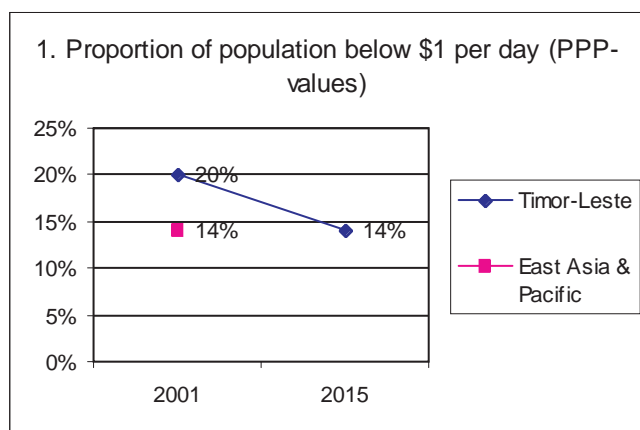


GOAL 1: Eradicate Extreme Poverty and Hunger

| | |
|----------|---|
| Target 1 | Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day |
|----------|---|

| Indicator | Timor-Leste | | Global |
|--|-------------|-------|--------------------|
| | 2001 | 2015* | Target |
| 1. Proportion of population below \$1 per day (PPP-values) | 20% | 14% | Half of 1990 level |
| Proportion of population below the national poverty line (\$1.65 per day in PPP) | [41%] | | |
| 2. Poverty gap ratio [incidence x depth of poverty] based on national poverty line | [12%] | | |
| 3. Share of poorest quintile in national consumption | 7% | | |

* The benchmarks (baseline data) are preliminary and the targets are pro-rata and indicative. They will be revised based on an in depth analysis during FY2003-04.



The benchmark is preliminary and the target is pro-rata and indicative. It will be revised based on an in depth analysis during FY2003-04.

Status and Trends

About one in five Timorese is estimated to be below the international dollar a day poverty line measured using purchasing power parity (PPP). The price level in Timor-Leste is relatively high and the equivalent of about \$1.65 per capita per day in PPP is required to fulfil

the minimum calorie requirements, clothing, education and health expenses. This translates to a nominal amount of \$0.55 per capita per day, which is the national poverty line based on data from the Household Living Standards Measurement Survey conducted in September 2001. To be relevant at the country level, the basis of the poverty target must be adjusted to the national poverty line. Shifting the poverty line from the dollar a day in PPP to \$1.65 in PPP would double the poverty incidence to about 41%.

In other words, about two-in-five Timorese fall below the national poverty line of \$ 0.55 per day. The poverty gap is 11.9%. It measures the average consumption shortfall of the poor relative to the national poverty line. This indicates that the most of the poor have incomes/expenditures close to the poverty line. The share of the poorest 20% of the people in total income was only 7%.

Challenges and Constraints

Given the present resource endowments, employment is the basic route for escape from income poverty for most Timorese. The linkage between employment expansion and poverty reduction has many facets. The poor are helped out of poverty when there is: (i) an increase in wage employment; (ii) an increase in real wages due to a rise in demand for labour and/or a rise in the productivity of labour; (iii) an increase in the opportunity of the poor to employ themselves or in self-employment; (iv) an increase in the productivity of the poor in self employment; and (v) an increase in the terms of exchange of the output of the self-employed poor.

Unfortunately, the short and medium term prospects for wage employment in the public sector are non-existent. Those for employment in the modern private sector in the country are poor. This is because current wage expectations, which have been and are influenced by the large but declining UN/foreign presence, although not high when compared with many countries in Asia such as Malaysia and Thailand, are high compared with what could be considered Timor-Leste's more immediate competitors including China, Indonesia and Vietnam. On the other hand, education and skill levels in the country are low even compared with its poorer competitors in Asia. The agricultural sector is characterised for the most part by subsistence production, low productivity and significant under-employment.

Enabling National Strategies and Policies

NDP vision and goals for 2020

*Living standards and services will improve for all East Timorese, and income will be fairly distributed.
Reduce poverty among women and men; establish a social safety net to reduce the burden on those in society who are unable to work/help themselves.*

The Government's Poverty Reduction Strategy has four main elements: (i) promoting opportunities for the poor; (ii) improving their access to basic social services; (iii) enhancing security, including reducing vulnerability to shocks, and improving food security; and (iv) empowering the poor. The Strategy sets a baseline of the pattern, extent, and nature of

which can be used to translate the broad elements of the poverty reduction strategy into prioritised action plans consistent with the medium term expenditure framework.

The National Development Plan focuses on creating an enabling environment to generate opportunities for the economic participation of the poor. The main elements are improving productivity in agriculture and the informal sector, providing an enabling environment for private sector development, provision of infrastructure, and pro-poor public expenditure policies. Providing a conducive environment for private sector development, which includes business regulations, land and property legislation, trade policy, labour legislation, and infrastructure issues, especially related to power and transport, is essential for employment generation.

Role of Development Partners

A comprehensive Poverty Assessment was undertaken by the Government in 2001, with the help of the Asian Development Bank, Japan International Cooperation Agency, UNDP and the World Bank. It comprised three components: a Suco Survey (census of all sucos), a Household Living Standards Measurement Survey (representative sample of 1,800 households or more than 1% of total), and a Participatory Potential Assessment (26 aldeias in the 13 districts of the country). The results of the surveys have been published and distributed. A composite report, entitled Timor-Leste: Where We are Now, incorporating the main findings of the Poverty Assessment as well as the relevant results of the Multiple Indicator Cluster Survey (August 2002, supported by UNICEF) has been launched at the Workshop on MDGs in March 2003.

Development partners continue to assist the Government through direct budgetary support and investment projects outside the budget through TFET and direct support. The orientation of the budget is pro-poor. Interventions of development partners too focus for the most part on poverty reduction. Further, development partners support civil society organisations including communities in the formulation and implementation of the projects.

Development Prospects for 2015

Economic growth, especially in agriculture, can have a strong effect on lifting up the population lying just below the poverty line out of poverty. Yet, overall economic growth alone is not enough as it rarely generates equal increases in incomes for all the people. Thus, the quality and breadth of economic growth among sectors where the poor are concentrated, as well as guarding against increase in inequality in income distribution, if not a reduction in it, is necessary for realising the poverty reduction targets.

Simulations based on the results of the Household Living Standards Measurement Survey show, that attaining the target depends crucially on three factors: high growth, low inequality and moderate population growth. The NDP assumes an annual growth rate close to 6% in the agricultural sector, which is projected to be the minimum essential to reduce the share of the people under the national poverty line below 30%. However, achieving and sustaining a 6% growth rate in the agricultural sector may be unrealistic. Further, increased inequality in income distribution or high population growth could offset the poverty reduction effect of rapid economic growth.

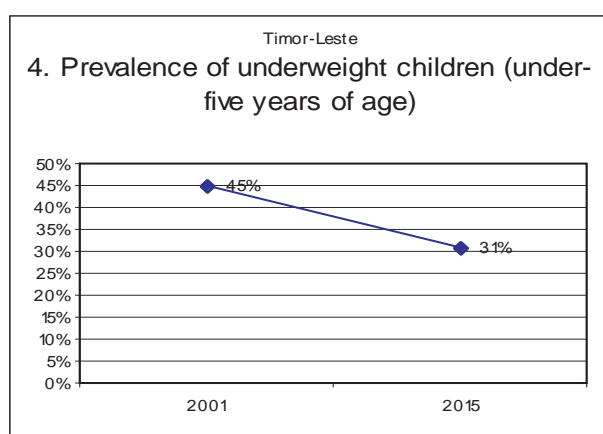


Target 2

Halve, between 1990 and 2015, the proportion of people who suffer from hunger

| Indicator | Timor-Leste | | Global |
|---|-------------|-------|--------------------|
| | 2001 | 2015* | Target |
| 4. Prevalence of underweight children (under-five years of age) | 45% | 31% | Half of 1990 level |
| 5. Proportion of population below minimum level of dietary energy consumption | | | |

* The benchmarks (baseline data) are preliminary and the targets are pro-rata and indicative. They will be revised based on an in depth analysis during FY2003-04.



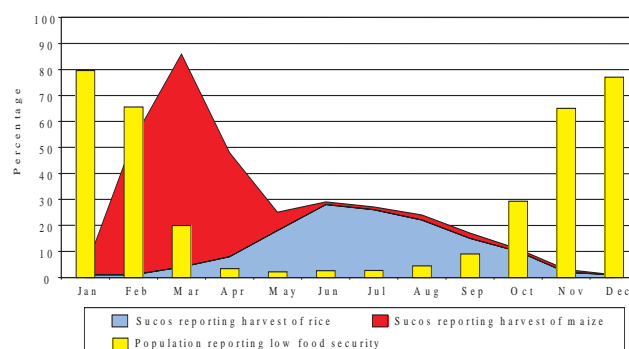
The benchmark is preliminary and the target is pro-rata and indicative. It will be revised based on an in depth analysis during FY2003-04.

Challenges and Constraints

Subjective assessments of food adequacy suggest that food insecurity is widespread. Close to eight in ten persons experience inadequate food provision at some point during the year (see chart below). Food security is closely tied to not having enough rice and maize. Food availability is aligned with the harvest cycle at the national and regional levels. Food shortages are highest during November to February, at the end of the rice harvest and before the maize harvest. This points to the need to develop policy and programme responses to deal with group-specific and seasonal vulnerability.

Status and Trends

Results from the Household Survey show that about four-in-five households indicated that they do not have enough food for at least two months in a year (December-January) and two-in-three for at least four months (November-February) indicating significant seasonal food insecurity. Domestic production of rice and maize was adequate to feed only about 79% of the people. The country depends on imports including food aid for the rest. About 45% of the children below 5 were underweight, which is an indicator of hunger. Improving food security is an immediate priority of the Government.



Source: 2001 TLSS.

Enabling National Strategies and Policies

NDP vision and goals for 2020

Timor-Leste will be a prosperous society with adequate food, shelter and clothing for all people.

Domestic food production is adequate to cover less than 80% of the food requirements. The Government strategy is to increase food production to enhance self-reliance in the medium-term. Substantial investments are allocated to rehabilitation and construction of small and medium size irrigation schemes to support increased production. Also, efforts are under way to establish and expand agricultural research and extension services.

Timor-Leste received relatively significant amounts of food aid (mainly rice, cooking oil and canned fish) and has been distributing this to the people during the lean months. However, the supplies were limited and not fully adequate to meet the requirements. Virtually all the stocks have been depleted and the Government would need to seek additional food aid to address hunger. Based on recent experience, about \$10 million equivalent in food aid may be needed each year to meet the minimum food security requirements of the country.

The National Disaster Management Office in the Ministry of Interior monitors the disaster situation in the country, including food scarcity, and provides information to the Government and development partners. Its capacity needs to be strengthened to formulate a comprehensive approach to disaster prediction, preparedness and management. Technical assistance from development partners is needed in this area.

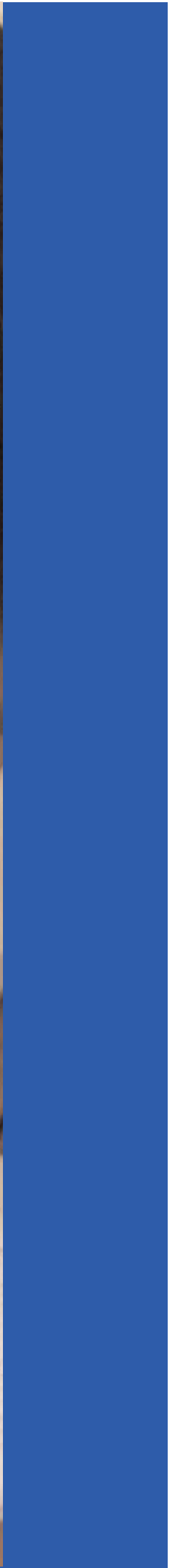
Role of Development Partners

The international community has provided substantial food aid in the last quarter of 1999 and 2000 as part of the relief measures. Subsequently, food aid has been declining. There is need to augment the domestic supplies with imports and food aid. Also, support to increase production of food, particularly rice and maize, in the short and medium term is critical for enhancing food security.

Improvements in marketing infrastructure and processing are essential to bring domestic production to the market at competitive prices. Creation of jobs and sustainable livelihoods are important for purchase of the food available by those that either do not produce food or produce inadequate amounts. Continued support from development partners in these areas is necessary.

Development Prospects for 2015

Timor-Leste has adequate land, water and other resources and appropriate agro-climatic conditions to produce adequate food to meet the requirements of the growing population at competitive prices. The major constraints so far have been the lack of adequate infrastructure including marketing and support services. The agricultural sector strategy aims to achieve food security and improve self-sufficiency, diversify agricultural production, improve export earnings, increase rural incomes, and create additional jobs in rural areas. However, it remains constrained by a lack of enabling policies, incomplete information on existing resources, inadequate quality control, and lack of or limited financial services including credit in rural areas. The Ministry of Agriculture, Fisheries and Forestry plans to develop strategies and programs/projects to address these issues. The overall prospects are good for the country to achieve self-reliance in food and ensure food security for its population.



GOAL 2:

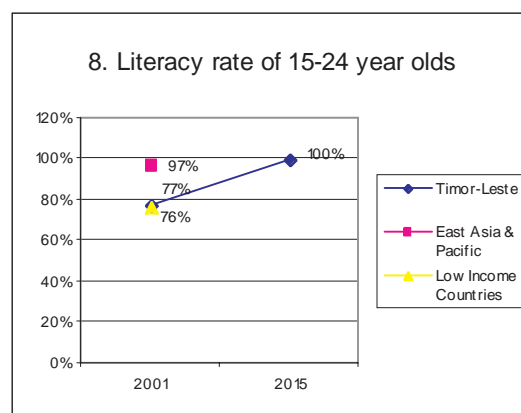
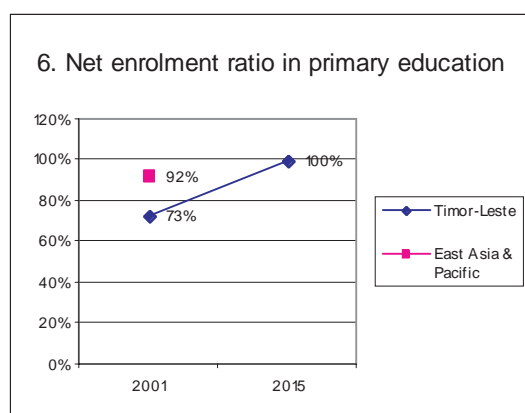
Achieve Universal Primary Education

TARGET 3

Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

| Indicator | Timor-Leste | | Global |
|--|-------------|-------|--------|
| | 2001 | 2015* | Target |
| 6. Net enrolment ratio in primary education | 73% | 100% | 100% |
| 7. Proportion of pupils starting grade 1 who reach grade 5 | 47% | | 100% |
| 8. Literacy rate of 15-24 year olds | 50% | 100% | 100% |

* The benchmarks (baseline data) are preliminary and the targets are pro-rata and indicative. They will be revised based on an in depth analysis during FY2003-04.



The benchmarks are preliminary and the targets are pro-rata and indicative. They will be revised based on an in depth analysis during FY2003-04.

Status and Trends

Considerable progress has been made during the past three years in improving primary and secondary school enrolment rates. The net enrolment ratio stands at around 76% in 2003. However, the primary school completion rate, which is an indicator of literacy, is relatively low at around 47% (2001) due to significant dropout and repetition rates. Thus, a lot remains to be done in achieving universal

primary education. The adult literacy rate is low at around 50% (2001). The Government is organising adult literacy programs to improve the situation.

Challenges and Constraints

To achieve universal primary education of a minimum acceptable quality by 2015, the net enrolment ratio has to grow by at least 2% per annum; completion rate has to almost double

to more than 90%; and the dropout and repetition rates must decrease to less than 2% per year. In order for this to occur, access to education has to be expanded through establishment of more public, Church and private/community schools, increase in number of qualified teachers, and adequate provision of textbooks, furniture and equipment. The current practice of late enrolment of children in primary school needs to be curtailed and promotion of enrolment of children in school at the right age will be needed in order to reduce dropout rates. Orientation of parents and students to have a better appreciation of the importance of education both for economic and quality of life reasons needs to be undertaken.

Enabling National Strategies and Policies

NDP vision and goals for 2020

People will be literate, knowledgeable and skilled.

The Education Sector policies in the National Development Plan include the following:

- Promote mandatory education for all children of school age;
- Develop primary education for all as the main goal and priority in allocation of government resources;
- Create incentive partnerships with the private sector, NGOs, parents' associations and the community, to support education at all levels, in pre-school, secondary school, vocational training and non formal education, as well as in university education;
- Establish a minimum qualification for teachers, such as a university degree. Develop additional relevant specialisations for secondary school, vocational training, as well as for university teachers and assistants;

The Government has adopted several programmes and projects to be implemented in working towards the Millennium Development Goals. These include:

- Programme to expand educational access and improve internal efficiency
- Fundamental School Quality Project (TFET-funded)
- 100 Schools Programme (UNICEF-

- Dropout and repetition prevention project
- School location Planning Project
- Multi-Grade Schools Project
- School Health and Nutrition Project
- Educational Management Information System
- Public Campaign on Importance of Schooling

Role of Development Partners

Past interventions assisted by donors included those by Australia, Portugal, TFET, UNICEF and Plan International. With limited government resources and vital socio-economic and cultural factors, there is a need for a strong partnership with parents and community organizations, the Church, donors, media, business and other civil society groups to achieve the MDG goals.

Development Prospects for 2015

There is a need for realistic targets and investment programmes. Current government plans, programmes and projects are generally in place, aligned toward the MDG education goals. However, because of Timor-Leste's late start and its currently low education indicators, there is a need to formulate realistic targets, determine the resources required and mobilise these to achieve the targets.

The Educational Management Information System (EMIS) needs to be strengthened to support effective planning and tracking of progress on the MDG targets.





GOAL 3:

Promote Gender Equality and Empower Women

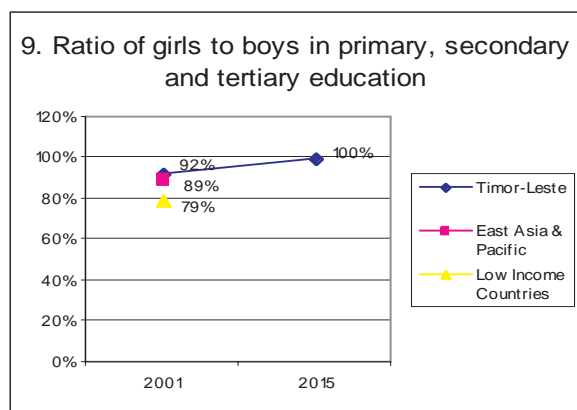
Target 4

Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015

| Indicator | | | Timor-Leste | | Global |
|-----------|---|------------------|-------------|-------|--------|
| | | | 2001 | 2015* | Target |
| 9. | Ratio of girls to boys in | Primary | 91% | | 100% |
| | | Junior Secondary | 128% | 100% | 100% |
| | | Senior Secondary | 58% | 100% | 100% |
| | | Tertiary | | | |
| 10. | Ratio of literate females to males of 15-24 year olds. | | 96% | 100% | 100% |
| 11. | Share of women in wage employment in the non-agricultural sector. | | 35% | | |
| 12. | Proportion of seats held by women in national parliament. | | 28% | | |

* The benchmarks (baseline data) are preliminary and the targets are pro-rata and indicative. They will be revised based on an in depth analysis during FY2003-04.

Consideration should be given to include other indicators, such as number (proportion) of women in government positions at middle and senior levels including in the University, and those in business.



The benchmark is preliminary and the target is pro-rata and indicative. It will be revised based on an in depth analysis during FY2003-04.

Status and Trends

Gender equality in Education in Timor-Leste presents a mixed picture. There is minimal gender disparity in primary education (48% of enrolled children are girls) and girls' enrolment rate in junior secondary schools, according to the Household Survey, is even higher than that for boys; but girls' participation and completion rates are much lower in senior secondary and higher education.

While there has been substantial efforts on the advocacy front during the past three years,

This is approximate based on Household Survey data: Share of women in wage employment in the non-agricultural sector $\sim [(1-A_f) \cdot P_f] / [(1-A_m) \cdot P_m]$; A_f = share of employed female labour force on agricultural sector, A_m = share of employed male labour force on agricultural sector, P_f = women's labour market participation rate, P_m = men's labour market participation rate.

progress on implementation has been quite modest. For example, out of the 65 sub-district administrators recruited and appointed recently, only one is a female. This is partly due to lack of implementation and monitoring mechanisms that facilitate gender mainstreaming. It is necessary to build/strengthen these capacities in the government (line ministries, secretariats of state and other agencies) and civil society.

Challenges and Constraints

To promote gender equality particularly at secondary and higher education levels, specific policies and strategies and clear targets need to be adopted to address factors hindering girls' participation. These include more accessible secondary schools, adequate number of qualified teachers, more female teachers, adequate toilet facilities for girls, other "girl friendly" policies, and more gender-sensitive curricula and materials. Parents will need to be oriented in terms of schooling priorities and postponement of early marriages particularly for girls.

In the ingrained orientation of men towards the traditional roles of women in Timorese society, women's rights are not yet fully appreciated and gender equality is still to be accepted. Women and girls continue to be discriminated against in ownership of assets, access to social and economic services, and participation in making decisions affecting their lives. The prevalence of a multitude of traditional practices and the absence of statutory laws make the identification and enforcement of women's rights difficult.

Enabling National Strategies and Policies

NDP vision and goals for 2020

Communities will live in safety, with no discrimination. They will actively participate in economic, social and political development, promoting social equality and national unity. Promote gender equality and the empowerment of women.

The Education Sector policies in the National Development Plan focus on the following:

- Mainstream gender concerns in all educational programs and monitor the impact of these programs on women's education, through the development and use of gender-sensitive indicators;
- Work with relevant sectors/organisations to advocate an improved status for women, promoting equal rights for men and women in access to education; and
- Have as a key policy objective to increase women's access to information on educational provision.

The overall strategy in the Plan is focused on mainstreaming gender and gender equality in all areas, and at all levels of education and health, assessing the implications for women and men of any planned action in order to ensure that institutions, policies and programs respond to the needs and interests of women as well as men and distribute benefits equitably between women and men.

Timor-Leste has made a promising start in recognising and promoting the role of women. For example, women constitute 28% of the members of the National Parliament.

The Second Transitional Government set up an Office for the Promotion of Equality (OPE) in 2001, which is continuing after independence. The OPE has initiated a range of activities to implement the Government's policy on promoting equality between women and men through training of its staff and gender focal points and other relevant persons within the ministries and agencies, on gender, including gender mainstreaming and on the Convention on Elimination of Discrimination Against Women (CEDAW). A background paper elucidating the principles for legislation against domestic violence has been approved by the Council of Ministers and a draft bill on domestic violence is currently being prepared. Programming is underway for further work in gender mainstreaming including in the budget, combating domestic violence, and women's empowerment, within the framework of CEDAW. Programs proposed in the NDP also include those on women's economic empowerment. Gender dimensions are also incorporated in the NDP's education and health programs. The Constitution also has several provisions protecting the rights of women and promoting gen-

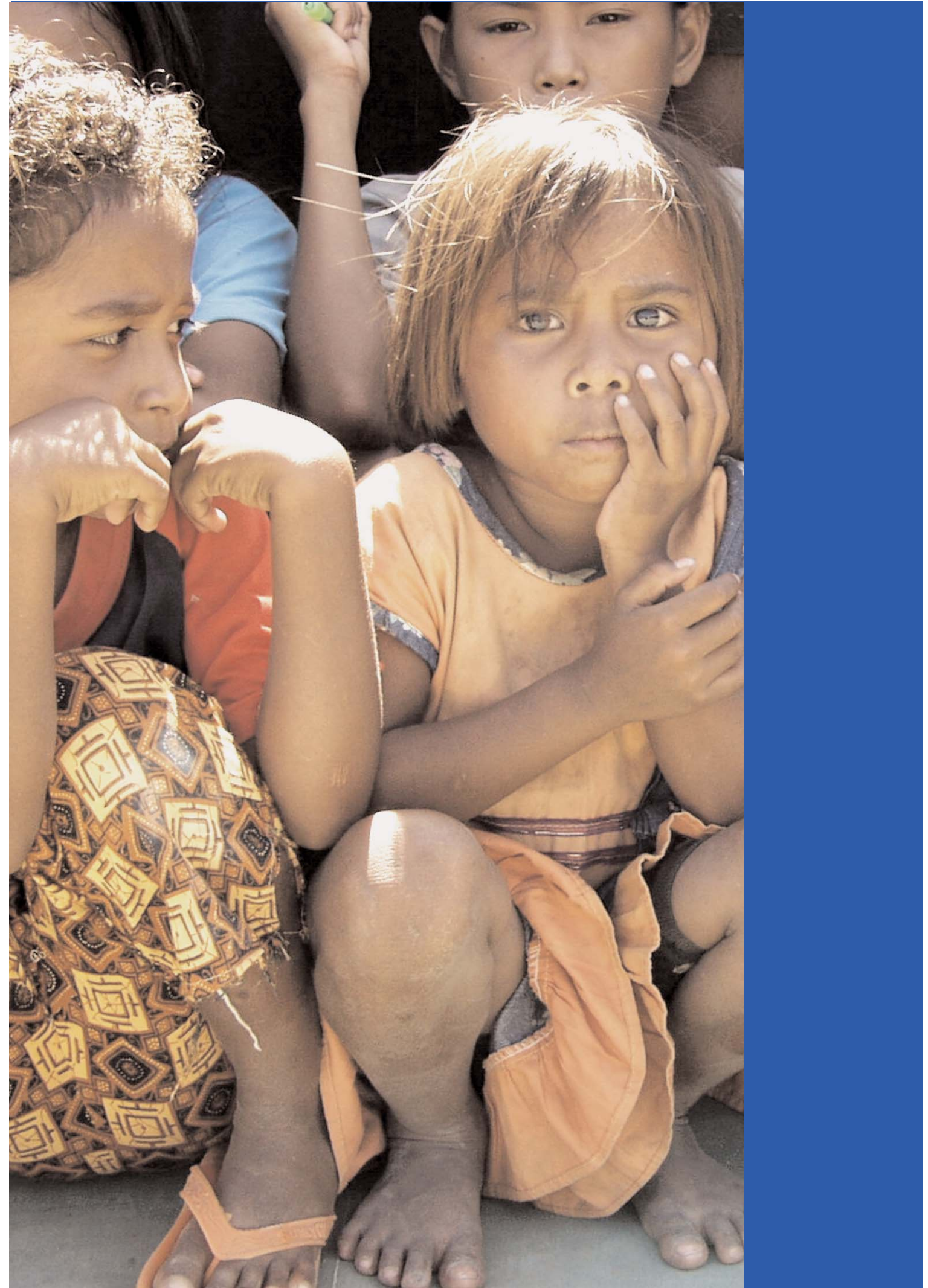
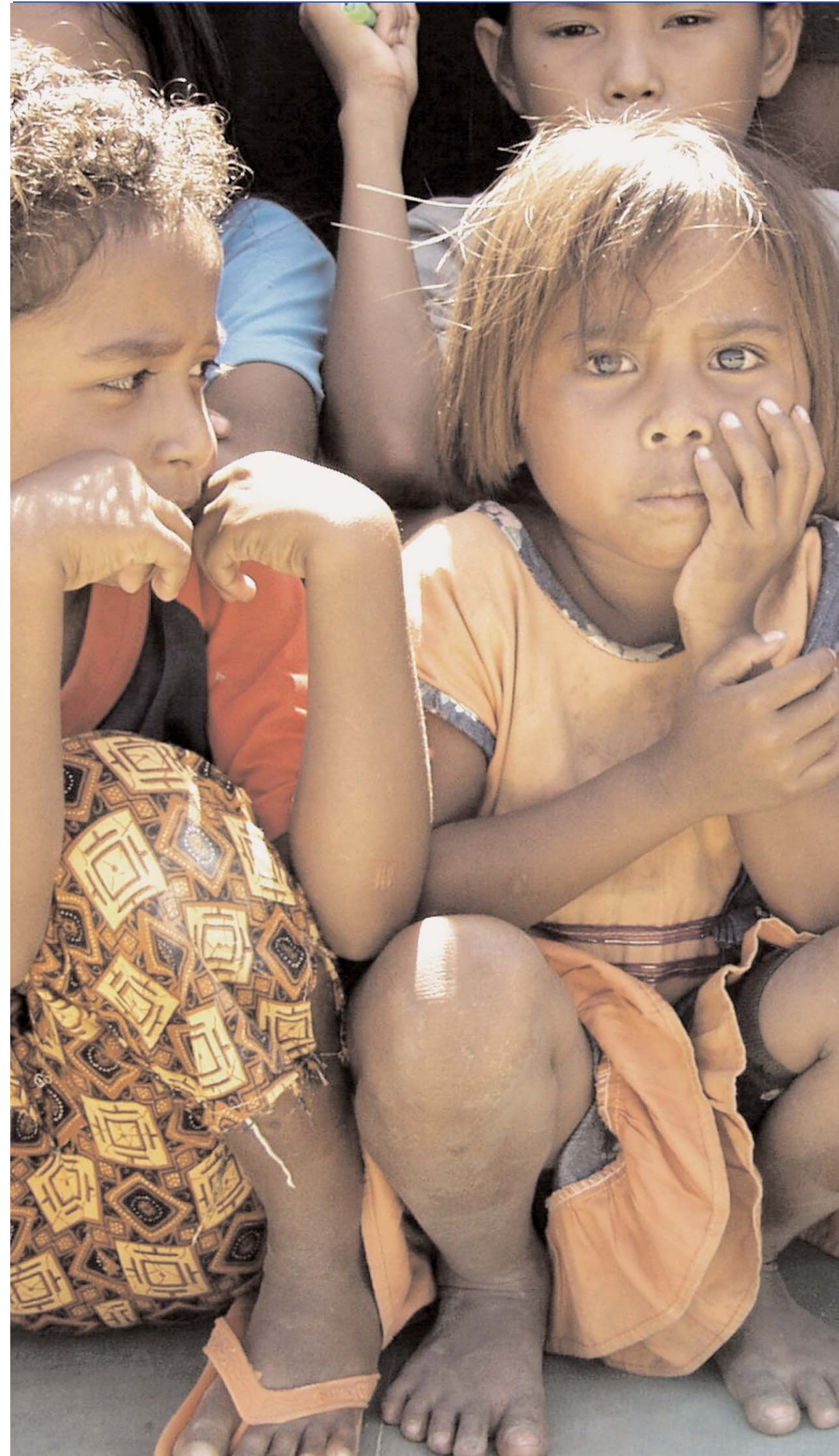
Women's groups and NGOs such as OMT, FOKUPERS and GFFTL, have been active in promoting the advancement of women in the political, economic and social arenas through sensitisation, training and other support. Working groups on gender have been established in both government and civil society organisations. The OPE is organising popular campaigns and training to raise women's awareness of their rights and opportunities. These campaigns are being introduced at both the suco (village) and aldeia (hamlet) levels. Also, the capacity of the Statistics Division in the Ministry of Planning and Finance (MoPF) is being developed to compile gender-disaggregated data on key indicators. Although significant efforts are being made to mainstream gender in implementing the NDP, there is substantial room for further improvement. The emphasis on gender mainstreaming introduced during the UNTAET period needs to be pursued by all the ministries and agencies in their programs.

Role of Development Partners

A number of development partners have been active in this area, including Australia, Ireland, UN, UNDP, UNFPA, UNICEF, UNIFEM and OXFAM.

Development Prospects for 2015

The advocacy and awareness raising efforts provide a good start and a sound foundation to promote gender equality and mainstreaming in different arenas. Developing and/or strengthening the implementation and monitoring mechanisms to facilitate progress are necessary in the medium term. A start in this direction is to be made through the proposed program and project assessment and monitoring systems that ensure gender mainstreaming in future development activities. Other enforcement and monitoring measures may be necessary to operationalise and implement gender mainstreaming in the development process. The Government's commitment to promote gender equality is strong and the prospects are encouraging to make substantial progress in this regard.

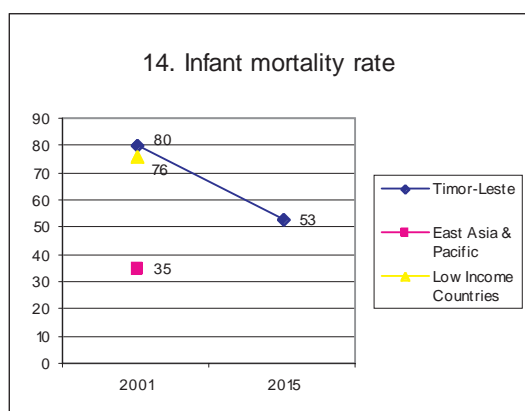
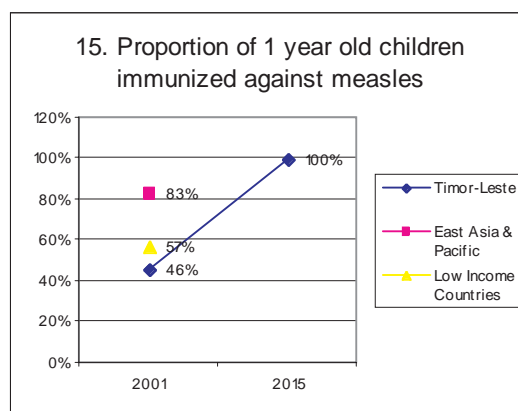
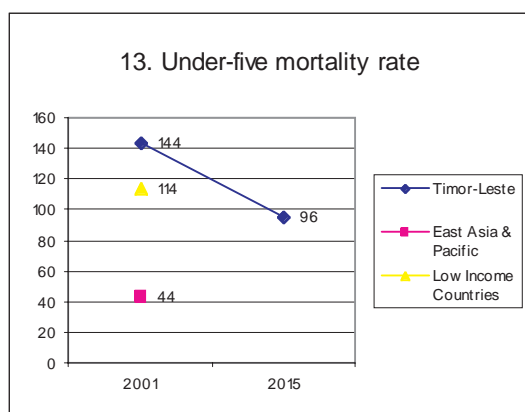


GOAL 4: Reduce Child Mortality

| | |
|----------|--|
| Target 5 | Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate |
|----------|--|

| Indicator | Timor-Leste | | Global |
|---|-------------|-------|--------------------------------------|
| | 2001 | 2015* | Target |
| 13. Under-five mortality rate | 125 | 96 | Reduce by two-thirds from 1990 level |
| 14. Infant mortality rate | 88 | 53 | 100% |
| 15. Proportion of 1 year old children immunized against measles | 47% | 100% | |

* The benchmarks (baseline data) are preliminary and the targets are pro-rata and indicative. They will be revised based on an in depth analysis during FY2003-04.



The benchmarks are preliminary and the targets are pro-rata and indicative. They will be revised based on an in depth analysis during FY2003-04.

Status and Trends

The 2002 Multiple Indicator Cluster Survey (MICS) conducted in August 2002, showed an infant mortality rate of 88 per 1,000 live births and under-five mortality rate of 125 per 1,000 live births. There are significant regional differences in these rates. The under-five mortality

rate in the highland areas of the country was 153 per 1,000 live births while that in the two major urban areas of Dili and Baucau was 72 per 1,000 live births, or less than half that in the highland areas. Ministry of Health data for 2002 show that 56% of children were covered by DPT-3 immunizations and 47% received measles vaccinations. There is some concern about the reliability of the data as the base fertility rate used may be too low. The first Demographic and Health Survey (DHS) is under way and it should provide additional data on all the indicators.

Challenges and Constraints

Malnutrition remains a serious problem throughout the country with 43% of the children under-five found to be moderately malnourished and 13% severely malnourished. Only about half of all households have access to safe drinking water, varying from a maximum of 85% in the two major urban centres to 24% in some areas in the east of the country. Information from the Ministry of Health indicates that vaccination activities at local health facilities are undertaken only on a weekly or monthly basis. It is desirable to provide these services routinely for children who visit the facility. The service delivery capacity of the Ministry of Health is limited by human resource and technical skills constraints, as well as availability of adequate basic equipment and drugs in health facilities. Alongside the Government, private practitioners, churches, and other non-governmental organisations also provide health services.

Enabling National Strategies and Policies

NDP vision and goals for 2020

They (the people) will be healthy, and live a long, productive life.

- Emphasise preventive and promotive health care, provided closest to the community; with the additional aim of limiting expenditure on hospital care;
- Adopt primary health care policies enabling increased accessibility and coverage of health care;

- Adopt a policy of integrating the health care system with other sectors;
- Target groups to achieve the greatest health impact (e.g. emphasizing mother and child health care);
- Develop health staffing policies appropriate to the needs of the country;
- Promote access and utilization of basic health services by vulnerable groups (e.g. children and women);
- Adopt Integrated Management of Childhood Illnesses (IMCI);
- Mainstream gender health concerns in all programs and monitor their impact on women's health, through gender-sensitive indicators;
- Work with relevant sectors/organisations to advocate an improved status for women, promoting equal rights for men and women in access to health; and
- Have as a key objective to increase women's access to health information and quality health services.

The Ministry of health has drafted a national policy on Immunization, which is being finalized. It aims to improve health promotion and education regarding benefits of immunization among the population, and improve immunization coverage in all districts. A national policy on community nutrition has been discussed with the stakeholders and is being drafted.

The relevant national targets include health promotion and education of pregnant women and family members; promotion of exclusive breastfeeding of infants for the first six months of life and introduction of safe and nutritionally adequate complementary foods thereafter, with breastfeeding continued up to the second birthday or beyond; improving the nutritional status of pregnant women; improving ante-natal, delivery and newborn care by training medical staff and establishing adequate facilities and promote appropriate family practices.

The aim is also to develop a national child health policy, train health providers in IMCI and implement them in all districts, introduce and implement integrated child development programme, develop and implement community nutrition activities, and strengthen routine growth monitoring of children up to age-5.

Role of Development Partners

The Ministry of Health is supported by a number of donors including TFET, Australia, Japan, Portugal, USAID, UNFPA, UNICEF, WHO and the NGO, ECHO, to implement the various programs. They cover, among others, IMCI in 2001, including training of health staff in development of community IMCI initiatives and training on the management of moderate and severe malnutrition.

Development Prospects for 2015

Given the shorter time span available to Timor-Leste, the tentative national targets are to reduce infant mortality by 20% by 2005, 30% by 2010 and 40% from the baseline by 2015. In the case of immunizations the national goal is to achieve 80% coverage by 2005 and achieve and maintain 90% coverage by 2015. The national targets for achieving the MDG target of reducing childhood mortality should be realizable if the collaborative efforts are continued and reinforced for effective immunization against childhood diseases, wider implementation of community-based health and nutrition activities, and effective implementation of IMCI as a whole.



GOAL 5:

Improve Maternal Health

Target 6

Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio

| Indicator | Timor-Leste | | Global |
|---|-------------|-------|-------------------------------|
| | 2001 | 2015* | Target |
| 16. Maternal mortality ratio | 420-800 | 252 | Reduce by 75% from 1990 level |
| 17. Proportion of births attended by skilled health personnel | 24%-38% | 60% | 100% |

* The benchmarks (baseline data) are preliminary and the targets are pro-rata and indicative. They will be revised based on an in depth analysis during FY2003-04.

Status and Trends

WHO has estimated the maternal mortality ratio to be as high as 800 per 100,000 live births. Other estimates, as in UNDP's Human Development Report, based on Indonesian data, show a lower figure of 420 per 100,000. The maternal mortality ratio is notoriously difficult to calculate, especially in a small country like Timor-Leste, where even a small variation in the number of deaths reported can skew the figures significantly. The 2003 DHS has included questions on the observed number of maternal deaths during the past 12 months, which may provide indicative figures for the country as a whole. A nationwide monitoring of maternal mortality on a continuing basis is needed.

The MICS survey indicated that skilled health personnel attend only 24% of births. But the Ministry of Health service data for 2002 show that about 35% of the expected number of deliveries during the year were attended by skilled personnel. These data need to be reconciled based on the results from the DHS.

Challenges and Constraints

Provision of health outreach services to the dispersed population has been a major challenge. It is made worse by the further dispersal of the population in rural areas as the people return to their ancestral lands. It is difficult to attract midwives to work in remote locations, with no communications. Also, the country is dependent on expatriate obstetricians/gynaecologists to provide emergency obstetric care, which may not be sustainable. It will be several years before there is an adequate supply of Timorese specialists in these areas. Shortages of basic drugs and adequate equipment are common in health facilities to handle the pre- and post-natal and delivery complications. A national family planning policy and programme is just beginning to get underway. The contraceptive prevalence rate is very low - less than 7% of women aged 15-49, married or in union, are using a modern contraceptive method.

Enabling National Strategies and Policies

The NDP objectives in the Health sector include: (i) reduce levels of maternal and infant mortality, (ii) improve the nutritional status of mothers and children, (iii) improve reproductive health in Timor-Leste, and (iv) increase women's access both to health information, and quality health services. The country is developing a National Safe Motherhood Strategy that includes health promotion. The Ministry of Health is trying its best to provide emergency obstetric care by deploying midwives in peripheral health facilities and working with other partners to increase the proportion of birth attended by trained personnel, through training courses and other interventions. The Ministry is beginning to implement a national family planning programme. Work is being carried out to improve health facilities at all levels throughout the country.

Role of Development Partners

UNICEF, WHO and UNFPA agreed on a joint action on reproductive health in 2000. The three agencies have cooperated in delivering training of midwives, including on the safe motherhood approach, clean and safe delivery, and management of STIs. UNFPA has provided funding for obstetricians/gynaecologists through the UNV programme in order to make emergency obstetrical care available at the main hospitals. WHO is helping the Ministry of Health to formulate a national reproductive health strategy, which will include a family planning component.

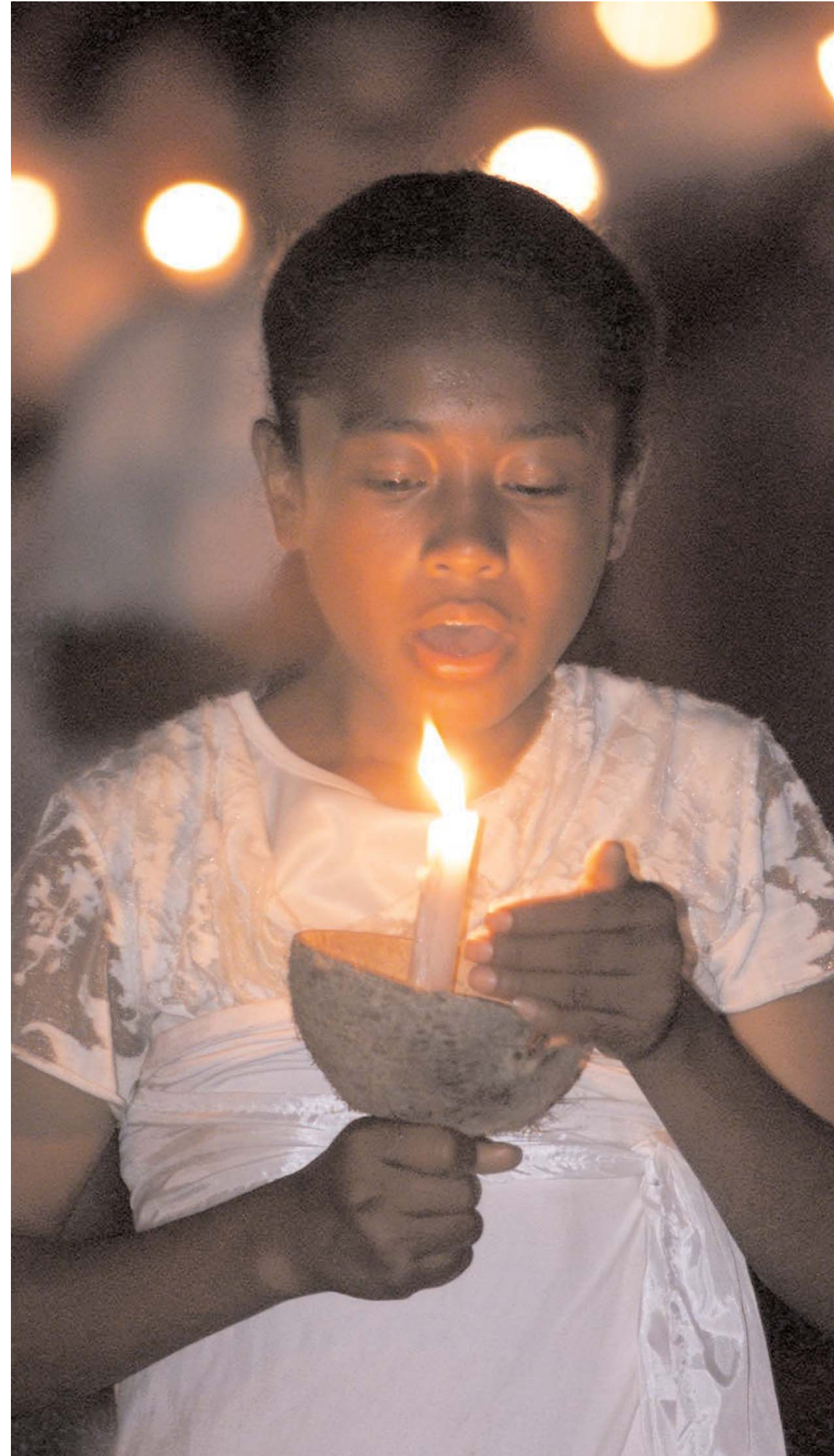
Development Prospects for 2015

Given the shortened time period available to Timor-Leste, the tentative goal is to reduce maternal mortality by 15% by 2005, 40% by 2010 and by more than 50% from the baseline by 2015. The national goal is to increase the proportion of attended births by 20% by 2005, 40% by 2010 and 50% from the baseline by 2015.

The prospects for achieving the goals for 2015 are good in that the ongoing provision of emergency obstetric care in peripheral health facilities will make a major dent in the number of

maternal deaths. However, such emergency care has to be put on a more sustainable basis. Efforts to increase the percentage of births attended by trained professionals are being made by the Ministry of Health and development partners. It requires some time to institutionalise, but the national goals in this regard should be achievable. A major increase in the contraceptive prevalence rate will require a longer-term effort.





GOAL 6:

Combat HIV/AIDS, Malaria and Other Diseases

| | |
|----------|---|
| Target 7 | Have halted by 2015, and begun to reverse, the spread of HIV/AIDS |
|----------|---|

| Indicator | | Timor-Leste | | Global |
|-----------|--|-------------|-------|-------------------------|
| | | 2001 | 2015* | Target |
| 18. | HIV prevalence among 15-24 year old pregnant women | No data | | Halt and reverse spread |
| 19. | Contraceptive prevalence rate | 7% | | |
| 20. | Number of children orphaned by HIV/AIDS | | | |

* The benchmarks (baseline data) are preliminary and the targets are pro-rata and indicative. They will be revised based on an in depth analysis during FY2003-04.

Status and Trends

The prevalence of HIV is likely to be between 0.01% and 0.35% of the population, while condom use is less than 0.1%.

Challenges and Constraints

The awareness on HIV/AIDS remains low. According to MICS (2002), only 16% of respondents (women aged 15-49) had ever heard of HIV/AIDS.

Enabling National Strategies and Policies

The NDP objectives in the Health sector include reduction in the incidence of illness and death due to preventable communicable and non-communicable diseases, including HIV/AIDS. The strategies in this area include: (i) health promotion and education of population on HIV prevention, (ii) provision of safe blood and blood products, and (iii) training of medical personnel on syndromic management of sexually transmitted infections (STIs)

Role of Development Partners

WHO has developed and conducted training on the syndromic approach to sexually transmitted infections for health workers in the Ministry of Health and non-government health providers, particularly Café Timor. WHO has also assisted the Ministry of Health in development of work plans to implement the National HIV/AIDS strategy developed by the Ministry. Family Health International is a major partner in the implementation of these activities.

Development Prospects for 2015

The national goal is to curtail HIV/AIDS prevalence rate and reduce it. This is possible if further research on possible entry points is carried out and specific interventions are directed to target populations.

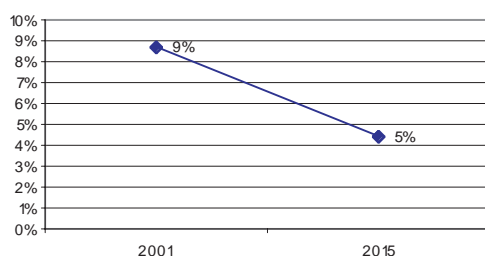
Target 8

Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases

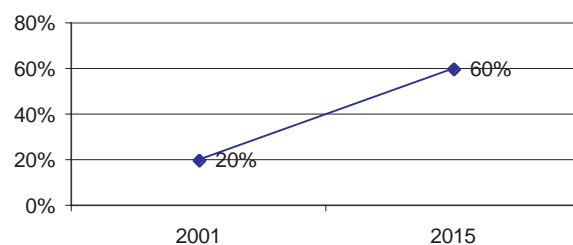
| Indicator | | Timor-Leste | | Global |
|-----------|--|-------------|-------|----------------------------|
| | | 2001 | 2015* | Target |
| 21. | Prevalence and death rates associated with malaria Prevalence Death | 9% | 4.5% | Halt and reverse incidence |
| 22. | Proportion of population in malaria risk areas using effective malaria prevention and treatment measures | 20% | 60% | |
| 23. | Number of children orphaned by HIV/AIDS | | | |
| 24. | Proportion of TB cases detected and cured under DOTS (Directly Observed Treatment Short Course) | 80% | 90% | |

* The benchmarks (baseline data) are preliminary and the targets are pro-rata and indicative. They will be revised based on an in depth analysis during FY2003-04.

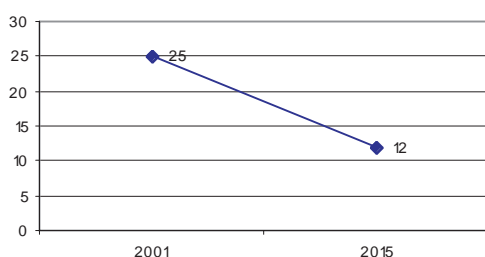
21. Prevalence rates associated with malaria



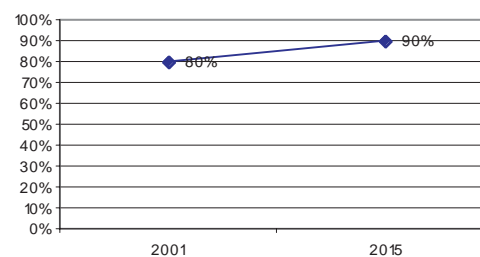
22. Proportion of population in malaria risk areas using effective malaria prevention and treatment measures



23. Prevalence and death rates associated with tuberculosis



24. Proportion of TB cases detected and cured under DOTS (Directly Observed Treatment Short Course)



The benchmarks are preliminary and the targets are pro-rata and indicative. They will be revised based on an in depth analysis during FY2003-04.

Status and Trends

There are approximately 70,000 malaria cases a year and 200 deaths; and 8,000 active cases of tuberculosis. Approximately 20% of the population are taking effective malaria prevention and treatment measures and 80% of detected cases of tuberculosis are cured under DOTS.

Challenges and Constraints

The achievement of the MDGs in the area of communicable diseases will require further strengthening of the public health system, which is in the early stages of development. In recent months, the Ministry of Health has produced several policy documents, including a definition of the Basic Package of Services, which should allow for more effective interventions. The lack of human resources in the public health system and their limited technical capacity is a major constraint. The interventions in all areas of public health need to focus on upgrading human resources. Health promotion activities are limited at present and will play a crucial role in achieving the communicable diseases targets.

Enabling National Strategies and Policies

The Ministry of Health developed a National Health Promotion strategy with the assistance of WHO, with the involvement of other partners and stakeholders, through a series of workshops at the sub-district, district and national levels. The strategy outlines the ways to implement health promotion not only for communicable diseases but also for other health issues in general.

Role of Development Partners

WHO together with international NGOs such as Christian Children's Fund, Health Net International, and World Vision as well as local NGOs, assisted in the development of a proposal for combating Malaria to the Global Fund. The technical proposal was approved in May 2003, and preparations and assessments are being conducted by the Global Fund to facilitate the signing of the grant. WHO also

supported the development of another proposal on TB, for submission to the Global Fund.

WHO has provided technical assistance on the control of communicable diseases and in early 2000 developed a system for a nationwide weekly epidemiological bulletin. It has conducted several investigations on outbreaks and prevalence of various communicable diseases. It cooperated with NGOs in a national "Roll Back Malaria Programme" in 2000-2001, which included the distribution of insecticide-treated nets. A national tuberculosis programme is being implemented by Caritas.

Development Prospects for 2015

The national goals are to reduce morbidity and mortality of malaria by 50% by 2015 and to have 60% of the population taking effective malaria prevention and treatment measures; and to reduce the mortality of tuberculosis cases by 90% and to have 90% of the detected cases of TB treated under DOTS.

The tuberculosis programme has been quite successful in implementing the DOTS treatment, and its continuation should mean that the 2015 targets would be reached. Malaria prevention and control is dependent upon energetic environmental actions and effective mosquito bed net promotion and distribution.

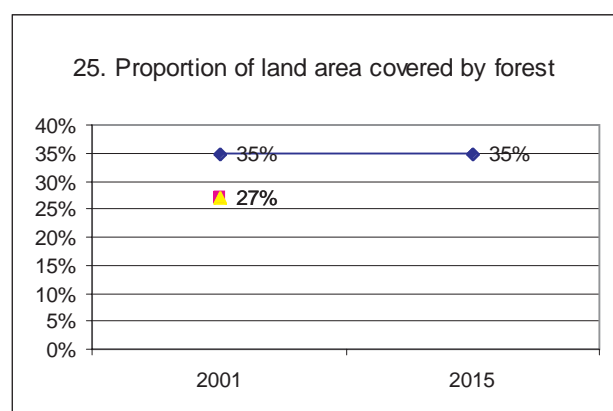


GOAL 7: Ensure Environmental Sustainability

| | |
|----------|--|
| Target 9 | Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources |
|----------|--|

| Indicator | Timor-Leste | | Global |
|--|-------------|-------|--------|
| | 2001 | 2015* | Target |
| 25. Proportion of land area covered by forest | 35 % | | |
| 26. Land area protected to maintain biological diversity | | | |
| 27. GDP per unit of energy use (as proxy for energy efficiency) | | | |
| 28. Carbon dioxide emissions (per capita) [Plus two figures of global atmospheric pollution: ozone depletion and the accumulation of global warming gases] | | | |

* The benchmarks (baseline data) are preliminary and the targets are pro-rata and indicative. They will be revised based on an in depth analysis during FY2003-04.



The benchmark is preliminary and the target is pro-rata and indicative. It will be revised based on an in depth analysis during FY2003-04.

Status and Trends

Timor-Leste is blessed with a benign environment and a varied topography with rich resources on land and in the sea. There are many microclimates that have varied flora and

fauna and are suitable for growing a wide range of tropical and subtropical crops, herbs and trees. More than a third of the land is covered with forest.

Yet, the forest cover is being rapidly depleted. It was estimated to be 51% in 1972, which declined to 35% by 1999. About 16% of the surface area was covered by dense forest and the remaining 19% by sparse forest. The demand for fuel wood is about 1.6 million cubic meters per annum equivalent to about 595,000 ha of forest and it is growing. Also, conversion of forest to agriculture is an emerging problem.

Data on other dimensions/indicators are not available. It is necessary to compile information on the key environmental indicators covering both land and marine resources to promote sustainable development.

Challenges and Constraints

Conversion of forest and other marginal lands to agriculture and deforestation to meet the growing fuel wood demand are major challenges facing the country. Similarly, the challenges in the marine environment comprise the delineation of marine boundaries between Timor-Leste, Australia and Indonesia, stocktaking of marine resources and sustainable management of these resources including protection of vital ecosystems.

Other challenges in the environment sector include policy formulation, putting in place environmental impact assessment requirements and enforcing these and overall sustainable management of natural resources. Also, subscribing to the global conventions and agreements on the environment and biodiversity is necessary.

Enabling National Strategies and Policies

NDP vision and goals for 2020

Timor-Leste will manage and utilise its natural resources in a sustainable manner that takes account of environmental needs in order to support economic growth and improved community welfare.

The problem of growing fuel wood demand for household and small industries use is to be addressed through substitution of fossil fuels especially in urban areas. Other aspects would be addressed through setting aside protected areas and national parks, preserving and managing marine ecosystems, conserving and managing biodiversity, managing watersheds, and promoting sustainable development.

In the marine environment, compilation of information (database) on the resource bases, strengthening capacities and putting in place affordable mechanisms to monitor exploitation and use of resources by the Timorese and foreigners, and policies to protect, regulate and promote sustainable use of resources are contemplated.

The Government also plans to formulate a National Environmental Action Plan covering the management of land-based and marine resources. It will introduce and implement

environmental guidelines, require environmental impact assessment for major projects, and prepare environmental legislation.

Role of Development Partners

Donor involvement in the sector has been limited, with Norway through UNDP/UNOPS, and UNESCAP having implemented some activities. The UNDP has formulated a substantial program to assist the Government in developing environmental governance capacity, sustainable management of natural resources and biodiversity, rural energy development and efficient utilisation of household fuel. Further, the water resources and energy aspects are being examined under two sector studies supported by the Asian Development Bank and Norway.

Australia and private companies have been involved in the exploitation of offshore oil and gas resources. Also, Australia is expected to assist the Government in fisheries and marine resources management.

Development Prospects for 2015

There is much to be done in terms of reforestation, the declaration and management of protected areas, and watershed protection. Reforestation is both long-term and expensive with domestic funding unlikely to be able to make a significant contribution to needed efforts. Soil erosion is a significant problem, especially on hill slopes.

A beginning is to be made soon to survey and take stock of the marine resources, classify protected areas and species, determine allowable levels of exploitation of resources in unprotected areas, within the framework of a national marine and fisheries management policy and strategy.

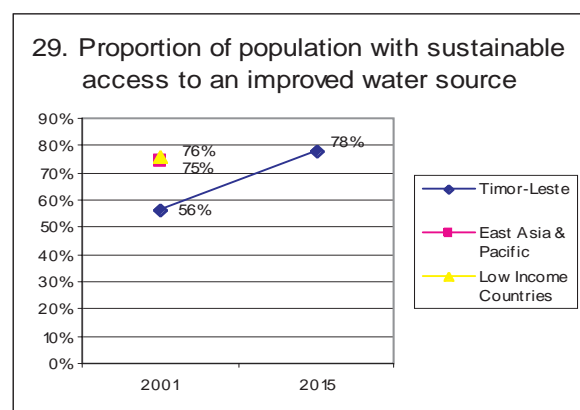
A study on the energy sector covering various alternative energy sources is under way. With technical assistance from development partners, the Government intends to address these issues in the medium-term. The overall prospects seem good for the country to protect and utilise the natural resources in a sustainable way.

Target 10

Halve, by 2015, the proportion of people without sustainable access to safe drinking water

| Indicator | Timor-Leste | | | Global |
|--|-------------|-------|------|---|
| | 2001 | 2015* | 2020 | Target |
| 29. Proportion of population with sustainable access to an improved water source: Total | 56% | 78% | 85% | Halve proportion without access from 1990 level |
| Urban | 72% | 86% | 100% | |
| Rural | 51% | 75% | 80% | |

* The benchmarks (baseline data) are preliminary and the targets are pro-rata and indicative. They will be revised based on an in depth analysis during FY2003-04.



The benchmark is preliminary and the target is pro-rata and indicative. It will be revised based on an in depth analysis during FY2003-04.

Status and Trends

Data from the 2002 MICS survey show that overall access to safe water in Timor-Leste is estimated at 56%, with 72% in urban areas and 51% in the rural areas. Access to piped water remains low with only about 13% of families having house connections and 16% served by community taps.

Morbidity and mortality related to water borne and hygiene and sanitation related diseases in Timor-Leste are estimated to be very high. The 2001 draft report of the Vector Borne Disease Control Working Group of the Ministry of Health

identified reported combined mortality data for watery diarrhoea, dysentery, and lower respiratory infections as 30% of the total.

Rural communities rely mostly on springs and dug-wells for their water needs. In some peri-urban areas, shallow wells equipped with hand pumps are used. Rainwater harvesting is being considered as a viable alternative for isolated communities.

Challenges and Constraints

During the final years of Indonesian occupation, fewer than half the Timorese population had access to clean water. The post-referendum violence and destruction in 1999 left most of the existing water facilities throughout the country badly damaged, if not destroyed.

As with most sectors, the Water and Sanitation Sector is facing shortages of human resources in the areas of resource management, sanitation engineering, quality control, plumbing technicians, cost estimation, and public information specialists. A majority of the current staff do not have sufficient skills in modern management of water and sanitation systems.

There is a pressing need for customer service centres, a warehouse, technical workshop areas, drilling and well equipment, heavy

equipment, waste tanks, and procurement of sanitation material and supplies, including vehicles for waste collection and recycling. There is no capital budget for these activities, and limited funding for maintenance.

Moreover, most of the interventions have been concentrated in urban areas, with very little trickling down to rural areas. Dispersal of the population among sparsely populated communities, especially in rural hill areas, makes it costly to establish sustainable water supply systems and operate and maintain them.

A majority of the population has had little experience with modern water and sanitation prac

tices, and do not understand the hazards of unsafe conditions. Addressing the health problems related to hygiene and sanitation and promotion of healthy living conditions will require a pervasive change in human behaviour. This will be an enormous challenge for the Government and community leaders.

Enabling National Strategies and Policies

The primary objectives for the Water and Sanitation sub-sector in the National Development Plan include the following:

- Provide adequate, safe and sustainable water supplies for the communities of Dili and major urban centres in districts, with the aim of full cost recovery from users of the water supply;



- Facilitate adequate, safe and sustainable water supply and sanitation for village and rural communities through community-managed water and sanitation facilities;
- Facilitate at national level, the safe disposal of sewage and wastewater in urban areas;
- Facilitate at national level, the collection and safe disposal of nuisance surface waters from major urban areas;
- Facilitate at national level, the collection and safe disposal of solid and hazardous wastes from major urban areas;
- Ensure the appropriate management of water resources for the purposes of water supply and sanitation in cooperation with other relevant ministries;
- Inform the public of safe water and sanitation practices that systematically improve the environment and enhance human health and welfare.

Considerable efforts have gone into rehabilitating the existing water systems mainly in district towns in the last three years, whereas very little has gone to the rural areas. Notwithstanding, safe water coverage even in urban areas is low in comparison with the ASEAN countries.

Integrated processes need to be established for long-term operational planning and development of water and sanitation resources. This may involve the establishment of a suitable mechanism that can plan and implement programs for district and rural public works, specifically those for safe water, options for disposing of non-solid waste, and collection and recycling of solid waste, coordination of priorities of health authorities, and supporting programs of agricultural and community development.

Every effort will be made to ensure that adequately trained and skilled personnel will be maintained for addressing water and sanitation services programs with existing transitional donor support programs. Besides,

water and sanitation will require support for inter-sectoral rural and district staff training and development, and more extensive technical expertise. The technical options to resolve the identified needs will be based on simple technologies, which can be carried out by the communities themselves on a cost-sharing basis.

Public awareness will be raised by Health and Sanitation Promotion at community level through schools and other community institutions, and will include demonstration on construction/rehabilitation of simple water and sanitation facilities.

Role of Development Partners

Many development partners including the ADB (under TFET), bilateral donors and international NGOs have been involved in supporting the Government and communities in rehabilitation, improvement and construction of water supply schemes over the past three years. Further continued assistance is necessary to extend the coverage of safe water.

Development Prospects for 2015

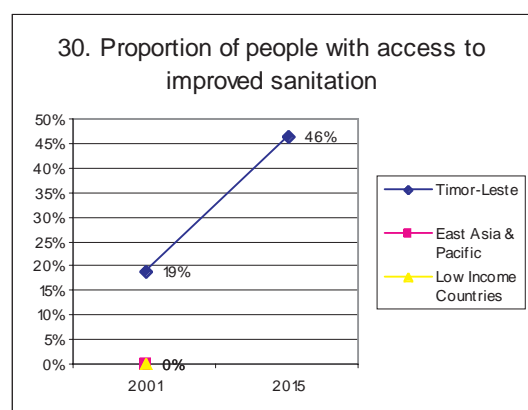
Rural communities continue to rely mostly on dug-wells and springs for their water needs. Also, collection of rainwater is a viable option. Water and sanitation conditions in many primary schools are poor. A third of the primary schools require significant improvement in water and latrine facilities.

Target 11

By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers

| Indicator | Timor-Leste | | | Global |
|--|-------------|-------|------|---|
| | 2001 | 2015* | 2020 | Target |
| 30. Proportion of people with access to improved sanitation: | | | | |
| Total | 19% | 46% | 85% | Halve proportion without access from 1990 level |
| Urban | 44% | 63% | 100% | |
| Rural | 10% | 41% | 80% | |
| 31. Proportion of people with access to secure tenure [Urban/rural disaggregation of several of the above indicators may be relevant for monitoring improvement in the lives of slum dwellers] | | | | |

* The benchmarks (baseline data) are preliminary and the targets are pro-rata and indicative. They will be revised based on an in depth analysis during FY2003-04.



The benchmark is preliminary and the target is pro-rata and indicative. It will be revised based on an in depth analysis during FY2003-04.

Status and Trends

The characteristics of access to sanitation are largely similar to those on access to safe water, illustrated above. Data from the MICS survey show the overall latrine coverage at 19%, with 44% in urban areas and 10% in rural areas.

Water and sanitation conditions in schools were poor even during the Indonesian time. The 1999 violence and destruction left school buildings and their existing latrines and water facilities heavily damaged. With the support of UNICEF and six international NGOs, as a part of the ECHO supported project, water and sanitation facilities in a majority of primary school-shave been improved. However about a third

of the primary schools still require significant improvements to latrine and water facilities.

Challenges and Constraints

As with water, a majority of the Timorese population did not have access to latrines, and most of the existing sanitation facilities were destroyed or badly damaged during the post-referendum violence.

Enabling National Strategies and Policies

NDP vision and goals for 2020

Promote an orderly development of cities and towns that are pleasant (e.g. with parks and playgrounds), not crowded, affordable and friendly to the environment.

Community plans will be prepared through participatory rural appraisal processes with full participation of the beneficiary populations as a part of community hygiene and sanitation promotion.

Development Prospects for 2015

NDP Targets are higher than the MDG targets and therefore meeting NDP targets would ensure meeting the MDG targets for Water and Sanitation. In the case of housing and urban development, the Government is in the early stages of formulating policies on housing and urban development.





GOAL 8:

Partnerships for development

Target 16

In co-operation with developing countries, develop and implement strategies for decent and productive work for youth

| Indicator | Timor-Leste | | Global |
|--|-------------|-------|--------|
| | 2001 | 2015* | Target |
| 45. Unemployment rate of 15-24 year olds | | | |
| Total | | | |
| Urban | 43% | | |
| Rural | | | |

* The benchmarks (baseline data) are preliminary and the targets are pro-rata and indicative. They will be revised based on an in depth analysis during FY2003-04.

Status and Trends

According to the National Development Plan, open unemployment was estimated at around 16% with substantial underemployment. In addition, about 16,000 new workers are projected to enter the labour force each year. Scale-down of the UN presence in mid-2002 resulted in a significant slow-down in the economy during FY2002-03. This was further aggravated by the late arrival of rains in early 2003, which impacted adversely on agricultural production. Overall GDP is projected to decline by about 5% during the year. As a result, the already difficult employment situation was made more difficult, particularly in urban areas and among youth. According to a survey carried out in 2001, unemployment among urban youth was as high as 43%.

However, the assistance could have been utilised more effectively to benefit a larger proportion of the Timorese population to a greater extent. The economy is heavily reliant on public investment and expenditure with the latter accounting for about two-thirds of the GDP.

Now that the National Government is beginning to take full control of the decision making process and has set development directions, continued external support at current levels is necessary for at least the next four to five years for the country to be self-reliant in the medium-term. However, there is a real risk that international support to the country may decline precipitously, which would be disastrous for the fragile economy. It would be much worse for youth employment.

Challenges and Constraints

As a post-conflict country, Timor-Leste has received considerable external assistance from a wide range of actors including the UN, bilateral and multilateral donors, and NGOs. Thus, overall support to the country from the global community has been quite significant.

Enabling National Strategies and Policies

NDP vision and goals for 2020

*People will be literate, knowledgeable and skilled.
They will be healthy, and live a long, productive life.
They will actively participate in economic, social and political development, promoting social equality and national unity. Production and employment will increase in all sectors.*

The Government recognises that substantial growth in jobs is essential for not only economic growth but also for social harmony and political stability. Accordingly, it has included job creation as one of the eight immediate priorities to be addressed during the next six to eighteen months. The approach is to ensure that all activities in every sector pay attention to job creation. At the same time, it is recognised that a substantial number of jobs to cater to the growing labour force have to be generated largely by the formal and informal private sector including agriculture. However, the formal private sector is currently small and weak. The need to remove impediments to investment, develop laws and institutional arrangements covering land and property rights, foreign investment, lenders collateral and a sound regulatory environment, and formulate policies and programs to address inadequate infrastructure and low skill levels in the labour force is recognised. The Government has begun to take actions to create the enabling environment for nurturing and strengthening the private sector.

The UNDP puts considerable emphasis on vocational and technical training. The Government plans to promote expanded provision of vocational training by capable local institutions. The need for training in different areas will be determined by employment and livelihood opportunities in these areas (i.e. demand driven). The youth are likely to be primary beneficiaries of vocational training. A Vocational Training Council would be established to undertake coordination, set standards, certification and regulation. In the medium-term, the Government intends to develop a national policy on employment.

Role of Development Partners

As with other post-conflict countries in transition, the economy of Timor-Leste is heavily dependent on public expenditure, which accounted for more than two-thirds of the GDP in FY2003. However, unlike other countries, the economy of Timor-Leste has been driven largely by public investment and expenditure, which have been funded mostly by non-domestic/foreign savings for more than a quarter century, including the period of occupation. The flow of adequate oil/gas revenues from the Timor Sea is some time away. Thus, the development partners continue to play a crucial role in transforming the economy to a sustainable economic growth path in the medium-term.

Development Prospects for 2015

The employment side is critically dependent on public investments in and outside the agricultural sector, including in infrastructure. Additional jobs in the public service will be extremely limited in the medium term. Addressing the youth employment issue will take considerable time. It should be feasible to tackle the issue fully by 2015.

While Timor-Leste could expect to receive substantial oil/gas revenue flows from the Timor Sea by the turn of the decade, these may not be adequate to meet all the investment needs over the next 12.5 years. Continued financial and technical assistance would be necessary to sustain the economic growth. Also, promotion of the private sector including foreign direct investment would be necessary. The strategies being articulated by the Government to address these aspects are promising. Continued encouragement and support of the international community is necessary to translate and implement these strategies. Continuation of the prevailing international goodwill toward Timor-Leste would help the country progress rapidly in the next 12.5 years.

V. Challenges in Addressing MDGs

Adapting MDG targets to the situation of Timor-Leste

First, the MDG targets are designed to be achieved over a twenty-five year period, with 1990 as base year and 2015 as the target year in most cases. Timor-Leste is starting only now, about halfway through the time frame of the MDG targets. Thus, there is a need to scale the targets to fit the shorter time frame.

Second, it is necessary to adjust the basis of the poverty target to fit with the national poverty line, which is higher than the international dollar-a-day per capita in purchasing power. The latter is not adequate to meet the minimum calorie requirements, and clothing, education and health expenses. Instead about \$1.55 is needed to meet these minimum needs in Timor-Leste.

Third, a detailed analysis of the factors contributing to the achievement of the goals is necessary. For example, achievement of the goals in education and health entail not only actions by the Ministries of Education and Health, but also other Ministries and Agencies, civil society organisations, communities and households.

Fourth, it is necessary to assess the challenges the country faces in different sectors, the capacities of various stakeholders, and the resources that would be available. These actions would enable the Government to formulate realistic targets that are achievable between now and the year 2015. The targets need to be discussed with stakeholders and finalized. This exercise is likely to take several months.

Drawing up strategies to address the goals and targets

This should include strategies by key Ministries taking into account linkages with other Ministries, civil society organizations, private sector, communities and households.

Assessing capacity of different actors / stakeholders and resource requirements

As indicated in point four above, it is necessary to assess the capacities of different actors and/or stakeholders in implementing the actions, the resources required and that are likely to be available. This is proposed to be accomplished through an in-depth analysis to be undertaken in the coming months.

Improving the database and filling information gaps

As a young country, Timor-Leste has made considerable strides in compiling information on a number of key indicators. Much of the data are generated through surveys conducted over a few months. Additionally, some data are generated through routine administrative channels, especially in Health and Education.

There are significant discrepancies in the information on some indicators emerging from the surveys and those generated through the administrative channels. These need to be reconciled through further surveys. The planned Population Census in FY2003-04 too should help clarify the situation.

Also, information on a few indicators, including: proportion of population below minimum level of dietary energy consumption and energy use per unit of GDP are lacking. These can be compiled over time as the database on national accounts improves.

VI. Conclusions and Next Steps

Conclusions

In a relatively short span of just three years, Timor-Leste has been able to restore the basic infrastructure that was either severely damaged or destroyed by the militias following the 1999 violence, put in place governance structures and institutions, establish and staff a civil service, and formulate and begin to implement the first National Development Plan. Significant external support, through among others, the UN and bilateral and multilateral institutions as well as NGOs, has been critical in this process. While the achievements are significant, it is recognised that a lot more needs to be done for the country to sustain itself. Continued external assistance at current levels may be necessary for at least the next four to five years before the country could draw upon substantial oil/gas revenues from the Timor Sea to finance its development.

As the newest member of the UN, the country has been cognisant of its obligations and incorporated the MDGs in the objectives of its first National Development Plan. Also, the Government with assistance from the UN Country Team and others is committed to adapt the MDG targets to fit the situation of Timor-Leste and make every effort to achieve them. The assistance of development partners is important in ensuring success in this exercise.

Next Steps

Adapting the MDGs to Timor-Leste's situation is proposed to be undertaken during FY2003-04. It will include the formulation of overall development and sector strategies, programs and projects to achieve the goals and targets, and mobilization of resources to help implement them. The exercise is to be facilitated through preparation of the next (second) National Human Development Report, whose focus will be on the MDGs.

Simultaneously, a campaign to disseminate the results of the poverty assessment and raise awareness on the MDGs among the populace was launched in August 2003. The exercise is intended to make the people aware that the goals and priorities they expressed in the 2002 Countrywide Consultation with Civil Society do coincide with the global ones.

The Government will also consider means to help communities monitor progress on some of the indicators, drawing upon successful examples in other countries in the region. The types of indicators amenable to community-based monitoring may include: hunger and poverty, school attendance and progression, infant and maternal mortality, and incidence of diseases such as malaria and TB.



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