

Democratic Republic of Timor-Leste - European Union

Third Political Dialogue

Dili, 6 June 2016

Joint Conclusions

1. The Third Political Dialogue between the Government of the Democratic Republic of Timor-Leste (TL) and the European Union (EU) under the Article 8 of the Cotonou Partnership Agreement was held in Dili on 6 June 2016. This Dialogue was co-chaired by the Prime Minister of Timor-Leste, H.E. Dr. Rui Araujo, and the EU Head of Delegation, H.E. Sylvie Tabesse. The List of the delegations appeared as **Annex A**.
2. At the opening remarks, the Prime Minister of Timor-Leste appreciated the continues support of the European Union to Timor-Leste and acknowledged the uniqueness relations between Timor-Leste and the EU at the same time the emphasis of EU assistance to Timor-Leste and a number of frameworks of cooperation between the two parties.
3. The Head of EU Delegation Ambassador Sylvie Tabesse stated in her opening statement that the Political Dialogue between Timor-Leste and the European Union is a reflection of mature and confident in the relationship as well as a very positive signal for future cooperation.
4. The adopted agenda for the Dialogue is appeared as **Annex B**.

Good Governance and Human Rights

5. The Government of Timor-Leste informed about a number of reform packages in the area of public administration, such as strengthening state institution, strengthening public service, strengthening internal control mechanism and improving the quality of the public service. The Government of Timor-Leste also outlined the current financial and fiscal reform with the objective to increase domestic revenue and improve the efficiency in the public expenditure. In this connection, the government is planning to decentralise payment and financial management to line ministries, based on the result of the public finance management assessment conducted by the Ministry of Finance. The overall fiscal reform is to support efficiency on the economy and encourage the investment. The Government of Timor-Leste is also intended to make amendment on the tax law. However the amendment will be compatible with international tax standard, especially of those ASEAN's standard.
6. In regards to the budget, the Government of Timor-Leste is grateful to the EU for providing financial assistance, especially through direct budgetary support to the

General State Budget of Timor-Leste. The Government of Timor-Leste also appreciated the continuing support of the EU in the area of institutional strengthening, including the financing of a national integrity system's assessment to be conducted by Transparency International. In reference to the oversight and coordination mechanism, the Government created the Unit for Planning, Monitoring and Evaluation (Unidade de Planeamento, Monitorização e Avaliação), which is directly under the Prime Minister to ensure coherence between the plan and budget allocation in one system. Furthermore, the Government is working to ensure that the public money is being spend properly and transparent to everybody through the provision of Transparency Portal.

7. In regards to check and balance as well as control purposes, the Government of Timor-Leste informed the existence of institutions such as Office of Inspector General of the State, which is the Government's body to control public administration in Timor-Leste. Furthermore, the Provedor for Human Rights and Justice established in 2005, which has the role to receive complaint, to conduct investigation and provide recommendations in relations to illegal or injustice conduct by state institutions. In regards to the combat of corruption, the Anti-Corruption Commission established in 2010 with an expanded mandate on preventing and fighting corruption in Timor-Leste. The Government of Timor-Leste also put emphasis on the involvement of civil society through social auditing, whereby civil society participates in monitoring the program implementation of development of the country.

8. The EU welcomed Government's commitment to establish a Public Financial Management (PFM) Reform Working Group which will prepare a holistic PFM reform roadmap encompassing all relevant stakeholders. In order to ensure fiscal sustainability, promote economic diversification and a sustainable and inclusive growth, the EU encouraged TL to adopt a Debt Management Strategy, to strengthen domestic revenue mobilisation, to cap Government expenditures and reduce excess withdrawal from the Petroleum Fund as recommended by the IMF, to carefully assess cost-benefits of large investment projects and to reprioritise expenditures towards productive sectors and building human capital in order to reduce its external dependency. In this regard, the fiscal reform and programme budgeting initiatives were highly praised. Finally the EU noted the importance of integrating the aspects of gender and climate change in budgeting decisions. The Government of Timor-Leste noted that while understand the concern regarding the big investment projects, it is imperative for the state to invest in infrastructure projects to give signals of the seriousness and the commitment of the government not only to develop the country but also to diversify the economy and to attract investment.

9. The EU commended the ongoing review of the achievements during the first phase of the Timorese SDP (Strategic Development Plan) and it reiterated the need of a clear and simple Management and Evaluation (M&E) framework with annual targets and joint annual review process, at SDP and sector level. This would strongly support better donor coordination and alignment to the Government priorities. In this regard, the EU recommended Government to take the lead in fully enforcing the Development Policy Coordination Mechanism (DPCM) to improve sector coordination, as it is operating on an ad hoc basis at present.

10. Concerning the Development Cooperation, the parties jointly agreed that, globally, the EU funds should be used for an inclusive development of the Timorese,

with a view to ensure a long-term stability and a genuine democracy improving the human rights. The EU reiterated its strong commitment to increase budget support to the extent possible to use and strengthen country systems. Nevertheless it was noted that the added-value of EU's partnership with TL was also to bring specialised international expertise which was lacking in Timor-Leste, and which could be procured more easily through EU and international agencies procurement processes

11. The EU noted that it is supporting the Ombudsman for Justice and Human Rights to produce and broadcast a telenovela which would raise awareness and encourage debates on human rights in Timor-Leste, including democracy, rule of law, freedom of expression and gender issues.

12. The EU confirmed that the Partnership to Strengthen Public Finance Management and Oversight to improve public service delivery (30M€ foreseen for 2017-2021) should be approved by the end of 2016. It will consist of budget support to PFM reforms and complementary support (twinning with peer institutions) for oversight institutions (such as the National Parliament, Chamber of Accounts, Anticorruption Commission, Central Bank, etc.) and social audit. The EU recalled that the EU's budget support funds should enter in the State Budget and be managed through the same processes as other Government revenues, including the democratic control of the National Parliament.

13. Both parties agreed on the need to strengthen oversight, including through social audit of Government action by civil society organisations, and recognised the need conclude important legal instrument such as the Anticorruption Law.

14. In relations to the human rights issue, the Government of Timor-Leste reiterated its longstanding commitment to uphold and respect of human rights for all Timorese people. Timor-Leste has ratified all the core human rights conventions and these conventions prevail over national law in accordance to Timor-Leste's constitution. Timor-Leste is preparing to submit the Universal Periodical Review of human rights as a member of the United Nations. In practical terms, modules of training for F-FDTL and PNTL officers have been conducted in order to raise the awareness and the knowledge of the officers on the issue, the value and the standard human rights in the discharge of their duties and functions.

Timor-Leste's 2017 Elections

15. The Government Timor-Leste updated the ongoing preparation for the upcoming elections in 2017 and it is scheduled that the presidential election will be held in March 2017 and the second round will be held in April 2017 if needed, in order for the president elected to take office on 20 May 2017. The Parliamentary election is forecasted to be held either in June or July 2017 to allow the new government to be formed in August 2017. The logistical preparations for the election are in the progress, including the electoral registration, which will include the registration of Timorese who are living abroad. Furthermore, legislations pertaining political party law and electoral bodies are currently in the discussion for finalisation. In regards to 2017 election, international observers will be invited to participate and Timor-Leste will appreciate and welcome EU Electoral Monitoring Team.

16. The EU noted that Timor-Leste is in the provisional list for potential observation mission and recommended a formal request from Timor-Leste. Furthermore, the EU underlined the importance to implement previous recommendations in order to improve the electoral process. The Government of Timor-Leste informed the recommendations as been taking into consideration in the preparation for the next election, as one of the team members of the EU Electoral Observation Mission in 2012 is currently working at the Technical Secretariat for Electoral Administration (*Secretariado Técnico de Administração Eleitoral – STAE*).

Land and Properties Laws

17. The Government of Timor-Leste informed that there are two draft legislations that has passed in the Council of Ministers and to be discussed in the National Parliament – namely Draft Law on the Special Regime for the Definition of Ownership of Real Estate and the draft Law on Expropriation for Public Utility (*Proposta de Lei sobre o Regime Especial para a Definição da Titularidade dos Bens Imóveis e à Proposta de Lei sobre a Expropriação por Utilidade Pública*). These proposed laws intended to create mechanisms to identify and recognize the legitimate owners, and assign the titles of ownership. Once approved, Timor-Leste will have the opportunity to identify the rightful owners and to recognize property rights in a fair and efficient manner. Furthermore, the law will provide provision in which state can carry out the expropriation of property of its citizens, whenever the public interest justified, in compliance with the constitutional principles of legality and equality, and through the payment of appropriate compensation.

18. The EU commended Timor-Leste's Government for having sent to the National Parliament a new project of the Land Laws set. However, the EU expressed its concern for possible long legislative procedures before the final approval of these legal instruments which are a key factor limiting foreign investment from EU companies. The EU also highlighted that the non-existence of these laws – which are expected not to benefit only a few elites and to bring solutions to issues such as dispute resolution mechanism, compensation fund, community protection zone, evictions – had already a consequence in the plans for the EU's Development Cooperation: the proposed 47M€ forestry programme had to be reduced to a 25M€ agroforestry programme notably due to the weak land legal environment.

Regional and Global Issues

19. Timor-Leste updated its presidency of Portuguese Speaking Community Countries (*Comunidade dos Países de Língua Portuguesa – CPLP*), which chooses the theme of “CPLP and the Globalization (*A CPLP e a Globalização*)” for the period of 2014-2016, which emphasises on continuity on the action and initiative of the previous presidency but also forward an action plan in order to increase the economic and business aspects of the CPLP. In this connection, during the presidency has made concentrated diplomatic and political with other regional organisations to address the political situation of Guinea Bissau. Initiative for a joint consortium for petroleum industry among CPLP countries was launched during Timorese presidency as well as

the convening of the first global economic forum of CPLP. Discussion on the free movement of people within CPLP space has started during this period.

20. Timor-Leste informed about the progress of its application to join the Association of South East Asia Nations (ASEAN), whereby Timor-Leste submitted its application in March 2011 and currently discussed within ASEAN mechanism. At the national level, Timor-Leste has conducted national awareness campaign on the membership, appointed of national focal points in line ministries and opened embassies in all 10 ASEAN member countries. Timor-Leste is currently preparing the first 5 (five) years plan once it becomes member of ASEAN.

21. Timor-Leste reported about its active involvement in the g7+, which comprises of 20 fragile states. Timor-Leste is one of the leading countries in g7+ with the nomination of Mr. Xanana Gusmão and Ms. Emilia Pires as Eminent Person and Special Envoy of g7+ respectively. The Government of Timor-Leste is the main financial contributor for g7+ with a total of contribution \$2,5 Million and the Ministry of Finance of Timor-Leste is hosting the secretariat of the group.

22. Timor-Leste updated the efforts in relations to the climate change issues, whereby Timor-Leste has signed the Paris Agreement on 22 April 2016 and Timor-Leste will finalise by the end July 2016 its Intended Nationally Determined Contribution (INDC).

23. Timor-Leste briefed the EU Delegation on its position on the Sustainable Development Goals (SDGs), whereby Timor-Leste is one of the 9 countries of High Level champion group for SDGs and was active in the adoption of goal number 16 of SDGs. Furthermore, the National Parliament of Timor-Leste passed a resolution requesting the government to align the programs with the SDGs and similarly the government enacted a decree that align the budget and the plan consistent with SDGs. In practical term, a working group on SDGs has been established with the participation of line ministries and efforts has been made to localised targets and indicators of SDGs by reviewing Timor-Leste's Strategic Development Plan to include SDGs as well as focus of the implementation of goals in yearly basis.

24. The EU congratulated Timor-Leste for its successful Presidency of the CPLP which is about to end in July as well as the NAO-RAO meeting of the ACP-Pacific Group. The EU confirmed its support to Timor-Leste's application for ASEAN Membership of March 2011.

25. The EU regretted the very late submission of the Timorese Intended Nationally Determined Contribution (INDC) as per COP21 of the UN Framework Convention on Climate Change and suggested that awareness campaigns be intensified, targeting young population given the need for behaviour change. The EU is aware that Timor-Leste is one of the most affected countries in regard to the impact of climate change. The Government of Timor-Leste noted that the late submission of the INDC is due to resources constraint and inform the need for support in terms of financial and expert in this matter.

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Other Matters – Nutrition

26. Timor-Leste reported on the implementation phase of EUR 10.679.604 assistance from EU under the 10th European Development Fund (EDF) as well as the funding allocation by the government. Furthermore, Timor-Leste noted that the issue of nutrition is not only related to the food availability but also has connections with the perception of the population and the eating habits of the community. In this connection, the Government will promote the improvement of diet with the production of more variety of beans and meat production such as poultry industry and buffalo production as well as conduct awareness campaign and education to the population on the importance of the nutrition.

27. The EU praised the Timorese strong political commitment to improve health and nutrition which needs now to be translated into adequate Government budget for specific target with high-impact interventions, especially to provide financing to implement the Cost Operational Plan (COP) of the National Nutrition Strategy 2015-2019, given the high rates of malnutrition in Timor-Leste. To complement this Timorese effort, the EU confirmed that it has reserved EUR 10M€ for a second Nutrition programme under the 11th EDF (2016-2020) and that it should be possible to use Budget Support given the good progress of the Ministry of Health in strengthening PFM and M&E systems. The EU also informed that the ongoing Nutrition programme (10M€, 2014-2017) implemented in partnership with UNICEF and WFP needed stronger coordination and leadership from the Ministry of Health and that the inter-sectorial coordination to address malnutrition challenges needed to be improved.

Other Matters – Implementation of European Development Fund

28. Timor-Leste noticed with satisfaction that 30% of the 11thEDF will be implemented via the budget support modality and the NAO is now more active in the Pacific and PALOP-TL programmes. A project with Solomon Islands is being discussed on favouring and enabling environment for fisheries and tuna transformation. Under PALOP-TL, Timor-Leste is very active with the Culture and income generating activities project.

29. Timor-Leste also briefed the result of The Pacific ACP National and Regional Authorizing Officers meeting, which was held in Dili and underlined the need to make use of regional mechanisms for ACP countries. Furthermore, the meeting recommended the possibility the use of the Regional Investment Program for insurance as enabling environment for investment as well as to address potential climate change calamities.

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Closing

30. Both parties reiterated the importance of this regular high-level dialogue as a means to exchange information, to foster mutual understanding, and to facilitate the establishment of agreed priorities and shared agendas. The parties thus agreed that these conclusions will be followed up by regular political and policy dialogues between the relevant Timorese Ministries and the EU Delegation as well as interested EU Member States.

31. The parties agreed that their Fourth Political Dialogue will be held in 2017, after the Elections, in Dili.

Done in Dili, 7 June 2016

for the Democratic Republic of
Timor-Leste



HE Dr Rui Maria de Araujo
Prime Minister

for the European Union



HE Ms Sylvie Tabesse
Ambassador, Head of Delegation of
the EU to Timor-Leste

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List of the Delegation of the Democratic Republic of Timor-Leste

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| 1. | H.E. Dr. Rui Maria de Araújo
Prime Minister | Head of Delegation |
| 2. | H.E. Mr. Estanislau da Silva
Minister of State, Coordinator of Economic Affairs and Minister
of Agriculture and Fisheries | Member
Member |
| 3. | H.E. Mr. Dionísio Babo Soares
Minister of State, Coordinator of State Administration Affairs and
Justice and Minister of State Administration | Member |
| 4. | H.E. Mr. Hernâni Coelho
Minister of Foreign Affairs and Cooperation | Member |
| 5. | H.E. Mr. Ivo Valente
Minister of Justice | Member |
| 6. | H.E. Mr. Hélder Lopes
Vice Minister of Finance | Member |
| 7. | Mr. Isilio Coelho
Director General for Bilateral Affairs
Ministry of Foreign Affairs and Cooperation (MFAC) | Member |
| 8. | Mr. Acelino Branco
Director General for Technical Secretariat for Electoral
Administration, Ministry of State Administration | Member |
| 9. | Mr. Lisualdo Gaspar
Acting Director General for Multilateral Affairs, MFAC | Member |
| 10. | Mr. Vicente Brito
Director of <i>Policia Científica de Investigação Criminal</i> | Member |
| 11. | Ms. Madalena Hanjam
Deputy National Authorising Officer, MFAC | Member |
| 12. | Ms. Odete S. Viegas
Director, Ministry of Health | Member |
| 13. | Mr. Romão Guterres
National Director for Land and Property
Ministry of Justice | Member |

14.	Mr. Edio Guterres Adviser, Office of the Prime Minister	Member
15.	Mr. Alex Tilman Adviser, Office of the Prime Minister	Member
16.	Mr. Nelinho Vital National Director, Ministry of Justice	Member
17.	Mr. FurgêncioCurbafu Director for International Organisations, MFAC	Member
18.	Mr. Armindo Simões Director for Europe, Africa and Middle East Affairs, MFAC	Member
19.	Ms. Elisa Maria da Silva Director for Protocol and Chief of Staff <i>a.i.</i> , MFAC	Member
20.	Mr. Adão Barbosa Focal Point for UNFCCC, Ministry of Commerce, Industry and Environment	Member
21.	Mrs. Lidia Maria Soares Director for Socio Cultural Affairs of ASEAN, MFAC	Member
22.	Mr. Joãozito Viana Ministry of Justice	Member
23.	Ms. Maria Lin Ministry of Justice	Member
24.	Ms. Atanasia Pires Ministry of Foreign Affairs and Cooperation	Member
25.	Mr. Jesuino Oliveira Alves Ministry of Foreign Affairs and Cooperation	Member
26.	Mr. Gilson Ramos Ministry of Foreign Affairs and Cooperation	Member
27.	Ms. Norberta Belo Ministry of Health	Member
28.	Ms. Helena de Lima Ministry of Foreign Affairs and Cooperation	Member
29.	Mr. Aviano Faria Ministry of Foreign Affairs and Cooperation	Member
30.	Ms. Jenia Ferreira Ministry of Foreign Affairs and Cooperation	Member

List of the Delegation of the European Union

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|-----|---|--------------------|
| 1. | H.E. Ms. Sylvie Tabesse
Head of the Delegation of the European Union to Timor-Leste | Head of Delegation |
| 2. | H.E. Mr. Manuel Gonçalves de Jesus
Ambassador of Portugal to Timor-Leste | Member |
| 3. | H.E. Mr. Geoffrey Keating
Ambassador of the Republic of Ireland | Member |
| 4. | H.E. Mr. Tadeusz Szumowski
Ambassador of Poland | Member |
| 5. | Mr. Alessandro Garbellini
Deputy Head of Mission, Embassy of Italy | Member |
| 6. | Mr. Nico Schermers
Head of Political Department, Embassy of the Netherlands | Member |
| 7. | Mr. Luis Godinho
Counsellor, the Delegation of the EU to Timor-Leste | Member |
| 8. | Mr. Giorgio Vanni
Head of Section, the Delegation of the EU to Timor-Leste | Member |
| 9. | Mr. Quentin Biehler
First Secretary, Embassy of France | Member |
| 10. | Mr. Luis Cunha
Embassy of Portugal | Member |
| 11. | Mr. VicentVire
Head of Cooperation, the Delegation of the EU to Timor-Leste | Member |
| 12. | Ms. Aurélie Seguin
Attaché, Embassy of France | Member |

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AGENDA

1. Opening Remarks and Introduction
2. Adoption of the Agenda
3. Discussion on Good Governance and Human Rights
4. Discussion on Timor-Leste's 2017 Election
5. Land and Property Laws
6. Discussion on Regional and Global Issues
7. Other Matters
 - a. Nutrition
 - b. Implementation of EDF
8. Consideration and adoption of Joint Conclusions
9. Closing Remarks