

Implementing the Sustainable Development Goals in Timor-Leste

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This policy note is based on a detailed analytical policy report (with accompanying citations, references and appendices) available on the *Global Institute for Sustainable Prosperity* website as [Policy Report No. 102](#) (February 2018). Essentially, this policy note reviews how one of the poorest (and newest) countries in the world is addressing the United Nations' Sustainable Development Goals (SDGs). All 193 countries under the United Nations are signatories to the SDGs. The country under review in this note is Timor-Leste (East Timor), whose current economic development is underpinned almost exclusively by an extractive resource-export dependency on oil and gas. This dependence has serious negative implications for social equity and inclusion, as well as for the global natural environment. In parallel with this State-based resource development, there is a very strong bottom-up community development SDGs agenda being conducted by non-government organisations (NGOs), civil society organisations (CSOs) and cooperatives. These are two distinct and unconnected development models that are currently operating in Timor-Leste (TL) and are both supportive of the SDGs agenda. Yet, both on their own are not viable as long-term strategies for sustainable development of the country.

On 23 September 2015, the TL Government adopted the SDGs agenda for attainment by 2030. The government set up a "roadmap" to "harmonise" the SDGs in the context of the Government (and the vast majority of the Parliament) having a very strong commitment to the 2011-2030 Strategic Development Plan (SDP). The SDP is a "big" development model approach that aims to maximise economic growth regarding social and environmental issues only in terms of "spillovers", or market failures, arising out of the big development approach. The dilemma in this roadmap approach is highlighted by Nobel Peace Prize Laureate and former President, Jose Ramos-Horta, who, with Andrew Maher, notes that despite TL being one of the most oil and gas dependent countries in the world, there is a need for "...alternative economic models, vital to the growing global push towards renewable energy, fossil fuel divestment and urgent action on climate change." Such alternatives provided by community development activists in TL receive very limited support and encouragement from a State which is focused on fast economic growth.

The achievements and significant challenges of implementing the SDGs are outlined below. In the process, an evaluation is made on the effectiveness of the roadmap which is based on a short-term big development model, yet with sustainable development as a long-term objective. Finally, opportunities and options in progressing towards a transformative and innovative sustainable development path are specified that allow a more effective realisation of the nominated SDGs, which involve a much more inclusive approach that reaches critical mass promptly. This transformation is dependent on recognising that the SDGs and their accompanying targets “are integrated and indivisible”. This implies that we all live in one ecosystem called Earth, and that it is unviable to separate each goal or target as one individual item which can be identified, aimed at, and ticked off once achieved.

The full report sets out an “eco-sustainable framework” which provides a comprehensive “instrumental planning” approach to investing precious limited fossil fuel-based revenue and economic activity, through public and private funds, into the economy of TL to achieve the SDGs. Only a few Western European countries, notably the Netherlands and Denmark, have been prepared to go down this path of an “instrumental planning” process with public programmes such as a national strategic environment plan, short-term targets and target groups, private sector cooperation, voluntary conformity of NGOs and citizens’ group input. Such a plan requires backing by the threat of regulation and withdrawal of support policies, such as subsidies, when cooperation and conformity are not forthcoming. From the experience of these European plans, the ability to promote innovation through entrepreneurship is critical. This is where investment planning, in concert with a co-evolutionary strategy between public, private and social (non-profit) sectors can provide the necessary link to new, sustainable goals. A co-evolution between the State and the community requires a strong link between the economic, social and political systems as they evolve in the planning with private practice and public policy together. The question is, how well has the roadmap provided the necessary public strategy that would underpin the successful achievement of the SDGs?

The successful achievements have been based on a top-down recognition of the need for the SDGs through policy expressions within the SDP (32 sustainable development targets), strong Prime Ministerial advocacy with instructions to all ministers, and a dedicated SDG implementation team. Also, strong infrastructure spending with environmental impact statements (EIS) and legal framework institutions have been set up (if often undermined). Notwithstanding these achievements, too many significant limitations have been identified in the full report that prevent any observed transformation towards a new diversified fossil fuel disinvestment future. Innovation outside of fossil fuel and construction works is virtually non-existent. Import dependency continues to rise, with no increase in Gross Domestic Product (GDP) per capita from agriculture, hospitality, manufacturing, trade and transport, and real estate sectors from 2003 to 2014. The SDP has not been modified since its adoption, despite since then embracing the SDG’s resolution and much new data becoming available (e.g. state of poverty, climate change and continued underlying weakness of agriculture). Further, a well-intentioned directive for each line ministry to have their own priorities aligned to all the SDGs has remained largely ignored. In summary, there has been no objective reassessment of the SDP and its links to the SDG commitment (i.e. lack of any “harmonisation”). In effect, the SDGs have been retrofitted into the annual State budget, after the SDP policy strategy is set in place. SDGs are addressed after, not before, the SDP strategy has been implemented through the budget.

The challenge ahead for the TL Government, Parliament and public servants is to recognise the limitations and chart a course that creates new opportunities to address directly the issues raised within each limitation. Such a new course needs to be a paradigm shift to sustainable development. The consequences of remaining on the same unaltered SDP path, without any

interactive perspective plan changes, are to keep failing due to the limitations that former President Taur Matan Ruak recognised in his speech to Parliament on 20 September 2016. He noted the existence of four failures in current policies: dependence on fossil fuels, lack of promotion of national resources, insufficient jobs, and no citizen participation in transformation.

For a paradigm shift to sustainable development, the SDGs need to be adopted as one coherent and integrative set of actions with resilience and self-efficacy (not merely tick box items that are only notionally “achieved”). The TL Government can alter the SPD iteratively, incrementally, and carefully, so that by 2030 both the SDGs and the broad aims of the SDP will be a lot closer to being realised. However, if reform does not come from the government, then the option is for a critical mass from civil society to take the initiative and demand radical change based on an indigenous cooperative “fulidaidai” movement (with farmers, infrastructure workers, consumers, and urban trained public servants) that encompasses the SDGs as central to their economic, social and ecological pathway. This alternative grassroots form of community development, based on a strong community-based movement under the term Social and Solidarity Economy [SSE], consists of cooperatives, social enterprises, mutual associations, women’s self-help groups, informal economy workers’ unions, fair trade networks, and solidarity finance schemes. SSE can provide a change agent path to development along SDGs lines. Such a path should be based on UN infrastructure, community support, and regional resilience in which the real chance of failure is embraced, supported and socially learnt by all in the SSE movement.

The TL path to sustainable development, however it comes about (State-led or civil action), needs to build on strong public sector investment with participatory local-based social learning that allows farmers, cooperative managers, and necessity entrepreneurs to discover opportunities that propel entrepreneurial orientation in a sustainable development direction. The guide for this paradigm shift are the SDGs, but not in the way they are set out in the existing roadmap. There are too many limitations in attempting to “harmonise” the SDGs with the SDP. Importantly, in either option, the process of using the SDGs as the compass for a new pathway needs to iteratively recalibrate economic policies to deliver a strong non-oil based diversified economy, with both a viable profit-based private sector and a practical surplus-based social sector. Incremental adjustment steps are needed, but only after the SDG economic model is adopted as a priority, replacing the maximising “big” economic growth model.

The SDGs should be the stimulus for innovation that generates ecologically friendly private and social enterprises (called eco-innovations). These two types of enterprises can provide a counter balance to the current State-led public sector and also enable checks and balances to work across the two new sectors. Inequality arising from the private sector can be contested through social and cooperative enterprises that espouse and practice equity in treatment across the whole TL community. Such checks will prevent predatory and non-transparent behaviour from arising, because through the value chain both private and social enterprises will need to interact with each other openly and collaboratively. For example, the *Timor Global* private coffee processing company and its supply chain is interacting with NGOs on producing and distributing a *Timor Vita* vitamin child supplement. *Timor Global* is also developing a sustainable supply chain with coffee farmers in the Ermera municipality.

There are some efforts within the TL Government that are moving in the sustainable development direction, notably in the Medium-term Coordinating Ministry (MECAE), which has responsibility for most economic policies outside of the large infrastructure projects. The MECAE is very committed to creating a business environment that encourages private

investment and developing non-oil exports in domestic agriculture, community forestry, and coffee exports.

Coffee is the major area of effort. MECAE, together with the Timor-Leste Coffee Association (*Assosiasaun Café Timor-Leste* – ACTL), brought together exporters, roasters, traders, farmers in order to expose the unique nature of Timor Coffee to western consumers who desire a luxury coffee. ACTL organised the first annual Festival Kafé Timor on 28 November–3 December 2016 as a weeklong celebration of Timor-Leste coffee traditions, with a national cup quality contest judged by internationally renowned coffee cupping experts as judges. ACTL has the potential to improve coordination and increase the efficiency of the industry. Also, MECAE is working with the industry to create a national coffee rehabilitation scheme to address the dilapidated plantation situation within 18 months.

In forestry, MECAE is working on a plan to develop community-based high-value timber plantations with rotation lengths of 15 years plus. The estimate is that it will take a minimum of five years to set up this fledgling forestry sector. However, investment is impossible by farmers when there are no guaranteed land titles and/or contracts with no return on investment for 15 years. Thus, MECAE is coordinating the Ministry for Agriculture with significant donor funding from the Asian Development Bank (ADB) and the Europe Union for 30m. Euros to assist in seed funding in community forestry.

Taking positive steps towards coherent self-efficacy identified above, and away from “harmonising”, the SDGs can be integrated into the economic system of TL as the guide to a new alternative path. There is a kernel of hope in how it can be done. This comes from a concord across political and economic divides in the country that the SDGs should be followed. This concord (or agreement) around the SDGs needs all actors in the country to come together, such as big scale development protagonists (central government, multilateral organisations [e.g. World Bank], government donors [e.g. Australian Foreign Affairs], local-based Foreign Direct Investment drivers [e.g. *Deloitte* and *TradeInvest*]), and community development activists (NGOs, CSOs and cooperative movement). The activities of MECAE show that there can be a meeting place in the middle. The top and bottom can integrate along SDGs lines by a serious non-harmonising commitment to the development issues, notably:

- (i) participatory decentralisation;
- (ii) local-based formal and social learning (for farmers, cooperative managers, seasonal workers, nascent entrepreneurs) along the lines of the Cuban medical model operating in TL, which means creating situations in which learning occurs practically and thus building absorptive capacity (e.g. at a basic level, in Becora the *Senai NT English Language Centre* provides Australian accredited Certificate 1 in Spoken and Written English for seasonal workers in agribusiness and hospitality – this allows young East Timorese to work in Australia, gaining experience and funds for productive activities back in TL if the whole process is done ethically);
- (iii) financial system that supports eco-innovations of the type listed in (iv)-(ix) below, through appropriate risk-orientation;
- (iv) shift from subsistence to sustainable agriculture by implementing good farming practice in the era of global warming, as applied in TL by *Raebia*, a domestic NGO committed to sustainable agriculture, and by the *Kdadalak Sulimutuk Institute* [‘streams meet to become one river’] which supports agricultural cooperatives;
- (v) localising food production that can create spaces for local companies, either private or cooperatives, to move up the “value chain” by conquering the shelves in shops and supermarkets, so far occupied by the products of foreign companies. For example, *Agora* is a Dili restaurant that serves only local products – many produced on the premises from local sources;

- (vi) shift from the current very limited demand for the “adventure tourism” economic model to a larger demand (but still niche) “eco-tourism” economic model, one that avoids mass unsustainable tourism à la Bali, with sustainable tourism on Ataúro Island as a small-scale prototype, also the Jape family diaspora investment proposal in the *Pacific Beach Resort* as a medium-scale project;
- (vii) build historical tourism for domestic and foreign links to memory of TL’s past (colonial, World War II, occupation resistance and atrocities), in the same way that heritage plays a strong sustainable tourism role in Australia;
- (viii) donors are most effective in using their professional work in partnership with local and foreign business experts, working through local-based organisations to create viable businesses, e.g. Australian Business Partnerships Platform; and
- (ix) local State and private base push for sustainable manufacturing with Foreign Direct Investment support building on the newly restructured *TradeInvest* to provide an effective ‘one stop shop’, and strong EIS, with requirements for renewable energy by large power users to feed back into the national grid (e.g. original *TL Cement* proposal).

The above are merely suggestions from observation across all sectors and layers of TL and endowed with prior research on sustainable development through eco-innovations. The one common dominator across all these suggestions is “fossil fuel divestment” and shift to public, private and social investment that enables nascent “competitive strengths” with potential for development. A more recent variant of this approach to development is research on the “Foundational Economy”, which refers to the large, mostly unglamorous, rather heterogeneous sectors of the economy that are distributed across the country. These sectors of the economy meet every-day needs by providing taken-for-granted services and goods. The suggestions above are all such “unglamorous” activities. This compares dramatically with the large, highly ambitious and over-reaching State infrastructure projects under the current SDP development approach (especially *Tasi Mane* liquid natural gas processing on the South Coast, ZEESM TL public sector works on highway, airport, hotel, large bridge, irrigation system, commemorative park, and sports complex in the poorest municipality of Oé-Cusse, and the Tibar port in Dili aimed at an eight-fold increase in imports). Foundational competitive strengths are based on the basic capacity of a region to absorb any development stimulus and the ability to provide citizen welfare in that region. This allows for a realistic paradigm shift through innovation towards sustainable development that addresses the SDGs “head on”. The current “big” development approach is a dubious “harmonisation” process that addresses the SDGs only peripherally after the large imported base stimulus has already been created.

The one proviso to the above alternative path of eco-innovation is the need for all actors on this development route to follow well established and clear “rules of the road” which guide behaviour. This proviso starts with settling land tenure effectively and removing red tape and corruption. For the economy to be viable, legal protection of property and contract are critical, especially for entrepreneurial activities, whether by joint social ownership in cooperatives or individual rights protection. Such structures allow opportunities to blossom and grow. Entrepreneurship is all about opportunities, but they cannot be taken without legal protection due to the risks of launching enterprises. Further, these rules must be established by an inclusive process in governance, which includes traditional customary values, but only if they do not clash with the principles of the SDGs. Thus, negotiating across both power relations (rentier State elite and customary hierarchical practice) is critical to any genuine alternative path for achieving the SDGs.

In a new country such as TL, there is a great need for facilitation to guide entrepreneurs and cooperative managers through the maze of all the new “rules of the road”. Provision of mentors, advice, idea identification, network contacts and incubation facilities to start-up ventures and

cooperatives is required. Such provision is carried out by the Chamber of Commerce and Industry Timor-Leste (CCITL) which should be much better resourced and promoted. Facilitating finance is needed for start-up and continuing growth in identified innovations with competitive strength that also meet SDGs, as this is a major limitation in the current system that must be overcome. Further, clear SDG-based regulations on many aspects of economic life (e.g. land tenure, environmental impacts) need rulings to remove institutional uncertainty. Finally, building local clusters (systems) with supply chain connections and value-added processing should be added to the facilitation process to link risk-oriented activities to financial institutions, universities, associations, networks, media, and regulatory authorities.

The issue remains as to whether communication has been effective in driving the SDGs into the mindset of all East Timorese to bring about transformation from politicians, public servants, businesspeople, farmers. The term “*all East Timorese*” must crucially engage with two groups in society that, in the past, have had relatively little input into the governance of the country. These are the youth, who now form the majority of the population, and women, who have been excluded from customary and formal State governance despite their critical diverse roles in the effective functioning of this society in the microcosm. Both groups are specifically represented in the TL Constitution in terms of rights, duties and initiatives under Sections 17 (women) and 19 (youth). Referred to in developing countries as the large “*army of the young*”, this group must be included in any dialogue on the future path of their country, as the young generation that is pushing strongly the sustainability issue into the social, environmental and political spheres throughout the world. Women and development in the context of the SDG #5, gender equality, is a different matter. The issue here is economic, social and political empowerment collectively, focusing on addressing structural inequality with the primacy of women’s own agency in generating opportunities and choice. One example in developing countries of such collective empowerment is the promotion and support for female entrepreneurship that facilitates the firm growth process, and the strength of family in such business performance.

Expounding across all TL communities on the importance of the SDGs is needed, but not as a harmonising tool in respect to maintaining the same “*big*” economic growth model inherent in the SDP. Instead, it needs to be based on the alternative economic model sketched in this policy note. Such an exposition can be a reality in TL because what unites the country – from bottom to top, west to east, female and male – is a “*common civic identity*” exemplified in TL in many ways, particularly in the self-determination ballot in 1999. This civic value is described by the Australian professor with deep expertise in TL, Damian Kingsbury, as “*...voluntary public identification with and cohesion around a national identity*”. A local indigenous academic at UNTL, Victor Soares, calls this civic identity value a sense of ongoing revolution begun by the older generation in terms of “*the fight to free the country*”, and is being continued by the younger generation in terms of “*the fight to free the people*”. Soares says: “*Now the fight to free the people from poverty and illiteracy has become a great concern for the State and all the people of Timor-Leste.*” This second fight needs to be fought on a unity ticket that is underpinned by the SDGs, which all sectors of the TL society do support. As noted at the start of this policy note, Ramos-Horta and Andrew Mahar have argued that such an alternative economic model is essential. The limitations of the current roadmap towards the SDGs and the challenge to develop this alternative economic model for economic, social and ecological equity have been set out above. Not addressing this matter immediately in this unified approach will undermine the country’s identity forged as a historical civic value. It opens the country and its citizens to the accusation of what Victor Soares calls “*the lazy revolution*”, in which everyone considers the alternative too hard and simply defends the current unsustainable development position.

Finally, exploring new modes of coordination and cooperation between actors implied in the challenges set up above contributes to building a socially and ecologically sustainability model. This alternative SDG economic model will organically emerge from which public policies can be combined with niche private sector and cooperative investments to develop new sectors of the economy related to sustainability. Such an approach applied to TL allows paradigm shift (or transformation) from top-down “autocratic” Strategic Development Plan 2011-2030 to bottom-up “democratic” power of September 2015 SDGs. There are two routes to this SDG economic model, via government reform and/or via civil society action. The exact details of how this challenge is executed depends on the people of TL.