

DETAILED ASSESSMENT OF SUSTAINABLE PUBLIC PROCUREMENT IN TIMOR-LESTE



Acknowledgments

The *Detailed Assessment of Sustainable Public Procurement in Timor-Leste* makes reference to various environmental and procurement regulations and policies so as to capture the essential elements of the methodology relevant to the Timor-Leste context. The principal author is Pedro Aleixo Pereira Guterres, Timor-Leste Junior Expert, under the direction of the research team composed of Ms Elodie Maria-Sube, Key Expert, EU Policy Development and Partnership Building, SWITCH-Asia Policy Support Component (PSC); Dr Lunchakorn Prathumratana, SPP Expert, SWITCH-Asia PSC; Mr Sanjay Kumar, Senior Sustainable Public Procurement (SPP) Expert, SWITCH-Asia PSC; and Mr Sachin Joshi, Sustainable Consumption and Production Expert, SWITCH-Asia PSC.

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Abbreviations and Acronyms

AEMTL	Associação Empresarial das Mulheres de Timor-Leste/Association of Women Entrepreneurs of Timor-Leste
ANLA	Autoridade Nacional de Licenciamento Ambiental (National Environmental Licensing Authority)
ASEAN	Association of Southeast Asian Nations
CBT	Climate budget tagging
CCITL	Chamber of Commerce and Industry of Timor-Leste
CPLP	Community of Portuguese Language Speaking Countries
CSOs	Civil society organisations
DFAT	Department Foreign Affairs and Trade
EIA	Environmental impact assessment
EPA	Economic Partnership Agreement
EU	European Union
GDP	Gross domestic product
GoTL	Government of Timor-Leste
GHG	Greenhouse gas
GPP	Green public procurement
HFCs	Hydrofluorocarbons
HGSF	Home Grown School Feeding
IF	Infrastructure Fund (internal Timor-Leste)
ILO	International Labor Organization
LCA	Life-cycle assessment
LCC	Life-cycle costing
LMs	Line Ministries
M&E	Monitoring and evaluation
MAPS	Timor-Leste Methodology for Assessing Procurement Systems
MSMEs	Micro, small, and medium enterprises
MoE	Ministry of Education
MoF	Ministry of Finance
MoPSI	Ministry of Planning and Strategic Investment
MoPW	Ministry of Public Works
MoSA	Ministry of State and Administration
MoTE	Ministry of Tourism and Environment
NAPA	National Adaptation Programme of Action
NDC	Nationally Determined Contribution

NGO	Non-governmental organisation
NPC	National Procurement Commission
NSDP	National Strategic Development Plan
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PIM	Public Investment Management
PIP	Public Investment Programme
PPL	Public Procurement Law
PROSIVU	Partnership Prosperity and Inclusion
PSC	Policy Support Component
SDG	Sustainable Development Goals
SOP	Standard operating procedure
SPP	Sustainable public procurement
SMEs	Small- and medium-sized enterprises
TCO	Total cost of ownership
TVET	Technical and Vocational Education Training
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
VSS	Voluntary sustainability standards
WB	World Bank
WFP	World Food Programme
WTO	World Trade Organization

Executive Summary

Timor-Leste currently stands at a critical juncture in its journey toward adopting sustainable public procurement (SPP) policies. Nevertheless, the country is well positioned to make significant progress, and by growing its emerging institutional capacity and addressing gaps in coordination, capacity, and stakeholder engagement – and with support in the form of legal and policy frameworks – Timor-Leste can establish itself as a leader in SPP in the region.

This *Detailed Assessment* examines the progress of Timor-Leste in adopting Sustainable Public Procurement (SPP), a crucial step in fulfilling the country's commitments under United Nations Sustainable Development Goal 12.7. The successful implementation of SPP in Timor-Leste will require the collaborative efforts of key stakeholders, government ministries and the private sector. Nonetheless, the National Strategic Development Plan (NSDP) 2011–2030 has already designated sustainability as a core priority for national development, along with promotion of inclusive economic growth while safeguarding environmental protection. A significant advance within the NSDP is perceptible: sustainability is now being prioritised over short-term economic growth, an important difference with respect to procurement processes of the past. While economic growth is acknowledged for its role in job creation and national prosperity, it is vital that such growth not compromise environmental conservation or the well-being of future generations. At the same time, the Timor-Leste *Methodology for Assessing Procurement Systems (MAPS) Report 2024* has indicated that the country lacks specific policies or strategies for implementing SPP, and this *Assessment* addresses this issue in detail.

Legal, regulatory, and policy framework

Timor-Leste laid the groundwork for SPP with the National Strategic Development Plan 2011–2030 (NSDP), placing significant emphasis on environmental stewardship and sustainable growth. The Public Procurement Law (PPL) of 2024 prioritises local economic development by encouraging the participation of the country's large companies as well as small- and medium-sized enterprises (SMEs), promotes the use of local resources, and requires commitment to environmental sustainability. Environmental legislation, such as Decree-Law No. 5/2011 with its amendments, demonstrates the government's adherence to addressing environmental impact in public procurement. These frameworks create a conducive environment for adopting SPP, indicating the path forward for aligning legal and policy instruments with national and international sustainability goals.

Institutional framework and management capacity

The institutional framework for managing public procurement processes and overseeing compliance with national laws and best practices has been set up by the National Procurement Commission under the Ministry of Planning and Strategic Investment. Meanwhile the Public Financial Management (PFM) Reform Unit of the Ministry of Finance is developing procurement policies, setting sustainability targets, and providing training to procurement officers across government entities.

Public procurement operations and market practices

The **Public Procurement Law of 2024** establishes environmental, social and economic sustainability as the key priority for Timor-Leste, to be integrated into procurement processes through development of SPP policy. Procurement decisions must support economic prosperity, conserve the environment, and establish social justice over the long term.

The **National Authority for Environmental Licensing (ANLA)** plays a crucial role in this regard by overseeing environmental impact assessments (EIAs) and issuing environmental licenses for projects. ANLA ensures that public and private sector projects comply with sustainability standards, thereby contributing to environmental protection and SDGs.

Collaboration between ANLA and the **MoPW** is further strengthening the integration of sustainability into infrastructure projects. Partnerships like this ensure that environmental impact is taken into consideration

during project planning and execution. Additionally, cooperation with international development agencies such as the **Asian Development Bank (ADB)** and the **World Bank** provide frameworks for a stronger emphasis on sustainability in public investments, with the provision of technical expertise and resources to promote sustainable procurement practices.

Environmental Impact Assessments (EIAs) and SPP both play crucial roles in promoting environmental sustainability, but in different ways. EIAs evaluate potential environmental impact *before* a project begins, while SPP focuses on the purchasing decisions made by public sector organisations to ensure ensuring that products, services, and works meet required environmental criteria. Together, EIA and SPP complement each other by addressing individual projects as well as the overall procurement strategy to create a more sustainable future.

In Timor-Leste the procurement process is decentralised, with various agencies responsible for handling contracts based on specific financial thresholds. For procurements ranging from USD 500,001 to USD 1 million, **Line Ministries (LMs)** and agencies are tasked with managing from LM Funds and the procurement process. Contracts exceeding USD 1 million, and any project funded under the **Infrastructure Fund (IF)**, must be managed centrally by the **National Procurement Commission (NPC)**. At the municipal level, agencies are responsible for contracts up to USD 500,000 for any projects other than those funded under the IF. This decentralised system aims to streamline procurement procedures while maintaining oversight and ensuring adherence to sustainability and regulatory standards.

Accountability, integrity, and transparency

Maintaining **accountability, integrity, and transparency** in public procurement is essential for the successful adoption of SPP. Timor-Leste has taken steps to build capacity among procurement officials, enhance monitoring systems, and engage stakeholders including civil society organisations (CSOs), which play a crucial role in overseeing government expenditures and ensuring project accountability.

Recommendations

- **Develop a National SPP Policy as the guiding framework** for all procurement officers and stakeholders in the form of a comprehensive strategic plan and roadmap, to align with PPL 2024, specifying sustainability criteria; environmental, social, and economic measures; resources and budget; roles and responsibilities; targets; and monitoring systems.
- **Clarify institutional roles for SPP implementation** by defining clear responsibilities for all government Ministries for integrating sustainability into public procurement, with regular coordination meetings among all entities to streamline efforts and avoid duplication.
- **Collaboration** among all Ministries involved (MoF, MoPSI through NPC, MoPW, and MoTE) will be critical for defining and operationalising environmental and social criteria in procurement processes. By strengthening these inter-agency linkages, Timor-Leste can build the capacity required to mainstream sustainability into procurement practices, aligning with its broader development goals.
- **Integrate Sustainability Criteria into Procurement Evaluations:** Sustainability should become the evaluation criterion in tenders, prioritising energy-efficient and eco-certified products, sustainable materials, and environmentally friendly processes. These considerations should complement traditional criteria like cost and quality. There is a need to provide practical guidelines for integrating sustainability into different stages of procurement cycle.
- **Enhance the Public Procurement Transparency Portal** mandated under PPL 2022 to centralise procurement information and enhance transparency and accessibility, should be further developed into a fully integrated platform to support Timor-Leste's goals of ensuring efficient, transparent, and sustainable procurement processes.
- **Plan for capacity building among procurement professionals and other stakeholders** via targeted SPP training modules to raise their awareness and increase their knowledge and skills

1. Introduction

In today's world, characterised by significant environmental challenges such as climate change, resource depletion and biodiversity loss, the adoption of sustainable public procurement (SPP) has emerged as a critical strategy for mitigating environmental impacts including flooding, cyclones, deforestation, water scarcity, greenhouse gas emissions, waste pollution, and ecosystem degradation. SPP integrates environmental and social measures into public procurement processes to minimise the adverse effects of purchasing decisions that disregard environmental, social, and health considerations. Negative outcomes, such as pollution, resource depletion, human health risks, social inequality, and economic inefficiencies, are addressed through SPP, which not only reduces harm to the environment and human health but also advances broader sustainable development objectives.

In the case of Timor-Leste, SPP holds particular significance as it aligns directly with the country's National Strategic Development Plan (2011–2030). The NSDP designates sustainability as a core priority for national development, advocating for inclusive economic growth while ensuring environmental protection. Notably, sustainability – an aspect currently underrepresented in procurement processes – is prioritised over short-term economic growth. While economic growth is nonetheless recognised as necessary for job creation and national prosperity, it is essential that such growth does not come at the expense of environmental conservation or the well-being of future generations. To this end, the current government programme emphasises the integration of environmental considerations into decision-making, highlighting the need to strengthen institutional and legal frameworks for the sustainable management of natural resources. Timor-Leste has already enacted a comprehensive set of laws and policies for environmental protection, supported by a regulatory framework that facilitates the development of SPP policy to introduce procurement criteria that not only prioritise sustainability but also guide the selection of goods and services. These criteria are intended to mitigate environmental and social risks and to contribute to long-term economic growth by promoting green technologies, social responsibility, and efficient resource utilisation, ultimately fostering economic diversification.

The 2024 MAPS report¹ indicates that Timor-Leste currently does not have a dedicated policy or strategy to implement SPP in alignment with national policy objectives, and that no implementation plan has been developed.

Timor-Leste faces significant environmental challenges, such as deforestation, climate vulnerability, and escalating extreme weather events, including prolonged rainfall and severe droughts. These challenges are compounded by the broader environmental risks posed by climate change, resource depletion, and the degradation of ecosystems. In response to these critical issues, the government has ratified several international agreements aimed at fulfilling the country's environmental obligations. Notably, Timor-Leste has ratified the Paris Agreement, reflecting its commitment to global climate action and adherence to the United Nations Framework Convention on Climate Change (UNFCCC). Additionally, the country has submitted its initial Nationally Determined Contribution (NDC) to the UNFCCC Secretariat, in accordance with decisions 1/CP.19 and 1/CP.20.

In addition to a commitment to international agreements, Timor-Leste's Constitution underscores the country's dedication to environmental protection and sustainable development. Articles 6 and 61 mandate the promotion of policies that conserve natural resources, biodiversity, and ecosystems, ensuring that development does not compromise the environment. To this end, the government has developed a comprehensive array of national strategic frameworks, policies, and legislation aimed at fostering sustainable development and environmental stewardship.

The SWITCH-Asia Policy Support Component (PSC) offers direct assistance to government agencies and regional entities in the development of SPP policy by incorporating environmental sustainability into procurement criteria. A technical advisory was launched on 18 June 2024, with the participation of various

¹ The Methodology for Assessing Procurement Systems (MAPS; <https://www.mapsinitiative.org/about/>) is the only tool that assesses public procurement systems in their entirety. It is universal and can be used by all countries regardless of income level or development status.

government bodies, as well as national and international non-governmental organisations (NGOs). The aim of this Detailed Assessment is to evaluate how key government institutions, including the Ministries of Finance (MoF; specifically, the Public Finance Management Reform unit), Planning and Strategic Investment (MoSPI; specifically the National Procurement Commission), Tourism and Environment, and Public Works, can collaborate together effectively. The technical advisory seeks to identify and address existing gaps, analyse opportunities, and develop an SPP policy framework for the government.

2. Analysis of Country Context

2.1. Political, economic and geostrategic situation of Timor-Leste

Timor-Leste, with a total population of 1.3 million people, is classified by the World Bank as a lower middle-income country. Geographically, the country occupies the eastern half of the island of Timor; the western half is part of Indonesia. Timor-Leste became independent in 2002 and is currently working towards full membership in the Association of Southeast Asian Nations (ASEAN).² On February 26, 2024, it officially became a member of the World Trade Organization (WTO).³ To strengthen its economic ties and trade relations with EU nations, the country has expressed interest in applying for an Economic Partnership Agreement (EPA).⁴

The head of state in Timor-Leste is the President, elected through popular vote for a five-year term. The President's competencies include appointing the Prime Minister, vetoing legislation, and representing the country in foreign affairs. Members of the National Parliament are also elected by popular vote for five-year terms. As a member of the international community, Timor-Leste has various obligations stemming from its participation in international organisations and treaties.

Timor-Leste became a member of the United Nations in 2002,⁵ with obligations to uphold international peace and security, comply with the UN Charter, and contribute to UN initiatives and programmes. The country is also actively engaged in international cooperation and diplomatic efforts, and is a signatory to various environmental treaties, including the Paris Agreement on climate change and the Convention on Biological Diversity, which commit Timor-Leste to combat climate change, protect biodiversity and promote sustainable development.

Timor-Leste has been recognized as an observer in ASEAN, and aims to become a full member. It is also a member of the Community of Portuguese Language Countries (CPLP),⁶ which entails obligations related to cultural, economic, and political cooperation. As a World Trade Organization member, Timor-Leste must adhere to global trade rules and regulations, including those related to tariffs, trade practices, and dispute resolutions. The country is committed to upholding international humanitarian law, including the Geneva Conventions, which set standards for the treatment of individuals during armed conflict.

These international obligations mean that Timor-Leste is required to align its national laws and policies with global standards, participate actively in global and regional initiatives, and report on compliance and progress in various areas.

2.2. National frameworks, objectives, goals and agendas

Timor-Leste has been developing and implementing various policies aimed at promoting environmental sustainability, including in strategic development, climate change, sustainable development and the green agenda.

2 ASEAN approved observer status for Timor-Leste: <https://en.tatoli.tl/2023/11/15/asean-approves-defense-observer-status-for-timor-leste/19/>

3 Timor-Leste officially become WTO member: <https://timor-leste.gov.tl/?p=16969&lang=en>

4 Timor-Leste first partnership dialogue with EU: https://www.eeas.europa.eu/delegations/timor-leste/timor-leste-first-partnership-dialogue-european-union-takes-place-dili_en. See also https://policy.trade.ec.europa.eu/development-and-sustainability/economic-partnerships_en.

5 UNANIMOUS ASSEMBLY DECISION MAKES TIMOR-LESTE 191ST UNITED NATIONS MEMBER STATE <https://press.un.org/en/2002/ga10069.doc.htm>

6 Summit of the Community of Portuguese Language Countries [CPLP] to take place in Dili next week <https://timor-leste.gov.tl/?p=10301&lang=en>

The Constitution of the Democratic Republic of Timor-Leste, particularly Articles 6 and 61, focuses on the environment and sustainable development. Article 61 states:

1) Everyone has the right to a humane, healthy, and ecologically balanced environment and the duty to protect and improve it for the benefit of future generations. 2) The State shall recognise the need to preserve and rationalise natural resources. 3) The State should promote actions aimed at protecting the environment and safeguarding the sustainable development of the economy.⁷

These constitutional articles provide a strong foundation for establishing a sustainable public procurement (SPP) policy.

Timor-Leste's **National Strategic Development Plan (NSDP) 2011–2030** aims to ensure sustainable and inclusive economic growth that protects and preserves the environment for future generations. This commitment is also reflected in the current government programme that prioritises environmental concerns. The programme summary of the current government highlights the importance of strengthening institutional and legal frameworks for the sustainable use of natural resources. To promote environmental awareness, the government aims to improve intersectoral coordination to include environmental concerns in development programmes, and to strengthen national and international partnerships for improved environmental management.

In addition, the Timor-Leste **Public Financial Management (PFM) Reform Strategy 2022–2027** outlines PFM priorities that cover resilience to climate change and disaster risks, along with the sustainability of climate-resilient policies (Component 3, Enhance Policy-based Planning and Programme-based Budgeting).⁸ The PFM Reform Strategy also includes green public procurement (GPP) as an element for strengthening public procurement practices (Component 4, Strengthen Public Spending). These comprehensive measures demonstrate Timor-Leste's commitment to integrating environmental sustainability into public policies and governance frameworks.

Decree-Law No. 41/2022, which establishes the Autoridade Nacional de Licenciamento Ambiental (National Environmental Licensing Authority) (ANLA) as a public institution, provides a framework for environmental impact assessments (EIAs) aiming to promote sustainable development and environmental protection. This decree designates ANLA as the principal authority responsible for overseeing environmental licensing processes, and responsibilities include analysing applications, issuing opinions, disseminating information, facilitating negotiations related to impact agreements, and making or proposing final decisions on environmental assessments based on project categories. This initiative reflects the strong commitment of Timor-Leste's government to environmental protection.

The current procurement criteria do not include specific requirements related to SPP, as there is currently no SPP policy in place. However, the 2024 Public Procurement Law (PPL) contains provisions that align with SPP principles.

The **Public Procurement Law (PPL)** of 2024, referred to as the Procurement Code, includes several key provisions aimed at promoting national economic, social, and environmental sustainability through public procurement practices. These provisions are outlined in the Articles described below.

1. **Article 88** grants the contracting authority discretion to require that tenders contribute to national economic and social development, including by fostering innovation, creating local jobs, and facilitating the transfer of technology or know-how to national employees and suppliers. Additionally, the contracting authority may mandate that a specified proportion of goods and services be sourced from local or national providers and that a minimum number of national employees be employed in the project.
2. **Articles 86(3) and 86(4a-c)** outline the criteria for procurement preferences aimed at supporting the national economy:

⁷ Constitution of the Democratic Republic of Timor-Leste. https://timor-leste.gov.tl/wp-content/uploads/2010/03/Constitution_RDTL_ENG.pdf

⁸ Timor-Leste's PFM reform strategy of 2022 to 2027, pp.15–16.

- a. **Tender requirements:** The contracting authority is obligated to specify percentage increases in the tender programme, based on the supplier's willingness to contribute to national economic development. These percentage increases may also vary depending on the number of years the supplier has been involved in economic activity.
- b. **Eligibility criteria for domestic suppliers:** Domestic suppliers are eligible for procurement preferences if they meet one of the following conditions:
 - **Goods:** At least 30% of the value must be derived from local production, or the goods must be sourced from Timor-Leste.
 - **Works:** At least 40% of inputs must be sourced locally, and at least 80% of the workforce must be Timorese nationals.
 - **Services:** At least 60% of the personnel employed by the supplier must be Timorese nationals.
3. **Article 74(3.d)** highlights the importance of considering the **environmental and social sustainability** of contract execution, especially in relation to transportation logistics and the timely availability of goods. This article emphasises the need for **certified, locally sourced, and environmentally sustainable products**.
4. **Article 42(3.d)** focuses on environmental solutions, including environmental restoration services, sustainable infrastructure projects, and the promotion of clean products and technologies. It also stresses the importance of services and goods that contribute to the preservation of environmental heritage.
5. **Article 16** stipulates that public administrative services and entities must prioritise and ensure that economic operators implement practices that promote environmental, social, and economic sustainability during contract performance. This ensures that procurement practices do not compromise the ability of future generations to meet their own needs.
6. **Article 14.2** mandates that contracting authorities ensure compliance with applicable regulations regarding social, labour, environmental, gender-equality, and anti-corruption measures in the formation and execution of public contracts.
7. **Article 10** emphasises that public administrative services and entities must contribute to the development of the national economy through their procurement and contracting activities. This goal can be achieved by prioritising goods that are extracted, produced, or grown within national territory, and by sourcing goods and services from domestic suppliers, where permitted by the Code. Additionally, procurement procedures should be adapted to reflect the socio-economic realities of Timor-Leste.

Although the PPL of 2024 emphasises the importance of environmental, social, and economic sustainability, gaps remain in the implementation of these provisions in actual practice because no secondary regulations exist to manage SPP in a holistic manner.

Decree Law No. 26/2012,⁹ the environmental framework law, stipulates how to conserve and protect the environment, creating a legal system to define principles for environmental conservation, sustainable resource use, and integrated environmental management. The right to a clean environment as a fundamental human right and a state responsibility is emphasised, and national objectives are aligned with international commitments through various ratified conventions. This law establishes a legal framework to meet constitutional and international environmental protection obligations.

Timor-Leste has begun addressing the issue of plastic pollution with the aim of reducing plastic use and promoting sustainability. The country's commitment to environmental sustainability and public health is demonstrated through policies such as **Decree Law 37/2020**, which sets a goal of achieving zero plastic. The implementation of this zero-plastic initiative has already begun with various grassroots efforts. Since the enactment of this law, several local supermarkets and restaurants, particularly those owned by foreigners, have ceased using plastic bags for packaging. There has been a noticeable shift in community behaviour, especially among individuals with higher education levels and those employed by

9 Framework Law on the environment: decree law no: 26/12 of 4 July https://www.mj.gov.tl/jornal/public/docs/2012/serie_1/serie1_no24.pdf

international organisations, who are increasingly using paper or reusable bags for shopping. Additionally, some large retailers have stopped selling plastic bags to customers. Although these changes represent progress, significant challenges remain: people with lower education levels, and small businesses in local markets continue to use and sell plastic bags, indicating that more efforts are needed to address this issue comprehensively.

The National Biodiversity Strategy and Action Plan (NBSAP) of Timor-Leste (2011-2020)¹⁰ sets a comprehensive framework for conserving Timor-Leste's biodiversity. By focusing on conservation, sustainable use, equitable benefit-sharing, capacity building, and policy strengthening, the Action Plan aims to protect the country's rich natural heritage while supporting sustainable development. The involvement of local communities and the integration of biodiversity considerations into various sectors are critical to achieving the goals outlined in the NBSAP.

Government Resolution No. 33/2011,¹¹ approving the National Adaptation Programme of Action (NAPA) for Climate Change, establishes a strategic framework for addressing the urgent and immediate adaptation needs of Timor-Leste. By prioritising vulnerable sectors and communities and implementing targeted adaptation actions, NAPA aims to enhance resilience, protect livelihoods, and promote sustainable development in the face of climate change.

The **Nationally Determined Contribution (NDC) for Timor-Leste (2022–2030)**¹² outlines the country's commitments and strategies to mitigate climate change and adapt to its destructive repercussions in alignment with the Paris Agreement. Timor-Leste is committed to developing a comprehensive national greenhouse gas (GHG) inventory, enhancing the collection and analysis of relevant activity data to support the nation's mitigation objectives. Although the establishment of a robust national GHG inventory is contingent upon securing the necessary technical support and financing, the government's commitment to creating a national framework for this inventory is unequivocal. Furthermore, Timor-Leste intends to formulate a national low-carbon development strategy aimed at aligning the country's long-term development goals with the Paris Agreement and the target of limiting global temperature rise to 1.5 degrees Celsius, as outlined in article 4.1 of the Paris Agreement. The development of this low-carbon strategy is resource-intensive and will necessitate both financial and technical support along with technology transfer. To advance its climate goals, Timor-Leste plans to ratify the Kigali Amendment to the Montreal Protocol, which will facilitate the creation of a hydrofluorocarbons (HFCs) phase-out management plan. This plan aims to broaden the scope of Timor-Leste's NDC to encompass activities essential for an economy-wide phase-out of HFCs. While the commitment to ratify the Kigali Amendment is unconditional, effective implementation will require additional technical support and financing to ensure that the necessary capacity is established for the development of the HFC phase-out management plan. In addition, the government is currently engaging with stakeholders to consult on a draft decree-law that will establish a legal framework for the registration, installation, exploration, licensing, supply, marketing, promotion, financing, and incentivisation of electricity produced from renewable energy sources. This legal framework will also regulate the production of electricity intended for self-consumption.

There have been no comprehensive assessments of UN Sustainable Development Goal 12 to date. On September 23, 2015, the Government of Timor-Leste adopted the 2030 Agenda for SDGs through **Government Resolution No. 34 of 2015**. This resolution and the directive issued by the government, **No. 038/2015/XII/PM** on December 22, 2015, empowered the government to establish a working group on SDG implementation, chaired by the Prime Minister's office. The Working Group was tasked with identifying how the global goals of the 2030 agenda could be aligned with the NSDP 2011–2030, and was responsible for designating government agencies for each of the 169 SDG targets as well as for integrating these targets into the Programme of Constitutional Government. The Working Group included representatives from ministries and units responsible for planning, budgeting, monitoring and implementing the NSDP. The resolution additionally recommended that the Timor-Leste Government align its planning and budgeting systems with the SDGs and the Government Decree on amendment to the Decree no. 1/2016, of February 1st (Budget Execution), which mandated the inclusion of SDGs in annual plans and budgets.

10 The National Biodiversity Strategy and Action Plan of Timor-Leste 2011-2020, 2011. Democratic Republic of Timor-Leste

11 Government Resolution No. 33/2011, approving the National Adaptation Programme of Action (NAPA) for Climate Change, establishes a strategic framework for addressing the urgent and immediate adaptation needs of Timor-Leste https://www.mj.gov.tl/jornal/public/docs/2011/serie1/serie1_no39.pdf

12 Nationally Determined Contribution Timor-Leste 2022–2030. Office of Secretary of State for the environment Timor-Leste.

Figure 1 below summarises the composition of the SDGs working group.¹³

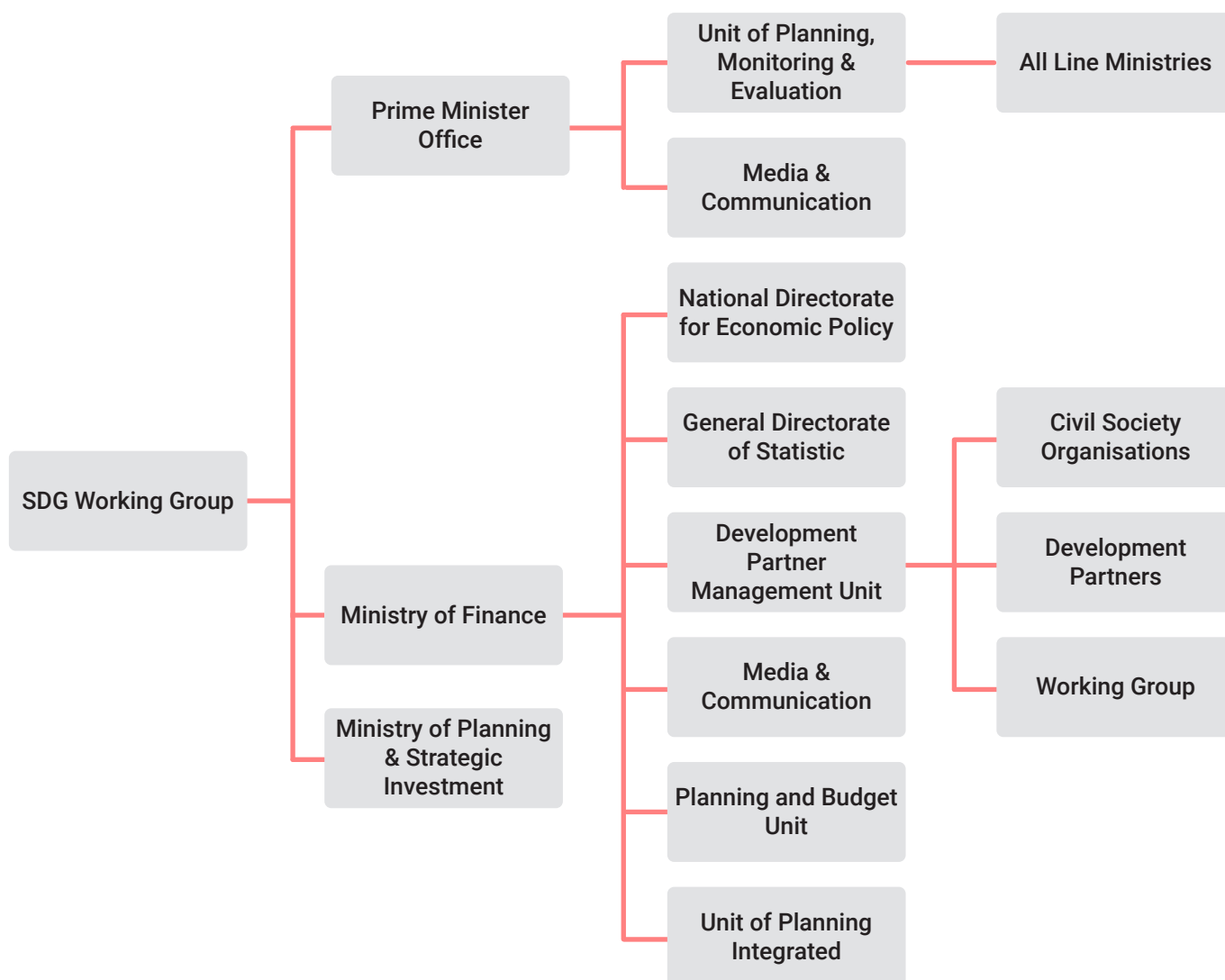


Fig. 1. Composition of the Sustainable Development Goals (SDGs) working group

2.3. Linking the Public Procurement System with finance and public governance

Public procurement in Timor-Leste is a critical function that supports the delivery of public services and the implementation of development projects. Annual procurement spending by the government of Timor-Leste is estimated at USD 542 million,¹⁴ which is around 40% of total expenditure and the majority of expenses covering infrastructure projects, representing a total of 55%.

By adhering to principles of transparency, accountability, efficiency, and fair competition, the procurement system aims to ensure that public resources are used effectively, and that public trust is maintained. Continuous improvements in regulatory frameworks are essential to addressing the challenges and enhancing the overall effectiveness of public procurement in Timor-Leste.

To address the critical needs of the public procurement process, the Government of Timor-Leste established the National Procurement Commission (NPC) on March 30, 2011 under **Decree Law (DL) No. 14/2011**.¹⁵ This Decree Law has since been replaced by **Decree Law No. 3/2023**. The NPC supports the implementation of public procurement through established, relevant policies to promote economic development by fostering

¹³ Timor-Leste road map for the implementation of 2030 agenda and SDGs https://timor-leste.gov.tl/wp-content/uploads/2017/08/UNDP-Timor-Leste_SDP-Roadmap_doc_v2_English_220717.pdf, p. 11.

¹⁴ Public Expenditure and Financial Accountability (PEFA) Assessment 2018: Public Financial Management Performance Report, 2020. PEFA Secretariat, p. 125.

¹⁵ Establishment of the NPC may be consulted here: https://www.mj.gov.tl/jornal/public/docs/2011/serie_1/serie1_no12.pdf

open and competitive bidding processes, which in turn help create a level playing field for suppliers while encouraging more businesses to participate in public procurement – and in this way national economic growth and development is promoted. The NPC also ensures that effective procurement processes are in place for implementing national development plans and infrastructure projects, and that the resources are used efficiently and effectively to promote procurement practices supporting the SDGs, such as environmentally friendly procurement policies.

There are varying degrees of control and responsibility distributed among the NPC and line ministries as well as government agencies. The NPC is a central procurement body responsible for overseeing procurement processes, ensuring adherence to law and regulation; it is also responsible for the development and enforcement of standard operating procedures (SOPs) to standardise procurement practices across government entities, including providing training for procurement officials to improve their skills and knowledge in procurement. The NPC directly handles procurement valued at more than USD 1 million.

Public financial management (PFM) reform in Timor-Leste is essential for promoting the efficient, transparent and accountable management of public resources, including support for better service delivery, fiscal stability, economic growth and sustainable development. One of the priority components of the Public Financial Management (PFM) reform strategy for the period 2022–2027 is the enhancement of policy-based planning and programme-based budgeting. Within this component, a key sub-component focuses on strengthening Public Investment Management (PIM) for which the following action should be implemented:

- Create a policy framework for public investment management (PIM) that will include
 - developing PIM manuals and guidelines in order to provide a clear and robust guide for formulating the public investment programme (PIP)
 - enhancing the efficiency of capital spending
 - strengthening project evaluation, and
 - addressing significant capacity gaps in project development.
- Conduct an assessment of capacity-building needs for PIM across all line ministries to strengthen the investment budget plan. The objective is to
 - identify the strengths and weaknesses of investment projects to pinpoint priority areas for improvement
 - inform public policy
 - enhance investment sustainability, and improve the quality and reliability of the budget for public investment projects.

In 2023, the Government of Timor-Leste introduced Climate Budget Tagging (CBT) as part of the public finance management framework within the government’s planning and budgeting system. Within the CBT framework, two distinct Climate Budget Markers were integrated within the government’s planning and budgeting system for the year 2024, and were applied at the activity level (see Table 1).

Table 1. Climate Budget Tagging (CBT) and Climate Budget Markers (CBMs)

Marker	Definition
Highly Relevant (H)	This category applies to activities with a clear primary objective of producing specific results that improve climate resilience or contribute to climate-change mitigation and the sustainable use of natural resources. Examples: expenditures aimed at reducing the risk of natural disasters, supporting the energy transition, preventing the over-exploitation of fisheries resources, etc.
Relevant Medium (M)	This category applies to activities with secondary objectives related to building climate resilience or contributing to climate-change mitigation and sustainable use of natural resources. Example: irrigation extension activities initially implemented to improve livelihoods, but that also result in greater protection against droughts.

2.4. Public Procurement Reform

The Timor-Leste **Methodology for Assessing Procurement Systems (MAPS)¹⁶ Report 2024** provides a thorough examination of the evolution of public procurement reforms in Timor-Leste, tracing their origins to the initial analysis in the **2003 Country Procurement Assessment Report (CPAR)**, which laid the groundwork for subsequent reforms aimed at enhancing the country's procurement system. A key outcome of these reforms was the establishment of a new legal and institutional framework, which continues to underpin the public procurement process today.

Central to this framework is **Government Decree Law No. 10 of 2005**, which outlines the fundamental principles of public procurement in Timor-Leste. This legislation defines key procurement principles and assigns responsibilities to various entities overseeing procurement activities, with procurement thresholds determining the scope of their authority. However, despite these advancements, challenges persist within the existing legal framework, in particular the absence of implementing regulations, which hinders effective enforcement and compliance. Furthermore, existing guidance materials for procurement practitioners are insufficient, with the ten *Best Practice Guides* published so far now out of date and not reflective of the current legal provisions.

In response to these issues, the **Public Procurement Law (PPL 2022)**, which came into effect on January 1, 2023, represents a significant step forward in modernising and consolidating the previously fragmented legal framework. The primary objective of PPL 2022 is to establish a more transparent, streamlined, and effective procurement system, which is critical for Timor-Leste's economic and social development.

Nonetheless PPL 2022 marked a notable improvement in public procurement reform: it did make provisions for integrating elements of environmental and social sustainability into procurement decisions, which is essential for aligning procurement practices with broader national and international development objectives, particularly the 17 SDGs of the UN 2030 Agenda. The 2024 MAPS report emphasises that Timor-Leste currently lacks a specific policy or strategy to implement SPP in support of national policy objectives, and that no implementation plan has been developed.

While progress has been made, further efforts to ensure alignment with both national and international development goals are required to fully embed sustainability principles within the procurement process. The provisions within the PPL 2022 should be supplemented by practical guidance on integrating sustainability concepts at all stages of the procurement cycle. Additionally, capacity-building initiatives are necessary to ensure the effective application of sustainability principles in practice.

To support the implementation of SPP, the 2024 MAPS report outlines several key steps:

1. *Development of a Policy/Strategy for SPP*: A clear policy or strategy should be developed to guide the implementation of SPP in alignment with broader national policy objectives.
2. *Implementation Plan for SPP*: An in-depth assessment should be conducted to prepare an implementation plan for the SPP policy/strategy, identifying the accountable institutions, required systems and tools, and necessary capacity-building measures.
3. *Provisions within the PPL*: The PPL should include provisions to incorporate sustainability – encompassing economic, environmental (including climate change), and social factors (including gender-responsive procurement) – across all stages of the procurement cycle, from planning to contract completion.
4. *Practical Guidance and Capacity Building*: The provisions in the PPL should be supported by practical guides on integrating sustainability considerations along with capacity-building initiatives to ensure effective implementation.

In addition, PPL 2024 also mandates specific procedures to enhance procurement transparency and accessibility: Article 17 requires that all procurement advertisements be published on the Procurement Portal in one of the official languages of Timor-Leste. Furthermore, procurement procedures involving an

¹⁶ See note 1, above.

invitation to tender must be published in at least one national newspaper in both official languages. For contracts exceeding USD 1 million, advertisements must be placed on at least two international electronic platforms in any of the official or working languages.

A centralised online procurement portal is available at <https://www.mof.gov.tl/government-procurement/eprocurement-portal/?lang=en>. However, the portal's functionality remains limited, with public access restricted. While it supports the publication of documents (tender announcements, contract awards, and some sample bidding documents), detailed contract awards, full bidding documents, and procurement statistics are not publicly available.

Currently, e-procurement is neither widely adopted nor systematically implemented in Timor-Leste. The country lacks a comprehensive e-procurement system to manage the bidding process, and procurement activities are still largely conducted manually. The role of the portal is limited to publishing tender announcements and contract awards.

The Government of Timor-Leste has not yet initiated a formal planning process for developing a fully operational e-procurement system. No readiness assessments, strategies, or roadmaps for e-procurement have been formulated. However, the inclusion of provisions for the development of an e-procurement system within PPL 2022 marks a positive step forward. Although a fully operational e-procurement system has not yet been established, the legal framework now facilitates all future development.

2.5. Stakeholder Analysis

Table 2 provides a list of the names and responsibilities of public and private SPP organisations and agents with a role in implementing SPP in Timor-Leste.

Table 2. Stakeholders in Sustainable Public Procurement (SPP) in Timor-Leste

Name	Responsibilities
Government of Timor-Leste	
Ministry of Planning and Strategic Investment through National Procurement Commission (NPC)	<ul style="list-style-type: none"> • Manage and oversee the procurement of goods, services and works for various government entities above USD 1 million • Ensure that all procurement activities comply with national laws, regulation and best practice • Establish guidelines and procedure to standardise procurement processes across government agencies • Promote transparency and fairness in the procurement process • Provide training and support to procurement officers and others stakeholders involved in the procurement process • Continue seeking improvement of the procurement process by adopting innovative practices and technologies
Ministry of Finance	<ul style="list-style-type: none"> • Develop and implement policies (draft legislation, regulations and guideline to support PFM reform) aimed at improving the management of public finance • Develop strategic planning involving setting long term objectives, identifying priorities and designing action plans to achieve the desired outcomes in PFM • Coordinate with various government departments and agencies • Build capacity of government officials and institutions to effectively implement PFM reforms, including the organisation of regular PFM training programmes, workshops and provision of technical assistance

Ministry of Tourism and Environment	<ul style="list-style-type: none"> • Protect and conserve Timor-Leste's natural resources and biodiversity, including by creating and enforcing environmental laws, managing protected areas, and promoting conservation initiatives • Raise awareness and educate the public about environmental issues, including conducting awareness campaigns, educational programmes, and workshops to inform citizens about the importance of environmental preservation • Develop and implement strategies to mitigate the effects of climate change and help communities adapt • Control pollution and manage waste effectively and protect the country's biodiversity and managing ecosystems
Ministry of Public Works	<ul style="list-style-type: none"> • Design, execute, and evaluate policies approved by the Council of Ministers regarding public works, housing, water, sanitation, electricity, and urban planning • Key responsibilities include proposing and implementing policies in all those areas, coordinating land use and national housing plans with the Ministry of Planning, enforcing legal frameworks, and overseeing construction activities • Protecting and maintaining infrastructure such as bridges, roads, and water resources, promoting new infrastructure systems, and supervising construction project • Licensing and inspecting urban buildings, establishing construction standards, and managing electricity infrastructure, including planning and expanding the national electricity grid • Coordination of renewable energy initiatives and collaboration with other government bodies in related sectors
Ministry of Agriculture, Livestock, Fishery and Forestry	<ul style="list-style-type: none"> • Promote agricultural development, including crop production, horticulture, and sustainable farming practices • Oversee the development and management of the livestock sector, including the promotion of sustainable livestock farming practices • Manage the country's forests, promoting sustainable forestry practices and conservation • Ensure food security and improve nutrition for the population by implementing programmes to increase food production, improve food distribution, and promote nutrition education
International entities involved in Sustainable Public Procurement in Timor-Leste	
The International Trade Centre (ITC) and World Trade Organization (WTO)	Development of the SPP tool to be shared with the Timor -Leste Government
Asian Development Bank (ADB)	The ADB's country partnership strategy for Timor-Leste from 2023 to 2027 emphasises the development of climate-resilient infrastructure and essential services, while also enhancing the conditions necessary for economic diversification.
World Bank (WB)	The World Bank (WB) is supporting the Government of Timor-Leste through the Ministry of Finance, specifically in implementing procurement reforms. The Methodology for Assessing Procurement Systems (MAPS) has been finalised and certified, and is being prepared for official launch by the government. Additionally, the WB will assist the government in developing secondary regulations for procurement once the new procurement law is approved.

Department of Foreign Affairs and Trade (DFAT) Project of Parseria ba Prosperidade Inklusivu or Partnership for inclusive Prosperity (PROSIVU)	<p>PROSIVU is supporting the Timor-Leste government through MoF, MoPSI and Ministry of Foreign Affairs and Cooperation (MoFAC) in good governance and economic development.</p>
Donors involved or linked to Sustainable Public Procurement (SPP)	<ul style="list-style-type: none"> • European Union Programme: Focus in the area of environment: Agroforestry, Land green, Direct Budget Support (DBS) of public finance management (PFM), DBS of Decentralisation • International Labour Organisation (ILO): Agroforestry Project, which seeks to promote peaceful, inclusive, and sustainable development in Timor-Leste by enhancing rural access, generating employment, and creating economic and household revenue opportunities through agro-forestry initiatives. ILO aims to achieve a lasting reduction in food insecurity and malnutrition in rural communities (this initiative is funded by the European Union). • OXFAM Timor-Leste: carbon farming for the country with the Rai Matak Project. The subsistence farmers of Timor-Leste face significant challenges due to climate change. Oxfam is enhancing the use of climate-smart practices in rural areas, including reforestation and carbon farming. These initiatives provide economic benefits to farmers, particularly women, and also bolster social enterprises in rural communities (this project is funded by the European Union).
Chamber of Commerce and Industry of Timor-Leste (CCITL)	<p>Established in April 2010, the CCITL serves as the primary representative body for businesses and associations in Timor-Leste. The main goal is to advocate for member interests in policy-making, while offering services to improve their skills and performance, ultimately fostering private-sector growth. CCITL acts as a strategic partner for the government and aims to unify the voices within the private sector. Their mission includes partnering with various administrations, protecting member interests, facilitating skill transfers, promoting sustainable development, encouraging networking, collaborating with similar organisations, and engaging in policy advocacy.</p>
Associação Empresarial das Mulheres de Timor-Leste / Association of Women Entrepreneurs of Timor-Leste (AEMTL)	<p>The AEMTL is a business-focused association dedicated to representing and advocating for the interests and aspirations of all women entrepreneurs in Timor-Leste. The AEMTL is mindful of the diverse interests and expectations of its members, and thus the active participation of both internal members and external stakeholders is central to their programming approach.</p>
CALTECH Timor-Leste	<p>CALTECH, a local recycling company in Timor-Leste, specialises in producing recycled landscaping products. The government has already incorporated CALTECH's products into various projects, recycling approximately 153 tonnes of plastic and glass for public initiatives.</p>

3. Assessment of country preparedness for SPP

3.1. Legal, regulatory and policy framework

Public procurement legal framework for integrating sustainability in purchasing decisions

The Public Procurement Law (PPL) of 2024, particularly in Articles 10, 86 (3), (4.a, b, c) and 88, outlines key provisions aimed at fostering national economic development through public procurement. The law prioritises the use of locally sourced goods and services and supports domestic suppliers as a strategy to stimulate economic growth.

Key Provisions of the PPL of 2024

1. *Promotion of the National Economy*: Procurement processes must prioritise local goods, services, and suppliers, adapting to the socio-economic context of Timor-Leste. This approach seeks to strengthen local industries and contribute to national economic growth.
2. *Eligibility Criteria for Domestic Suppliers*: Domestic suppliers may benefit from procurement preferences if they meet specific conditions:
 - **Goods**: At least 30% of the value must be derived from local production
 - **Works**: At least 40% of inputs must be sourced locally, and at least 80% of the workforce employed must be nationals of Timor-Leste
 - **Services**: At least 60% of the personnel employed must be nationals of Timor-Leste
3. *Contribution to Development Goals*: The contracting authority has the power of decision to require tenders to contribute to broader national goals, such as economic, social, and innovation objectives, including the creation of local jobs, technology transfer, and establishing quotas for local goods, services, and employees.

This legal framework is designed to promote sustainable and inclusive growth by supporting local industries and facilitating the transfer of knowledge and technology. However, despite efforts to use local resources and generate employment opportunities, a significant shortage of skilled local labour persists, particularly in sectors such as construction and infrastructure. This gap has resulted in a reliance on foreign workers from Indonesia, the Philippines, Myanmar, and China to meet the demand for skilled labour.

While the **PPL of 2024** contains provisions that address **sustainability concerns**, secondary regulations are currently lacking for the management of SPP in a comprehensive and systematic manner. Moreover procurement practitioners at the **National Procurement Commission (NPC)** have observed that the enforcement of **environmental sustainability** measures is rigorously applied only to projects funded by development partners such as the **Asian Development Bank (ADB)** and the **World Bank (WB)**, because these institutions have established SPP policies and their procurement criteria incorporate sustainability. This observation suggests that, while the 2024 Public Procurement Law provides a framework for the development of SPP policy, *additional regulatory measures and consistent enforcement will be necessary to ensure comprehensive application across all procurement activities.*

Regulations and tools for implementing sustainable procurement

In an era when sustainable development has emerged as a global imperative, Timor-Leste recognises the critical importance of integrating environmental sustainability into its constitutional framework. Articles 6 and 61 underscore this commitment, and Article 16 of the PPL 2024 emphasises the significance of sustainability in procurement practices by incorporating environmental sustainability into these practices. Collectively, these legislative frameworks reflect a strong dedication not only to economic sustainability but also to social equity.

Despite these commitments, there is currently no SPP policy in place, which means there is no obligation to integrate sustainability throughout the procurement process. This gap can be attributed to limited awareness among both producers and consumers regarding available tools, such as eco-labels, and life-cycle costing (LCC) or life-cycle assessment (LCA). These tools are essential for informing consumers about the environmental and economic impact of products, works, and services throughout their life cycle.

Enabling policy and strategic framework for implementing sustainable procurement

Timor-Leste's National Strategic Development Plan (NSDP) 2011–2030 emphasises environmental sustainability as a core element of the country's long-term development agenda. Recognising the link between a healthy environment and sustainable development, the NSDP outlines several strategic goals and initiatives to promote environmental protection and sustainable resource management.

The current government programme highlights the environment as a key priority. The programme summary calls for the need to strengthen institutional and legal frameworks for the sustainable use of natural resources. To enhance environmental awareness, the government emphasises improving intersectoral coordination to incorporate environmental considerations into development programmes, while at the same time reinforcing both national and international partnerships for a higher level of environmental management (Government of Timor-Leste, 2024).

The **National Biodiversity Strategy and Action Plan (NBSAP) of Timor-Leste (2011–2020)** reflects the country's commitment to ensuring sustainable development while conserving the country's rich biodiversity. The strategy and actions outlined in the NBSAP indicate that Timor-Leste aims to protect its natural heritage and improve the well-being of its people.

Timor-Leste's Nationally Determined Contribution (NDC) for 2022–2030 reflects the country's commitment to addressing climate change and contributing to global efforts to limit temperature rise and build resilience to climate impacts. Through these strategies and actions, the goal of Timor-Leste is to achieve sustainable development while protecting its natural environment.

3.2. Institutional framework and management capacity

Leveraging CBT to enhance SPP and climate resilience in Timor-Leste

Implementing climate budget tagging (CBT), which involves identifying, tracking and reporting on expenditures related to climate initiatives, by means of the government's annual plan in Timor-Leste, is a strategic approach to managing climate finance. This process will allow Timor-Leste to ensure that financial resources are allocated and used effectively to address climate challenges. By improving transparency and accountability in financial management, CBT can significantly contribute to the effectiveness of the country's climate action efforts.

In 2023, the Government of Timor-Leste implemented CBT into the public finance management framework. Initially this initiative was introduced as a pilot programme for three specific ministries: MoPW, the MoTE, and the Ministry of Agriculture and Fisheries. The pilot allowed the government to test the CBT system, refine processes based on practical experiences, and gather feedback. An assessment of the CBT's effectiveness in tracking and managing climate-related expenditures provided valuable insights that informed the development of a more comprehensive approach.

Recognising the importance of integrating climate into the public sector, the government decided to expand the CBT initiative to include all municipal administrations and authorities, reflecting the government's commitment to climate action and demonstrating a proactive approach to addressing climate challenges. Timor-Leste's financial resources are thus strategically ensured and allocated to meet climate goals and prepare for future environmental repercussions.

In 2024, the CBT will broaden its scope to encompass all municipal administrations and authorities, which, as part of the planning process for the Annual Action Plan of 2024, will be required to conduct a thorough

analysis of their activities. The extent to which their initiatives support climate resilience and address the challenges posed by climate change will be assessed. This strategic decision highlights the government's unwavering commitment to climate adaptation and mitigation, ensuring that Timor-Leste is well-equipped to confront urgent climate challenges at all governance levels.

Key institutions for implementing SPP

The National Procurement Commission under the MoPSI is responsible for procurement management, and oversight responsibilities include ensuring that all procurement activities comply with national laws, regulations and best practices. This will involve establishing guidelines and procedures to standardise procurement processes across government agencies, promoting transparency and fairness, and providing training and support to procurement officers and other stakeholders. In addition there is a continuous effort to improve procurement processes by adopting innovative practices and technologies.

The MoF of Planning and Budget unit is responsible for planning, monitoring and evaluation, as well as for ensuring that all government entities – including state institutions – align in their annual plan with the goals of NSDP, SDGs and other relevant policies, e.g. the National Action Plan for Gender, Children, Disability, as well as with climate tagging.

The PFM Reform unit of MoF is responsible for the development and implementation of policies aimed at improving PFM involving the of drafting legislation, regulations, and guidelines to support the PFM reform including setting long-term objectives, identifying priorities and designing action plans to achieve desired PFM outcomes. Additionally, the PFM Reform Unit coordinates with various government departments and agencies for the implementation of PFM reform and capacity building for government officials and institutions active in PFM by organising training programmes, workshops and technical assistance to ensure effective implementation of PFM reforms.

In the Timor-Leste context MoF, MoPSI (through NPC), MoTE and MoPW are the key entities, because these government agencies manage policy development and capacity building for government staff in the area of procurement and PFM.

Two notable initiatives involving external development partners should be mentioned here. First, the **Australian Government project PROSIVU** has been supporting MoF in planning and programme-based budgeting, and this support has also extended to MoPSI and NPC through a Procurement Specialist and infrastructure planning adviser. Second, the **International Trade Centre (ITC) and WTO** have been developing a toolkit on 'advancing green public procurement – fostering environmental sustainability goals in domestic and international policy framework – toolkit for policy makers'. The purpose of the toolkit is to support governments in addressing the global climate change crisis by adopting and implementing suitable national policy frameworks, while considering relevant international trade agreements, as well as to facilitate the effective use of public procurement as a mechanism for implementing environmentally sustainable reforms. In addition it seeks to create opportunities for micro, small, and medium-sized enterprises (MSMEs) and other suppliers, and to attract investors.

Integration of national SPP policies and strategies in procuring entities

Without a dedicated framework for SPP, procurement agencies are left without clear guidance on prioritising sustainability in their decision-making, and this is the position of official institutions and organisations in Timor-Leste at the present time.

To align procurement practices with the principles of sustainability, it will be essential to develop and implement a comprehensive policy establishing clear criteria and strategies for SPP. Such a policy would integrate environmental considerations into the procurement process and thus enhance the overall sustainability of public spending and contribute to broader environmental goals.

The government is nevertheless making efforts to ensure the effective management of environmental impact and to fulfil international obligations under various conventions. As a proactive environmental policy, **Decree-Law No. 5/2011**, enacted on February 9, is establishing an environmental licensing system

focusing on preventing environmental degradation rather than addressing it post facto. This licensing system, grounded in the environmental assessment of public and private interventions and using tools like EIAs and EMP, is intended to play a vital role in the preservation of the environment.

Finally, a number of legislative acts aimed at environmental sustainability have been implemented to protect the environment. This commitment indicates that Timor-Leste is willing to contribute to the national priority of environmental sustainability, providing a foundational step toward the development of a specific and targeted policy for managing SPP.

Communication strategy for SPP

Given that SPP is a new idea for Timor-Leste, a coherent communication strategy will be crucial for raising awareness, fostering understanding, and ensuring clear, transparent information about the importance SPP along with its benefits. A robust communication campaign that emphasises the alignment of SPP with national policy goals, economic benefits, and international commitments, could ensure stakeholder and consumer buy-in along with effective implementation within the government.

The MoF and the MoPSI, through NPC, regularly conduct workshops and training programmes focused on procurement and PFM. These initiatives are designed for all government staff, particularly procurement practitioners, as well as finance and budgeting staff, to raise their awareness of the new PFM and procurement policies and processes, ensuring that budget execution and procurement processes will align with approved annual plans.

Under previous governments, an agency existed under the Prime Minister's Office called ANAPMA/UPMA (the Planning, Monitoring, Evaluation, and Reporting Unit/Agency). This agency was responsible for monitoring, evaluation and reporting, as well as for overseeing the implementation of government programmes as well as their outcomes in terms of contributing to NSDP and SDGs goals and achieving targets. In the current government structure the responsibilities of this agency have been transferred to the MoF, specifically under the Directorate of Monitoring and Evaluation. The MoF, through its PFM Training Centre Directorate, continues to oversee training programmes related to PFM and procurement for government staff. The NPC specifically focuses on procurement issues, providing guidelines and training to ensure that all government employees are well-informed about procurement processes.

The MoF, via the Directorate of Planning and Budget including PFM training Centre, and the MoPSI through NPC, play a crucial role in the government's efforts to raise awareness of new policies. They ensure that clear and relevant information is communicated to all stakeholders through training sessions and social media platforms such as Facebook.

The NPC website, accessible at <http://www.cna.gov.tl/en/>, serves as a critical resource for disseminating information related to procurement laws, rules, tender documents, and other relevant materials. By facilitating access to procurement processes, contracts, and opportunities, the site promotes transparency in government spending. The website also provides the private sector with essential information regarding tenders, bids, and procurement policies, thereby aiding companies in their participation in government tenders and contracts.

The MoF website (<https://www.mof.gov.tl/>) offers a variety of reports, both quarterly and annual, on the performance and expenditures of government institutions. This platform provides accountability to the public with insights into government budgets, expenditures and financial reporting. In addition it offers updates on fiscal policies, financial regulations and economic strategies that significantly affect the country's economic health.

These websites play a vital role in enhancing governance and accountability in Timor-Leste, through dissemination of key relevant information on procurement and PFM to various stakeholders and supporting economic development and fostering trust between the government and the citizens.

3.3. Public Procurement operations and market practices

Extent to which SPP practices can achieve stated objectives

The 2024 PPL promotes the importance of social and economic development along with environmental sustainability. Within this context, it will be crucial to encourage coordination among the MoPSI (through NPC), MoF, MoTE, MoPW and other government institutions in the development of procurement criteria once an SPP policy is in place, because significant discrepancies exist in the bidding documents currently used by the MoF, and they differ from those employed by the NPC and other governmental bodies.

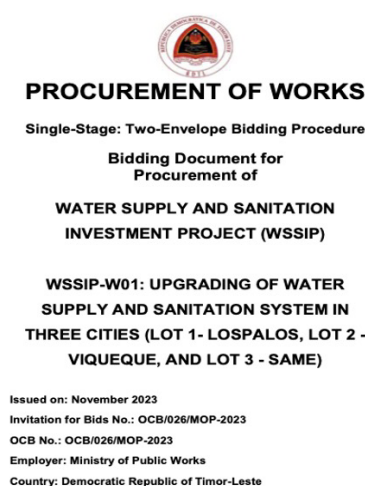
There are notable discrepancies in the bidding documents used by the Ministry of Finance (MoF), as they differ from those employed by the National Procurement Commission (NPC) and other government institutions. Furthermore, none of these documents incorporate criteria related to Sustainable Public Procurement (SPP), largely due to the absence of a specific policy or strategy in Timor-Leste to implement sustainable public procurement in alignment with national policy objectives.

While various legal, regulatory, and policy frameworks do exist to promote environmental protection, SPP remains a relatively new concept within the government of Timor-Leste because of the limited understanding of SPP principles and practices among those who work in the government. Moreover, the existing procurement training courses do not specifically address the integration of sustainability criteria or environmental considerations into procurement processes. Existing training programmes are generally broad and focus on standard procurement procedures without specific mention of SPP, and this is largely due to the absence of a specific policy or strategy in Timor-Leste to implement sustainable public procurement in alignment with national policy objectives.

The NPC and MoF should be encouraged to play more central roles in the capacity-building efforts necessary to strengthen procurement management in Timor-Leste. Notably, there have been examples of procurement practices under the **Asian Development Bank (ADB)** initiatives in Timor-Leste that have successfully incorporated environmental sustainability considerations. Through the various projects of ADB in Timor-Leste, ensuring environmental sustainability is one of the core components of development efforts.¹⁷ Up to the present, the ADB has committed a total of USD 756 million to Timor-Leste through 80 public sector loans, grants, and technical assistance initiatives. Currently, ADB's sovereign portfolio in Timor-Leste includes 14 active loans amounting to USD 574.5 million.

The following figure and tables outline the procurement criteria from the ADB, which encompass environmental sustainability.

Fig. 2. Bidding Document for Procurement of Water Supply and Sanitation Investment Project (WSSIP) in Timor-Leste



¹⁷ Safeguard policy statement, June 2009, <https://www.adb.org/sites/default/files/institutional-document/32056/safeguard-policy-statement-june2009.pdf>

Table 3. Declaration: Environmental, health and safety past performance

Criteria	Compliance Requirement				Documents
Requirement	Single Entity	Joint Venture			Submission requirements
		All partners combined	Each partner	One partner	
Declare any contracts that have been suspended or terminated and/or performance security called by an employer for reasons related to the noncompliance of environmental, health and safety contractual obligations in the past five (5) years.	Must make the declaration. If the bidder proposes Specialist Subcontract or/s to meet EQC 2.4.2, those Specialist Subcontract or/s must also make the declaration	Not Applicable	Each partner must make the declaration. If the bidder proposes Specialist Subcontract or/s to meet EQC 2.4.2, those Specialist Subcontract or/s must also make the declaration	Not Applicable	Form CON-2

Table 4. Specific experience in managing environmental, health and safety aspects

Criteria	Compliance requirement		Documents
Requirements	Single Entity or Its Specialist Subcontractors	Joint Venture or Its Specialist Subcontractors	Submission Requirements
For the contracts in 2.4.1 and 2.4.2 above and/or any other contracts [substantially completed and under implementation] as prime contractor, Joint Venture partner, or Subcontractor between 1st January 2016 and Bid submission deadline, experience in managing environmental and EHS risks and impacts in the following aspects: Effectively managed the contract specifications of Environmental and Social provisions in at least 3 three contracts in last 7 years (between 1 January 2016 to Bid Submission Deadline) in water sector in developing countries.	Must meet requirements	One member must meet requirements Or All members must meet requirements	Form EXP – 3

Other criteria mentioned in bidding documents

Environmental, Health and Safety Management Plan (EHSMP): Any bid not accompanied by the EHSMP may be rejected by the Employer as nonresponsive. If a Bidder submits a EHSMP that is not commensurate with the risks and impacts of the proposed works and activities in the bidding document, the Employer shall issue a request for clarification to request for further information from the Bidder. The Bidder must submit the requested information within 5 working days of receiving such a request. Failure to provide a satisfactory response to the request for further information within the prescribed period of receiving such a request may cause the rejection of the Bid.

Sustainable procurement: The following sustainable procurement technical requirements will be evaluated on a pass/fail basis. Failure to meet any of the following requirements will result in mandatory rejection of the bid.

The private sector can contribute to a more sustainable procurement market

Timor-Leste's economy heavily relies on its Petroleum Fund, which constitutes some 70% of its GDP. The country has been drawing from its USD 17 billion sovereign petroleum fund – and which predictions expect will be exhausted within the next 10–15 years. Economic diversification efforts, particularly in agriculture and tourism, have not yet yielded significant growth.

The private sector in Timor-Leste depends substantially on the general government state budget. This reliance has resulted primarily from the country's current developmental stage and the critical role played by the government in infrastructure and economic activities. To address this need, the **Infrastructure Fund (IF)** was established in 2011 in accordance with the budget law, and was designed to finance major capital investment projects on a multi-year basis.¹⁸

The priorities of the IF align with both the SDGs and Timor-Leste's **NSDP 2011-2030**. Specifically, the following SDG targets are aligned with the NSDP:

- a. SDG Goal 6 - Access to available, safe, and affordable drinking water and adequate, affordable, and acceptable sanitation and hygiene for all
- b. SDG Goal 7 - Access to affordable, reliable, sustainable, and modern energy for all
- c. SDG Goal 9 - Building resilient infrastructure, promoting inclusive and sustainable industrialisation, and fostering innovation.

To achieve the objectives outlined in the NSDP and the Roadmap for the implementation of SDGs, the government must concentrate its investments in three key areas: **social capital development, economic development, and basic infrastructure**. This type of strategic focus would support the country's long-term development goals and enhance the overall effectiveness of public investment in infrastructure.

Building on this strategic framework, the 2024 General State Budget proposal is titled *Bridging for Tomorrow: Investing in the Productive Sectors and Social Capital*. The Ninth Constitutional Government is dedicated to advancing economic development, eliminating poverty and enhancing the quality of public services for the Timor-Leste population, and to ensuring these services are delivered more effectively and efficiently. In line with this commitment, the 2024 budget formulation prioritises the development of human resources, infrastructure enhancement, and the improvement and fortification of public services across government institutions.

Furthermore, the 2024 budget emphasises heightened government investment in physical infrastructure, with a designated allocation of USD 411 million for development capital expenditures. Improvements to roads, public utility networks and similar infrastructure are expected to support future private sector growth in the medium term. Real investment spending is consequently projected to rise by 37.1%.

Looking ahead, the budget for the fiscal years 2024–2028 also aims to advance social, economic, and infrastructural development in order to elevate the standard of living for the citizens of Timor-Leste. The objectives include a 10% reduction in poverty, an average economic growth rate of 5%, the creation of 50,000 new jobs, and improvements in public financial management and sustainability.

The forecasts indicate significant annual increases in Development Capital spending throughout the forecast period. This strategy accentuates the necessity of substantial government expenditure increases to meet growth targets, emphasising increased investment in both physical infrastructure and human capital.

¹⁸ https://assets.ctfassets.net/60pzqxyjaawg/4sHe1gPHzY6cvamr9gvlh0/36fe10c97ec58208fb773a7eca464c23/BB3A_Eng.pdf. pp. 3, 7.

Table 5. The 2024 budget by economic classification and budget allocation for 2025–2028 (in millions of USD)¹⁹

Economic Classification	2024	2025	2026	2027	2028
Development Capital	411	541	640	751	874
Good & Services	386	367	382	397	413
Minor Capital	34	36	37	38	40
Salary & Wages	469	488	507	527	548
Public Transfer	590	560	582	605	630
Total	1,890	1,991	2,149	2,320	2,506

Table 6. Infrastructure Fund allocation and execution from 2011–2020²⁰

Year	Budget	Disbursement	Execution
	(millions of USD)	(millions of USD)	
2011	598.53	474.43	79%
2012	875.13	376.09	43%
2013	604.38	210.96	35%
2014	368.55	310.70	84%
2015	317.30	239.81	76%
2016	784.47	549.64	70%
2017	325.62	223.56	69%
2018	386.01	331.23	86%
2019	367.54	276.90	75%
2020	169.42	39.49	18%
Total	4796.95	3032.81	63%

It is a given that young nations with significant infrastructure needs must often rely on international companies to carry out major infrastructure projects; some examples in Timor-Leste are the Tibar port, construction of various government buildings (e.g. the President Palace, the Ministry of Defence building), and roads (e.g. Dili to Baucau). The government-funded infrastructure projects in Timor-Leste are subject to strict procurement criteria and standards designed to ensure quality and efficiency. These criteria often

¹⁹ https://assets.ctfassets.net/60pzqxyjaawg/d1taemZfAfIblubOlrFiX/1ab217409f161a8c57577c6a77ace70f/02_2_Relatorio_Eng_digital_v.pdf, pp. 9, 15, 16.

²⁰ https://assets.ctfassets.net/60pzqxyjaawg/4sHe1gPHzY6cvamr9gvlh0/36fe10c97ec58208fb773a7eca464c23/BB3A_Eng.pdf, p. 7.

include rigorous requirements in terms of financial stability, technical expertise, and past performance. International companies, with extensive resources and established track records, are generally better positioned to meet such large infrastructure demands than are local firms. The exacting nature of these criteria can thus limit opportunities for local companies, who may lack the necessary experience and financial capability.

The GoTL has been actively supporting the private sector to foster economic growth and diversification through capacity building and training, including investing in vocational training and education to build a skilled workforce as well as partnering with international organisations to provide capacity-building programmes for entrepreneurs and business owners.

Government procurement represents a substantial portion of a country's GDP. By sourcing from the private sector, the government can drive demand for sustainable products and services, which enhances private sector's involvement and makes it crucial for the success of SPP.

Some national sustainable development activities in Timor-Leste are presented in Table 7.

Table 7. Associations and other entities contributing to sustainability in Timor-Leste

No	Organisation	Initiative contributing to sustainability impact
1	EU Timor-Leste	The EU Agroforestry-Skills Programme aims to enhance sustainability in Timor-Leste by fostering green economic diversification and resilience. This initiative focuses on developing the private sector and providing technical and vocational education and training (TVET) to help youth successfully enter the labour market.
2	ILO Timor-Leste	The ILO project funded by the EU concentrates on leveraging opportunities within the coconut industry; it collaborates closely with the EU on initiatives in the agroforestry sector.
3	Bamboo Institute (government entity)	The Institute of Bamboo specialises in producing bamboo furniture and showcases sustainable practices in its production processes. There are currently 31 bamboo groups across the country managing 2,600 hectares, with harvests every five years. Fifteen types of bamboo have been identified, but only two, <i>Dendrocalamus asper</i> and <i>Gigantochloa atter</i> , are used for furniture manufacturing. Additionally, the Bamboo Institute plans to implement renewable energy solutions, specifically biomass fuel made from bamboo waste. This initiative aims to reduce pollution, because many people currently burn wood for cooking. Using bamboo pellets is expected to be both more environmentally friendly and more cost-effective compared to traditional wood.
4	CALTECH Timor-Leste	This local recycling company in Timor-Leste produces recycled landscaping products. The government has already used the company's products in various projects, recycling approximately 153 tonnes of plastic and glass for government initiatives.
5	WFP Timor-Leste	The WFP has been implementing a school feeding programme as technical support to the Ministry of Education (MoE) and the Ministry of State Administration (MoSA).

6	MoE Timor-Leste	MoE has been running the Merenda Escolar Programme (school feeding programme), which aims to reconnect children with traditional Timorese cuisine by utilising locally sourced ingredients.
7	MoSA Timor-Leste	MoSA is supporting the implementation of the Merenda Escolar Programme (school feeding programme), which benefits schools located in various municipalities, making MoSA an essential partner in facilitating this initiative.
8	FAO Timor-Leste	The FAO is supporting the Home Grown School Feeding Programme (HGSF) in various municipalities, fostering collaboration with local farmers to enhance food production.

The *EU Agroforestry Skills for Employment and Resilience in Timor-Leste* (EU Agroforestry-Skills Programme) contributes to sustainability by promoting green, sustainable economic diversification and resilience and in conjunction with private sector development, along with technical and vocational education training (TVET) for youth integration into the labour market. The project currently supports coconut business opportunities through the International Labour Organization (ILO) to expand the market and promote trade and investment in the coconut value chains and to improve key players' capacities in the coconut industry, from producers and processors to buyers and investors. Recently the EU, ILO and Trade Invest Timor-Leste signed a technical cooperation agreement on 23 May 2024.²¹ Coconut is a popular cash crop in Timor-Leste and widely planted in most parts of the country, particularly in coastal areas with an estimated production of around 30,000 tons per year. Covering a total area of 12,000 hectares with over 16,000 farmers, the coconut business holds considerable economic potential, with untapped, unexplored international markets in Australia and the EU countries for by-products such as pulp, husks/coir, and shells that have not yet been used or processed in Timor-Leste. Coconut oil is a significant local product that is widely cultivated in Timor-Leste, contributing to the livelihoods of many rural communities. There is potential for coconut oil to be exported, though local production focuses primarily on domestic markets and small-scale trade. Many communities use traditional methods to extract coconut oil, which often involves manually grating and pressing the coconut meat to obtain the oil and currently ILO supporting local business through provision of training to local farmers in order to enable the local business to introduce more modern and efficient methods of production to increase yield and quality. Supporting this business would:

- promote local agriculture and sustainable farming practices among local coconut farmers
- creating job opportunities and supporting local economies by establishing coconut processing facilities in rural areas
- provide training and resources to farmers and workers, promoting sustainable livelihoods
- promote health and nutrition by offering healthy, natural, and sustainable coconut products that can be included in school feeding programmes and other public procurement initiatives
- educate consumers about the health benefits of coconut products, fostering a market for sustainably produced goods.

The Institute of Bamboo is a government entity focused on bamboo for furniture production. It is founded on sustainability principles. There are 31 bamboo groups across the country covering 2600 hectares, with harvests every five years. Fifteen kinds of bamboo have been identified, but only two are used for furniture manufacturing (*Dendrocalamus asper* and *Gigantochloa atter*). Up to now bamboo waste has been burned in the open fields, which is highly polluting in terms of greenhouse gas emissions (GHGs). The Institute of Bamboo has plans to implement renewable energy (biomass fuel) from bamboo waste, which would lower GHGs: using bamboo pellets is cleaner and also less expensive compare to burning wood.

CALTECH, a local recycling company in Timor-Leste, produces recycled landscaping products. The government has already used CALTECH's products in various projects, recycling approximately 153 tonnes

²¹ EU, ILO and TradeInvest Timor-Leste join forces to develop and expand coconut business opportunities in Timor-Leste. <https://www.ilo.org/resource/news/eu-ilo-and-tradeinvest-timor-leste-join-forces-develop-and-expand-coconut>

of plastic and glass for government initiatives. The Ministry of Public Works (MoPW) is also planning to establish a memorandum of understanding (MoU) with CALTECH to facilitate the provision of recycled materials for future construction projects. This initiative will boost the recycling industry and create job opportunities in sectors such as recycling, manufacturing, logistics, and construction, thereby benefiting local communities and contributing to the creation of skilled jobs.

In 2022, the Government of the Democratic Republic of Timor-Leste enacted **Decree-Law no. 36/2022**, requiring that at least 75% of food purchased by the State, whether directly or indirectly, come from domestic production. Later that year, the government launched the *Merenda Eskolar* school-feeding initiative, detailed in **Decree-Law no. 61/2022**, which aimed to promote the economic development of local farmers and communities while increasing the daily food subsidy for students. To support these initiatives the World Food Programme (WFP) in Timor-Leste has been implementing a school feeding programme as part of its technical assistance to the Ministry of Education (MoE) and the Ministry of State Administration (MoSA). WFP has developed 65 diverse school meal menus tailored to each municipality, using affordable, locally sourced, and nutrient-rich ingredients. Furthermore, WFP has trained 655 school feeding management teams and local farmers across thirteen municipalities in home-grown school feeding (HGSF) practices. This approach not only strengthens local agriculture but also aligns with the government's goals of enhancing local food production and fostering community development.

In line with these efforts, the Food and Agriculture Organisation (FAO) launched a homegrown school-feeding pilot in Manufahi, targeting 18 schools and supplying food directly from local producers to ten of them, benefiting over 2,400 students.²² Manufahi was chosen for its ongoing collaboration with local authorities and active farmer groups capable of boosting food production. Schools were selected based on their management of the *Merenda Eskolar* programme, the presence of parents' associations, and proximity to farmer groups. A market assessment identified 11 farmer groups and 3 individual producers to participate in the programme, further supporting the objectives of local food production and community engagement.

In collaboration with both MoE and MoSA, a manual highlighting several key criteria for implementing the HGSF programme has been developed. Criteria include selecting organically grown or sustainably harvested food items as well as prioritising products with minimal packaging to reduce waste. The manual emphasises that the food must meet high nutritional standards, thus encouraging the consumption of healthier and more sustainable products. Additionally, the HGSF programme addresses critical issues affecting the educational and nutritional landscape of the country. By providing nutritious meals, the programme ensures that children receive essential nutrients to promote good health. Meal provision in schools encourages higher attendance rates and contributes to reducing student dropouts. The programme focuses on delivering balanced meals that enhance children's concentration and academic performance, while also fostering community involvement in meal preparation and distribution. This engagement cultivates a sense of ownership and responsibility among families and local stakeholders. By addressing nutritional deficiencies early in life, the programme aims to improve long-term health outcomes and reduce the risk of chronic diseases in the future. Overall, the manual serves as a comprehensive resource for stakeholders involved in the HGSF programme, aiming to establish a sustainable and effective system that benefits both children and local communities in Timor-Leste.

3.4. Accountability, integrity and transparency of the public procurement system

Transparency and civil society engagement foster sustainability in procurement

La'o Hamutuk (Walking Together),²³ an independent non-profit, is an NGO that monitors, analyses and reports on development processes in Timor-Leste, particularly the programmes and policies of the national government and international agencies operating in the country.

Forum Organisation Non-governmental Timor-Leste (FONGTIL) is an independent body that monitors government and aims to help strengthen civil society to participate in the national development process.

²² Promoting economic inclusion: <https://openknowledge.fao.org/items/47cd0803-2c26-43de-be78-5a318c3a0852>

²³ <https://www.laohamutuk.org/>

In Timor-Leste, non-governmental and civil society organisations (NGOs & CSOs) play a crucial role in holding the government accountable by monitoring and evaluating public services and expenditures. CSOs engage local communities, ensuring that their voices and concerns are heard and considered in government decisions and actions. Additionally, CSOs monitor the implementation of government programmes to ensure they are carried out as planned and meet their intended objectives. This oversight unfortunately does not include the procurement process.

La'o Hamutuk and FONGTIL regularly publish reports on their websites on government action and programme implementation, and they actively engage in dialogue with the government and parliament to give voice to community concerns. They actively participate various important meetings such as development partner or donor meetings.

Coverage of sustainability in procurement by the national audit systems

The Ministry of Finance (MoF) monitors and evaluates programme activities based on annual plans submitted by line ministries and government agencies. Each government agency submits quarterly reports to the MoF, which reflect their progress toward meeting the targets of their programmes and activities. The MoF reviews these reports and forwards them to the Council of Ministers for their consideration. Once approved by the Council, the reports are published and sent to the Parliament for discussion and debate. On several occasions, companies have submitted complaints to the Anti-corruption Commission (CAC) or the Human Rights Ombudsman if they are dissatisfied with the procurement process. These two entities play an active role in addressing such complaints once they are received.

4. Recommendations for SPP initiatives

Timor-Leste's current **Procurement Decree-Law No. 22/2022**, and the procurement law promulgated by the President in 2024, emphasise the significance of environmental and social sustainability in the awarding of contracts for goods and services. The current national legislation thus mandates that companies integrate environmental sustainability into all project implementations, while also addressing economic and social sustainability.

To effectively implement these requirements, collaboration among the National Procurement Commission (NPC), the MoF, the MoPW, and the MoTE – including Development Partners – is essential. The following actions are recommended for successful implementation.

- **Develop a National SPP Policy.** A comprehensive strategic plan and roadmap outlining sustainability criteria, including environmental, social, and economic dimensions, resources, budget, role and responsibilities, targets, monitoring systems, etc. serve as a guiding framework for procurement officers and all stakeholders. This plan should align with PPL 2022 and its amendments, ensuring consistency across procurement practices.
- **Clarify Institutional Roles for SPP Implementation.** Define clear responsibilities for MoF, NPC, and MoTE to integrate sustainability into public procurement. Regular coordination meetings among these entities will help streamline efforts and avoid duplication.
- **Integrate Sustainability Criteria into Procurement Evaluations.** Sustainability should become a core evaluation criterion in tenders, prioritising energy-efficient and eco-certified products, sustainable materials, and environmentally friendly processes. These considerations should complement traditional criteria like cost and quality. There is a need to provide practical guidelines for integrating sustainability into different stages of procurement cycle.
- **Enhance the Public Procurement Transparency Portal.** Upgrading the portal to a fully functional, integrated system will centralise procurement data, improve user experience, and enable better monitoring of sustainability targets.
- **Capacity building of procurement professionals and other stakeholders.** Awareness, skills and knowledge of procurement professionals on sustainability plays a crucial role in successful implementation of SPP in a country. There is need to develop a targeted SPP training modules for different stakeholders.

Additional recommendations

- Mandate a standard-setting body and create product-specific groups to develop sustainability criteria
- Develop sustainability criteria for goods and services performance/process parameters
- Identify with an initial set of goods and services
- Recognise Voluntary Sustainability Standards (VSS) – domestic and international
- Establish life-cycle assessments (LCA) and total cost of ownership (TCO)

Timor-Leste is at a critical juncture in its journey towards adopting Sustainable Public Procurement. Nevertheless, with a supportive legal and policy framework, emerging institutional capacity, and a growing awareness of the importance of sustainability, the country is well positioned to make significant progress. By addressing gaps in coordination, capacity, and stakeholder engagement, Timor-Leste can establish itself as a leader in SPP, and thus contribute to driving sustainable development in the region.

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