

	(methodology for tagging under development)			
	Reduction of Inequalities (methodology for marker and tagging under development)	☒	☐	☐
	Covid-19	☒	☐	☐
BUDGET INFORMATION				
13. Amounts concerned	Budget line(s) (article, item): 14.020132 The Pacific Total estimated cost: EUR 3 million Total amount of EU budget contribution EUR 3 million			
MANAGEMENT AND IMPLEMENTATION				
14. Type of financing	Indirect management with the entity(ies) to be selected in accordance with the criteria set out in section 4.3.1.			

1.2 Summary of the Action

The European Union approved the Multiannual Indicative Programme (MIP 2021-2027) benefiting the Democratic Republic of Timor-Leste to support economic development and poverty reduction. One of the actions to be implemented under Priority Area 1 of the MIP, which is integrated into the Annual Action Plan (AAP 2022), is to “Support Regional Integration and Trade” with a total budget of EUR 3 million.

The **Overall Objective** of this Action is to support Timor-Leste’s economic integration and trade in the South East Asia region

The **Specific Objective** of this Action is to promote trade and regional integration.

The **Expected Outputs** of this Action that contribute to the above specific objective are:

- Output Area 1: Improved coordination and consultation mechanisms for preparation of the accession to the Association of Southeast Asian Nations and the ASEAN Economic Community (ASEAN/AEC), the World Trade Organisation (WTO) and the Economic Partnership Agreement (EPA), among government agencies, the Parliament, civil society and the private sector;
- Output Area 2: Enhanced capacity of Timorese government agencies, the Parliament, civil society and private sector institutions in the negotiations, accession and implementation of the ASEAN/AEC, WTO and EPA agreements; and
- Output Area 3: Increased public awareness of the opportunities and challenges arising from the negotiations, accession and implementation of the ASEAN/AEC, WTO and EPA, particularly with special assistance to the private sector, SMEs and women-led businesses

2 RATIONALE

2.1 Context

Timor-Leste is situated in Southeast Asia. It is one of the world’s youngest countries: Timor-Leste gained its independence in 2002. According to the World Bank, the country has about 1.3 million inhabitants, of whom 75% is below 35 years old, and many of these young people do not have jobs. The participation in the workforce is also unbalanced, with the large majority of women being involved in informal and unpaid labour¹. Timor-Leste is a poor country with GDP per capita at US\$1,381 in 2020 and 42% of the population still living in poverty. Over the past 10 years, due to its endowment of natural resources, particularly oil and gas, the Timorese economy has with an uneven pace. Agriculture plays an important role in the Timorese economy, employing more than 50% of its

¹ <https://iwda.org.au/timor-leste/>