



Australian Government



## TIMOR-LESTE COVID-19 DEVELOPMENT RESPONSE PLAN

- Australia is proud to have been Timor-Leste's primary development partner since independence. Australia and Timor-Leste plan to sign a new Development Partnership Arrangement in 2020-21.
- The pandemic will have a long-term impact on Timor-Leste's efforts to diversify its economy and on vulnerable groups, especially women and girls.
- Australia's development programs focus on health security, social protection, good governance, infrastructure, and reducing violence against women and children. In 2020-21, we will launch new health and infrastructure initiatives to support Timor-Leste's health security and economic recovery.

Australia and Timor-Leste are close neighbours, with a shared history and strong people-to-people links. Australia has been at the forefront of international support for Timor-Leste since independence in 2002 and remains Timor-Leste's largest development and security partner. We maintain a deep and abiding interest in Timor-Leste's future prosperity, and we will continue to reshape our development assistance to support Timor-Leste in its COVID-19 response and recovery.

### COVID-19 SITUATION ANALYSIS

Timor-Leste successfully managed a first cluster of COVID-19 infections thanks to a quick and effective response and strong cooperation between government agencies and development partners. However, Timor-Leste remains vulnerable to additional, wider outbreaks. How to safely manage the health risks of further re-opening of its borders is a key concern.

Since independence, Timor-Leste has made considerable progress in establishing state institutions, transitioning out of conflict, and improving key development indicators such as maternal and child mortality. It is rated as Southeast Asia's most democratic country. However, key development challenges remain. With the highest rate of poverty in Southeast Asia, Timor-Leste is one of three countries in the Indo-Pacific rated as 'severely off-track' to meet the Sustainable Development Goals (SDGs).

Most of Timor-Leste's population lives in rural areas. Timor-Leste's topography, climate vulnerability, and poor infrastructure compound challenges in agricultural production, access to basic services and employment opportunities. Human capital development is severely constrained by the high rate of stunting for children under the age of five – the third worst in the world.

Limitations in education quality and access to basic health services multiply these impacts and mean that Timor-Leste's young population is not yet reaching its full potential.

Major barriers to women's and girls' empowerment are becoming more pronounced under COVID-19. Women and girls are disproportionately affected by disruptions to services and have fewer opportunities to reach their potential. Fifty-nine per cent of ever-partnered women have experienced physical or sexual violence in their lifetime.

COVID-19 is threatening to undermine development progress and exacerbate existing vulnerabilities. Reductions in income are constraining households' ability to meet basic needs and access sufficient nutritious food; school closures have weakened children's learning outcomes; and lockdowns have increased the risk of violence against women and children (VAWC). Restrictions on domestic and international movement are disrupting agricultural markets, business activity, and employment prospects, especially for women, in an already fragile economy. People with disabilities are experiencing increased difficulties in accessing food, essential services, and work opportunities.

The Government of Timor-Leste acted quickly to stand up an Integrated Crisis Management Centre and enact a State of Emergency in response to COVID-19. The Government rolled out a new USD100 monthly social assistance payment to the majority of households and is targeting agriculture and businesses with stimulus measures. Prioritising effective expenditure and service delivery will be important to continue strengthening Timor-Leste's COVID-19 preparedness and economic

recovery. Balancing the health risks with the economic benefits of staged border re-openings will be critical for an effective economic recovery.

Timor-Leste is highly dependent on offshore petroleum income to fund its state budget. Forward-looking policy-makers took the early decision to preserve the nation's wealth for future generations in a world class Petroleum Fund. However, falling oil prices and volatile financial markets triggered by COVID-19 have brought further urgency to Timor-Leste's efforts to diversify its economy, especially with a global economic shock threatening prospects for tourism and labour mobility.

## AUSTRALIA'S RESPONSE

Australia has been Timor-Leste's primary partner in its immediate COVID-19 response and early recovery. We have drawn upon existing partnerships and investments, while deploying new resources, to support Timor-Leste's response across several sectors.

Under the leadership of the Ministry of Health, Australia upgraded Timor-Leste's three COVID-19 isolation facilities and provided equipment and expertise to establish in-country testing. We pivoted existing programs – in social protection, food security, and VAWC services and prevention – to channel resources to support Timor-Leste's response and ensure the most vulnerable people are not left behind. And we rapidly deployed humanitarian and technical specialists to bolster areas of need.

DFAT provided more than \$25 million in additional development assistance in 2019-20, supporting the Government's efforts to build the resilience of communities and the economy through direct budget support, technical assistance, NGO partnerships, and collaboration between Australian Government agencies. Under Timor-Leste's strong leadership, our Defence Cooperation Program and the Australian Federal Police supported the rapid mobilisation and operation of Timor-Leste's Integrated Crisis Management Centre, enhancing cooperation between the Timor-Leste police and defence forces in the emergency response.

Beyond the immediate health response, Australia will work in partnership with the Timor-Leste Government to deliver long-term human development outcomes, strengthen governance and support the resilience of institutions and communities. While this COVID-19 Development Response Plan covers a two-year period, Australia's investments build on our long-term partnerships and reflect our commitment to working predictably and in line with Timor-Leste's development

vision. As such, this strategy will also inform planning for our bilateral partnership beyond 2021-22.

Australia will provide COVID-19 supplementary funding of \$304.7 million as part of a COVID-19 Response Package. This package will provide support to the Pacific and Timor-Leste to deliver critical, temporary, economic support to address pandemic impacts; this targeted, temporary (ODA) funding is for two years and is in addition to Australia's \$4 billion ODA program. This will help Timor-Leste maintain essential health and other services, and protect the most vulnerable people.

## Health Security

Australia is proud to have worked closely with Timor-Leste to pivot programs quickly across the health sector to support surveillance, testing, isolation facilities and health worker training. Through Australia's Indo-Pacific Centre for Health Security, we are supporting enhanced laboratory capacity, critical public health policy and vaccine strategies. We are also supporting equitable access to safe and effective COVID-19 vaccines in Timor-Leste through multilateral and regional initiatives to finance, assess, deliver, and monitor COVID-19 vaccines.

As we pivot to respond to COVID-19, we will maintain support for the broader health sector and delivery of essential services. Strong health systems deliver life-saving care and form the critical foundation for health security and the effective management of communicable diseases such as COVID-19 as Timor-Leste adapts to a new global normal. Australia will continue to invest in health security across Timor-Leste. In partnership with the Ministry of Health, we will develop a new, five-year Health for Recovery Initiative to strengthen the quality, accessibility, and inclusiveness of Timor-Leste's primary health care system, while maintaining support for COVID-19 response including diagnostics, surveillance, and infection prevention and control.

We will help combat the high rates of malnutrition in Timor-Leste. Our support for Timor-Leste's health care system will be complemented by efforts in other sectors such as social protection and agriculture, to help tackle this multidimensional problem. We will also focus on improving access to water, sanitation, and hygiene promotion, which are central to nutrition, the COVID-19 response, and broader health security.

Our support for health security will continue to prioritise gender equality. Through our primary healthcare program, we will maintain a focus on maternal and child health, family planning and sexual and reproductive

health. We will also work with the Timor-Leste Government and Disabled People's Organisations to ensure that health services are more inclusive.

### **Stability**

Timor-Leste, a young nation, is working to strengthen its institutions that underpin stability and security. Shocks such as COVID-19 could heighten social tensions if households and communities are not supported through periods of increased vulnerability. We are working with Timor-Leste to extend programs that deliver opportunities and services to people, especially in rural areas.

We will partner with the Timor-Leste Government on investments that help to enhance people's trust in their institutions. We will build on our long-running partnerships, which have improved coordination and logistics for the COVID-19 response, to foster more effective and gender-responsive security institutions. Our partnership between the Australian Federal Police and the National Police of Timor-Leste supports the development of professional policing services that are responsive to community needs and that contribute to a more stable and secure Timor-Leste. Our Defence Cooperation Program supports the development of a capable and responsive Timor-Leste Defence Force and Ministry, with a focus on maritime capability, peace operations, English language training and engineering capacity development. The Department of Home Affairs supports Timor-Leste's immigration, aviation and maritime security, customs, and border security agencies.

Australia will back Timor-Leste's social protection programs that support households and communities, including people with disabilities, during this period of heightened vulnerability and beyond. We will work with Timor-Leste on further social protection reforms designed to strengthen household resilience and families' ability to meet basic needs including nutritious food. Social protection, along with community-level grants and labour-based rural road works, will provide much-needed local-level economic stimulus.

To promote food security, we are supporting farmers to grow and market their products and respond to biosecurity threats, so that supplies of nutritious food are not interrupted. Recognising the links between human, animal and environmental health and security, the Australian Centre for International Agricultural Research will continue its important research supporting resilient food systems in Timor-Leste and the region. Where necessary, we will prioritise humanitarian

assistance, recognising that COVID-19 may exacerbate the impacts of other disasters and emergencies, particularly climate-related disasters such as the 2020 floods. Through the regional Australian Humanitarian Partnership, we will support authorities and communities to become more resilient and better equipped to respond to natural disasters.

COVID-19 will exacerbate inequalities for women and girls in Timor-Leste, particularly the poor and those in rural areas. We will continue to support essential services to respond to VAWC, which is likely to increase at times of movement restrictions and heightened strain on households. We will support communities and the government to take action to prevent VAWC. We will also support local advocates and maintain our own advocacy so that the voices of women and girls are amplified and considered in policies and programs.

### **Economic Recovery**

COVID-19's impact on oil prices and global financial markets has highlighted the vulnerability of an economy that is not yet diversified. Over 90 per cent of Timor-Leste's state budget is financed by its Petroleum Fund, where revenues from offshore oil and gas assets are invested. However, with Timor-Leste's only producing field approaching the end of its life and the Greater Sunrise field yet to commence production, Timor-Leste needs to diversify its economy and promote a more broad-based economic recovery.

We will support Timor-Leste's national systems for public financial management and regulatory reforms for better governance. This will help Timor-Leste to more effectively support its people in COVID-19 recovery and beyond.

Australia will invest in quality infrastructure and connectivity as part of Timor-Leste's economic recovery with a new Infrastructure for Economic Recovery Initiative. We will partner with the Timor-Leste Government to support labour-intensive rural road works, helping to complete the 'missing last mile' that connects people in rural areas to services and economic opportunities. We are continuing to support delivery of village-level grants under Timor-Leste's National Program for Village Development. These grants enable communities to make their own decisions on local infrastructure priorities, such as rural water supply systems, and generate local jobs and opportunities for women's leadership and participation.

Enhancing Timor-Leste's connectivity will be important to its post-COVID-19 recovery. We will increase investment in Timor-Leste's national economic



infrastructure through transformational projects such as the fibre optic submarine cable announced by Prime Ministers Scott Morrison and Taur Matan Ruak in 2019, and proposed upgrades to Dili's international airport. These projects will be funded through a mix of loans and grants, including through the Australian Infrastructure Financing Facility for the Pacific (AIFFP).

Skilled and productive workers are needed to grow Timor-Leste's economy. We will invest in education, including continuity of learning as a critical prerequisite to economic recovery, through improving teaching quality and school learning. We will continue our support for technical and vocational education targeted at strengthening institutions and focussed on sectors with growth potential. Our Australia Awards scholarships and short courses will be tailored to the COVID-19 context, and offered to talented Timorese students, along with support to alumni, to build a pipeline of highly qualified and respected professionals and leaders, crucial to Timor-Leste's development. Across our programs, we will target increased skills development and employment opportunities for women and people with a disability.

Remittances are the most important non-oil income source for Timor-Leste and make a big difference to communities' ability to withstand COVID-19 economic impacts. As borders reopen, we will support pathways to labour mobility, including enhanced access – especially for women – to the Pacific Labour Scheme and Seasonal Worker Programme for opportunities in Australia.

Our support to private sector growth will continue, especially in tourism, coffee and other agricultural products, to manage the disruptions caused by COVID-19 and improve the long-term prospects for trade and economic growth. As part of this effort, we will promote opportunities for women in private sector development and building a more resilient economy.

## HOW WE WILL WORK

In 2020-21, we plan to sign a new Development Partnership Arrangement with Timor-Leste, which would see both countries commit to principles for our development partnership, jointly review progress and agree on future priorities.

As Timor-Leste's largest development partner, we will lead by example, providing predictable funding and working with other development partners so that our joint efforts align with Timor-Leste's Foreign Aid Policy and Strategic Development Plan. We have productive

relationships with leading development partners, including the EU, US, Portugal, Japan, and Korea. We will also deepen our engagement with the Asian Development Bank and the World Bank.

Development partners have increased their support for Timor-Leste's response to COVID-19 by pivoting existing programs and providing medical supplies. We will work with the World Health Organization and other multilateral institutions, which will play a vital role in longer-term COVID-19 response and recovery. Other UN agencies will also be key partners in health, social protection, food security, and ending VAWC.

Consistent with Timor-Leste's Foreign Aid Policy and our own risk management policies, we will progressively increase our use of Timor-Leste's government systems. In 2020, we provided \$7 million in direct budget support – complemented by technical assistance – to contribute to community infrastructure grants as part of the COVID-19 recovery. We will explore further opportunities to provide direct budget support.

We will work with Timor-Leste to maximise the quality and accountability of its spending, so that Timor-Leste's natural resources result in better services and opportunities for all. We will work across the Timor-Leste system – from Dili through to municipal authorities – to advise Government and test new ways of doing business. We are committed to technically sound and politically feasible approaches and will maintain flexibility to respond to emerging opportunities.

Australian Government agencies will work together in a coordinated whole-of-government approach to make the most of the full suite of ODA and non-ODA investments in Timor-Leste's development and recovery. And we will increase the benefit Timor-Leste sees from our regional and global initiatives, including NGO and volunteer programs which work directly with rural communities, and international partnerships such as the Global Fund, Gavi and the Global Partnership for Education. We will draw upon the deep people-to-people links and community-level partnerships – including between veterans and friendship groups – between our nations.

Finally, we will maintain our commitment to effective monitoring, evaluation and learning across our portfolio, to promote accountability and improve both our COVID-19 response and our longer-term support to Timor-Leste's development.

**TABLE 1: COVID-19 RESPONSE PLAN PERFORMANCE FRAMEWORK**

Response Plan	Health Security	Stability	Economic Recovery
<b>Expected Outcomes</b>	<ul style="list-style-type: none"> <li>- Improved systems for health security, including COVID-19 response (SDG 3)</li> <li>- Improved delivery of inclusive primary health care services, including sanitation and hygiene (SDGs 3, 6)</li> <li>- Greater inclusion of nutrition in policies and programs (SDGs 3, 6)</li> </ul>	<ul style="list-style-type: none"> <li>- Households have access to social protection, are food secure, and resilient to disasters (SDGs 1, 2, 13)</li> <li>- Individuals, communities, and institutions take action to reduce violence against women and children and deliver appropriate services (SDG 5)</li> </ul> <p>A more professional, integrated and accountable security sector is better prepared to respond to health and other emergencies (SDG 16)</p>	<ul style="list-style-type: none"> <li>- Government improves evidence-based policy formulation and implementation to promote economic diversification and inclusive growth (SDGs 8, 16)</li> <li>- Increased private sector activity and income opportunities in agriculture, tourism, and labour mobility (SDG 8)</li> <li>- Improved national and local infrastructure (SDG 9)</li> </ul> <p>Improved human capital, including through basic education, skills development, and vocational qualifications (SDGs 4, 8)</p>
<b>Key Results</b>	<ul style="list-style-type: none"> <li>- Examples of technical assistance strengthening the Timor-Leste Government's response to COVID-19 and other health security threats</li> <li>- Examples of strengthened health systems, including preparedness for health emergencies</li> <li>- Number of health professionals (M/F) trained, including in COVID-19 response</li> <li>- Number of client service visits for sexual and reproductive health and family planning (target 15,900)</li> <li>- Number of additional households accessing basic water and sanitation (target 10,000)</li> <li>- Number of service delivery units (e.g. schools, health clinics) with improved water and sanitation</li> <li>- Examples of greater inclusion of nutrition in policies and programs</li> </ul>	<ul style="list-style-type: none"> <li>- Number of people (M/F and people with a disability) reached with new or improved social protection programs</li> <li>- Number of services provided to women and children experiencing violence (target 8,700)</li> <li>- Number of people reached by activities to prevent violence against women and children (target 1,100)</li> <li>- Examples of policy and technical advice on building capacity for food security</li> <li>- Number of people (M/F) trained in improved agricultural practices (target 3,300)</li> <li>- Number of security and border officials (M/F) reached and trained in coordination, preparedness and response</li> <li>- Number of people (M/F) involved in community-based decision-making in local infrastructure (target 7,600)</li> </ul> <p>Examples of strengthened governance systems (including in emergency preparedness and response)</p>	<ul style="list-style-type: none"> <li>- Examples of policy and technical advice on stimulus measures and longer-term economic recovery</li> <li>- Number of households benefitting from improved local infrastructure (target 85,000)</li> <li>- Number and total value (\$) of national infrastructure projects agreed with Government</li> <li>- Number of workers (M/F) accessing labour mobility opportunities in Australia (target 240)</li> <li>- Number of students (M/F) reached with improved teaching practices (target 72,000)</li> <li>- Number of entrepreneurs (M/F) provided with financial and/or business development services (target 400)</li> <li>- Number of people (M/F) assisted to gain recognised post-secondary qualifications</li> <li>- Value of additional market transactions (target USD1.4m)</li> </ul>
<b>Supporting Investments</b>	<ul style="list-style-type: none"> <li>- Partnership for Human Development (health, sanitation, hygiene, and nutrition)</li> <li>- PARTISIPA (water access)</li> <li>- STRONG-TL (Menzies)</li> <li>- ASTEROID (Maluk Timor)</li> <li>- WHO Partnership</li> <li>- Water for Women</li> <li>- Global Fund and Gavi</li> </ul>	<ul style="list-style-type: none"> <li>- Partnership for Human Development (social protection)</li> <li>- Nabilan (ending violence against women and children)</li> <li>- TOMAK (agriculture and food security)</li> <li>- Australian Humanitarian Partnership</li> <li>- Timor-Leste Police Development Program</li> <li>- Defence Cooperation Program</li> <li>- Home Affairs engagement</li> </ul> <p>Australian Centre for International Agricultural Research engagement</p>	<ul style="list-style-type: none"> <li>- Roads for Development Support Program</li> <li>- PARTISIPA (community infrastructure)</li> <li>- Governance for Development, including national infrastructure: fibre optic cable and Dili airport upgrade</li> <li>- Partnership for Human Development (education)</li> <li>- Workforce Development, including Australia Awards, Seasonal Worker Programme and Pacific Labour Scheme</li> <li>- Market Development Facility</li> <li>- Global Partnership for Education</li> <li>- Southeast Asia Economic Governance and Infrastructure Facility</li> </ul> <p>Pacific Labour Facility</p>