

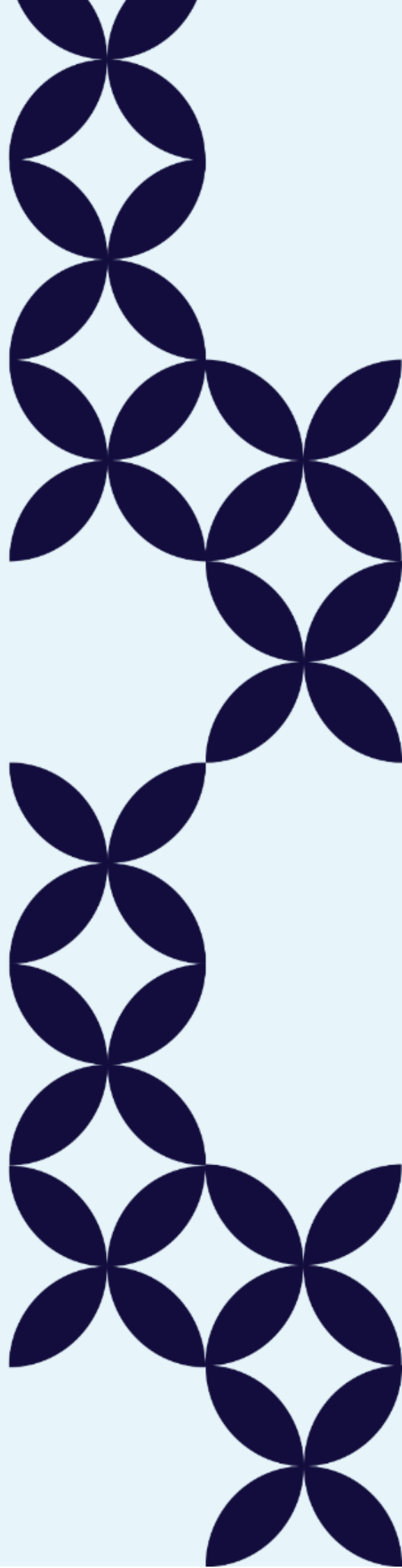
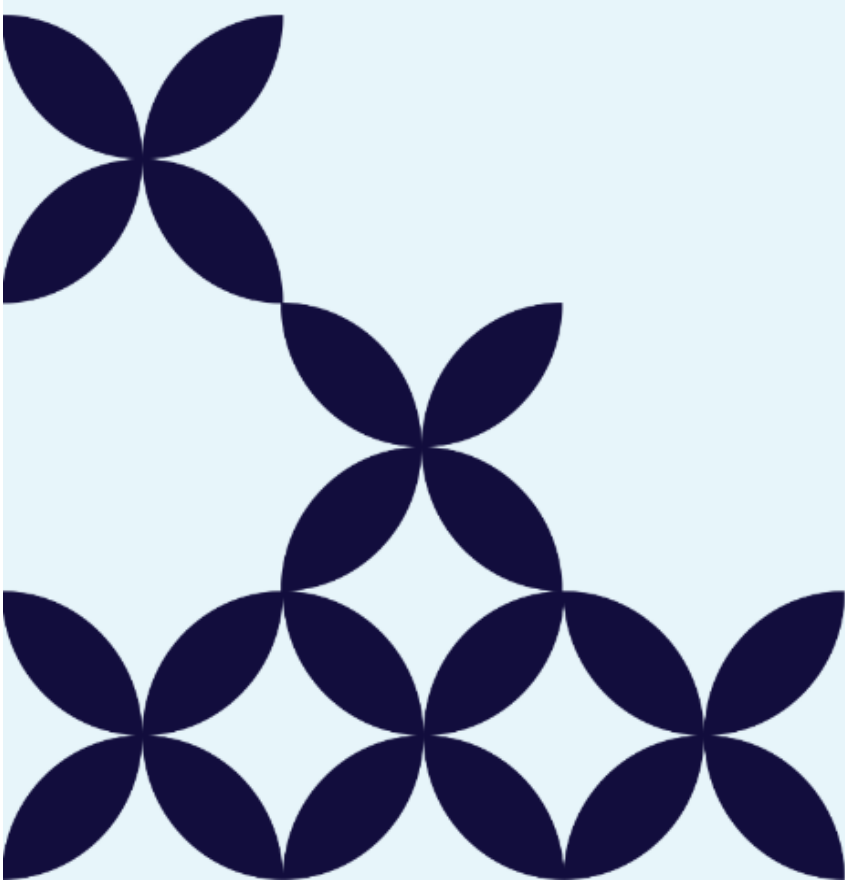


NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

Timor-Leste

Plan

February 2025



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Purpose of this document

The New Zealand Ministry of Foreign Affairs and Trade (MFAT) has developed this Plan to guide the planning and management of New Zealand's overall engagement with Timor-Leste, and as a foundation for dialogue with partners and stakeholders.

The Plan is used to bring clarity to what work should be prioritised, and to help monitor progress towards shared outcomes and strategic goals.

This is a living document that will be reviewed with partners and updated periodically to ensure it responds to changes in country / regional context, including the impacts of any external shocks.



Timor-Leste overview

Timor-Leste context

The Democratic Republic of Timor-Leste (Timor-Leste) is a post-conflict nation emerging as a peaceful and democratic country located in maritime Southeast Asia. Key moments in Timor-Leste's recent history include its declaration of independence from Portugal in 1975, the subsequent invasion by Indonesia, and a UN-mandated referendum in 1999 which paved the way for restoration of independence in 2002. An estimated one-third of Timorese died in the struggle for independence with further violent periods occurring after the 1999 referendum and during the 2006 political crisis.

Timor-Leste is now ranked one of the most democratic countries in Southeast Asia¹, given high participation rates in elections and peaceful transfers of power. However, political stability has been a challenge since independence. Only one of the nine elected governments has seen out its full five-year term. Though Timor-Leste has the region's highest proportion of female parliamentarians due to a quota, this level of female representation is not reflected in wider society.

Timor-Leste's chronic severe poverty (over 40% of the population live below the national poverty line) and significant educational inequality is reflected in its UN Human Development Index² rank of 155 out of 193 countries. More than half of children under five years old have their physical growth stunted due to lack of access to quality food.

Timor-Leste has a population of 1.4 million people, with around 70% living rurally³. A lack of jobs and the related lack of livelihood options are significant challenges. More than 65% of the population lives outside of the formal economy, either underemployed or living off subsistence agriculture⁴, and the private sector is small and struggling. Nearly two thirds of the population is under the age of 30⁵. Many young Timorese look offshore for education and work opportunities, so labour mobility is of growing importance as a source of revenue through remittances.

Barriers to reducing poverty include import dependency, lack of economic diversification and non-agricultural employment options, and limited opportunities for good quality basic, tertiary and vocational education. To address these challenges, the Government of Timor-Leste is prioritising education; infrastructure development; economic development through agriculture and tourism; strengthening institutions; and negotiating investment in key oil and gas infrastructure.

Eighty-six percent of the Government of Timor-Leste's 2023 national budget was drawn from the oil and gas revenue-based Petroleum (sovereign wealth) Fund (the Fund)⁶. At the current rate of withdrawal, the Fund – which currently sits at around US\$18 billion – is expected to be exhausted in the 2030s. Public investment in

¹ see The Economist Intelligence Unit's Democracy Index at www.EIU.com

² see: <http://hdr.undp.org/en/content/human-development-index-hdi>

³ Timor-Leste Population and Housing Census 2022: <https://inetl-ip.gov.tl/2023/05/18/main-report-timor-leste-population-and-housing-census-2022/> p. 29

⁴ Timor-Leste Population and Housing Census 2022, p. 44

⁵ Timor-Leste Population and Housing Census 2022, p. 24

⁶ [Macro Poverty Outlook for Timor-Leste : April 2024 \(World Bank\)](#)



health, education and welfare is declining in real terms⁷, and the Government of Timor-Leste is likely to find it increasingly difficult to continue adequately funding public services. The Government of Timor-Leste is taking steps to replenish the Fund by developing Timor-Leste's last remaining significant oil and gas field, and to diversify and grow income from other sources such as overseas remittances, agricultural exports, and tourism.

New Zealand's partnership with Timor-Leste

New Zealand has a warm relationship with Timor-Leste, founded on political and development support provided consistently since before independence, and including provision of scholarships (since 1991) and deployment of Defence, Police, MFAT and Customs personnel. New Zealand established diplomatic relations with Timor-Leste at independence, in 2002.

New Zealand has made meaningful and highly valued contributions to Timor-Leste through our development programme (NZ\$278 million between 1998 and 2024), currently focused on education (including early childhood education and scholarships), rural livelihoods, tourism, the private sector, and community security.

New Zealand and Timor-Leste are working together to further strengthen our long-standing close partnership. We pursue regular, open, and constructive dialogue on regional and global foreign policy matters of mutual interest, including at multilateral and regional fora. This includes annual High-Level Consultations, plus regular dialogue at officials-level and with Ministers. People-to-people links are also continuing to develop through scholarships, and in future through the Recognised Seasonal Employer (RSE) scheme which Timor-Leste has recently been included in.

New Zealand and Timor-Leste signed a Statement of Partnership⁸ (SOP) in 2023. The SOP sets out shared principles, priorities and understandings that guide cooperation and engagement between the two nations. In the SOP, New Zealand and Timor-Leste have agreed to:

- *Work together, and with other like-minded partners, through regional and multilateral institutions*
- *Collaborate to achieve the goals of Timor-Leste's Strategic Development Plan 2011-2030*
- *Support free, open and inclusive trade for all*
- *Enhance relations through people-to-people links*
- *Enhance mutually beneficial inter-governmental relations*

A Partnership Stocktake is planned for every 18 months to review progress on SOP priorities.

New Zealand has long supported Timor-Leste's participation within regional and global architecture; at the United Nations; in its accession to the World Trade Organisation; and in its journey towards ASEAN accession.

New Zealand engages in regional disaster preparedness and response mechanisms in Southeast Asia and partners with other international humanitarian responders such as the United Nations, International Red Cross Movement, and international and local non-government organisations to support affected countries.

New Zealand provided significant support to help Timor-Leste respond to COVID-19 and to the severe floods in April 2021.

⁷ US Aid: [Improving Primary Health Care Spending in Timor-Leste: Policy Brief \(March 2024\)](#) p. 3

⁸ See: [New-Zealand-Timor-Leste-Statement-of-Partnership-2022-2026.pdf](#)



Partner plans relevant to the relationship

Government of Timor-Leste's Strategic Development Plan 2011-2030⁹ covers social capital, infrastructure and economic development towards its 'aspirations to create a prosperous and strong nation'. This provides a clear mandate for continued action in the areas where New Zealand's development support is currently focused.

The Government Programme¹⁰ published by the Ninth Constitutional Government of Timor-Leste in July 2023 also demonstrates alignment between the Government of Timor-Leste's priorities and those of New Zealand. The Government Programme covers six key areas: reaffirmation of the democratic rule of law; development of social capital; development of infrastructure; development of the economy; consolidation of government and good governance; and the fight against corruption. New Zealand's core development programme priorities are well-aligned to these key areas.

Strategic framework for the Timor-Leste Plan

New Zealand's International Development Cooperation (IDC) Priorities Framework 2024-27¹¹ is a guiding document for this Plan. It shows how the IDC Programme contributes to MFAT's Strategic Framework¹², and articulates the priority outcomes that we aim to advance through the IDC Programme.

The logic diagram on the next page sets out our ambitions for our work with Timor-Leste, in alignment with the IDC Priorities Framework. It represents our integrated delivery across development, foreign policy, trade, and security and covers a total country view - including our core IDC Programme, multi-country investments, NGO partnerships and scholarships.

The logic diagram sets out our strategic goals and how they drive specific short- and medium-term outcomes. We will work towards these outcomes in partnership with Timor-Leste. The short-term outcomes cover areas of immediate focus, rather than all the initiatives needed to deliver on medium-term outcomes.

⁹ See: https://timor-leste.gov.tl/wp-content/uploads/2012/02/Strategic-Development-Plan_EN.pdf

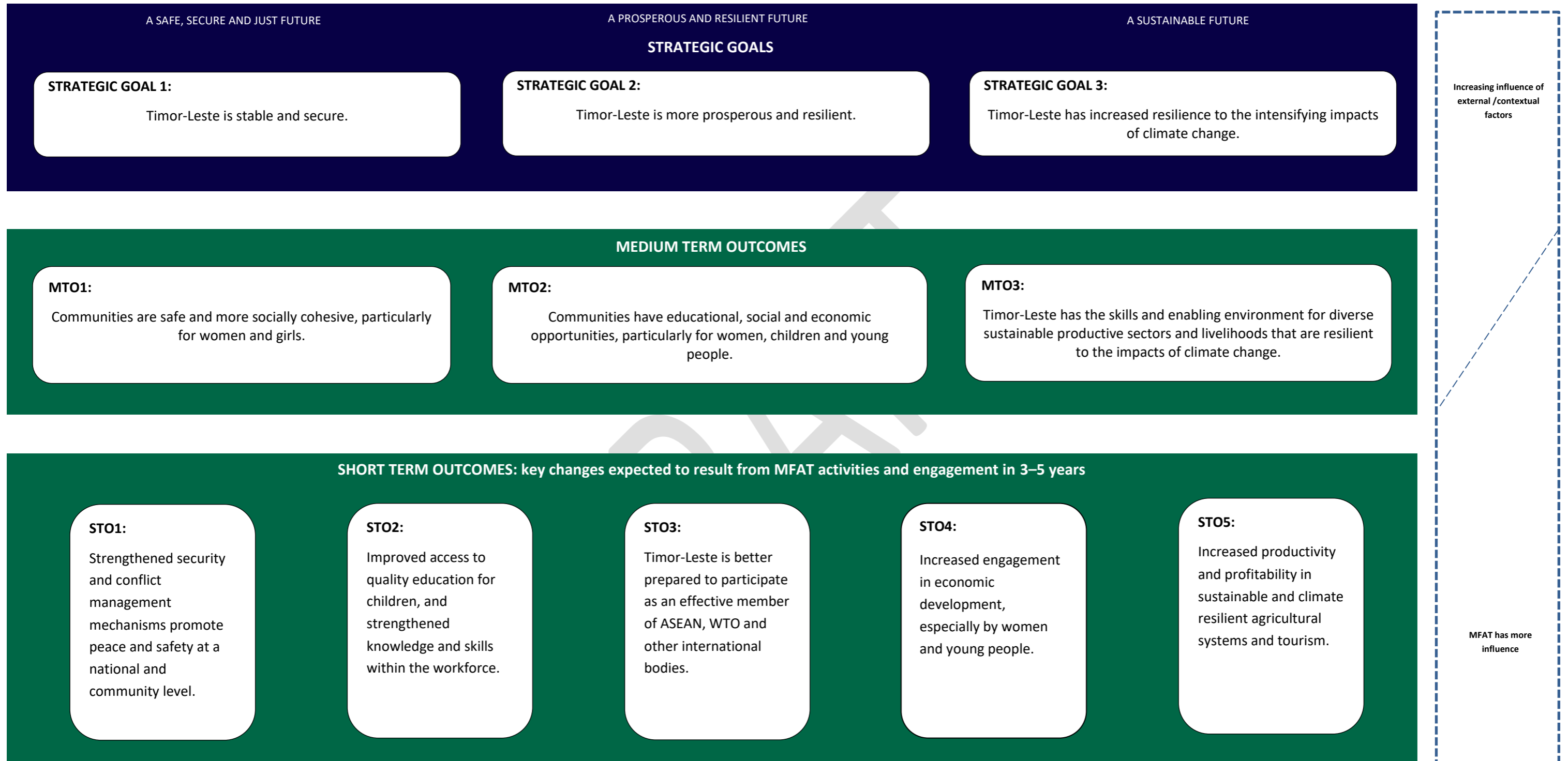
¹⁰ See: <https://www.laohamutuk.org/misc/gov9/230713ProgramalXGovernEn.pdf>

¹¹ See: <https://www.mfat.govt.nz/assets/Aid/Aid-General/IDC-Priorities-Framework-2024.pdf>

¹² See: <https://www.mfat.govt.nz/assets/About-us-Corporate/MFAT-strategies-and-frameworks/Strategic-Intentions-2024-2028.pdf>



Logic diagram for Timor-Leste Plan



How we put this Plan into action

New Zealand's IDC funding for this Plan is managed over a three-year period. There is flexibility to move funds into and between Plans to respond to rapidly changing contexts. Information about New Zealand's overall IDC budget for the current funding triennium is on the MFAT website¹³.

The development relationship with Timor-Leste is significant for New Zealand and represents our largest bilateral aid allocation outside of the Pacific. Timor-Leste has many development partners and limited coordination resources, so it is important that our programme is highly focused. We target sectors where New Zealand has the greatest value to add and can have the most significant development impact in areas that are of high priority to Timor-Leste.

How we will work to deliver on this Plan

New Zealand's development cooperation with Timor-Leste is delivered through bilateral initiatives, multilateral and regional cooperation, support to civil society activities, community-focused projects, and skills development through long- and short-term scholarships.

New Zealand's International Cooperation for Effective Sustainable Development (ICESD) Policy¹⁴ identifies four development principles that guide New Zealand's work with partner countries and sets out a commitment to deliver development that is effective, inclusive, resilient and sustained.

Effective Development: We aim to deliver effective development outcomes by working in partnership with the Government of Timor-Leste to ensure our support aligns with their priorities. We will deliver through a range of partners including the Government itself, Timorese and international non-government organisations, multilateral agencies and private sector. We will work with other development partners to ensure coordination for maximum impact. We will prioritise monitoring and evaluation to ensure our activities are managed effectively, adaptively, and are based on evidence.

Inclusive development: We will mainstream gender equality, disability and social inclusion across our development support. We will keep Timor-Leste's social context at the centre of all our work.

Resilient development: We will consider climate change in our development work where relevant and support Timor-Leste to increase its economic, social and governance resilience in the face of climate change impacts and external shocks.

Sustained development: We will deliver sustained outcomes by giving priority to building local capacity and capability through all activities, aligning our work with the Government of Timor-Leste's development priorities, and working with Timorese stakeholders as full partners.

¹³ See: www.mfat.govt.nz/en/aid-and-development/our-approach-to-aid/where-our-funding-goes/our-planned-aid-expenditure/

¹⁴ See: [Policy-Statement-New-Zealands-International-Cooperation-for-Effective-Sustainable-Development-ICESD.pdf](#)



Who we will work with to deliver on this Plan

New Zealand works with a range of partners in Timor-Leste, including:

- The Government of Timor-Leste:
 - MFAT works with the Ministry of Foreign Affairs and Cooperation; the Office of the Prime Minister; the National Police of Timor-Leste; the Ministry of Education; the Ministry of Agriculture, Livestock, Fisheries, and Forestry; the Ministry of Tourism and Environment; and others.
- International donor partners: To coordinate and maximise impact we work with likeminded donors. We work closely with Australia, the EU, Japan, and Portugal, among others.
- NZ Inc. partners:
 - The NZ Defence Force has personnel in-country supporting logistics and planning, and other NZ Inc. agencies, e.g. NZ Police, contribute through staff based in the region.
- Regional agencies: We anticipate that following Timor-Leste's accession to ASEAN, the country will benefit from a wider range of New Zealand support, particularly through ASEAN regional agencies and mechanisms.
- Multilateral partners: New Zealand has a history of working with a range of multilateral agencies who have supported Timor-Leste since independence.
- Non-Government Organisations:
 - Much of New Zealand's development cooperation in Timor-Leste is delivered through international and local NGOs. We work with trusted partners over the long-term, who have deep experience in Timor-Leste.
 - MFAT partners with NZ NGOs through the Partnering for Impact programme, which supports inclusive economic, social and environmental resilience and good governance, and strengthening of civil society. Through this approach, NZ NGOs partner with local civil society to harness their experience, knowledge and reach, to deliver locally-led solutions.
 - Volunteer Service Abroad (VSA) has a country office and significant volunteer contingent in Timor-Leste.
- The private sector: A number of our development initiatives are delivered through contractors. We also engage specialists in key areas of interest.
- Tertiary and vocational education providers, who contribute to the delivery of the Manaaki New Zealand Scholarships programme.



How we will assess progress against this Plan

The logic diagram sets out the strategic goals, medium- and short-term outcomes that New Zealand seeks to achieve through our activities and engagement with Timor-Leste.

We report back on progress towards our goals in Timor-Leste via the annual Minister of Foreign Affairs Report on the IDC appropriation¹⁵. We also report back on this Plan to the Government of Timor-Leste via our annual High Level Consultations and engagement with senior officials. This not only gives us an opportunity to discuss what has been achieved in partnership, but also to test whether our Plan remains fit-for-purpose.

Progress against the Plan will be assessed with the following indicators.

Strategic Goals	Indicators
Goal 1: Timor-Leste is stable and secure	<ul style="list-style-type: none"> World Bank Worldwide Governance Indicators (WGIs) for Timor-Leste
Goal 2: Timor-Leste is more prosperous and resilient	<ul style="list-style-type: none"> SDG 1.2.1 - Proportion of population below national poverty lines (% of population) SDG 4.2.2 – Participation rate in organised learning (one year before the official primary entry age) SDG 8.1.1 - Annual growth rate of real GDP per capita
Goal 3: Timor-Leste has increased resilience to the intensifying impacts of climate change	<ul style="list-style-type: none"> SDG 11.5.1 - Number of deaths, missing persons, and directly affected persons attributed to disasters ND-GAIN Climate Vulnerability and Readiness Scores

Short Term Outcomes	Indicators (data to be disaggregated where relevant)
STO1: Strengthened security and conflict management mechanisms promote peace and safety at a national and community level	<ul style="list-style-type: none"> Number of people receiving training or capability-building support in peace and security Evidence of improved community dispute and conflict resolution processes
STO2: Improved access to quality education for children, and strengthened knowledge and skills within the workforce	<ul style="list-style-type: none"> Attendance numbers and participation rates of children in early childhood education Number of people that complete tertiary or vocational training scholarships Number of people receiving training or capability-building support in education (education professionals)
STO3: Timor-Leste is better prepared to participate as an effective member of ASEAN, WTO and other international bodies	<ul style="list-style-type: none"> Number of people receiving training or capability-building in governance Number of people that complete tertiary or vocational training scholarships

¹⁵ See: <https://www.mfat.govt.nz/en/aid-and-development/our-approach-to-aid>



STO4: Increased engagement in economic development, especially by women and young people

- Number of people supported to improve their livelihoods
- Number of people participating in a labour mobility initiative

STO5: Increased productivity and profitability in sustainable and climate resilient agricultural systems and tourism

- Number of people directly benefitting from activities which aim to increase resilience to climate change and environmental degradation
 - Number of people supported to improve their livelihoods
 - Evidence of growth of locally-owned businesses in the tourism and agriculture industries
-

The Plan will be evaluated approximately once every four years. The next strategic evaluation of the Timor-Leste Plan is expected to take place in 2025. The Ministry's forward strategic evaluation schedule is available on the website¹⁶.

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¹⁶ See: <https://www.mfat.govt.nz/en/aid-and-development/our-approach-to-aid/evaluation-and-research>



For further information

Contact details for the New Zealand Embassy in Timor-Leste are available on the MFAT website¹⁷.

For more about MFAT's engagement in Timor-Leste go to our website at <https://www.mfat.govt.nz/en/aid-and-development/our-aid-partnerships-in-south-east-asia/timor-leste/> or contact GDS@mfat.govt.nz.

For more about the scholarships programme, go to our website at <https://www.nzscholarships.govt.nz/> or contact the Global and Scholarships Division, Pacific and Development Group at scholarships@mfat.govt.nz.

This document is one in a series of Plans published by the New Zealand Ministry of Foreign Affairs and Trade (MFAT) and managed by the Ministry's Pacific and Development Group. For the latest version please go to www.mfat.govt.nz

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¹⁷ See: <https://www.mfat.govt.nz/en/countries-and-regions/>

¹⁸ See: <https://creativecommons.org/licenses/by/4.0/>

¹⁹ See: <https://www.legislation.govt.nz/act/public/1981/0047/latest/DLM51358.html>

