Identifying labour market options and pathways for young people in Timor Leste

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Young people want jobs

Every consultation or formal discussion held with young people in Timor Leste has raised the need for job creation. Most recently, a representative group of 120 young people identified the need for jobs a key means to address the crisis. They came from the District Youth Councils, women’s organisations, universities, sucos in Dili and the refugee camps.1

Young people in the consultation said they wanted to be trained up to enhance capacity building in the civil service and the private sector. Another suggestion was to create jobs at the suco and subdistrict levels for reasons of national stability. One specific idea was to establish cooperatives in sucos to sell local products.

Another consultation process involving some 335 people, including youth, in the refugee camps conducted by Catholic Relief Services also highlighted the need for job creation. The results of the discussions were presented at open meetings at the camps to see to what extent there was wider agreement with the sentiments expressed. Over a 1,000 people participated in these open meetings. The ‘dreams’ of the focus group participants included the following related to employment: ‘to work’, and ‘economic development plans that are sustainable and benefit the poor the most’. Among the suggested actions at the national level was a proposal to promote rehabilitation and recovery by creating jobs for the unemployed.

A recent report on a ‘Survey of Gangs and Youth Groups in Dili’ has noted:

...employment is a key aspiration of most youth, and group members interviewed for this study were almost unanimous in their agreement that this was the key to ending youth violence. There was also almost unanimous agreement that the ILO/UNDP public works program was a worthwhile program with positive outcomes. The only real criticism encountered was that it was not ongoing, that youth would just return to their old ways once the work was over.2

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1 The ‘Youth Open Space’ consultation was held on 24 and 25 August at the National University. The consultation was a joint initiative of the World Bank and the Secretary of State for Youth and Sport, the National Youth Council, UNICEF, UNTL, and the local NGOs: Feto Kiik Servisu Hamutuk (Young Women Working Together) and BELUN, and the Dili Distance Learning Center.

Youth bulge pressure

The sheer size in numbers of young people in the adult population highlights further the urgency of their employment situation. One in three people in the adult population aged 15 years and over in Timor Leste are aged 15 to 24 years. Nearly one in two people (47 per cent) in the adult population in Dili urban area are in the 15 to 25 age group. However, as shown below, young people are under-represented in terms of their share of employment in key sectors and over-represented among the jobless.

Focus of this paper

The focus of the following analysis is on how to ensure young people have the incentive to take up the opportunities that the Government and international donors are now proposing to provide. In response to the crisis, a number of initiatives are being ‘floated’ as possible ways of creating more opportunities for young people. These range from re-establishing youth centres throughout the country and especially in Dili, providing more vocational education and training, three-month literacy training courses, wage subsidies for private sector employers and creating jobs through infrastructure investment.

At a more speculative level, the paper discusses employment-related options for young people that go beyond current initiatives or plans. These options include a training contract with private sector employers, options for civic service through a national youth corps and access to opportunities in high-income labour markets through temporary work visas.

One particular challenge is to work out ways that current or planned initiatives result in outcomes for young people that are greater than the sum of the parts. This paper proposes the setting up of an overarching framework to offer young people a clear map of the available pathways between initiatives and where they can lead. The pathways framework, by emphasising links between programs, can offer young people a much stronger awareness of their future options. It can also provide young people with an incentive to start with a low-status option, such as work on a cash-for-work project, knowing that it can open up more attractive options.

Census data on young people in and out of paid work

The focus of the following statistics is on the urban economy of Dili, using the 2004 Census data. As noted above, the youth share of the population in Dili is much greater than it is in the country as a whole. If a larger age grouping is used (15 to 29 years), they account for as many as three out of five adult persons in the Dili urban area.

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3 These data are based on the 2004 Census profile for Dili district less the population engaged in subsistence farming and fishing. This is one way to exclude the thirteen rural sucos in Dili District, including five on Atauro Island, the two in Metinaro subdistrict, three rural sucos in Cristo Rei subdistrict, two in Santa Cruz sub-district and two in Nain Feto subdistrict, accounting for a total population of 31,530 people.
Youth share of employment in Dili

Young people aged 15 to 29 years are under-represented among those in wage employment and over-represented among the jobless. The share of young people in total employment in the adult population in the Dili urban economy is just over one in three (36 percent). However, as noted above, their share of the total adult population is three in five (61 per cent). The number of young people aged 15 to 29 years looking for work or who are not working because ‘no work is available’ is nearly the same as the number of young people in jobs (8,250 without work compared to 8,965 in employment).

Young people’s share of civil service jobs is three in ten, slightly more than this in UN workforce, four out of ten in NGO jobs and just over one in three of the self-employed (see Table 1). In absolute numbers, the largest group of young people are to found among the self-employed (3,444), followed by government employment (2,217), private industry (1,479) and NGOs (1,441). The UN employs the least number of young people (384).

Table 1: Relative shares of 15 to 29 year olds and those aged 30 years and over, Dili urban area, 2004, males and females, per cent

<table>
<thead>
<tr>
<th>Age groups</th>
<th>15-29 yrs</th>
<th>30-55+ yrs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employer</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td>31.2</td>
<td>68.8</td>
<td>100</td>
</tr>
<tr>
<td>UN</td>
<td>35.5</td>
<td>64.5</td>
<td>100</td>
</tr>
<tr>
<td>NGO</td>
<td>39.3</td>
<td>60.7</td>
<td>100</td>
</tr>
<tr>
<td>Private industry</td>
<td>44.1</td>
<td>55.9</td>
<td>100</td>
</tr>
<tr>
<td>Self-employed</td>
<td>36.4</td>
<td>63.6</td>
<td>100</td>
</tr>
<tr>
<td>Total employed</td>
<td>36.3</td>
<td>63.7</td>
<td>100</td>
</tr>
<tr>
<td><strong>Not in work</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Looking and</td>
<td>59.8</td>
<td>40.2</td>
<td>100</td>
</tr>
<tr>
<td>available for work</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No work available</td>
<td>51.9</td>
<td>48.1</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: National Census 2004, author’s calculations

Jobless rate for young people

The concept of an unemployment rate as measured by the ILO is not well suited to explaining the situation of young people in the labour market in low and middle-income countries. It does not give a good picture of young people’s situation in the labour market as a whole. In particular, it excludes young people who do not fit the narrow definition of ‘actively seeking work’. Many young people in poor countries may be discouraged job seekers who want work but have given up actively looking because there is little hope of finding work. Or they may have turned to low-income survival activities in the informal sector and so are counted as part of the employed.
The 2004 Census records for Dili urban area 1,281 young people aged 15 to 29 years as looking and available for work. However, it also records 6,969 persons in the same age group as not working for the reason that ‘no work is available’.

A measure based on those out-of-work and out-of-school (also referred to as the jobless rate) offers a more comprehensive picture of the situation young people in particular are facing in the labour market.\(^4\) Table 2 shows that for those in Dili not in education, young people aged 15 to 19 years and 20 to 24 years experience the highest jobless rates. However, there are important differences according to gender.

For males, the jobless rate falls for the 25 to 29 year olds, with a further drop for those men aged 30 to 44 years. In other words, men aged 25 to 49 years are the people most likely to be in paid work. The jobless rate rises again for 50-54 year old men. Most men aged 55 and above are not in paid work because they are retired or said they were ‘too old to work’.

The jobless pattern for women is notably different. While 15 to 19 year old young females have a similar jobless to that of young males in the same age group, the jobless rate rises for young women aged 20 to 24 years and above. For the women aged 25 to 54 years, their jobless rate is nearly double that of men in the same age group. The most common economic activity of women in Dili is ‘home duties’. It is not known to what extent this category also includes women and especially young women who are discouraged job seekers.

### Table 2: Jobless rate or ‘out-of-school and out-of-work’: proportion of the population in each age cohort who are neither in paid work nor in education, Dili urban area 2004

<table>
<thead>
<tr>
<th>Age</th>
<th>15-19</th>
<th>20-24</th>
<th>25-29</th>
<th>30-34</th>
<th>35-39</th>
<th>40-44</th>
<th>45-49</th>
<th>50-54</th>
<th>55+</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>77.4</td>
<td>60.1</td>
<td>40.9</td>
<td>34.9</td>
<td>33.8</td>
<td>35.2</td>
<td>39.1</td>
<td>48.3</td>
<td>83.0</td>
<td>46.7</td>
</tr>
<tr>
<td>Female</td>
<td>84.8</td>
<td>76.7</td>
<td>66.4</td>
<td>67.0</td>
<td>65.0</td>
<td>62.6</td>
<td>62.1</td>
<td>69.6</td>
<td>91.1</td>
<td>71.5</td>
</tr>
</tbody>
</table>

Source: National Census 2004, author’s calculations

### Identifying pathways for young people

The purpose of the following section is to offer background information and advice for the Secretariat of State for Youth and Sport and the National Youth Council on issues related to young people and options in the labour market. This information should provide valuable background to enable young people and their advocates to propose ways that the focus on the needs of young people can be made paramount.

Diagram 1 below outlines the range of current and potential labour market-related options for young people. The purpose of the diagram is to identify the pathways that young people could follow in moving between options. Five levels are used to illustrate how the options could be ranked from low-level activities to higher-level, more attractive options. The rationale for the pathways concept is to give young

people a strong incentive to start at the bottom to gain basic work experience and to see that by doing this they have a better chance of getting access to other opportunities which may seem more attractive to them.

Key principles

The following principles are proposed as the basis for linking together the range of existing or proposed labour market initiatives or programs to make ensure that the overall effect is greater than if the parts remained disjointed.

1. There is a need to go beyond a narrow focus on achieving program outputs to produce outcomes for young people.

2. As young people vary greatly in terms of their levels of formal education or lack thereof, initiatives need to target not only the better educated but also the least educated and the illiterate.

3. Links need to be established between initiatives that are targeted at young people.

4. Young people need to be able to see these links between initiatives as pathways leading to other opportunities for skills enhancement or employment.

5. The selection criteria for participation in each initiative or program need to be explicit and made public.

6. The results of the selection process for each skills or employment program need to be made available to each applicant on a confidential basis.

7. Non-monetary incentives are needed to encourage young people to follow these pathways to further skills acquisition and paid work.

8. Young people need to be confident that there is a framework in place that ensures that participation in one program improves their chances of participation in another program. In particular, they need to be confident that participation in a program that demands few skills can improve their chances of participating in other programs that appear more attractive in terms of the benefits offered.

9. These incentives need to be structured in such a way that there is a major prized outcome available to some who have accumulated the relevant skills and work experience. An example of a major employment outcome is a period of temporary work in a high-income labour market as either a semi skilled worker or as a skilled worker. Another example of a major outcome may be a long-term placement as a volunteer worker with stipend in government service, an international agency or in a major NGO.

10. The incentive to follow different pathways through a hierarchy of value-added options needs to be given concrete expression. This could take the form of a record of achievement and presented in the format of a skills passport.
11. Government and donors need to commit to use a common record of achievement as a primary reference for selection into programs. This is not to imply that it is the only or main basis for selection for programs. However, it is important that there is a commitment to a transparent selection process.

12. It is proposed that the Secretariat of State for Youth and Sport be the lead agency to design and promote the concept with program operators. The concept of ‘pathways for youth’ could take the form of a compact between program operators and young people. It would be the responsibility of officers of the Secretariat to highlight the needs of young people to program operators and to promote to young people the opportunities available.

**Level 1: Emergency job creation**

The recent introduction of a ‘cash for work’ program in Dili by the ILO, and now run almost entirely by the Ministry of Labour and Community Reinsertion (MLCR), involves undertaking basic clean up activities for a minimal payment of $US2 a day. The focus of the program is to get funds to those most in need. This is done by paying a rate of pay to which only the poorest will be attracted.

The other important design feature of the program is a focus on activities that can be performed as quickly as possible with a minimum of planning and additional resources. These two features are reflected in the requirement that 75 per cent of the funds are to spent on wages. This means that only basic activities that need minimal additional resources can be undertaken.

The virtues of this simple program design are several. The program is simple to operate and hence has low overhead costs. Its activities offer immediate and tangible benefits to the community. It directs funds to those most in need in a way that is easily accepted by the rest of the community because everyone has a chance to undertake the work. And its simplicity makes it easy for the program to operate in a fully transparent way.

*Creating a starting point for work/skills recognition*

The program has the potential to be more than the means for young people to earn money. It should also be a way for young people to demonstrate their capacity to be reliable and work ready. This could be shown by their attendance record and ability to start on time. Their ability to work well with others as part of a team could also be tested and vetted by a supervisor. There may be other competencies acquired on the job that could be identified and assessed.

The program’s target is for a 70 per cent take-up by young people but as of mid September, 2006, only 50 per cent of the participants are young people. A particular reluctance on the part of internally displaced people to participate in the program is also evident – only 7 per cent of program participants are from this source. One way to improve the participation level of young people is to provide a non-monetary for them to participate.

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5 The age definition of young people used is not known but if it is the standard UN definition, it is 15 to 24 years of age.
Recognition of the work undertaken and the skills acquired on a cash for work project is one major incentive that could be offered. This could take the form of a MLCR letter for each person completing their work on the program. At its most basic level, the letter could describe the type of work performed and the number of days worked.

Depending on the availability of records, the letter could also show an individual’s attendance record in terms of the number of days worked as a proportion of the total number of days expected to work. It could also provide an assessment by the work supervisor of the individual’s work attitude in terms of capacity to work with others and other relevant competencies if appropriate. This letter should be laminated to enhance its usability.

**Enhancing emergency job creation**

Consultations with young people about the cash for work program has resulted in feedback from them about the type of activities that they think would make the program more attractive to them. Some suggestions such as payment to young men for offering security have rejected as too difficult to monitor and open to abuse.

Other suggestions such as rehabilitating houses damaged in the recent unrest and improving sport facilities could not be acted on immediately because of the limited allocation for materials in the program’s budget. Undertaking these activities under the cash for work will require sourcing funding from outside the program.

**Dealing with a greater range of objectives**

Lifting the complexity of the activities undertaken by the cash for work program introduces inevitable delays into the process. Even if additional funds are found, these come with their own vetting and approval process. Also the more expensive materials have to be specified, procured in a fully transparent way and paid for. These delays undermine the capacity of the program to respond quickly to people in extreme hardship.

Also as more complex activities are undertaken, the need to make use of people with the required skills and equipment becomes necessary. This in turn means paying people at a higher rate which means less money to pay others. Recruiting people with the skills and tools to, for example, rehabilitate a house may also take time. Community consultation will also be required where more complex activities are undertaken.

Taking on these more complex activities also means a change in the design nature of the cash for work program. The program changes from having one set of simple objectives – emergency relief to the most needy as quickly as possible. Undertaking more complex activities involves a more extended administrative process and a greater range of stakeholders who ought to be consulted. Operating at this more sophisticated level lifts the standard of the benefits to the community but makes it more difficult to target only the poorest to do the work. It also builds in substantial delays required to get these activities approved and underway.
**Level 2: training options**

Several training options for young people are available or proposed. These options include life skills education for out of school young people (UNICEF), three month literacy training for out of school youth (Directorate for Non Formal Education, Ministry of Education and Culture), and training courses related to self-employment, entrepreneurship and micro enterprise development –‘Generate Your Business Idea’ and ‘Start Your Business’. The latter courses delivered by community training providers are funded by the Employment and Vocational Training Fund (EVTF) of the European Union’s Skills for Gainful Employment (STAGE) Program. Other training courses are provided by donor agencies.

Other potential skills training options include an AusAID-funded initiative starting in financial year July 2007. The Government of Timor-Leste has proposed to increase greatly public funds for infrastructure investment. This will create job opportunities for Timorese provided they have appropriate skill levels. For young people to access these jobs, they would have to undergo front-end training funded by Government or donor to ensure that they have a basic understanding of, for example, occupational health and safety procedures to work on large-scale construction projects.

Short course literacy training with a focus on workplace words and concepts is also needed. A curriculum in Tetum based on workplace literacy has yet to be developed. A curriculum with a strong workplace orientation would enable courses of three months duration to be conducted for young people who do not have functional literacy. It is proposed as a matter of urgency that this curriculum be developed by the international staff member who has developed the other literacy training in Tetum.

**Proposal for a compact with training funders**

It is proposed that the Officers of the Secretariat of State for Youth and Sport approach training funder to encourage them to enter into a compact focused on helping young people compile a record of achievement or skills/work experience passport. The compact would be based on an agreement to include in their selection criteria evidence of an applicant’s previous work on a cash for program. The compact would also include an agreement that the training funder would require the training providers to issue a certificate for each participant on the successful completion of a training course. This certificate should provide details of the major elements of the course, what competencies were imparted and whether these competencies were assessed or not and if so, what was the outcome for the individual.

**Record of Achievement template**

The Secretariat of State for Youth and Sport should also develop a simple template for a Record of Achievement and fund the National Youth Council to show young people how to use it. The Record of Achievement should refer to the successful completion of formal education and other training courses. The Record of Achievement, however, should also describe personal and transferable skills gained from education, participation in community activities, and work experience from paid or voluntary work. The Record of Achievement will also require a portfolio of evidence of supporting documentation, as described above.
Level 3: Access to employment

This third level in the pyramid refers to the more substantial opportunities for young people related to employment, either in the form of self employment, supported by microcredit; private sector employment supported by wage subsidies; or jobs provided through government infrastructure investment.

Each of these options are limited in the number of openings available. They require careful preparation on the part of the applicant to ensure a successful outcome. So evidence of prior work experience and participation in training are important stepping stones to reach gain access to opportunities at this level.

Access to microcredit

In relation to microcredit, it is important that young people prove themselves first in terms of their capacities to earn a basic income from the activities they are seeking credit for to expand. The viability of their ‘enterprise’ can first be tested by seeing whether family and friends are willing to support them at least in the initial stages.

Young people usually find it difficult to gain access to credit because they are regarded by credit providers as having a high risk profile. Despite the success of microcredit in showing that the poor are ‘bankable’, this success has been built around the collateral provided by peer pressure on a small group of married women living an domestic life with few options. Young people who are mobile and who are not members of stable networks are not subject to the same peer pressure.

However, one way to help give a young person a good credit risk profile is to show, in a documented form, those attributes that indicate the capacities to manage money and to run a small enterprise. This profile could include a young person's education level, type and extent of work experience, community activities, other achievements, level of demonstrated support from family and friends and, if possible, evidence of his or her past record of savings.

The Record of Achievement, discussed above, could be used in this way to show how the young person has the capacities to make the business a success. It will be important for officers of the Secretariat of State for Youth and Sport to work out what attributes microcredit lenders are seeking and how young people can provide evidence of these attributes.

Access for young people to new jobs in infrastructure construction

A skills strategy is needed to accompany any planned infrastructure investment. This strategy should include at least four key elements. First, the tender specification should require that Timorese workers be hired who have acquired a designated competency standard of basic skills. Second, the tender specification should require that on-the-job training and mentoring be provided for all Timorese hired. Third, the tender should require companies to show how they will provide opportunities for further skills acquisition for Timorese employees after a minimum period of work and once they have demonstrated their competency and work capacity. This further skills acquisition should be available through on and off-the-job training, making use of supervising staff as mentors and advisers.

Fourth, the tender specification should provide incentives for Timorese workers to
acquire further skills such as use of a ‘pay-for-skills’ principles. This system of payment rewards for employees for the skills they acquire, consistent with the skills requirements of the work being undertaken. The Government will need to fund the front-end skills training separately. This will allow internationally recognised competency standards to be used.

The underlying approach is a staged one to skills acquisition which has with several advantages. Front-end training provided by Government offers brings those with little work experience the chance to reach a minimum standard. Young people then have the chance to show their capacity and desire to work to required standards of punctuality and responsibility. A probationary period of work and on-the-job training may also be desirable to ensure that both parties have a strong incentive to lift their skill levels.

**Contract of training with the private sector**

Wage subsidies are already being provided to some employers to offset the costs of taking on inexperienced new job seekers. There should be scope to require of employers a program of on-the-job training in return for the wage subsidy provided by the Government. One valuable way to ensure that young people in the workplace receive an appropriate level of training is to use a training of contract to specify the rights and obligations of both parties. The payment of a junior wage would also be part of this arrangement.

A training contract and not a contract of employment is the basis of the German Apprenticeship system. The advantage for the young person is that there is a clear entitlement to training. The advantage for the employer is the recognition of the costs of providing training through a lower rate of pay. Another advantage for the employer is the incentive to take on young people in a probationary manner because the engagement under a training contract means exclusion from the cumbersome regulations governing hiring and firing.

**Level 4: Opportunities for national service**

Employment for young people on a large scale can be achieved through a national youth corps undertaking civic service work. Civic service has been defined as ‘an organised period of substantial engagement and contribution to the local, national, or world community, recognized and valued by society, with minimal (or no) monetary compensation to the participant’.  

A national youth service would make it possible for young people to offer their services to help their fellow rural citizens to overcome their poverty. A national youth service would continue the tradition of the early independence and the resistance periods where the young educated worked closely with villagers to teach them literacy and other skills.

The national youth service could consist of three elements operating within a common legal and administrative framework. The three elements of the youth service could focus on its distinct grouping of young people according to their literacy level.

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Service work for the highly literate needs to be different from the service work for those young people with basic literacy and the young people who are illiterate.

**Civic service options for the highly literate**

University graduates could undertake, after graduation, civic service in a rural location as part of government service delivery such as in a rural high school, community health centre or in agricultural extension. The civic service should, where possible, be an additional activity to the services already provided, and not merely an extension of existing services. For example, in a rural high school, the national youth corps member could organise literacy training for illiterate youth, drawing on high school students to help in the training. In a community health centre, the national youth corps member could undertake health promotion activities in relation to nutrition for pregnant adolescents and young mothers and their infants. In agricultural extension, the national youth corps member could encourage young people in villages to set up demonstration plots for improved varieties of basic foods such as maize.

This period of service could be for a set period of one to two years. There should be scope to include senior secondary school graduates as well, especially those graduating from the agricultural senior high schools. The rural placement should have three key features.

- The work should relate to the graduate’s area of expertise;
- the rural placement should meet a need identified by the local community and
- the rural placement should also include supported opportunities for the new graduate to learn additional skills.

**Civic service options for those with basic literacy**

A second element of the national youth service could be aimed at those young people with basic literacy skills and above. These are young people who have completed primary school an middle secondary school. This element of the national youth service could be based on the creation of rural-based opportunities for young people to meet the demand for rural services related to basic needs.

Specifically, young people could provide services to rural villagers related to the new facilities provided by aid projects in water and sanitation, rural electricity and health promotion. These services could include training in how to make effective use of the new facilities or maintenance and repair of the facilities.

For example, young people with at least basic literacy could work with villagers to make the most of the new facilities for water and sanitation. This has been identified as a significant need by one large aid project. Solar-generated rural electricity is another area that needs simple maintenance skills to keep the equipment operational. Young people with basic literacy could also help to promote good health practices at the Suco level.
Civic service options for those without functional literacy

The third element of the national youth service could be directed at illiterate young people. This element could involve greater costs but it must be recognised that this group of young people is also at greater risk of lifetime extreme poverty. Nearly one in three young people aged 15 to 29 years in the National Census stated that they cannot read or write. Others are functionally illiterate despite undertaking some years of primary schooling.

The focus of this element of the national youth service would seek to combine literacy training with other activities such as environmental conservation or health promotion. The latter activities would provide opportunities for young people to work for the longer-term benefit of the rural economy. The literacy component would also teach reading and writing skills through the learning of practical skills for enhancing food security and ways to improve health outcomes.

**Level 5: Options at the top**

The logic behind the pyramid of five levels of labour market-related options in Diagram 1 is to show young people that there are pathways to the most attractive options. Examples of highly attractive options for young people are well-paid work overseas, undertaking skills training in a high-quality training facility or getting a scholarship to study in a university in a high-income country.

**Overseas work options**

Small states like Timor Leste are especially vulnerable to fluctuating or volatile incomes. Small states are less attractive to private investors because of a higher risk profile than larger states with more diversified economies. Timor-Leste’s access to oil and gas revenues helps to overcome some of these obstacles but many still remain. In particular, the limited capacity and diversity of the private sector and lack of attraction for foreign investors means that the potential for private sector job creation is limited. The Government of a small state such as Timor-Leste, therefore, needs to give special attention as to how employment is created.

Prospects for growth in public sector employment in a small state are minimal. This is due to the high cost per head of population of funding the range of functions a state has to perform. An important option, therefore, for many young people in small states to get decent work is to travel abroad to work. According to the Ministry of Development and Environment, an average of about 800 of young Timorese are leaving the country each year looking for opportunities for further education and/or employment abroad.

Many small countries with populations of less two million, regardless of their level of income per head of population, simply lack the opportunities for young people with talent. Just as small towns and rural regions in rich countries find it extremely hard to

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7 What makes Small States different: access to external capital – World Bank website on Small States.
hold onto their young people, so too do small states because they lack a critical population threshold that can support a diversified economy. The option of working overseas is a major source of income for small countries with features similar to East Timor, such as island states of The Republic of Cape Verde, off the coast of West Africa, (est. 2005 population 500,000) and the Union of Comoros, in the Indian Ocean (est 2005 population 800,000). Money sent back by citizens working in other countries (remittances) is a major source of income for small states.

From ‘brain drain ’ to ‘brain gain’

Many small countries encourage a migrant flow to other countries and, at the same time, work out ways to maximise the benefits for the home economy. The Government of Timor Leste has already set up an Emigrant Workers Program and signed an agreement with a South Korean company to send an initial group of 100 workers to that country starting in April 2005. An extension of this program to other countries is expected to create 3,000 new jobs for Timorese workers over the next three years.

The benefits of this Program are more than monetary gain for the workers concerned. The skills acquired through learning on-the-job will be invaluable for the domestic reconstruction effort.

The overseas employment program could be extended for different skill sets. Broadly, there are two types of temporary migrant programs – one for skilled persons with qualifications and the other for low-skilled workers without qualifications. An example of the former might be in relation to computer skills. A program for young people with qualifications in computer science could be set up with a neighbouring country such as Australia or New Zealand where computer skills in small and medium enterprises are often in short supply.

People with skills for the hospitality and tourism sector could benefit from overseas work experience. Jamaica, a small island state, has a bilateral hospitality worker program with the United States. The Jamaican Hotel Workers Program arranges the temporary migration of Jamaicans to work in the US hospitality industry, primarily as cooks and maids.

The Government of Timor Leste could also negotiate opportunities for low-skilled workers to work in northern Australia. Australia has a strong demand for seasonal workers in agriculture such as the mango harvest in the Northern Territory.

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10 Ibid.
13 World Bank, 2005, Country Assistance Strategy for the Democratic Republic of Timor-Leste for the Period FY06-FY08, 22 June, 2005, p14. Under the Emigrant Workers Program, approximately 20 workers are scheduled to leave for South Korea by mid-April 2006 for jobs in the construction sector; a total of 100 workers are expected to be in South Korea by June 2006. The Ministry of Labour and Community Reinsertion is discussing with Malaysia and Macau to place Timorese workers in jobs for women.
The Seasonal Agricultural Workers Program was established in 1974. This program allows Mexican migrants to work on Canadian farms for up to eight months of the year. Only those who are the heads of their families, who have low levels of education and low levels of income are selected for this program. Due to their participation in this program, many of these workers from Mexico are able to send their children to school, invest in their farms and improve their homes.

Need to design arrangements carefully with suitable incentives to return

The program of temporary skilled migration needs to be designed with suitable incentives for young people to return after a certain time period. A key challenge in designing the program is to provide incentives to ensure that the migrants on temporary work visas return home and that good use is made of the skills they have acquired. One important incentive for skilled workers would be the guarantee of a job in Timor Leste to make good use of the returning migrant’s skills.

Different incentives would be needed to ensure that low-skilled migrants returned home. If the focus is on meeting a short-term seasonal demand for labour, migrant selectivity, as in the case of the Seasonal Agricultural Workers Program in Canada, and the lack of language fluency in English may be important ‘pull’ factors to return home. Explicit ‘push’ measures to return home should also be part of the arrangements. Denial of future opportunities for people from the sending community to participate in the program if labour migrants ‘go missing’ is one way pressure can be applied to the migrant to ensure that he or she returns.

Benefits to the domestic economy

With limited job options in the domestic economy, young people migrating to work elsewhere will become an increasingly attractive option as more of them acquire skills that are in demand in other countries.

Providing opportunities for young people to work overseas as a temporary skilled migrant has other important wider benefits for the Timorese economy. Even access to a limited number of places per year will provide a major incentive for a much larger number of young people to lift their skill levels to give themselves a chance of being selected. This, in turn, will deliver major benefits to the domestic economy in terms of a larger skills pool of higher quality. Tertiary education institutions in Timor Leste will be under pressure from their students to lift the quality and relevance of their education to ensure they match the skill standards of the receiving countries.

Access to courses and scholarship to study overseas

Opportunities to undertake skills training or to take up a scholarship in a high-income country are highly prized options for young people with high levels of formal education. These opportunities are usually subject to extensive selection procedures. It is proposed that an important part of the selection criteria be evidence that the young person has gained valuable work experience and skills by participating in activities and programs at lower levels in the hierarchy of options.

\[15\] Ibid.
\[16\] Ibid.
Conclusion

The purpose of this paper has been to highlight not only the need for the Government and donors to create employment opportunities for young people. It has also sought to show the range of options that are currently in place, being discussed by donors or that could be put in place if there was an appropriate commitment of resources. In terms of an immediate policy response, the paper has suggested that the Government, through the Secretariat of State for Youth and Sport, set up a compact with the major funders of existing initiatives directed at young people.

The focus of this compact would be to start from the perspective of young people themselves. This would involve ensuring that they have appropriate documentation on exiting a program specifying what they have gained. The compact should also be used to gain agreement from funders of training that their selection criteria include evidence of participation in a Level One activity.

The task of the Secretariat of State for Youth and Sport, together with the National Youth Council and its member associations would be to promote to young people the concept of pathways from lower to higher level options. The best mechanism for doing this, it was suggested, is to show young people how to put together a Record of Achievement, supported by a portfolio of evidence.
Diagram 1: Hierarchy of labour market options for young Timorese linked through a skills/work experience passport

- **Level 5**
  - Short-term seasonal work for semi-skilled in high-income LM
  - Longer-term temporary work for skilled in high-income LM
  - Scholarships to study overseas

- **Level 4**
  - National Youth Service for 6 to 12 months in government or NGO service delivery related to poverty reduction

- **Level 3**
  - Access to microcredit
  - Work on major infrastructure projects
  - Contract of training with private sector employer

- **Level 2**
  - Front end training for construction work
  - Know Your Business'
  - Start Your Business'
  - Life skills education
  - Skills training
  - Workplace literacy

- **Level 1**
  - Emergency job creation with two major objectives: income and strong community benefit such as housing rehabilitation
  - Basic Cash for Work: maximise no of jobs thru low level tasks at low pay rate targeted at poorest

Source: Richard Curtain, UNICEF Timor Leste, 29 September 2006