

Working Together

to Build the Foundations for Peace and Stability
and Improve Livelihoods of Timorese Citizens

2008 National Priorities



Government of Timor-Leste

Timor-Leste and Development Partners' Meeting (TLDPM)

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2008 National Priorities

I. INTRODUCTION AND REVIEW OF GOVERNMENT ACHIEVEMENTS

1. ***The crisis of 2006 has profoundly damaged perceptions of the new State and its ability to deliver.*** It has raised alarming social and security problems and set back economic growth and development. The indiscriminate violence and widespread internal displacement that followed are sharp reminders of our vulnerability to conflict. Tensions have now calmed but trust needs to improve. There is great pressure on the Government to resolve deep social fractures and deliver tangible economic benefits for our citizens.
2. ***The international response to the crisis was immediate and resulted in the adoption of UN Security Council Resolution 1704 on 25 August 2006.*** The resolution established the UN peacekeeping mission with the primary aims of consolidating stability, enhancing a culture of democratic governance, and facilitating political dialogue among Timorese stakeholders, in an effort to bring about a process of national reconciliation and to foster social cohesion. It further called on the United Nations to assist in cooperation and coordination with other partners, to promote a “compact” between Timor-Leste and the international community for coordinating Government, United Nations and other multilateral and bilateral contributors around priority programs. The peacekeeping force for Timor-Leste is comprised of 1,608 United Nations police personnel, 34 military liaison officers, and 1,991 civilian personnel. The mandate of the peacekeeping mission (UNMIT) was renewed on 22 February 2007, and again on 22 February 2008 until 26 February 2009, with a continued focus on international efforts to promote peace and stability for Timor-Leste.
3. ***The crisis compounded weak economic performance over the previous five years.*** During 2004-05 there had been signs of economic recovery. By mid-2006, economic activity in Dili was almost brought to a stand-still. The outlying districts suffered considerable disruptions to supply and faced an abrupt reduction in demand for their goods and services. Coffee production was largely affected. Overall, the non-oil economy shrank in 2006 while consumer prices went up, first from higher transport costs and then again in early 2007 due to rice shortage. Prices are now around 13 percent higher than in March 2006 while incomes per capita have not increased. Government has since struggled to convert its natural resources effectively into economic and social achievements.
4. ***Per capita income in the non-oil economy is about 20 percent lower in real terms than it was in 2002, implying that poverty is increasing.*** Minimal public or private investment has resulted in few new employment opportunities. The 400 or so formal jobs created each year are not contributing to job creating when compared with the 15-16,000 new entrants to the labor market. According to the 2004 census, overall unemployment in Dili was estimated at 23 percent. Youth unemployment rose from around 40 percent to a staggering 58 percent after the crisis. With about half the population under age 18, urban youth unemployment is destined to increase. This has the potential to create further opportunities for violence and instability if not quickly addressed.

5. ***Fair and peaceful presidential and parliamentary elections marked the turning point.*** Yet the new Government inherited deeply discredited institutions, a dysfunctional public finance system, and a politicized, unmotivated and disoriented civil service. Stability and security are tenuous, as underscored by our current state of emergency, and the patience of the population is limited.

6. ***Mindful of the challenges the new Government has begun its task of stabilization and recovery.*** Our priority is to ensure public safety and security and reintegrate IDPs and petitioners alienated from society. Accelerated spending through improved budget execution, changes in the business regulatory environment, and progress toward the creation of a social safety net are also high on the agenda. These efforts will help improve economic conditions and promote social inclusion. Taking these actions, and with support from its partners, this Government is assured that it can restore public confidence.

7. ***Among the early successes of Government were the preparation of its national program and the passage of the transition and FY2008 budgets.*** The 2008 Budget provides substantial resources to the issues of national poverty while also introducing important reforms. Budget execution may have improved, and the Government is taking decisive steps towards financial, procedural and performance audits. The recent targeted audits of government special funds, procurement and revenue collecting agencies are examples of this commitment. The design of reinvigorated and well resourced oversight, audit and anticorruption institutions is now well advanced. Government efforts enabled the returning home of 165 IDP families in the period August – December 2007, and 700 petitioners and former military are now assembled in Aitak Laran, patiently awaiting a process for reintegration into military and civilian life. Government has continued with the support of the international community an intensive ‘cash for work’ program and, in the sectors, has approved the platform for a new education reform plan and increased community level participation through a new integrated health system. Each of these steps are preliminary but demonstrable of a results-oriented Government. More detail on priority programs is provided in the sections to follow.

8. ***Civil society, the church, youth and other associations are valued partners for Government.*** Strengthening their role and contribution to national development is important as they can bring skills, knowledge and experience for more inclusive outcomes. These groups have the confidence of their constituents and, in some cases, are better equipped than the Government to deliver immediate benefits. Government grants and assistance to these constituents are designed to maximize their service delivery advantage with accountability systems being implemented to monitor funds utilization against provision of services.

9. ***The readiness of our development partners to assist has not gone unnoticed.*** Your timely security and humanitarian interventions underscore the depth of your presence and friendship to Timor-Leste. A significant international presence will be warranted for some time in the future and we ask that your partner contributions be delivered in the spirit of harmonization and alignment.

II. DEFINING NATIONAL PRIORITIES FOR 2008

10. ***The Government of Timor-Leste’s approach to tackling national priorities is articulated in a series of documents produced since taking office in August 2007.*** The Program for the Fourth Constitutional Government, presented in September 2007, lays out a vision for economic growth and poverty reduction, administrative reform, human resource development, and consolidation of national unity over a five-year period. In October 2007, the Council of Ministers endorsed the *International Compact for Timor-Leste* to support coordination between Government, the United Nations, development partners, and civil society around a common platform for recovery. The Compact highlighted priority actions to be taken over a two-year period in six areas: public safety

and security, elections, justice sector strengthening, public sector strengthening, youth employment and skills development, and social reinsertion – these priorities form the basis for the NP now defined. In December 2007, the Council of Ministers endorsed a National Recovery Strategy, *Hamutuk Hari'i Futuru*, which aims to create an enabling environment for the reintegration and return of Internally Displaced Persons (IDPs). A *Transitional Strategy and Appeal* has been prepared and consolidated by UN and NGO partners to ensure the continuation of humanitarian assistance to IDP camps, support the Government's recovery efforts towards the creation of an enabling environment for a sustainable and voluntary settlement of IDPs and their communities with a shift from saving lives to restoring livelihoods and to strengthen national disaster management capacity. The 2008 General State Budget resources these Government priorities and plans. Taken together, these instruments detail results that are necessary for stabilization and recovery of Timor-Leste.

11. ***There is great pressure on Government to turn the nation's petroleum dividend into economic growth and tangible benefits for its citizens.*** The 2008 National Priorities (NP) represent the Government's efforts to define critical goals and to measure progress towards those through an agreed set of monitorable benchmarks. To be credible, results must be visible and achievable. Previous experience has shown that concentrating on a few 'key priorities' can be an effective way to achieve these aims. The 2008 NP is designed with these lessons in mind, taking into account the critical actions that are necessary to promote near term stabilization and recovery, as well as those activities that are necessary to build the foundations for future success.

12. ***The Government's national priorities have been grouped into six areas:*** (i) Public Safety and Security; (ii) Social Protection and Solidarity; (iii) Addressing the Needs of Youth; (iv) Employment and Income Generation; (v) Improving Social Service Delivery; and (vi) Clean and Effective Government. Within these priority areas, goals are identified for the particular attention and action of Government, and support from our development partners. The 2008 NP Results-Oriented Matrix (Annex 1) defines monitorable actions for these key priorities for 2008 to be measured each quarter. The Matrix is an instrument for Government accountability, priority and pro-action. At the same time, it provides a basis for alignment of development partner assistance with the defined national priorities.

13. ***The 2008 National Priorities have been endorsed by the Council of Ministers and agreed with all principal Government agencies.*** Launched during a meeting of Government and Development Partners in February 2008, the approach was quickly endorsed by the Inter-Ministerial Committee on Economic Development. Details were discussed with Government counterparts to ensure consistency with sector priorities, plans, and budgets. It is not a perfect exercise but it shows the high commitment, effort, prioritization and engagement and ownership that the Government has dedicated to palpable impacts on the foundations of peace and stability and improving the livelihoods of the Timorese citizens. The Government, as implements and monitors the 2008 National Priorities, will introduce revisions to these priorities to increase focus and action impact.

III. KEY CHALLENGES AND RESULTS FOR 2008

Priority Area 1: Public Safety and Security

14. ***Following the events of April/May 2006, public safety and security are a top priority for Timor-Leste.*** National recovery and economic development are unachievable if citizens do not feel safe and have confidence in the institutions designed to protect them. Improving security means strengthening the police and the army, better defining their roles, and making them more professional and accountable to the population that they serve. Restoration of public confidence in the justice

system requires independent, impartial, and timely access to a system of justice which is adequately resourced and citizens can trust and understand. Urgent attention must also be given to delivering on promises for reintegrating petitioners into either military or civilian life.

15. ***For 2008, the Government has defined three priority goals to professionalize the Timor-Leste National Police (PNTL) and the Timor-Leste Defense Force (F-FDTL).*** The respective roles of each organization will be clearly defined, to enable better and integrated cooperation. A National Security Policy will be defined in consultation with political and community leaders and members of civil society. The Organic Laws for each for PNTL and F-FDTL will shortly be revised, disciplinary statutes for F-FDTL defined, and a new leadership and command structure for PNTL established. Strengthening of PNTL through retraining, accountability, and communications is also envisaged and salary reforms will be introduced to strengthen the incentives for appropriate and accountable behavior. Preparation of a Police Force 2020 vision statement will begin, a public information campaign will be launched, and measures will be identified to improve existing public feedback and complaints mechanisms. These may for example include the creation and resourcing of a General Inspectorate for PNTL. It is intended to introduce a communications system linking all services, including police, civil protection, and emergency services. Approval and implementation of the Force 2020 Plan and preparation of a National Defense Law will help strengthen the FDTL leadership, management, and accountability.

16. ***Improving citizens' access to justice is the principal objective of judicial reforms.*** Though Timor-Leste's justice institutions continued to function during the crisis, they are under great strain. Few communities have access to the formal system. Confidence in the system has not been built partly due to inefficiencies and perceptions of a culture of impunity. Access to justice will be enhanced through improved justice administration and public information, and reducing the backlog of cases in the Prosecutor's Office. The system must be fully independent and accountable with adequate resources provided to meet the growing caseload. To reduce the case backlog from 4,700 to 3,900 cases, the Prosecutor's Office will establish a Crisis Unit and a Forensic Unit and recruit additional prosecutors and clerks. The Government will seek to improve efficiency by ensuring that the four existing district courts are fully staffed and operational and by training judges, prosecutors, and public defenders. Building and maintaining infrastructure and equipment, enabling connectivity and instituting electronic case management are among other intended improvements. As efficiency increases, it will be important to ensure that prison facilities are adequate, cases of juvenile justice and gender-based violence are given special attention, and linkages are developed between the formal court system and traditional mechanisms for dispute resolution. Public information activities will include development of a feedback and complaints mechanism. A legal literacy program will address, among other topics, the role of traditional justice, issues of domestic violence, and discrimination against women and girls.

17. ***Resolving the issue of the petitioners and reintegrating them into civilian and military life requires urgent attention.*** The majority of the petitioners now have temporary accommodation in Dili and the Council of Ministers has recently approved a one-off \$150 living subsidy for each petitioner's family. Individual petitioners can opt for civilian or military reintegration and negotiations are ongoing. A special recruitment campaign will soon be held for those petitioners wishing to return to F-FDTL and being able to pass recruitment tests. Social integration assistance will be provided, including training and employment opportunities, to those wishing to re-enter civilian life.

Priority Area 2: Social Protection and Solidarity

18. ***As shown during the crisis, difficult times pose particular hardships for the most vulnerable members of society, and the Government can play an important role in ensuring social protection and solidarity.*** Poverty and inequality are widespread in Timor-Leste; nearly 40 percent of the population lived on less than US\$ 0.55 per day in 2001, and this proportion has likely grown since then. Vulnerability is compounded by high unemployment and underemployment, and the displacement brought on by the crisis. Moreover, the full reintegration of some 100,000 IDPs is far from achieved, and longer-term chronic vulnerabilities including food insecurity and susceptibility to natural disasters prevail. Fortunately, Timor-Leste's growing petroleum wealth means that the Government can afford, within its prudent revenue savings policy, to offer a safety net for its most vulnerable citizens. This year, the Government has identified three priorities for social protection and solidarity programs: (1) housing for IDPs, (2) pensions for veterans, and (3) cash transfers to the elderly and disabled. The key steps to establishing these social assistance programs are discussed further below.

19. ***Reintegrating IDPs into society and facilitating their return home.*** It is estimated that 30,000 IDPs are living in Dili and another 70,000 in the districts, in a total of 58 camps. Reintegration and recovery requires a concerted effort by Government and its partners — local communities, civil society, and international agencies — to address both the humanitarian impact as well as the underlying vulnerabilities at the community level. The Government's National Recovery Strategy aims to support durable solutions for IDPs and to lay the foundations for addressing chronic vulnerabilities in IDP and other communities. This strategy adopts a holistic approach, built around five strategic pillars: (i) housing solutions for IDPs, (ii) social protection to meet the special needs of IDPs and, importantly, host and returning communities, (iii) creating an environment of security and stability to facilitate the return of IDPs to the communities, (iv) local socio-economic development and (v) confidence-building. These pillars are at various stages of operationalizing, with housing solutions being the most advanced. The Government has allocated funds for the following activities this year (i) registering and verifying IDPs for returns; (ii) developing and implementing a mechanism for paying Recovery Support Benefits; (iii) building houses, infrastructure, and services; (iv) identifying employment-intensive programs; (v) implement a nationwide communication strategy to inform the population on recovery; and (vi) switching from blanket to targeted feeding for most vulnerable groups. It will be important to launch activities under each pillar since they are mutually reinforcing and complementary to the creation of a sustainable enabling environment for return both for IDPs and their communities.

20. ***The Government places a high priority on recognizing veterans of the resistance and beginning the payment of monthly pensions.*** Since 2002, much progress has been made in laying the groundwork for recognizing and assisting veterans. Commissions under the Office of the former President registered over 75,000 veterans through a transparent and participatory process, and around 12,000 have been awarded medals thus far. The Government is currently in the process of validating the relevant database. It is anticipated that veterans will begin receiving pensions during the second half of the year, followed by special retirement pensions for eligible FALINTIL members. Medals will also be awarded to those national liberation fighters who have not yet been decorated.

21. ***The Government will introduce a program of cash assistance for the elderly and the disabled as part of efforts to strengthen social protections for vulnerable groups.*** Though the population of Timor-Leste is on average quite young, an estimated 30,000 citizens are over the age of 65 and live mostly in rural areas. In addition, there are about 22,000 disabled persons living in Timor-Leste. These groups are heavily dependent on the support of extended families and communities, many of whom are themselves poor and vulnerable. The Government will implement in 2008, a

program of modest cash transfers to the elderly and the disabled. A Decree Law will define the basis for this assistance, including eligibility criteria. A database of eligible beneficiaries is being developed and a payment system established to reach Dili and the districts, taking account of the special challenges faced by elderly and disabled citizens in claiming benefits. Cash transfer payments are expected to begin by the end of the year, following an information and outreach campaign on why and how this support is being offered.

Priority Area 3: Addressing the Needs of Youth

22. *Timor-Leste's youth population is large and growing fast, and the involvement of young people in recent episodes of violence highlights the danger of neglecting their needs.* Young people aged 15 to 29 make up almost one-quarter of the population, and this proportion is expected to grow to nearly 40 percent by 2010. Today's youth are the most educated generation of Timorese, but many still do not complete school. Nearly 15,000 young people enter the workforce each year, only to find that there are not enough jobs to employ them and they lack the skills and information they need to escape poverty. Many are left alienated from their communities and society at large, leaving them susceptible to violent or risky behaviors. Addressing the needs of youth requires a holistic strategy to keep young people in school, and developing their skills to make them employable, increase youth employment opportunities, connect young people with their communities, empower them to participate in nation-building, and strengthen formal and informal controls on their behavior. These elements are addressed in the six strategies of the National Youth Policy and are the basis for a National Action Plan currently under preparation. Several elements of policy are addressed in the National Priorities (see Priority Areas 4 and 5 below), but supporting young people will also depend on improved capacity for leadership, coordination, and financing of cross-sectoral approaches to meeting their needs. Efforts to strengthen the institutional capacity of the Secretariat of State for Youth and Sports (SSYS) and to provide young people with opportunities to engage in healthy sports activities are an integral part of this for 2008.

23. *The Secretariat of Youth and Sports needs a stronger institutional framework to proactively support young people and provide them with alternatives to violent or risky behavior.* Under the Office of the Prime Minister, the SSYS takes principal responsibility for promoting the well-being and development of young people. Yet many youth programs will be implemented by other Government agencies. For the SSYS to fulfill its role as an advocate for young people, it needs to develop a governing framework of policies, laws, and mechanisms to guide and support coordination implementation of youth-oriented activities. This will involve three main steps in 2008: revising the institutional framework for youth and sports, designing a system for awarding and distributing public grants from the Youth Arts Development Fund and Youth Sports Development Fund, and enforcing proper reporting on the use of these funds; and bringing young people together, including young women and men, through National Youth Council District Congresses in all districts. At least two sporting events for young people will be launched during the course of the year to expand opportunities for youth to participate in healthy and social activities.

Priority Area 4: Employment and Income Generation (including opportunities for youth)

24. *Creating jobs and income-earning opportunities will be critical to maintaining stability, stimulating economic growth, and reducing poverty in Timor-Leste.* In 2004, unemployment rates were estimated at 5 percent nationwide and 25 percent among youth aged 15 to 29. In Dili, home to about a quarter of the labor force, unemployment is estimated at 23 percent overall and

40 percent among youth. With thousands of young people entering the workforce each year, job creation is a top priority. Urgent action is required on two fronts, designing mechanisms for temporary employment in the near term while putting in place the foundations for longer-term job creation. The Government has identified three priority areas for progress in 2008: (i) generating employment through public works projects, (ii) stimulating private sector development, and (iii) strengthening local capacity for natural resource management.

25. *Public works programs can create significant short-term employment, while delivering infrastructure services that are essential for growth and development.* Pilot approaches to labor-intensive public works development, implemented by both Government and donors, have demonstrated the sizeable impact these programs can have in providing short-term jobs to a large number of people, including youth and women. During 2008, the Government plans to take a two-track approach to job creation through labor-intensive public works. First, priority attention will be given to spending the existing capital development budget for rural road rehabilitation using labor-intensive approaches. Over the course of the year, it is estimated that 15,000 people could be employed for an average of two months. These workers would receive a short-term boost in income, along with basic skills and work experience. Second, the Government will design a comprehensive National Workforce Program based on a review of previous experiences and implementation of a pilot workforce program. If successful, the pilot program would be scaled up in the following year.

26. *Over the long term, job creation depends on the development of a vibrant private sector.* In Timor-Leste, the business climate is not conducive for private investment. Many administrative procedures are burdensome and expensive, while legal and regulatory frameworks are weak or non-existent. Poor infrastructure demands high input costs and skilled workers are scarce. The inefficient and overloaded justice system makes resolving labor, land, and contractual disputes almost impossible. According to the latest *Doing Business Survey*, Timor-Leste ranks 168th out of 178 countries on ease of doing business. The Government has identified two key actions that could provide the building blocks for improvements in 2008 – the drafting and consultation of a land law, and streamlined business procedures. Government will work with Parliament to enact the draft land law to provide security of tenure. A public information campaign will be launched to build awareness of the new legal framework and land registration procedures, launched through a land registration pilot will be conducted to inform the creation of a property registry. Streamlined business procedures facilitate business and investments and can be achieved through amendments to the Commercial Societies Act (Company Law), related decree law and implementing regulations. Together, these improvements in land, property, and business registration could also significantly strengthen Timor-Leste's *Doing Business* ranking, enhance Timor-Leste's chances of accessing Millennium Challenge Account resources, and stimulate private sector activity among both local and international investors. Employment and income opportunities need also to focus on rural areas where most of the poor live, giving particular attention to wage-employment and self-employment.

27. *Human resources development and creating opportunities for skilled employment through greater local participation in the management of natural resources are principal goals of the Government.* Regulatory reform, pipeline landing in Timor-Leste and creation of a National Oil Company are among actions to be launched this financial year to optimize petroleum sector developments. While the Governments of Australia and Timor-Leste have agreed to evenly share revenues from the Greater Sunrise gas field, negotiations on Sunrise development are ongoing. Recognizing potential socio-economic benefits, the Government of Timor-Leste aims to direct pipeline landing to the country's south coast and to build a liquefied natural gas plant in Timor-Leste. A pipeline taskforce has been created and a pipeline feasibility study was recently launched in preparation for further discussions. To begin building critical human resource capacity to manage the sector, the Government will award scholarships to 50 Timorese students to undertake high-level

studies abroad and commence training in petroleum engineering, geology, mining, petroleum economics and law. At least 150 jobs are expected to be created through construction activities to build an oil and gas field supply base on the south coast.

28. ***Petroleum revenue management arrangements may soon be amended to enable higher returns on investment.*** Such process will be accompanied by the maintenance of robust scrutiny and transparency by Government. Timor-Leste's commitment to transparency in the petroleum and mining sectors has made the Government initiate the Timor-Leste Transparency Model, designed to help the public better understand the whole process of resource and revenue management, from its initial stage of revenue collection to its final stage in budget execution and accountability. The role of Timor-Leste Transparency Model (TLTM) will be augmented in 2008 by resources made available to ensure that it becomes the principle instrument for oversight, principally in the reconciliation of payments and receipts for petroleum.

29. ***Improving productivity in agriculture is critical to enhance the livelihoods of rural communities and most of the country's poor.*** Extension services will be geared to increase productivity in agricultural crops and breeding of livestock. The main objective is to orient the country extension services to provide support, technology and inputs to generate increases in productivity and competitiveness of Timorese agricultural production. Special attention will be provided to the key crops, such as rice, maize and coffee. Recruitment of extension workers and training of these workers will be based on an extension strategy and program to be developed and in place by end of June. At the same time efforts will be spent to rehabilitate irrigated areas, in particular in Maliana, which will have a direct and positive impact on productivity.

30. ***Food security monitoring and stable supply of rice are priorities of the Government in 2008.*** The Government will prepare and implement a program to strengthen stability of the rice supply in the country. This program will take into account the many aspects that influence the rice supply and market: (i) domestic production, (ii) imports and price of imports, and (iii) domestic traders' engagement to re-establish the domestic rice market. In parallel and at a wider level, the Government will design and implement a food security monitoring framework. Once established, this framework will enable the Government to strategically monitor food production, supply and distribution across the country.

Priority Area 5: Improving Social Service Delivery

31. ***Gaining better access to higher-quality basic services is a high priority for Timorese citizens, especially in rural areas.*** Following the restoration of independence, the country made impressive progress in reestablishing core services across the country. The main objective is to expand the reach and improve the quality of those services. A healthier, better-educated population can make a more productive contribution to the country's economic growth and poverty reduction goals. In 2008, the Government will focus on the delivery of basic services in education and health – although the interconnectedness of other basic needs, such as water, sanitation, and nutrition support is also recognized.

32. ***Improving the quality of basic education is key to keeping young people in school and better preparing them for the future.*** In October 2008, the Government will introduce a policy of free basic education and nine years of compulsory attendance in school. The success of this new model will depend largely on high-quality inputs such as qualified teachers, appropriate school facilities, sufficient teaching and learning materials, and a pragmatic policy on the language of instruction. In the year ahead, the Government's focus will be on improving the quality of education

services through: (i) teacher training and upgrading of school facilities, particularly basic schooling; (ii) developing teacher training curricula in specific areas of instruction (e.g. mathematics, science); and (iii) training about 3,000 teachers during the summer recess. Around 1,500 teachers are expected to complete ongoing Bachelor's Degree studies during 2008. It is also estimated that 60 schools will be upgraded, creating approximately 5,000 temporary jobs in school construction and rehabilitation in 2008.

33. ***Accelerate improvements in the population's health and nutrition status through higher-quality and better-utilized health services, especially in remote areas, is the main ambition of health services.*** The Government has adopted a program of Integrated Community Health Services (SISCA), which emphasizes working with community leaders to strengthen service delivery and outreach to local communities. Program implementation requires substantially improved human resources, increased staffing in rural areas, better quality health facilities, and mobile outreach equipment. In 2008, the Government will prioritize improvements in the accessibility and delivery of maternal and child health care through implementation of SISCA and delivery of a strengthened Basic Services Package. Under SISCA, key steps will include dissemination of implementation guidelines district-wide, preparation of individual implementation plans by all 65 Community Health Centers (CHC), and monthly visits by each CHC to at least 3 *sucos* (villages) in its sub-district. Measles vaccination coverage will increase from 63% in December 2007 to 65% by year end. To implement the Basic Services Package, each district will prepare a plan and all CHCs will begin delivering basic emergency obstetric care. The Government further aims to ensure all pregnant women to have access to health facilities and supervised delivery services by year end.

Priority Area 6: Clean and Effective Government

34. ***The attainment of national priority goals depends on a clean and effective public service.*** The 2008 "Year of Administrative Reform" calls for enhanced leadership, management and service-orientation that will be defined and rewarded by new performance and incentive structures. Strong plan to budget links, sound formulation and execution of the budget, combined with investment in public services, will enable improvements in services. These will be complemented by efforts to improve internal controls and reporting, particularly internal audit, and more effective parliamentary scrutiny of progress.

35. ***Public access to information and avenues for public complaints or grievance will be equally important instruments to restore public confidence in Government and to generate service improvements.*** The creation of an independent Public Service Commission, to manage and develop the Government's limited human resource capacity; and discussions on the establishment of a High Administrative Tax and Audit Court and Commission for Anti-Corruption are core Government actions for 2008. Preparations for these institutions are now well advanced. Once established, these institutions will provide the architecture for integrity and professionalism in the public service to develop.

IV. MONITORING AND ENABLING PROGRESS ON THE NATIONAL PRIORITIES

36. ***Achieving the National Priorities will require focused attention, regular monitoring, and proactive efforts to enable progress and resolve challenges.*** Meeting these objectives requires collaboration across Government agencies, and between Government, civil society, and development partners. Responsibility for monitoring progress on the National Priorities has been assigned to the Inter-Ministerial Committee on Economic Development (IMCED) under the guidance of the Office of the Prime Minister. It is envisioned that participation in IMCED discussions relating to the 2008

National Priorities will be broadened to include additional ministries with a significant role to play in achieving priority goals, but which do not normally take part in IMCED meetings.

37. ***A small secretariat, headed by the Ministry of Finance will be formed within IMCED to guide this monitoring effort and assist with policy recommendations addressing performance issues or obstacles.*** Reporting to the IMCED, the Secretariat will be resourced from the State budget. This Secretariat will prepare quarterly monitoring reports on the performance of the 2008 National Priorities Results-Oriented Matrix, including recommendations and actions taken or necessary to be taken to correct performance. These reports should not be longer than 3-4 pages and will be produced and published within the month after each quarter.

38. ***A critical part of the secretariat's role is to help to overcome the obstacles that will be identified.*** For example, if progress on a priority action has been hampered by ineffective coordination between ministries, the secretariat can help bring the relevant groups together to define an action plan. The Secretariat will assist in communicating with Parliament, citizens, and development partners about progress on the National Priorities and additional assistance that may be needed.

39. ***The IMCED will review monthly secretariat reports to identify any obstacles matters requiring IMCED support or the Prime Minister's Office and/or Council of Minister's attention.*** These issues will be raised in a one-page report — prepared by the secretariat — and presented to the IMCED, Prime Minister's Office and/or Whole of Government for resolution, detailing specific concerns and recommendations for action. Actions taken shall be detailed in the regular monthly report of the secretariat.

40. ***The current 2008 National Priorities results-oriented matrix should be revised on a quarterly basis.*** Aimed at improving the focus and priority of actions, enhancing the impact of the 2008 National Priorities on the Timorese citizens to reflect dynamic performance and events in the country, a quarterly revision of the Matrix should be adopted. This should be based on the monitoring and recommendations taken by the Government, together with an independent peer review of the monitoring, design and effect of corrective measures taken. This process will generate a revised results matrix and refined results indicators and will provide the opportunity for detailed policy dialogue. Independent peer review will be delivered through supervision missions led by the World Bank and supported by donor partners. Results shall be presented to the IMCED and Secretariat in an open plenary session with partners. Following consultation with the Council of Ministers, the IMCED shall approve any amendments.

41. ***The monitoring of the 2008 National priorities should support the development of national monitoring systems for Timor-Leste, and later be integrated into them.*** The country's programs are wider in action and scope than the existing 2008 National Priorities, and the development of a Whole-of-Government national monitoring system is essential. National planning and budgeting systems are currently evolving and will, ultimately be accompanied by a rigorous national monitoring framework. Once established, it is envisaged that the National Priority monitoring framework shall be folded into this.

ANNEX 1: 2008 NATIONAL PRIORITIES - RESULTS ORIENTED MATRIX

2008 National Priorities – Results-Oriented Matrix

Priority Areas	2008 Goal	Quarterly Targets				Responsible Entity
		Achieved by 31 March 2008	Achieved by 30 June 2008	Achieved by 30 September 2008	Achieved by 31 December 2008	
1. Public Safety and Security						
PNTL and F-FDTL professionalized and earn public trust	Reform of F-FDTL and of PNTL implemented and roles defined	<ul style="list-style-type: none"> ▪ Draft of National Security Policy discussed among political leaders, civil society and community leaders 	<ul style="list-style-type: none"> ▪ Draft of National Security Policy finalized and approved by the Council of Ministers ▪ Revised organic laws of PNTL and F-FDTL approved by Council of Ministers ▪ Leadership, command structure and definition of roles of PNTL established ▪ PNTL inspector general office established ▪ Civil-military cooperation through coast guard joint training designed 	<ul style="list-style-type: none"> ▪ National Security Policy submitted to Parliament ▪ Disciplinary statutes of F-FDTL implemented ▪ Leadership and command structure and definition of roles of PNTL implemented through training ▪ PNTL inspector general office resourced and functioning ▪ Civil-military cooperation through coast guard joint training implemented 	<ul style="list-style-type: none"> ▪ Leadership and command structure and definition of roles of PNTL implemented through appointment 	<ul style="list-style-type: none"> ▪ Ministry of Security and Defense ▪ PNTL ▪ F-FDTL
	Strengthening retraining of PNTL, accountability and communications	<ul style="list-style-type: none"> ▪ Team established to draft Police Force 2020 	<ul style="list-style-type: none"> ▪ Communications system and maintenance policy completed and resourced ▪ Revised salary scales for PNTL reflected in 2008 budget mid-term review ▪ 1st team of 30 instructors trained 	<ul style="list-style-type: none"> ▪ 1st team of 500 officers trained ▪ Public information strategy launched covering arrests, prosecutions, weapons collected and training ▪ Measures identified to strengthen existing public feedback and complaints mechanism (through General Inspectorate) and budgeted for 2009 	<ul style="list-style-type: none"> ▪ 2nd team of 500 officers trained ▪ Police communication system introduced connecting all services (including civil protection and emergency services) 	<ul style="list-style-type: none"> ▪ Ministry of Security and Defense ▪ PNTL
	F-FDTL leadership, management and accountability strengthened	<ul style="list-style-type: none"> ▪ Force 2020 Plan presented to Council of Ministers (plan should also include increased number of women engaged and respect for human and women's rights) 	<ul style="list-style-type: none"> ▪ Draft of National Defense Law discussed in Council of Ministers ▪ Revised military career regime submitted to Council of Ministers 	<ul style="list-style-type: none"> ▪ Implementation of Force 2020 recommendations begun ▪ Military career regime submitted to the National Parliament 	<ul style="list-style-type: none"> ▪ Draft National Defense Law submitted to Parliament 	<ul style="list-style-type: none"> ▪ Ministry of Security and Defense ▪ F-FDTL

2008 National Priorities – Results-Oriented Matrix

Priority Areas	2008 Goal	Quarterly Targets				Responsible Entity
		Achieved by 31 March 2008	Achieved by 30 June 2008	Achieved by 30 September 2008	Achieved by 31 December 2008	
1. Public Safety and Security (Continued)						
Improve access of citizens to justice	Justice administration and public information improvements	<ul style="list-style-type: none"> ▪ Evaluation of national and international judges, prosecutors and defenders completed ▪ Designs for major capital completed ▪ Legal framework for Private Lawyers Act approved by CoM 	<ul style="list-style-type: none"> ▪ Justice sector connectivity project initiated ▪ Draft Penal Code and juvenile justice law developed 	<ul style="list-style-type: none"> ▪ Equipment functioning, building repairs completed as well as access to transport for courts and other actors ▪ Electronic case management system established for courts, prosecution and defense ▪ Legal literacy and public complaints mechanisms adequately resourced 	<ul style="list-style-type: none"> ▪ Rehabilitation of Gleno and Becora Prisons, and Public Defense Offices in Oecusse, Baucau and Suai completed. ▪ 18 month training programme for 7 magistrates, 6 public defenders, 7 prosecutors and 15 legal clerks begun ▪ Publication of quarterly statistics from prosecution, defense, courts, and prisons achieved for 2008 	<ul style="list-style-type: none"> ▪ Ministry of Justice ▪ Prosecutor's Office
	Reduction in Prosecutor's Office case backlog	<ul style="list-style-type: none"> ▪ Backlog reduction strategy completed 	<ul style="list-style-type: none"> ▪ Prosecutor's Office Crisis Unit designed ▪ Recruitment of additional prosecutors and clerks 	<ul style="list-style-type: none"> ▪ Crisis Unit operational ▪ Prosecutor's Office Forensic Unit designed 	<ul style="list-style-type: none"> ▪ Forensic Unit established ▪ Prosecutor's Office case backlog falls from 4,700 to 3,900 cases 	<ul style="list-style-type: none"> ▪ Prosecutor's Office
Petitioners	Problems of petitioners addressed through civilian and military reintegration	<ul style="list-style-type: none"> ▪ Location and resources provided to begin process of reintegration of Petitioners 	<ul style="list-style-type: none"> ▪ Social integration measures identified to support reintegration of Petitioners in society ▪ Special recruitment for Petitioners intending to return to the F-FDTL completed 	<ul style="list-style-type: none"> ▪ Reintegration measures implemented, including training and employment opportunities 		<ul style="list-style-type: none"> ▪ Prime Minister's Office ▪ M Defense & Security ▪ Ministry of Social Solidarity ▪ S State Vocat. Training & Employment

2008 National Priorities – Results-Oriented Matrix

Priority Areas	2008 Goal	Quarterly Targets				Responsible Entity
		Achieved by 31 March 2008	Achieved by 30 June 2008	Achieved by 30 September 2008	Achieved by 31 December 2008	
2. Social Protection and Solidarity						
Reintegration of IDPs through housing	IDPs access housing through Recovery Support Benefits Programme	<ul style="list-style-type: none"> ▪ Operational Plan for Recovery Support Benefits completed ▪ Administrative procedures for IDP registration and return established ▪ Mechanism for payment of Recovery Support Benefits developed and operationalized 	<ul style="list-style-type: none"> ▪ Verification of IDPs completed ▪ Employment intensive programs identified ▪ Nation-wide communication strategy informing population on IDP Recovery Support Benefits Programme, including specific strategies for women's engagement started ▪ Switch from blanket feeding in camps to targeted vulnerable feeding is achieved 	<ul style="list-style-type: none"> ▪ Construction of housing, infrastructure and services commenced ▪ Monitoring of communities of return to ensure community cohesion maintained 	<ul style="list-style-type: none"> ▪ Work completed on the new resettlement sites for IDPs ▪ Families relocated and recovery grants paid 	<ul style="list-style-type: none"> ▪ Ministry of Social Solidarity ▪ Ministry of Infrastructure ▪ Ministry of Justice (NDL&P) ▪ Office of the Vice Prime-Minister ▪ District Authorities
Pensions to Veterans	Veterans receive monthly pensions		<ul style="list-style-type: none"> ▪ List of eligible veterans in database validated 	<ul style="list-style-type: none"> ▪ Decree Law approved by C Ministers enabling immediate payment of pensions against Law 3/2006 ▪ FALANTIL members eligible identified and special retirement pensions awarded retroactive to January 2008 ▪ Veterans begin receiving monthly pensions 	<ul style="list-style-type: none"> ▪ Payment of pensions set out in law fully operational ▪ Medals awarded to national liberation fighters who have not yet been decorated 	<ul style="list-style-type: none"> ▪ Ministry of Social Solidarity
Social reinsertion of vulnerable groups	Cash transfers paid to eligible vulnerable groups, in particular elderly and disabled	<ul style="list-style-type: none"> ▪ Decree providing basis for cash transfers to elderly and disabled submitted to Council of Ministers 	<ul style="list-style-type: none"> ▪ Decree approved by Council of Ministers ▪ Complete database of eligible target group beneficiaries and payment system established to reach Dili and districts 	<ul style="list-style-type: none"> ▪ Cash transfers to elderly and disabled begun ▪ Communications to media and public on cash transfer program and the contribution of these two groups to society 	<ul style="list-style-type: none"> ▪ Cash transfers paid to eligible elderly and disabled 	<ul style="list-style-type: none"> ▪ Ministry of Social Solidarity ▪ Ministry of Finance

2008 National Priorities – Results-Oriented Matrix

Priority Areas	2008 Goal	Quarterly Targets				Responsible Entity
		Achieved by 31 March 2008	Achieved by 30 June 2008	Achieved by 30 September 2008	Achieved by 31 December 2008	
3. Addressing the Needs of Youth						
Supporting youth	Institutional capacity for youth and youth social activities Strengthen institutional framework of Secretariat of State for Youth and Sports		<ul style="list-style-type: none"> ▪ Institutional framework for Youth and Sports defined ▪ System for distribution of public grants for youth and sports, put in place 	<ul style="list-style-type: none"> ▪ Institutional framework for Youth and Sports implemented ▪ Award for public grants for youth and sports started 	<ul style="list-style-type: none"> ▪ National Youth Council District Congresses conducted in all 13 districts, with equal participation of young women and men ▪ Reports on use of public grants submitted to S State for Youth and Sports 	<ul style="list-style-type: none"> ▪ S State for Youth and Sports ▪ M Finance ▪ Ministry of State Admin ▪ National Youth Council
	Provide young people with opportunities to engage in sports		<ul style="list-style-type: none"> ▪ 2008 sports events program for the country defined 	<ul style="list-style-type: none"> ▪ At least one main sport event for youth launched 	<ul style="list-style-type: none"> ▪ At least 2 main sport events for youth launched 	<ul style="list-style-type: none"> ▪ S State for Youth and Sports
4. Employment and Income Generation (including youth economic opportunities)						
Public works infrastructure generating employment	Implementation of capital budget for rural road rehabilitation	<ul style="list-style-type: none"> ▪ Specific sections of rural roads to be rehabilitated in each district identified in coordination with District Administrations 	<ul style="list-style-type: none"> ▪ 4,000 people cumulatively (women and men) employed for an average of two months through implementation of budget for rural road rehabilitation 	<ul style="list-style-type: none"> ▪ 7,500 people cumulatively (women and men) employed for an average of two months through implementation of budget for rural road rehabilitation 	<ul style="list-style-type: none"> ▪ 15,000 people cumulatively (women and men) employed for an average of two months through implementation of budget for rural road rehabilitation 	<ul style="list-style-type: none"> ▪ Mol ▪ M Finance ▪ Secretariat of State for Youth and Sports
	Design of a comprehensive National Workforce Program initiated and aligned with gender equality principles	<ul style="list-style-type: none"> ▪ Review of experience with small-scale labor-intensive public works completed 	<ul style="list-style-type: none"> ▪ Resources for the National Workforce Program allocated in the 2008 revised State Budget 	<ul style="list-style-type: none"> ▪ National Workforce Program defined and resourced ▪ Pilot of National Workforce Program model initiated 	<ul style="list-style-type: none"> ▪ Monitoring of pilot of National Workforce Program established 	<ul style="list-style-type: none"> ▪ Mol ▪ M Finance ▪ S S Youth and Sports
Private sector development	Land and property registration enabled		<ul style="list-style-type: none"> ▪ Land registration code drafted and piloted in Dili 	<ul style="list-style-type: none"> ▪ Draft Land Law prepared ▪ Public information and awareness campaign on land registration and draft legal framework started 	<ul style="list-style-type: none"> ▪ Land Law submitted to the CoM ▪ Property registry established and registration underway 	<ul style="list-style-type: none"> ▪ Ministry of Justice

2008 National Priorities – Results-Oriented Matrix

Priority Areas	2008 Goal	Quarterly Targets				Responsible Entity
		Achieved by 31 March 2008	Achieved by 30 June 2008	Achieved by 30 September 2008	Achieved by 31 December 2008	
4. Employment and Income Generation (Continued)						
Private sector development (continued)	Business registration and investment facilitated		<ul style="list-style-type: none"> ▪ Time for issuing business activities Regis and licensing from 30 to 3-5 days implemented ▪ Decree Law with streamlined business registration procedures approved by CM 	<ul style="list-style-type: none"> ▪ Revised Com. Societies Act eliminating minimum capital requirement and strengthening protections for minority investors submitted to Parliament 	<ul style="list-style-type: none"> ▪ New implementing regulations for revised Commercial Societies Act (Company Law) approved 	<ul style="list-style-type: none"> ▪ Ministry of Econ & Dev ▪ M. Justice ▪ Ministry Tour., Com. & Industry ▪ M. Finance
Natural resources management	Capacity development in the natural resources sector	<ul style="list-style-type: none"> ▪ Supply-base & Pipeline feasibility study teams established 	<ul style="list-style-type: none"> ▪ Supply-base feasibility study completed ▪ Pipeline feasibility study commenced ▪ Scholarship policy completed 	<ul style="list-style-type: none"> ▪ Pipeline feasibility study completed ▪ 150 jobs created with construction on the south coast 	<ul style="list-style-type: none"> ▪ 50 candidates after selection for scholarships begun training abroad 	<ul style="list-style-type: none"> ▪ S S Natural Resources ▪ MOI ▪ M Justice ▪ M E Develop
Agriculture and Food Security	Agriculture productivity enhanced and Food Security improved		<p>Program to stabilize rice supply in Timor-Leste prepared</p> <p>Program to engage the private sector in maintaining rice supply in TL, implemented</p>	<ul style="list-style-type: none"> ▪ Extension workers trained in integrated crop management ▪ Farmers training in integrated crop management started 	<ul style="list-style-type: none"> ▪ 4 extension centers built and 180 staff placed in 13 districts ▪ Maliana irrigation system rehabilitated ▪ Food security monitoring framework implemented 	<ul style="list-style-type: none"> ▪ Ministry of Agriculture ▪ M Tourism, Commerce and Industry
5. Improving Social Service Delivery						
Education	Quality of education improved to keep girls and boys in school	<ul style="list-style-type: none"> ▪ Curriculum for teacher training courses in specific areas of instruction developed 	<ul style="list-style-type: none"> ▪ Curriculum for teacher training courses approved 	<ul style="list-style-type: none"> ▪ 3,000 teachers trained ▪ 1,500 teachers completed Bachelor's Degree Studies 	<ul style="list-style-type: none"> ▪ Trained teachers back at work in schools, including new Basic Education schools 	<ul style="list-style-type: none"> ▪ Ministry of Education
	Basic education school facilities expanded and improved	<ul style="list-style-type: none"> ▪ Upgrading of primary schools plan to basic education standards prepared 			<ul style="list-style-type: none"> ▪ 60 schools upgraded to basic education standards ▪ 5,000 jobs created through construction and rehabilitation of school facilities 	<ul style="list-style-type: none"> ▪ Ministry of Education
Health	Improved accessibility and delivery of quality maternal and child health care through the Integrated Community Health Services (SISCA)	<ul style="list-style-type: none"> ▪ SISCA Implementation Guidelines disseminated to all districts 	<ul style="list-style-type: none"> ▪ Individual implementation plans completed by all Community Health Centers at sub-district level 	<ul style="list-style-type: none"> ▪ At least 3 Sucos visited by each of 65 Community Health Centers 	<ul style="list-style-type: none"> ▪ Measles vaccination coverage increased to 64% (up from 61% in December 2007) 	<ul style="list-style-type: none"> ▪ Ministry of Health
	Strengthened Basic Services Package (safe motherhood services)	<ul style="list-style-type: none"> ▪ Basic emergency obstetric care delivered in 48 Community Health Centers 	<ul style="list-style-type: none"> ▪ Basic Services Package plans, including basic emergency obstetric care by midwives, completed by all districts 	<ul style="list-style-type: none"> ▪ Emergency obstetric care services implemented in each of 65 Community Health Centers 	<ul style="list-style-type: none"> ▪ Access to health facilities and supervised delivery services made available to all pregnant women 	<ul style="list-style-type: none"> ▪ Ministry of Health

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6. Clean and Effective Government						
Enhanced leadership, management and service-orientation of the civil service	Independent oversight of civil service management and remuneration	<ul style="list-style-type: none"> ▪ Operational plan for an independent Civil Service Commission developed 	<ul style="list-style-type: none"> ▪ Revised Civil Service Act approved by the CoM and submitted to Parliament ▪ Policy establishing independent Civil Service Commission approved by C. Ministers ▪ Benchmarks for ministries client services standards (staff performance, recruitment, discipline) established 	<ul style="list-style-type: none"> ▪ New pay and pension structure approved and strategy for implementation endorsed 	<ul style="list-style-type: none"> ▪ Independent Civil Service Commission established and operational; role communicated to public 	<ul style="list-style-type: none"> ▪ Prime Minister's Office ▪ Ministry of State Administration & Territorial Ordinance ▪ Ministry of Infrastructure
	National Development Plan (NDP) centered on poverty reduction strengthens ownership and alignment	<ul style="list-style-type: none"> ▪ Inventory of macro and sector studies collected 	<ul style="list-style-type: none"> ▪ State of the Nation Report completed 	<ul style="list-style-type: none"> ▪ NDP 2 submitted to Parliament 	<ul style="list-style-type: none"> ▪ Aid Effectiveness Unit designed and resourced 	<ul style="list-style-type: none"> ▪ PM's Office ▪ M Economy & Development ▪ M Finance
Government Accountability, Transparency and Integrity	Improved national planning, budget and execution performance and accountability	<ul style="list-style-type: none"> ▪ 2008 Budget 2008 implemented ▪ FY06/07 state annual accounts published ▪ Role, function and mandate of the anti-corruption commission design initiated ▪ Working group to boost the mandate, roles and powers of the O. Inspector-General to undertake audits of departments and agencies established ▪ Task Forces established to consider future role and function of Anti-Corruption Commission, Auditor General's Office and Civil Service Commission 	<ul style="list-style-type: none"> ▪ Integrity-promoting strategy approved and instruments designed; public informed through newspapers, radio, television ▪ Draft legislative framework for integrity promoting instruments completed ▪ 2007 Transitional budget audit submitted to Parliament ▪ 1st Quarter Budget execution report published ▪ 2008 Mid-term budget review submitted to Parliament 	<ul style="list-style-type: none"> ▪ Integrity instruments for government & senior civil servants in selected pilot agencies (e.g. income and asset declaration register) operationalized ▪ Public information and communication strategy in place and operational ▪ 2007 transitional budget audit published ▪ 2nd Quarter Budget execution report published ▪ 2009 Budget reflecting NDP submitted to Parliament 	<ul style="list-style-type: none"> ▪ Roadmap for establishment of an independent anti-corruption institution completed ▪ Consultation on establishment of High administrative tax and audit court (SAI) begun ▪ 3rd Quarter Budget execution report published 	<ul style="list-style-type: none"> ▪ PM's Office ▪ Provodora's Office ▪ Ministry of Finance