



PERFORMANCE REPORT 2016-2018

TradelInvest Timor-Leste

Agência de Promoção de Investimento e Exportação, I.P



TradelInvest Timor-Leste

TABLE OF CONTENTS

TABLE OF CONTENTS	2
TERMS AND ABBREVIATIONS	3
FOREWORD	4
EXECUTIVE SUMMARY	5
1. INTRODUCTION	8
2. TRADEINVEST PERFORMANCE 2016-2018	10
2.1. Promotion Service	10
2.1.1. Investment and Export Promotion Events	10
2.1.2. Investment and Export Promotion Materials	14
2.2. Facilitation and Monitoring Service	16
2.2.1. Private Investment Facilitation and Monitoring	16
2.2.2. Export Facilitation and Monitoring	21
2.3. Advocacy Service	25
2.4. Partnership Development	26
2.4.1. TITL Partnership in 2016	26
2.4.2. TITL Partnership in 2017	27
2.4.3. TITL Partnership in 2018	28
2.5. Human Capacity Development	29
3. CHALLENGES	30
3.1. Internal Challenges	30
3.2. External Challenges	30
4. CONCLUSION AND RECOMMENDATION	30
4.1. Conclusion	30
4.2. Recommendation	31

TERMS AND ABBREVIATIONS

ACELDA	Local company engaged in organic candlenut oil export
ADB	Asian Development Bank
AEMTL	Timor-Leste Women Business Association
AICEP	Portugal Investment and External Trade Agency
CCT	Cooperativa Café Timor - local company engaged in coffee export
CNIC-UNTL	National Center for Scientific Research - TL National University
DL	Decree Law
ICs	Investor Certificates
IFC	International Finance Corporation
IPIM	Macao Investment Promotion Institute
KAIPE	Evaluation Commission for Private Investments & Exports
LELI	Language English Learning Institute
MCC	Millennium Challenge Corporation
MCIE	Ministry of Commerce, Industry and Environment
MDF	Market Development Facility (Australian Funded Program)
MFAC	Ministry of Foreign Affairs and Cooperation
MoF	Ministry of Finance
MSCEA	Ministry of State and Coordinator for Economic Affairs
MTAC	Ministry of Tourism, Arts and Culture
MTCI	Ministry of Tourism, Commerce and Industry
NCF	Nova Casa Fresca- local company engaged in organic vegetables
NPM	Local company engaged in salts production
NTG	Northern Territory Government
PEZA	Philippine Economic Zone Authority
PIL	Private Investment Law
PITSA	Pertamina Internasional Timor
RAEOA	Special Administrative Region for Oé-Cusse Ambeno
SB	State Budget
SDG	Sustainable Development Goal
SIA	Special Investment Agreements
TIA-GT	Timor-Leste, Indonesia, Australia - Growth Triangle
TITL	TradeInvest Timor-Leste
UE-CPLP	Exporter Union - Portuguese Speaking Countries
UNDIKNAS	National Education University
UNDP	United Nations Development Program
USA	United States of America
USAID	United States Agency for International Development
ZEESM	Special Economic and Social Zone for Market

FOREWORD



It is a privilege to present this Triennial Report 2016-2018 from Investment and Export Promotion Agency, I.P - “TradeInvest Timor-Leste” (TITL).

Over the past three years (2016-2018), TITL has performed its function in promoting, facilitating, monitoring and advocating for private investments and exports in Timor-Leste. This report highlights TITL performance and achievements through state budget allocation. It is also intended to inform investors and exporters about the main role of TITL as “prime facilitator” for the development of private sector business in Timor-Leste.

TITL would like to extend our especial thanks to Excellences former Superintendent Ministers, Eng. Estanislau Aleixo da Silva from VI Constitutional Government; Dr. Marí Bim Amude Alkatiri from VII Constitutional Government; and current Superintendent Minister, Coordinating Minister for Economic Affairs, Dr. Hermenegildo Augusto Cabral Pereira, for their support and supervision provided to TITL. This support has enabled TITL to continue its existence as a state institution to serve our people through promotion, facilitation, monitoring and advocacy of private investments and exports.

TITL also would like to appreciate all Directors, Managers, Staff, Advisors and Volunteers from Australia and New Zealand for their collective contributions. This has resulted in TITL executing activities as per annual action plan in an efficient and effective way and in accordance with state budget allocation during 2016-2018.

TITL’s expectation for 2019 and onwards is to strengthen this Public Institute to continue to walk alongside investors and exporters (national and foreign) to achieve our vision:

“Timor-Leste is a prosperous nation enabled by private investments and exports”

A handwritten signature in blue ink, appearing to read 'Arcanjo da Silva'.

Eng. Arcanjo da Silva
Executive Director
TradeInvest Timor-Leste
28 February 2019

EXECUTIVE SUMMARY

TradeInvest Timor-Leste (TITL) was re-established through a Government Decree Law (DL) number 45/2015, on 30th December, to become a Public Institute for the “*Investment and Export Promotion Agency*”. TITL’s mission is to make it easy for investors and exporters to do business in Timor-Leste and it is the “prime facilitator” to promote, facilitate, monitor and advocate private investments and exports.

TITL executes its initiatives through the Government State Budget and during 2016-2018, was allocated a total budget of US\$2.9 million. Through this Government State Budget, TITL implemented four main initiatives, they are: **1). Promotion Service; 2). Facilitation and Monitoring Service; 3). Advocacy Service; and 4). Partnership Development.**

TITL has successfully promoted private investments and exports through organizing international conferences resulting in a range of business opportunities. For example, in 2017 after organizing a business forum in Darwin, Australia, the Skytrans Company visited Timor-Leste to identify an investment opportunity in the civil aviation sector.

In addition, TITL promotes private investments and exports through participation in events both in-country and overseas to disseminate information related to investment and export opportunities and activities in Timor-Leste. For example, after participating in the Shanghai Expo in 2018, TITL was able to connect a national company ACELDA with a buyer, resulting in the export of 2 tons of organic candlenut oil to the Hong Kong market.

Besides promotion, TITL facilitates and monitors private investments and exports. TITL facilitates the issue of Investor Certificates (ICs) and Special Investment Agreements (SIAs) as stated in the Private Investment Law (PIL) Number 14/2011, in which the law allows private investments to be eligible for accessing incentives and benefits provided by the Government. The approval for issuing Investment Certificates has to go through a rigorous process called “*Evaluation Commission for Private Investment and Export (KAIPE in Tetum)*”. According to the law, an official meeting has to be led by TITL’s Executive Director and involves both permanent and ad hoc members, composing of General Directorates from relevant Ministries - Certificate approval should be based on written technical commentary from all KAIPE members.

From 2016-2018, 74 investment proposals were submitted to TITL office for Investment Certificates. Out of 74, TITL facilitated the issue of Investment Certificates to 23 investments (6 National Direct Investors - NDIs and 17 Foreign Direct Investors - FDIs). The other 51 investment proposals have not yet met the eligibility criteria.

Based on the investment proposals submitted to TITL, NDIs were more interested in investing in the processing industry sector (43%), while FDIs were more interested in investing in the tourism sector (44%). 52% of the investment proposals were at implementation phase with total investment value committed of US\$571 million and job creation (direct and indirect) of 2,836 for Timorese nationals. The other 48% not yet at implementation phase had a total investment value committed in the pipeline of US\$694 million.

TITL not only facilitates private investments, but also provides facilitation and monitoring services to export of goods and services. TITL has facilitated exports through “Export Awards” initiative with the main objective to acknowledge and encourage the efforts made by entrepreneurs in various sectors that have exported or have potential to export Timor-Leste’s products to international markets.

TITL conducted a series of monitoring activities to identify local commodities for domestic market supply to replace import products as well as for export market supply. Besides coffee as main Timor-Leste’s export commodity, TITL identified other potential commodities that need to be developed and promoted for the export market such as fisheries products (fish, prawns, seaweeds), horticulture products (organic vegetables and fruits), candlenut, iodized salt, tamarind and others.

Another important function of TITL is to offer advocacy service for investors and exporters. During 2016-2018, TITL played its advocacy role with an emphasis on improving the business environment by contributing to government legal framework reforms. An example is the alteration of PIL and change in private investment regulation and procedures in order to make it easier for investors and exporters to do business in the country.

Partnership development is another important function of TITL to support promotion, facilitation, monitoring and advocacy services for private investments and exports in Timor-Leste. During 2016-2018, TITL was able to establish partnerships with various institutions. For example, in 2016 and 2017, TITL signed a technical cooperation with INFORMA Australia to organize the first and second international conference for investments in Timor-Leste. TITL has also built effective partnerships with foreign Embassies in Timor-Leste and Timor-Leste’s Embassies and Consulate General overseas.

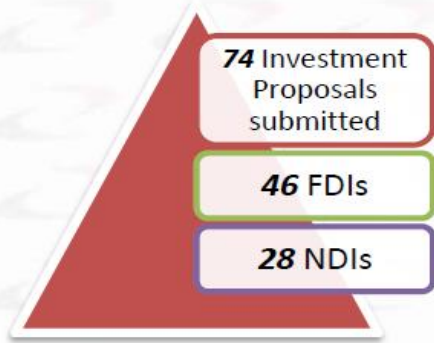
This triennial performance report concludes with some recommendations that are essential for TITL to continue its contribution to private investment and export growth in Timor-Leste. Some key recommendations emphasize the revision of Government DL 45/2015 and Ministerial Diploma 39/2016 in order to further empower TITL. It is also important that there is an improvement of coordination between relevant government entities to prioritize activities that can reduce investor and exporter uncertainties.

TRADEINVEST PERFORMANCE

2016-2018 HIGHLIGHTS
(Updated – February 2019)



TradeInvest Timor-Leste



43% NDI – Processing Industry Sector

44% FDI – Tourism Sector

Private Investment Law
14/2011

- Investor Certificate
- Minimum Value (\$50k- National, \$1.5M - Foreign, \$750k – Joint Venture)

Private Investment Law
15/2017

- Declaration of Benefits
- **Negative List** developed
- Minimum Value (\$50k – National, \$500k – Foreign, \$250k – Joint Venture)



TWO International Conference on Investment held in Dili, 2016 & 2017

ONE “Business Forum” held in Darwin (Australia), 2017

7 Partnerships established in 2016

8 Partnerships established in 2017

14 Partnerships established in 2018

Top 10 Export Potential Commodities identified

- 1). Coffee
- 2). Aquaculture products (seaweeds, prawns)
- 3). Konjac
- 4). Candlenut (with shell and without shell)
- 5). Iodized salt
- 6). Tamarind
- 7). Organic vegetables (broccoli, cauliflowers)
- 8). Candlenut oil
- 9). Other commodities (peppers, cloves)
- 10). Bike racks

1. INTRODUCTION

TradeInvest Timor-Leste (TITL) is a public institute responsible for investment and export promotion in Timor-Leste. This agency was re-established through a Government Decree Law (DL) Number 45/2015, 30th of December “*Creation of Investment and Export Promotion Agency Public Institute*” and has its main function as “prime facilitator” to deliver services for investors and exporters.

In 2016, when re-establishing this investment and export promotion agency and based on Government DL Number 6/2015, 11th March “*VI Constitutional Government Organic*”, TITL was designated under the Minister of State and Coordinating Minister for Economic Affairs.

When the changes made to Government structure in 2017 and based on Government DL Number 35/2017, 21th November “*VII Constitutional Government Organic*”, TITL was designated under the Minister for Development and Institutional Reforms, which was directly accumulated by the Prime Minister Office.

In 2018, as a result of changes made to Government structure and based on Government DL Number 14/2018, 17th August “*VIII Constitutional Government Organic*”, TITL was designated under Coordinating Minister for Economic Affairs.

TITL main functions have also been defined under Ministerial Diploma Number 39/2016, 27th July “*Organic Regulations for Investment and Export Promotion Agency*”. TITL’s main functions are to promote, facilitate, monitor and advocate for private investments and export of goods and services in Timor-Leste.

In 2018, TITL embarked upon a strategic planning process in order to clarify and communicate a three-year (2018-2021) plan for the institution. TITL defines clearly its vision, mission, values and main functions as follows:

Our Vision:

Timor-Leste is a prosperous nation enabled by private investments and exports.

Our Values:

Teamwork, Integrity, Transparency, Leadership.

Our Mission:

To make it easy for investors and exporters to do business in Timor-Leste.

Our Main Functions:

***“Promotion, Facilitation,
Monitoring and Advocacy”***

During 2016-2018, financial source for TITL was allocated through Government State Budget (SB) for execution and implementation of key initiatives for private investments and exports promotion in Timor-Leste.

Table 1. Summary of Government State Budget Allocation to TITL during 2016-2018

Fiscal Year (SB)	Allocation (US\$)	Expenditure (US\$)	% Expenditure
2016	976,000	919,485	94%
2017	1,250,000	1,130,998	90%
2018	696,021	695,942	99%
TOTAL	2,922,021	2,746,425	94%

Based on legal framework (Ministerial Diploma Number 39/2016, 27th July “*Organic Regulations for Investment and Export Promotion Agency*”), TITL is led by an Executive Director with four (4) Directorates: 1). Investment Promotion Directorate; 2). Export Promotion Directorate; 3). External Relations and Marketing Directorate; and 4). Administration and Finance Directorate. The table below shows TITL staff mapping during 2016-2018.

Table 2. TITL Staff Profile during 2016-2018

Position	2016		2017		2018	
	Woman	Man	Woman	Man	Woman	Man
Executive Director	0	1	0	1	0	1
Directors	0	3	0	4*	0	4*
Managers	2	7	2	5	2	3
Executive Assistant	0	1	0	1	0	1
Technical Staff	6	6	7	6	6	6
Advisers**	1	1	1	1	1	0
Total	9	19	10	18	9	15

* *Definitive Director 3 and Interim Director 1*

** *Senior Adviser and Legal Adviser*



2. TRADEINVEST PERFORMANCE 2016-2018

2.1. Promotion Service

2.1.1. Investment and Export Promotion Events

During 2016-2018, TITL promoted investment and export potentials in Timor-Leste to existing and potential investors and exporters through activities and achievements as follows:

Table 3. Promotional events that *TITL organized* in 2016-2018

Year	Event	Description and Outcome
2016	First International Conference for Investment Dili, Timor-Leste	<ul style="list-style-type: none"> - <i>In partnership with INFORMA Australia</i> - <i>Objective:</i> to disseminate information related to investment and export potentials in Timor-Leste - Total participants of 100 from countries like Australia, Portugal, Singapore, China - Outcome: <ul style="list-style-type: none"> • <i>Concrete example</i> - national private sector Nova Casa Fresca was connected to USAID-funded program (Avansa Agrikultura) for technical assistance support
2017	First Business Forum Darwin, Australia	<ul style="list-style-type: none"> - <i>In partnership with Timor-Leste's Consulate General in Darwin and NTG-Business Department</i> - <i>Objective:</i> to explore investment and export potentials in Timor-Leste - TITL facilitated participation of 6 national private sector: ACELDA, NPM, Kafe U'ut, Nova Casa Fresca, TimorOrganic and Megatours - Total participants of 128 - Outcome: <ul style="list-style-type: none"> • <i>Concrete example</i> - the Skytrans Company from Australia visited Timor-Leste to identify investment opportunity in the civil aviation sector
	Second International Conference for Investment Dili, Timor-Leste	<ul style="list-style-type: none"> - <i>In partnership with INFORMA Australia</i> - <i>Objective:</i> to continue showcase investment and export potentials in Timor-Leste - At last day of the Conference, TITL organized a site visit to RAEOA-ZEESM for some participants to explore investment and export potentials in the region - Total participants of 70 from countries like Australia, Portugal, Indonesia - Outcome: <ul style="list-style-type: none"> • <i>Concrete example</i> - through this site visit, Engineers Australia Group from Australia was able to re-visit Oé-cusse to identify investment opportunities in RAEOA
2018	Launching of Baseline Study Dili, Timor-Leste	<ul style="list-style-type: none"> - <i>In partnership with CNIC-UNTL</i> - <i>Objective:</i> to identify potential agriculture commodities for export market in Baucau, Covalima and Oé-cusse - Report was distributed to clients (50 copies) - This baseline study will be expanded to other Municipalities

Table 4. Promotional events that *TITL participated* in 2016-2018

Year	Event	Description and Outcome
2016	Investment Seminar in the Philippines	- <i>In partnership with the Philippines Embassy in Timor-Leste and Timor-Leste Embassy in the Philippines</i> - <i>Objective:</i> to disseminate information related to investment and export potentials in Timor-Leste - Initial discussion with PEZA for prospective technical cooperation between TITL and PEZA
	CPLP Authority Meeting Lisboa, Portugal	- <i>Objective:</i> to establish networks between Investment and Export Promotion Agency within CPLP region
	National Fair 20 th May - Gleno	- Share and disseminate information related to investment potentials and export activities in Timor-Leste - 200 people accessed the information about TITL
	National Fair 20 th August - Batugade	- Share and disseminate information related to investment potentials and export activities in Timor-Leste
	National Fair 28 th November - Lospalos	- Share and disseminate information related to investment potentials and export activities in Timor-Leste - 200 people accessed the information about TITL
	International Fair Sunda Kecil Expo Kupang Indonesia	- Share and disseminate information related to investment potentials and export activities in Timor-Leste - 300 people accessed the information about TITL
	International Fair UE-CPLP Beja, Portugal	- TITL facilitated 2 national private sector (ACELDA and NPM) to participate and connected these two enterprises with buyers from Brazil and Portugal to commercialize red rice and salt
	Macau Franquie Expo	- TITL facilitated 2 private sector (ACELDA and Kafe U'ut) to participate in the event - Outcome: <ul style="list-style-type: none"> • <i>Concrete example</i> - ACELDA Company was able to connect with a buyer from Macau to export organic candlenut oil
2017	Side Event 21 st May on "Economic Diversification" Dili, Timor-Leste	- Opening ceremony for main event on Global Conference for SDG 2030 Agenda - <i>In partnership with</i> MCIE, MTAC, Fiscal Reform (MoF), IMF, World Bank, ADB, UNDP and Asia Foundation - TITL officially launched its first "Investment Guide" from Minister of State and Coordinating Minister for Economic Affairs of VI Constitutional Government
	National Fair 28 th November - Suai	- Share and disseminate information related to investment potentials and export activities in Timor-Leste - 100 people accessed the information about TITL
2018	MANILA Fame Philippines	- TITL facilitated 2 private sector (Kor Timor and Boneca Atauro) to participate in the event to promote arts and crafts products - Outcome: <ul style="list-style-type: none"> • <i>Concrete example</i> - TITL initiated the establishment of Arts and Craft Association with around 45 members (mainly producers)
	International Expo for Import and Export, Shanghai China	- TITL took part as organizing committee led by MTCI - TITL disseminated information about TITL functions and presented investment and export potentials to participants from Yunnan Province of China - As a result of this participation, national private sector ACELDA exported 2 tons of organic candlenut oil to Hong Kong market - Trade and Investment Promotion Agency from Yunnan Province of China to visit Timor-Leste to discuss technical cooperation with TITL - TITL facilitated signed agreement between private sector from Timor-Leste and private sector from Shenzhen, China
	Business Forum TIA-GT Dili, Timor-Leste	- TITL took part as organizing committee led by TIA-GT - TITL was invited as keynote speaker for the event - 100 people accessed the information about TITL - Export Awards winners (Outspan, NCF, CCT and Mahanaim Garment) participated and promoted their products in Mini-Expo during the event

First International Conference on Investment - 2016

*His Excellency Minister of Planning & Strategic Investment (VI Constitutional Government)
Maun Bo'ot Kay-Rala Xanana Gusmão in his Welcome Remarks*



*His Excellency Prime Minister VI Constitutional Government
dr. Rui Maria de Araújo in his Opening Remarks*

Second International Conference on Investment - 2017

*His Excellency Minister of State and Counselor for National Security (VII Constitutional Government)
Dr. José Ramos Horta in his Welcome Remarks*



*His Excellency Prime Minister VII Constitutional Government
Dr. Mari Alkatiri in his Opening Remarks*

"Business Forum", Darwin Australia - 2017

*His Excellency Minister of State and Coordinator for Economic Affairs (VI Constitutional Government)
Eng. Estanislau da Silva in his Welcome Remarks*



*His Excellency Chief Minister of Northern Territory
Mr. Michael Gunner in his Opening Remarks*

*Executive Director of TradeInvest
Eng. Arcanjo da Silva in his Presentation*



*Australian Ambassador to Timor-Leste
Mr. Peter Doyle in his Presentation*

*Director of Nova Casa Fresca
Mrs. Hergui Luina Fernandes Alves in her Presentation*



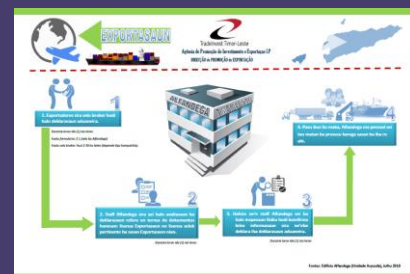
*General Consul of Timor-Leste to Darwin, Australia
Mr. Francisco José Felipe in his Closing Remarks*

2.1.2. Investment and Export Promotion Materials

TITL also promotes private investments and exports in Timor-Leste through developing promotional materials.

Table 5. Promotional materials that TITL produced and disseminated in 2016-2018

Year	Promotional material	Description and Outcome
2016	Brochures about investment and export potentials in Timor-Leste	<ul style="list-style-type: none"> - <i>Objective:</i> to disseminate information related to investment and export potentials in Timor-Leste - The brochures were distributed to clients during promotional events that TITL organized and participated
	TITL official website: www.investtimor-leste.com	<ul style="list-style-type: none"> - <i>Objective:</i> to make it easy for clients to access information related to investment and export in Timor-Leste - The website has been utilized by clients to access information related to investment and export in Timor-Leste
2017	First TITL promotional video production	<ul style="list-style-type: none"> - <i>Objective:</i> to facilitate investors and exporters to access information about Timor-Leste's Government commitment in improving business environment as well as to promote the image of Timor-Leste - The video contains credible and effective information to public especially foreign investors, which has been displayed during promotional events that TITL organized and participated
	First promotional video production for RAEOA-ZEESM	<ul style="list-style-type: none"> - <i>Objective:</i> to disseminate information about investment and export opportunities in RAEOA - The video contains credible and effective information to public especially foreign investors, which has been displayed during promotional events that TITL organized and participated
	First "Investment Guide"	<ul style="list-style-type: none"> - <i>Objective:</i> to disseminate general information about business and economic environment in Timor-Leste to attract more FDIs - Supported by Ernst & Young Portugal - ± 1500 copies distributed to clients
2018	Production of marketing materials	<ul style="list-style-type: none"> - Updated information about PIL Number 15/2017 (200 copies distributed) - Factsheet about "Negative List" (100 copies distributed) - Factsheet about investment and export promotion services and productive sector (600 copies distributed) - Factsheet about "Export Awards" event (100 copies distributed) - Checklist and flowcharts about import and export procedures in Timor-Leste (100 copies distributed)



Promotional service through TITL official website

In 2016, TITL developed and launched official website (www.investtimor-leste.com) as a tool to promote investment and export potentials in Timor-Leste. The website is a mechanism to facilitate investors (national and foreign) and exporters to access other information as well as for clients to contact directly TITL staff regarding any issues related to investment and export.

In 2017, through this website, TITL published and disseminated information about events (conference, seminar, national and international Expo), programs for events that TITL organized, complete information about application process for Investor Certificate and Special Investment Agreement, import and export procedures as well list of TITL partners.

Number of website visitors 2017



In 2018, through the website, TITL updated information about PIL 15/2017 and Government Decree Number 2/2018 “*Regulation and Procedure for Private Investment*”, that cited all productive sectors that Government of Timor-Leste has prioritized for promotion.

Number of website visitors 2018



2.2. Facilitation and Monitoring Service

TITL’s main function is to provide facilitation service to investors and exporters. The achievements are described as follows:

2.2.1. Private Investment Facilitation and Monitoring

According to PIL 14/2011 that TITL issues Investor Certificate (IC) and Special Investment Agreement (SIA) to investors in order to access to incentives and fiscal benefits. Therefore, TITL’s main function is to facilitate the process for IC and SIA issuing and approval.

From 2016-2018, total investment proposals submitted to TITL to apply for IC was 74 (46 from FDIs and 28 from NDIs) - **Figure 1**.

Out of 74 investment proposals, 23 were issued with IC, while 51 were not issued with IC due to their ineligibility - **Figure 2**.

From investment proposals submitted to TITL, NDIs were more interested in investing in the processing industry sector (43%), followed by construction (29%), services such as microfinance and credit (14%), tourism such as hotels and restaurants (11%) and agriculture and fisheries (3%) - **Figure 3**.

On the other hand, FDIs were more interested in the tourism sector (44%), followed by agriculture and fisheries (17%), services such as medical center and banking (15%), processing industry (13%), construction (9%) and livestock (2%) - **Figure 4**.

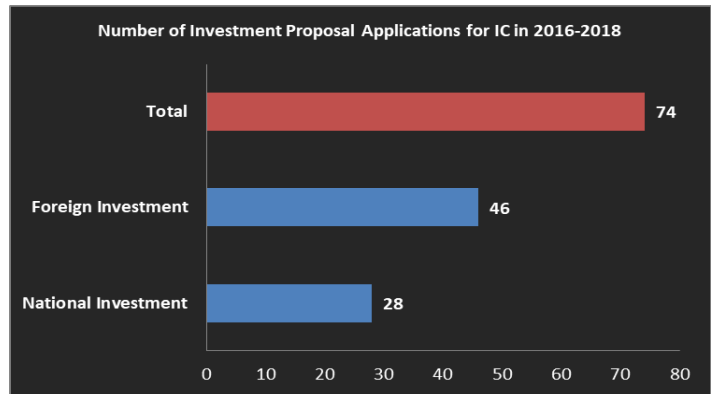


Figure 1. Number of Investment Proposal applications

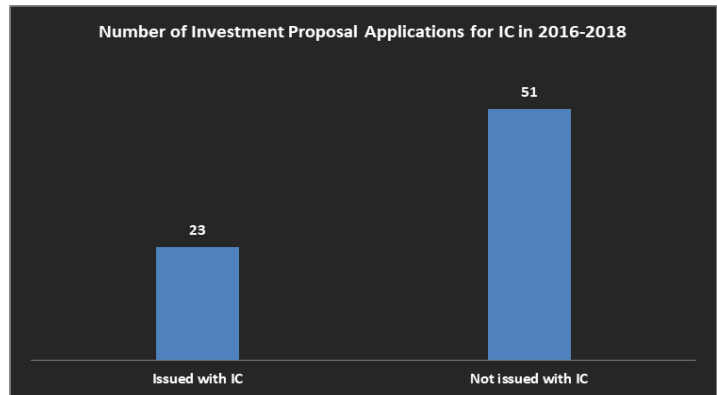


Figure 2. Investment proposals issued and not issued with IC

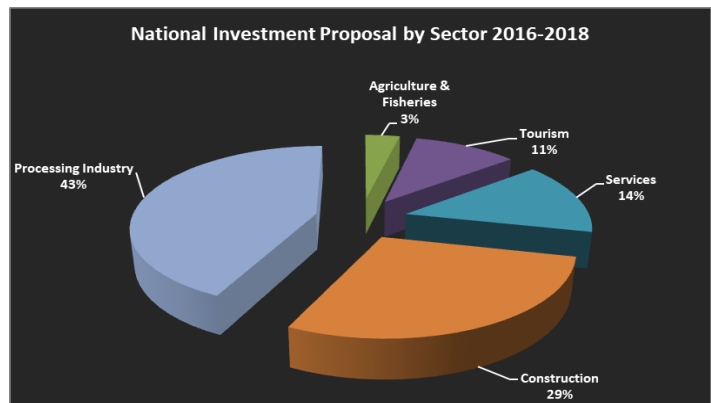


Figure 3. National Investment Proposal by Sector

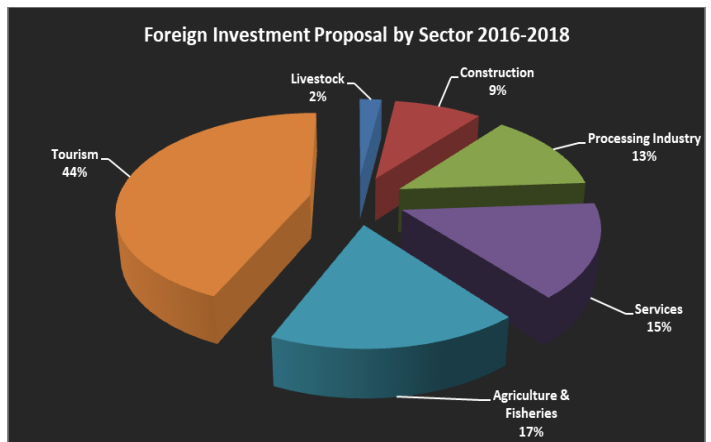


Figure 4. Foreign Investment Proposal by Sector

Figure 5 illustrates that in 2016, TITL issued 5 ICs (2 for NDIs and 3 for FDIs).

In 2017, TITL issued 8 ICs (4 for NDIs and 4 for FDIs).

In 2018, TITL issued 10 ICs to Pelican Paradise Group.

Figure 6 shows the percentage of investment implementation from IC holders during 2016-2018. 52% of investments were implemented, while 48% of investments were not yet implemented.

During 2016-2018, the capital value committed from implemented investments was US\$571,740,354, whereas, the capital value committed from unimplemented investments was US\$694,000,000 - Figure 7.

Unimplemented investments included Pelican Paradise Group that would invest in tourism sector in Tasitolu area, Dili.

Moreover, investments that were issued with IC have created number of employment (direct and indirect) for Timorese people as illustrated in Figure 8.

In 2016, total number of employment creation was 2,121 and in 2017 total number of employment creation was 710.

In 2018, investment from Pelican Paradise Group planned to create approximately 2,000 jobs for Timorese people; however this investment was not yet implemented because the SIA has not been signed by the Government of Timor-Leste, which resulted in creation of direct employment only for 5 Timorese.

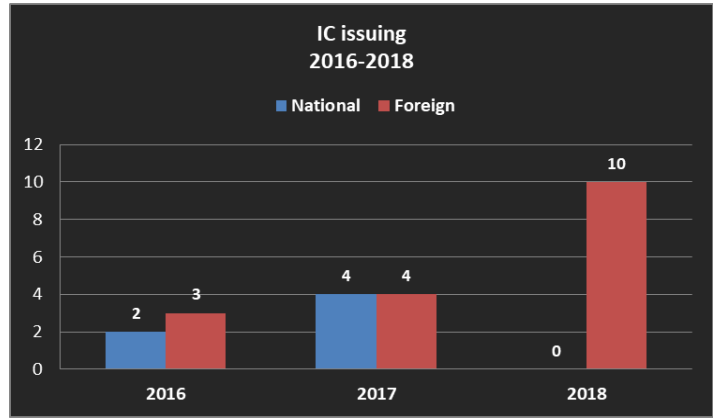


Figure 5. Number of ICs issued in 2016-2017

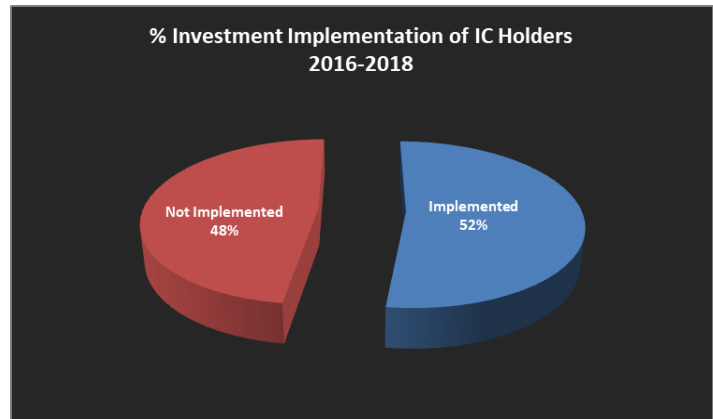


Figure 6. Percentage of Investment Implementation from IC holders

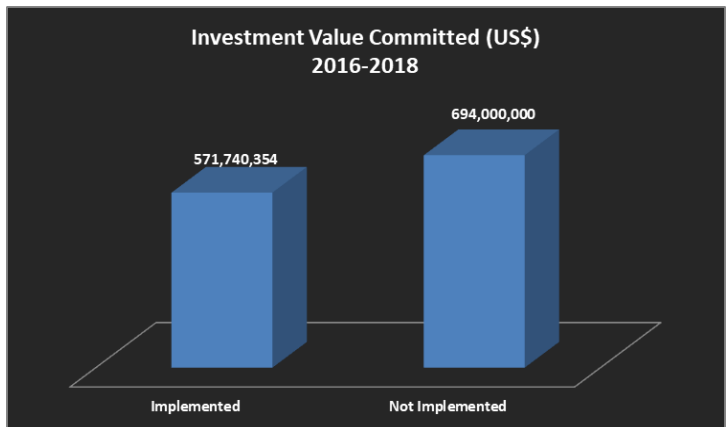


Figure 7. Total investment value committed 2016-2018

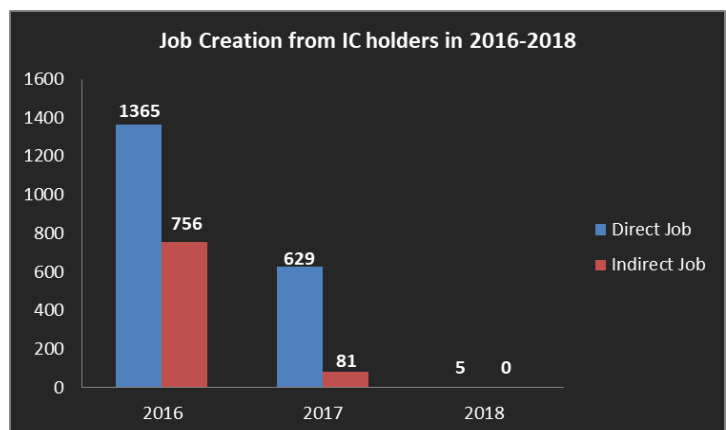


Figure 8. Job creation from IC holders in 2016-2018

From facilitation service in issuing IC, TITL was able to generate revenues for the State through application fee charged for IC application as stated in PIL Number 14/2011.

Over the past 3 years, the total revenue generated from private investment was \$40,000 (US\$4,000 contributed from NDIs and US\$36,000 contributed from FDIs - **Figure 9**).

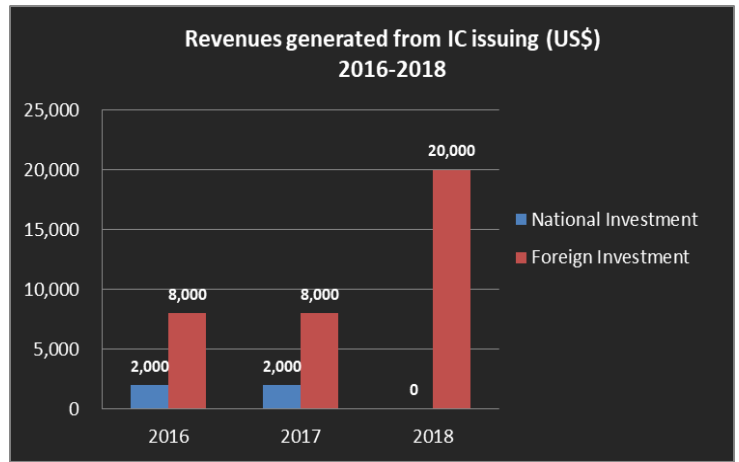


Figure 9. Total revenues generated from IC issuing during 2016-2018

According to Government DL Number 45/2015 that approval for issuing IC should go through a rigorous process called “**Evaluation Commission for Private Investment and Export (KAIPE in Tetum)**”. This process involves permanent and ad hoc members from relevant line ministries including General Director for Tax, General Director for Customs, General Director for Environment, Executive Director SERVE, Director General SEPFOPE, General Director for Industry, General Director for Commerce, General Director for Land and Property, General Director for Water and Sanitation and General Director for Immigration.

Official KAIPE meeting for foreign investment “Happy Farm” that invested in livestock sector (eggs production) in Loes, Liquisa



This legal framework stated that the KAIPE process should be led by Executive Director for Investment and Export Promotion Agency (TradeInvest) through an official meeting. Approval for issuing IC should be based on written technical comments from permanent and ad hoc members that attended official KAIPE meeting.



Official KAIPE meeting for national investment “Cladotia Fu” that invested in agricultural industry sector (animal food production) in Hera, Dili.



Case study 1: Heineken Timor, S.A

Heineken Timor S.A is the first FDI that invests in processing industry sector with total investment value committed of US\$45 million.

The investment focuses on beers production with brand ABC, Heineken, Bintang and Tiger in which the first distribution to domestic market was launched in 2017.

The implementation process for this beers production industry has been supported by the Government of Timor-Leste through TITL. TITL has facilitated this investment with services as follows:

- Facilitated the signature of SIA between Government of Timor-Leste and Heineken Timor S.A in 2015 which secured the rights for Heineken Timor S.A to occupy state land for the duration of maximum 100 years.
- Facilitated IC issuing process to Heineken Timor S.A in 2016.
- Facilitated Heineken Timor S.A to solve the issue of import tax in 2017. TITL was able to explain and justify to Customs Authority about the eligibility of Heineken Timor S.A to access tax incentives including import tax exemption (based on PIL Number 14/2011 though issuing of IC).



Case study 2: Palm Spring, Lda (Hilton Hotel Dili)

In December 2015, Company *Palm Spring Hotel* submitted investment proposal to TITL and was issued with IC in 2016. The investor was interested in investing in tourism sector for hotel construction with international standard.

In 2016, Palm Spring Hotel Lda was given license from Hilton International Group to utilize HILTON Hotel (Franchise), which the first time to be applied in Timor-Leste.

During 2016-2018, TITL facilitated this investment to achieve their final outcomes. Palm Spring Hotel faced various challenges and technical difficulties during the implementation phase; however, TITL was able to facilitate them to overcome the challenges.

Hilton Hotel investment is in progress to complete final phase and it is expected that this investment will be commercially operated in 2019.

Facilitation service provided by TITL during implementation process of Hilton Hotel

Year	Challenges	Facilitation service	Solution	Result
2016	-High import tax for construction materials -Slow material exit process from Customs office -Impact completion phase of investment	Facilitated the meeting and discussion between Hilton Hotel and Tax office	Created working group between TITL and Tax office to focus on issues related to import tax exemption for investments that have been issued with IC as per PIL 14/2011	Resolved
2017	-Unclean condition of public water waste tunnel nearby investment site -created bad image for the Hotel	Facilitated the meeting between Hilton Hotel and relevant line ministries (Public Works Ministry and Secretary of State for Environment)	TITL organized a meeting between Public Works Ministry and Secretary of State for Environment to pay attention on this issue in order to resolve the public water waste tunnel	Pending - TITL managed to advocate with Secretary of State for Environment and it was agreed to bring this issue into a high level decision making to solve the issue with good maintenance
2018	Difficulty in getting working visa for 50 foreign workers to complete final construction	Facilitated and advocated with relevant government ministry	TITL facilitated to resolve the issue by organizing a meeting with Foreign Affairs Ministry and Immigration office	Resolved



2.2.2. Export Facilitation and Monitoring

TITL offers facilitation service to exporters through “Export Awards”.

“Export Awards” is the first TradeInvest initiative implemented in 2017.

The main objective of “Export Awards” is to acknowledge and encourage the efforts made by businesses in different industry sectors that have exported or have potential to export Timor-Leste’s products to international markets.

This award is part of celebration the success of businesses with export orientation, engaging in good planning and innovative.

Businesses that apply to “Export Awards” are mainly categorized as small and medium enterprises and most of them reside in Dili.

Number of application for “Export Awards” submitted to TITL is illustrated in **Figure 10**. The figure shows that the number of application increased by 15% from 13 in 2017 to 15 in 2018.

An increased in number of application highlighted the interest of “Export Awards” was very important to encourage and continue support export activities in Timor-Leste.

TITL will continue facilitating businesses to achieve their business plan with export orientation through “Export Awards”.

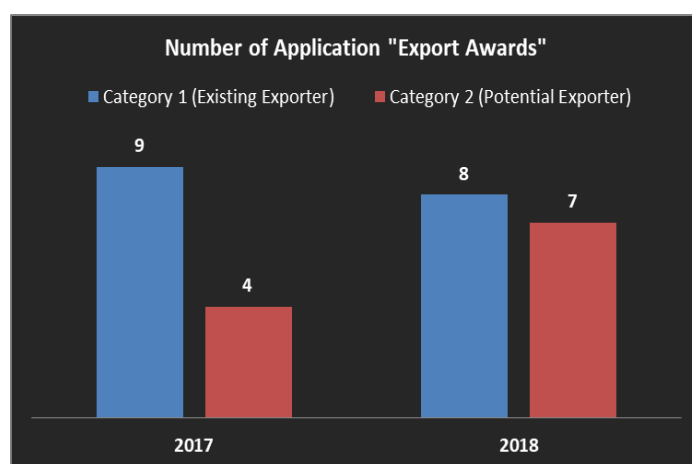


Figure 10. Number of Application “Export Awards” in 2017-2018

Table 6. The winner of TradeInvest “Export Awards” 2017-2018

Awards category	Company	Sector	Description
Existing Exporter 2017	Outspan Agro Timor	Agriculture	Outspan engages in coffee industry (Arabica & Robusta) for export to overseas market, especially USA. Outspan has created 104 jobs for Timorese people
Potential Exporter 2017	Nova Casa Fresca (NCF)	Horticulture	NCF engages in horticulture business, particularly production of fresh and organic vegetables. NCF has created 37 jobs to local Timorese and involved 20 farmers group. NCF has identified a buyer in Singapore market to export fresh vegetables
Existing Exporter 2018	Cooperativa Kafe Timor (CCT)	Agriculture	CCT has exported coffee to countries like USA, Australia, Germany and New Zealand. CCT has created around 2000-3000 jobs to local Timorese including 550 permanent staff
Potential Exporter 2018	Mahanaim Garment	Processing Industry	Mahanaim commercializes clothing (ladies wear) with international label “Ita Nia” that will be exported to Australia and other countries. Mahanaim has created 15 jobs to local Timorese, mainly women

TITL continues to facilitate national private sector and their potential products to access international market. TITL has identified other potential commodities that need to be developed for export market supply.

In 2018, TITL carried out a technical assessment to collect information about potential commodities for export market. Through this assessment, TITL identified that besides coffee, other commodities can also be potential for export market supply- **Figure 11**.

The technical assessment report was produced and findings were disseminated to potential investors who were interested in investing in those specific sectors with export orientation.

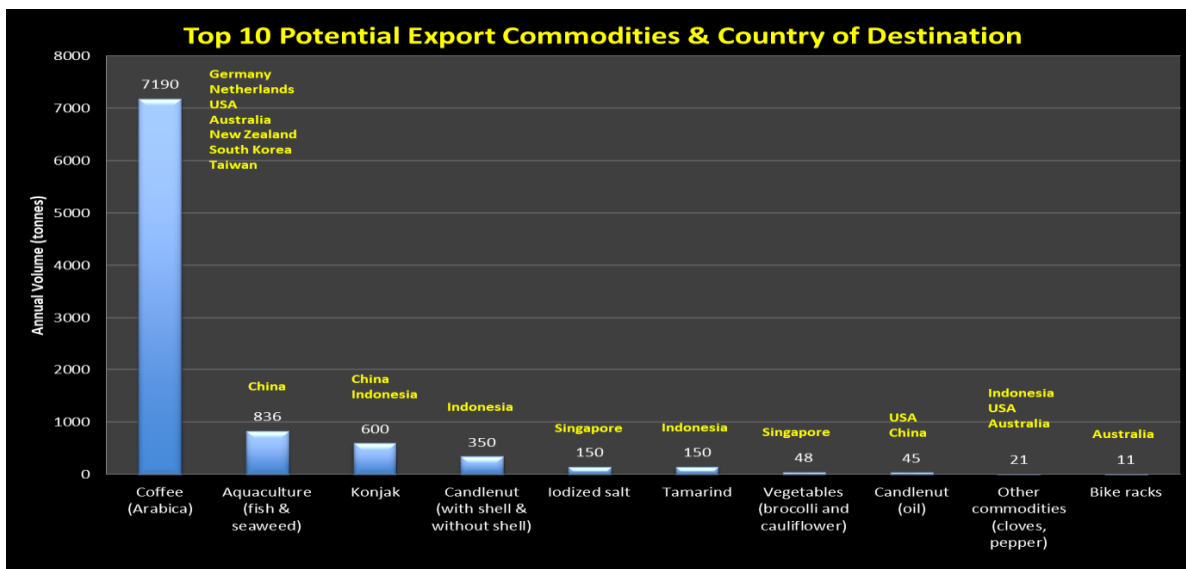


Figure 11. Top 10 potential export commodities and country of destination

TITL has also offered facilitation service to clients by providing information related to investment opportunities with export orientation, business process, Government regulatory framework on trade (import and export), list of local producers and their products and other important information.

The information was disseminated through meetings, email enquiries and communication via phone.

Figure 12 shows TITL facilitation service in responding to enquiries from clients and information dissemination in 2017 and 2018.

In general, a total number of enquiries (domestic and foreign) increased from 14 in 2017 to 54 in 2018. For foreign enquiries, most of them have come from countries like Singapore, USA, Australia, Portugal, China (Macao and Shanghai), the Philippines and Indonesia.

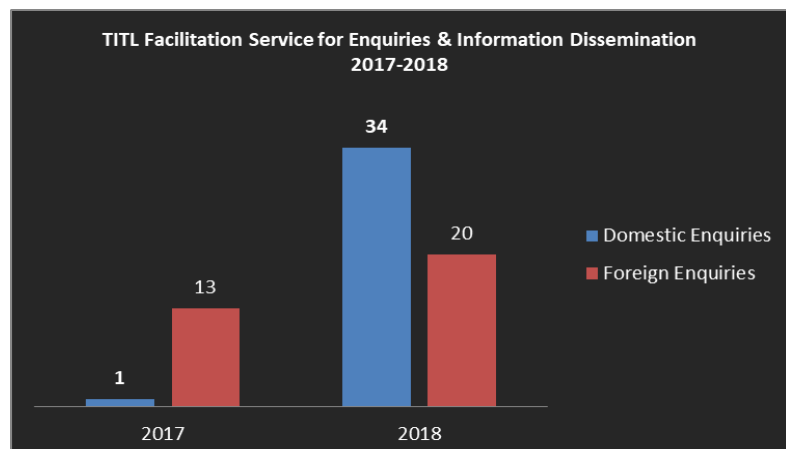


Figure 12. Number of domestic and foreign enquiries to TITL in 2017-2018

Case study 3: ACELDA Unipessoal, Lda

In 2015, Government of Timor-Leste issued Investor Certificate to National Company **ACELDA** to invest in agricultural industry, specifically organic candlenut oil production for export market.

In 2016, TITL facilitated ACELDA to participate in Macao Expo and ACELDA was able to connect with buyers from Hawaii and China (Macao).

In 2017, TITL maintained supporting ACELDA to export organic candlenut oil to Chinese market (Macao). TITL also facilitated ACELDA to deliver a presentation to relevant government entities about ACELDA business expansion in transforming candlenut oil and coconut oil into cosmetics products (soaps and shampoos).

In 2018, TITL facilitated ACELDA to participate in International Expo in Shanghai and again ACELDA was able to connect with a buyer in China mainland. Therefore, ACELDA exported 2 tons of organic candlenut oil to Chinese market (Hong Kong).

In addition, TITL facilitated ACELDA in its first production of cosmetics products (soaps and shampoos) and connected ACELDA to domestic market players (hotels and supermarkets in Dili and other municipalities). This facilitation service resulted in ACELDA to commercialize its cosmetics business to supply local soaps and shampoos to Hotel Timor.

Organic candlenut oil export by National Company ACELDA

Year	Quantity (Kg)	Quantity (barrels)	Country of Destination
2016	16,200	81	Hawaii and China (Macao)
2017	46,600	233	Hawaii and China (Macao)
2018	17,200	86	Hawaii and China (Hong Kong)
TOTAL	80,000	400	



Case study 4: Mahanaim Garment & Manufacturing, Lda

Mahanaim Garment is a National Company established from Jacinto Group that operated its business in 2017. Mahanaim invests in processing industry sector in Timor-Leste to produce clothing for ladies with high quality and international export trademark of “ITA NIA”.

In 2018, Mahanaim faced a constraint related to a long Customs process to export clothing directly to consumers in Australia via DHL cargo service.

When presenting the issue during TITL’s technical assessment, TITL managed to organize a meeting between Mahanaim, DHL and General Directorate for Customs to find out the solution for reducing time consumed for Customs approval. Customs authority was able to take into consideration to shorten approval process in order to facilitate Mahanaim in exporting clothing to their consumers as per schedule.

In 2018, TITL also facilitated Mahanaim to apply for “Export Awards”. After going through a rigorous evaluation process from independent panel, Mahanaim was selected as the winner for “Export Awards” for category of “Potential Exporter 2018”.

Mahanaim is committed to export ladies wear to Australian market and other countries of destination with high quality and a minimum of 30Kgs per order. Mahanaim ensures the quantity for supply when demand increases.



2.3. Advocacy Service

During 2016-2018, TITL played an advocacy role to facilitate investors and exporters by contributing to improvement of business environment in particular to legal framework reforms in Timor-Leste (PIL and procedure and regulation for private investments).

According to the legal framework, TITL is the institution that implements PIL Number 14/2011, which at the time regulated the issue of IC to FDIs and NDIs to access Government benefits (tax and fiscal incentives) as per criteria set out in the law.

In the beginning of year 2017, TITL identified challenges and constraints faced by FDIs and NDIs in terms of business environment to invest in Timor-Leste. TITL, then, advocated for PIL Number 14/2011 reform with the main objective to simplify and reduce bureaucracy process and procedures for private investments in Timor-Leste. This legal reform also aimed at promoting and attracting more private investments that could contribute to economic growth of Timor-Leste. Therefore in 2018, new PIL Number 15/2017 was approved at National Parliament to encourage and support more private investments in the country.

In 2018, TITL organized a forum to socialize the new PIL to all investors (existing and potential) and disseminate information about the difference between the new and old PIL.

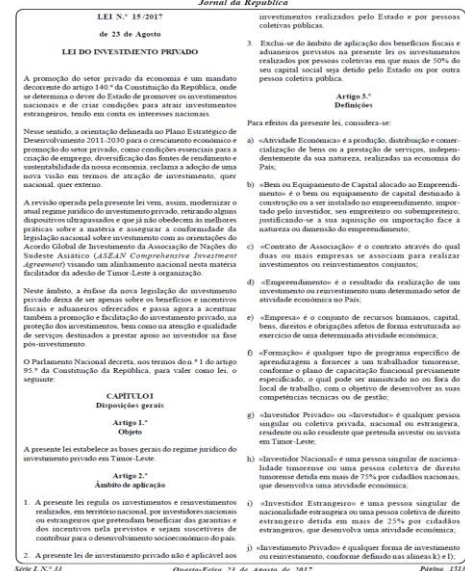
To implement new PIL Number 15/2017, TITL also played an advocacy role by contributing to changes in procedures and regulations for private investments. In 2018, Government Decree Number 2/2018, 21st February "Procedures and Regulations for Private Investments" was approved and in effect to support the new PIL.

According to the new procedures and regulations that Timor-Leste's Government maintains to offer tax and fiscal incentives to private investments and re-investments activities. The main focus is given to productive sectors that can give impact to economic growth and diversification in Timor-Leste by creating more jobs for Timorese people.

The new procedures and regulations also state that any potential investors are open to apply for the benefits with TITL to continue facilitating the process of issuing *Declaration of Benefits* or Special Investment Agreements.

According to new PIL Number 15/2017 that Investment and Export Promotion Agency should develop a "negative list" that aims at listing out sectors that are prohibited, restricted and reserved for private investments.

In 2018, TITL (with assistance from IFC) developed the negative list and organized a series of consultations with both public and private sector in order to accommodate feedback before submitting to the Government for approval and implementation.



2.4. Partnership Development

2.4.1. TITL Partnership in 2016

Partnership development is an important function from TITL to support investment and export promotion and facilitation services.

Table below describes TITL partnership development in 2016.

Table 7. TITL partnership development in 2016

Institution (s)	Result (s)
AICEP Portugal	<ul style="list-style-type: none"> - <i>Signed Technical Cooperation Agreement</i> - TITL was invited as a keynote speaker for Business Seminar organized by AICEP to promote investment and export in Timor-Leste - AICEP offered a technical assistance by allocating an expert in trade area to TITL's Export Promotion Directorate for 6 months - A technical support staff from TITL was offered a 2-week internship program in AICEP Portugal
Ernst & Young Portugal	<ul style="list-style-type: none"> - <i>Signed Technical Cooperation Agreement</i> - Ernst & Young Portugal developed the first "Investment Guide" for TITL at no cost
MDF (Australian Funded Program)	<ul style="list-style-type: none"> - <i>Signed Technical Cooperation Agreement</i> - MDF and TITL organized a "Mini Workshop" with objective to disseminate information about services provided by Quarantine office, Customs office and APORTIL to national private sector and to accumulate discussion between private sector and public sector around business challenges with export orientation
UE-CPLP	<ul style="list-style-type: none"> - <i>Signed Technical Cooperation Agreement</i> - TITL facilitated 4 potential national exporters to participate in the Third Forum for UE-CPLP in Beja, Portugal
INFORMA Australia	<ul style="list-style-type: none"> - <i>Signed Technical Cooperation Agreement</i> - TITL and INFORMA organized the First International Conference for Investment
IPIM Macao	<ul style="list-style-type: none"> - <i>Signed Technical Cooperation Agreement</i> - TITL participated in promotional event (International Forum and Expo) - TITL staff was given opportunity for training in different areas in Macao from 2016-2018
Northern Territory Government (NTG)	<ul style="list-style-type: none"> - <i>Inter-ministerial Agreement signed between NTG Australia and MSCEA of Timor-Leste which directly benefited TITL</i> - TITL staff participated in the Fourth Ministerial Forum in Darwin - NTG - Business Department supported TITL in organizing "Business Forum in Darwin in 2017 - NTG - Business Department offered 2-week internship opportunity to 3 TITL staff and this program continued until 2018

TITL also established good relationships with foreign Embassies in Timor-Leste (China, the Philippines, Indonesia, New Zealand and Australia) and Timor-Leste's Embassies and Consulate General overseas such as in Singapore, China, the Philippines, Indonesia, Portugal and Australia.

2.4.2. TITL Partnership in 2017

In 2017, TITL continued establishing relationships with other institutions in the country and overseas in order to further promote private investments and exports in Timor-Leste; to carry out research to collect information related to investment and export; and to provide capacity building to TITL staff for performing better service.

Table below describes TITL partnership development in 2017.

Table 8. TITL partnership development in 2017

Institution (s)	Result (s)
INFORMA Australia	<ul style="list-style-type: none"> - <i>Signed Technical Cooperation Agreement</i> - TITL and INFORMA organized Second International Conference on Investment
Smile Group Indonesia	<ul style="list-style-type: none"> - <i>Signed Technical Cooperation Agreement</i> - TITL sent 11 staff to participate in training provided by Smile Group in administration and finance area
UNDIKNAS	<ul style="list-style-type: none"> - <i>Signed Technical Cooperation Agreement</i> - TITL sent 10 staff to participate in training provided by UNDIKNAS in administration and finance area
CNIC-UNTIL	<ul style="list-style-type: none"> - <i>Signed Technical Cooperation Agreement</i> - TITL and CNIC-UNTIL conducted first baseline study in Baucau, Covalima, and Oé-cusse to identify and collect potential local commodities for export market. This study will be expanded to other Municipalities
CCI-TL	<ul style="list-style-type: none"> - Primary partner to streamline national business environment to private sector - TITL involved in promotional events and other activities organized by CCI-TL
IFC (World Bank Group)	<ul style="list-style-type: none"> - TITL and IFC elaborated Investment Reform Map and Investment Policy
Timor-Plaza Hotel & Apartments and Telemor	<ul style="list-style-type: none"> - Timor-Plaza Hotel & Apartments and Telemor were the main <i>Sponsors</i> for First “Export Awards” event



2.4.3. TITL Partnership in 2018

In 2018, TITL continued strengthening relationships with existing institutions and establishing new relationships with institutions as per table below.



Table 9. TITL partnership development in 2018

Institution (s)	Result (s)
Millennium Challenge Corporation (MCC)	TITL cooperated with MCC to discuss about “Compact” Program to be implemented in Timor-Leste in order to improve business environment to better facilitate private sector. TITL is also part of vocal point for this program
USAID	TITL cooperated with USAID “Tourism for all” to discuss how TITL can promote private investment in the tourism sector in order to support Government Tourism Policy in Timor-Leste
UNDP Timor-Leste	TITL cooperated with UNDP to facilitate and disseminate information such as legal framework for private investment and export potentials in Timor-Leste to potential investors. UNDP was also main Sponsor for Mini-Expo organized by TITL as part of side event for “Export Awards 2018”
Knua Joventude Fila Liman	TITL cooperated with Knua Joventude Fila Liman (UNDP Project) through Mentoring Program” to contribute ideas and encourage young private sector (start-up business) to run their businesses that can contribute to development of Timor-Leste by investing in productive sector prioritized by Government
AEMTL	TITL cooperated with AEMTL to identify areas that TITL and AEMTL can collaborate for investment and export development
TIA-GT	TITL cooperated with TIA-GT to identify strategies to attract more private investments to Timor-Leste
IFC (World Bank Group)	TITL and IFC elaborated and finalized the “Negative List”
Central Bank (BCTL)	TITL cooperated with the Central Bank and General Directorate for Statistics to develop mechanism for FDIs capital measurement
Timor-Plaza Hotel & Apartments, TL Cement, GMN, Pertamina Internasional Timor (PITSA), Heineken and Vinod Patel	Timor-Plaza Hotel & Apartments, TL Cement, GMN, Pertamina Internasional Timor (PITSA), Heineken and Vinod Patel were main <i>Sponsor</i> for Second “Export Awards” event

2.5. Human Capacity Development

To facilitate and support TITL in effectively and efficiently implementing programs and actions in 2016-2018, TITL provided capacity building to its staff in the country and overseas.

Table 10. Number of TITL staff with capacity development during 2016-2018

Type of capacity building	2016		2017		2018	
	Woman	Man	Woman	Man	Woman	Man
Meetings/seminars/workshops/Expo	15	20	6	10	7	12
Trainings/Internships	5	18	8	12	5	2
Total	20	38	14	22	12	14

The provision of capacity development for TITL staff during 2016-2018 included attending inter-ministerial meetings (Darwin and Singapore), Macau Forum, UE-CPLP Forum and participating in workshops such as investment and trade workshop in Singapore and global trade workshop in China.

Moreover, during 2016-2018, TITL staff were provided with some trainings and internships opportunities such as Investment and export promotion training in Japan (supported by JICA), internships with Business and Education Department of NTG in Darwin to learn more about investment and export promotion and facilitation service, finance and human resource service.

TITL staff were also provided with internship opportunity in Macau (supported by IPIM) to learn more about investment promotion in tourism sector and training in administration and finance areas in Indonesia.

The capacity development was not only offered overseas, but also in country such as language training (Portuguese and English) provided by LELI institution.

TITL will continue to provide opportunities for capacity development to its staff in relevant areas in coming years.

Figure 13 below shows country of destination for capacity development opportunities provided by TITL to its staff during 2016-2018. TITL staff received training mostly from ASEAN countries (21%), followed by Macao and Australia (21%), Japan (11%) and China, Portugal, African countries and New Zealand (less than 10%).

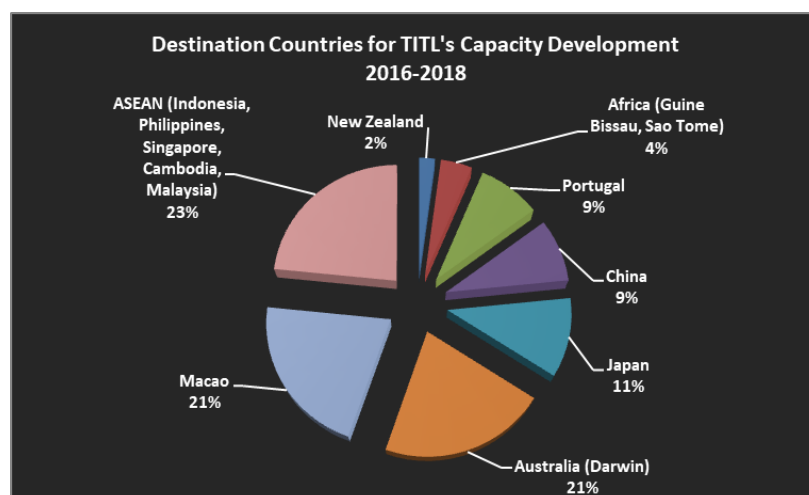


Figure 13. Destination countries for TITL's capacity development 2016-2018

3. CHALLENGES

Over the year 2016-2018, TITL faced some challenges that could have impact on TITL's performance in implementing programs/actions.

These challenges were categorized into 2, *internal challenges* - issues that TITL could control, and *external challenges* - issues that TITL did not have power to control.

3.1. Internal Challenges

- 1) Insufficient staff numbers
- 2) Lack of investors and exporters "after-care" capacity and capability
- 3) Inadequate office building

3.2. External Challenges

- 1) Government DL 45/2015 and Ministerial Diploma 39/2016 is no longer relevant with PIL Number 15/2017
- 2) Weak coordination work with relevant line-ministries
- 3) Uncertain internal political climate that resulted in uncertain business environment to attract new quality investments
- 4) State budget uncertainty resulting in difficulty to execute programs/actions

4. CONCLUSION AND RECOMMENDATION

4.1 Conclusion

Timor-Leste has abundant natural resources in which oil and gas contribute the most to economic growth. In addition, the Government of Timor-Leste is committed to diversify the economy to non-oil sectors such as agriculture, fisheries, tourism and processing industry that can contribute to job creation for Timorese people and poverty reduction in Timor-Leste.

This commitment has been stipulated in the National Strategic Development Plan 2011-2030. TITL will make efforts to support the Government's commitment to promote and facilitate private investments and exports in non-oil sectors that have become priorities for the country.

As an investment and export promotion agency, TITL provides equal services to investors and exporters either national or foreign. TITL recognizes the importance of investment and export development in productive sectors that have become priorities for Timor-Leste's Government as well as improvement of business environment in order to attract more national and foreign investments.

Although facing some challenges, TITL has been able to exercise its main functions based on its legal framework to promote and facilitate private investments and exports.

TITL would implement its strategic plan (2018-2021) that was developed in 2018 to achieve following strategic objectives: *1). To grow private investments; 2). To grow the number of export businesses; 3). To have highly effective business partnerships; 4). To be recognized as a trusted guide on investments and exports; 5). To be operating efficient organization-wide policies, processes and systems ; and 6). To be a diverse and highly attractive place to work.*

4.2. Recommendation

There are some important recommendations for TITL to lead and continue to support private investment and export growth in Timor-Leste.

These recommendations also reflect and respond to internal and external challenges that TITL has faced during 2016-2018.

- 1) Superintendent Minister needs to review and adjust Government DL 45/2015 and Ministerial Diploma 39/2016 to further empower TITL functions;
- 2) TITL needs to collaborate and coordinate with relevant line government entities to prioritize activities that can reduce investor and exporter uncertainties;
- 3) TITL should be given more authority to form cross-government groups to address investors and exporters issues (TITL to facilitate and chair the group);
- 4) TITL should increase its focus to investors and exporters "after-care" capacity and capability. For example regular monitoring activities to investments that have been issued with IC and SIA;
- 5) TITL needs to recruit more staff in order to execute programs/actions in an effective and timely manner;
- 6) TITL needs to pay attention to maintain its office building, which is a central place for investors, exporters, Government officers and development partners to meet.