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Government and United Nations in Timor-Leste launch Socio-Economic Impact Assessment Round-2 to contribute to the COVID-19 response and recovery

Dili, TIMOR-LESTE, 09 November 2021: The United Nations in Timor-Leste together with the Ministry of Finance and the Ministry for Coordination of Economic Affairs, launched the Socio-Economic Impact Assessment (SEIA-2) today. This report summarises the feedback from people throughout the country about the impact of COVID-19 on households and Micro, Small, and Medium Enterprises (MSMEs). The assessment aims to inform economic recovery plans and key policy decisions to support the most vulnerable groups of people, as well as the private sector and MSMEs in Timor-Leste.

The study identifies the continuous impact of COVID-19 on households and businesses, with a specific focus on coping strategies adopted by vulnerable families, the informal sector and micro, small and medium enterprises.

While speaking at the launch, His Excellency Joaquim Amaral, Coordinating Minister of Economic Affairs, noted, "With the sense of duty fulfilled at this stage of the fight against the COVID-19 pandemic, the Government of Timor-Leste assures of its commitment to continue supporting those in need including families, communities, companies and businesses. I am convinced that the SEIA-2 report will provide the Government and other partners with relevant information and evidence on the COVID-19 impacts to guide the new policy formulation."

SEIA-2 highlights how COVID-19 has magnified many of the underlying vulnerabilities within the country, including lack of basic infrastructure, reliance on imports, limited productive activities in the country, limited access to government services and limited technological capabilities. COVID-19 has negatively impacted many poorer households throughout the country. It has also affected formal and informal MSMEs in urban and remote areas that have exacerbated the impact of the pandemic. Many employees of MSMEs have lost employment during this period. Women employees, in particular, have been badly affected.

UN Resident Coordinator Mr Roy Trivedy said, "The pandemic has presented unprecedented challenges, but it also offers opportunities for us to build back and recover better. While we are at an important juncture of COVID19 recovery, it is worth reviewing the latest evidence presented by SEIA-2 and reconsidering the medium and long-term policies aligned with Timor-Leste's commitment toward the SDGs and leaving no one behind."

The global economic downturn due to the COVID-19 pandemic is having a disproportionate impact on low-income and emerging economies. Timor-Leste experienced the largest GDP contraction since its independence. In March 2021, the Government of Timor-Leste (GoTL) introduced lockdowns and other restriction measures to prevent the spread of COVID-19. These restrictions along with the global economic slowdown and oil price uncertainty, plunged the local economy into severe contraction, with expected real GDP per capita to slip down to the 2009 level. Timor-Leste's non-oil businesses, represented mainly through micro and small enterprises, continue to be squeezed by the fallout of the COVID-19 crisis with looming long-lasting adverse outcomes for many of the most vulnerable groups of people.

"While the COVID-19 crisis has exposed stark inequities, SEIA-2 offers the Government of Timor-Leste to reconsider and prioritise resilience to climate, health, and economic shocks in the framework of the economic recovery plan. The worst effects of COVID-19 can be minimised if the country's leadership continues committing to a new social contract and implements forward-looking and comprehensive programmes to tackle critical tipping points to lift the population from multi-dimensional poverty traps", said UNDP Resident Representative Munhktuya Altangerel.

The assessment is guided by the UN Secretary General's Framework for the Immediate Socio-Economic Response to COVID-19 (<https://unsdg.un.org/resources/un-framework-immediate-socio-economic-response-covid-19>), which set out the framework for the UN's urgent socio-economic support to countries and societies in the face of COVID-19, putting in practice the UN Secretary-General's Shared Responsibility, Global Solidarity report on the same subject (<https://unsdg.un.org/resources/shared-responsibility-global-solidarity-responding-socio-economic-impacts-covid-19>).

It is one of three critical components of the UN's efforts to save lives, protect people, and rebuild better, alongside the health response. The assessment has focused on a series of in-depth evaluations guided by the Framework for the Immediate Socio-Economic Response to COVID-19, analysing actual and potential losses for Timor-Leste's economy and vulnerable groups due to the COVID-19 pandemic.

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BACKGROUND NOTE FOR EDITOR

The COVID-19 pandemic continues to have devastating impacts on health, social, economic and environmental systems. Against this backdrop, decision-makers require flexible, rapid and evidence-based diagnostic tools to inform crucial interventions and policy decisions. The United Nations Development Programme (UNDP) has developed the Digital Socio-economic Impact Assessment (SEIA) to provide governments with comprehensive and timely information for evidence-based decision-making in responding to the needs of affected populations and enterprises in the immediate, medium and long term.



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The [UN's Framework for the Immediate Socio-Economic Response to the COVID 19 Crisis](#) warns that "The COVID-19 pandemic is far more than a health crisis: it is affecting societies and economies at their core. While the impact of the pandemic will vary from country to country, it will most likely increase poverty and inequalities at a global scale, making the achievement of SDGs even more urgent.

Assessing the impacts of the COVID-19 crisis on societies, economies, and vulnerable groups is fundamental to inform and tailor the responses of governments and partners to recover from the crisis and ensure that no one is left behind in this effort.

Globally, Governments sought to contain the spread of the disease by the oldest known method: quarantine and confinement. As a result of confinement methods, economic activity experienced the sharpest and most violent contraction on record. In Timor-Leste, the data point to a historical value of 8.7% in the contraction of our economy. In other words, a public health crisis has quickly turned into an economic and social crisis with the disruption of supply chains at local and global levels.

The Government of Timor-Leste used unprecedented resources to strengthen the nation's responsiveness in the face of the pandemic adopting and implementing the Economic Recovery Plan with short term measures to be implemented in 2020 and 2021. Massive support was released to strengthen the health system, help companies and preserve employment. New measures were used to protect the income of those who found themselves deprived of work or business activities.

Among those short-term measures, we highlight the emergency food basket, Cesta Basica, conceived as a universal measure to provide each Timorese citizen with a basket of food and hygiene products worth up to fifty (\$50) dollars. With this programme, the Government intended, among others, to stimulate national production, increase the income of local farmers and traders and support the food and nutritional diet of ordinary Timorese families.

Today, when the programme is completed, more than one million, four hundred fifty-two thousand distributed baskets and almost eighty-three million dollars were injected to the economy. The dynamics introduced along to suppliers of goods and services and local producer is visible. The forecast for 2021 of 1.6% in economic growth reflects this impact that the Cesta Basica and other short term economic measures made to commerce, agriculture, the labour market and other sectors.

The Government's economic interventions helped create the opportunity for companies to continue their activities, despite the serious threats of closure or reduction in business volume, which hovered over them. The employment of many workers is secured and

protected with the continuation of business activities. Many short term jobs were created through participation in the different stages of implementation of the Cesta Basica.

The COVID-19 pandemic is far more than a health crisis: it is affecting societies and economies at their core. The impact of the pandemic has varied from region to region. The pandemic has been exacerbated by the pre-existing conditions of poverty and inequalities in Timor-Leste, a small island developing state (SIDS), making the achievement of SDGs even more urgent. The recent Easter Flood deepened the crisis by affecting the most vulnerable population.

Therefore, it was important for Timor-Leste, as the first key step, to gather essential data documenting the nation's economic, and social indicators to accurately and efficiently support the Government in policy-making and response measures. UNDP and UNFPA in close collaboration with other UN agencies, the Coordinating Ministry of Economic Affairs (MCAE), and General Directorate of Statistics (GDS) under the Ministry of Finance, assessed the socio-economic impacts of the COVID-19 pandemic. The result of the collaboration was the second Socio-Economic Impact Assessment-2 (SEIA-2) Report, launched today by the Government of Timor-Leste and the United Nations.

SEIA-2 was a nationwide survey of 4,292 households and 1,086 micro, small and medium enterprises which aimed to understand how COVID-19, the easter flood, government sanitary fences, and government economic recovery measures had impacted Timorese household and micro, small and medium business across the country.

In a country with 46% of the population already suffering from multi-dimensional poverty and 75% primarily reliant on subsistence agriculture for their livelihoods, determining who counted among Timor-Leste's most vulnerable required a nuanced approach. SEIA-2 developed detailed social and economic matrices that allowed for data to be disaggregated across categories, including gender, age, location, disability status, and employment type. To isolate the impacts of the pandemic from the easter flood that Timor-Leste faced in the past 12 months, SEIA-2 covered changes felt between April 2020 and April 2021.

In addition to data on economic impacts, SEIA-2 also established key indicators on how health, education, community resilience, and social cohesion had been affected throughout the first year of the pandemic. Promising findings in the survey included over 70% of Timorese saying community trust increased during the State of Emergency. The results of the study show that youth most hit by job loss and unemployment - the young adult's age group 25-39 were most affected --- 43.3% of them lost their jobs in 2020-2021.

Although the Government fiscal response was strong, the most vulnerable household received the least benefits. Poorest households had used more severe livelihood coping strategies, such as borrowing money, selling livestock, and reducing education & health costs, and in most severe cases reducing the meal intake.



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Gender disaggregation showed that women spent more time on domestic chores, particularly adult women. Women spent more time cooking and cleaning, water collection and family care.

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