



The UN COVID-19 Response and Recovery Multi-Partner Trust Fund  
(UN COVID-19 MPTF)

Proposal Template

Proposal Title: Leaving No One Behind in Timor-Leste's COVID-19 Response - Technical and Financial Support for the Implementation of the Cash Transfer Scheme for Low-Income Households

Amount: USD 999,380

I. Immediate Socio-Economic Response to COVID19

The Government of Timor-Leste declared a State of Emergency on 28 March 2020, following the first confirmed case of COVID-19 in Timor-Leste. The declaration – which will now likely last until midnight on 26 May 2020 - was made in an effort to contain the spread of COVID-19 and prevent high levels of morbidity and mortality. To date, there has been a total of 23 confirmed cases, no deaths and no local transmission has been detected. Nevertheless, as a country with a weak health system and high level of multi-dimensional poverty, the potential health and socio-economic impact of COVID-19 outbreak in Timor-Leste is huge, with a disproportionate negative impact on the poor, excluded and most vulnerable.

International support to the national health sector preparedness and response to COVID-19 has been ongoing since the early stages of the global outbreak, under the technical coordination and leadership of the World Health Organization (WHO). In recognition of COVID-19 as a “human crisis” impacting human security, the United Nations (UN) Timor-Leste's COVID-19 outbreak response has been multi-sectoral, with a focus and prioritization in addressing the multi-dimensional needs of the people most affected and/or at-risk. Nearly one month into the State of Emergency, it is evident that – in the medium- to longer-term - the UN would need to scale-up support to Government's investments in strengthening social protection mechanisms, including universal health coverage, with an aim to support people's livelihoods and close widening inequalities.

Although Timor-Leste's economy has been one of the fastest growing in the world since its independence in 2002, with GDP per capita increasing from USD

866 in 2001 to USD 2,591 in 2014; the economic growth has yet to translate into poverty reduction. 41.8 percent of the population still lived in poverty<sup>1</sup> in 2014<sup>2</sup>, with poverty levels much higher in rural areas compared to urban areas, and women in poor rural households facing education disparities and higher levels of violence compared to non-poor households<sup>3</sup>. Moreover, the political impasse over the past years has adversely impacted the economy, with non-oil real GDP contracting by 4.6 percent in 2017 and growing by only 0.8 percent in 2018<sup>4</sup>.

The State of Emergency containment measures include: suspension of public transportation; restriction on movement between municipalities; restriction on non-essential movement; temporary closure of the country's borders; and, non-entry of foreign nationals. Timor-Leste's three transit countries – Australia, Indonesia and Singapore – have implemented travel restrictions for non-nationals, and commercial flights out of Timor-Leste have been suspended since early April. Such restrictions pose challenges to general service delivery and delivery of the COVID-19 outbreak response in particular. Furthermore, global and regional supply shortages and expected increase in global and regional prices of basic commodities - including food - and medical supplies, negatively impact Timor-Leste, a country highly dependent on imports. Increase of local food prices is likely to cause food insecurity affecting vulnerable households.

The effects of the pandemic – including those resulting from COVID-19 containment measures - on people and institutions are compounded by pre-existing challenges and drivers of needs. In Timor-Leste, these include multi-dimensional poverty, inequalities in accessing quality services and opportunities (including on the basis of gender and geographic location), food insecurity, malnutrition, poor health, water and sanitation infrastructure and services, low education levels, limited social safety nets or social assistance, unequal access to information and high level of gender-based violence and violence against children. 430,000 people<sup>5</sup>, or over one-third of the total population, are chronically food insecure. Rural communities, women, early adolescent girls and boys, children under 5, and people with disabilities are most vulnerable to exclusion and marginalization. Vulnerabilities are exacerbated in times of crisis, and these groups are most at-risk to the health and non-health impacts of the outbreak. Laborers in the informal sector and those employed in SMEs<sup>6</sup> are particularly vulnerable to economic shocks and are disproportionately affected. With the return of migrant workers from countries such as Australia, Indonesia and the Republic of Korea, the livelihoods of households dependent on remittances will be negatively affected, adding to the potential job losses of other Timorese citizens who have not yet returned to the country.<sup>7</sup> Those losing their livelihoods and are unable to meet their basic needs due to the outbreak, in particular women, adolescent mothers and children living in poverty, may be driven to engage in high-risk behaviors, ignoring prevention measures or bypassing imposed mobility restrictions, and are at risk of sexual exploitation and abuse. The movement of people from Dili to rural areas since the confirmation of the first COVID-19 case in Timor-Leste may exacerbate socio-economic strains on rural households that are hosting their families from Dili. The border populations are also disproportionately vulnerable to both the health and non-health impact of the pandemic. The closure of official border crossings with Indonesia not only increases the possibility of crossings at unofficial border points placing border populations at a greater health risk, but also negatively impacts the livelihoods of the border communities relying on cross-

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<sup>1</sup> Based on the National Poverty Line (USD 1.54 per capita per day).

<sup>2</sup> A decrease from 50.4 percent in 2007.

<sup>3</sup> Gender Mapping, World Bank.

<sup>4</sup> Data from IMF (2019): Article IV Consultation for Timor-Leste.

<sup>5</sup> Integrated Food Security Phase Classification (IPC) Analysis Report, January 2019.

<sup>6</sup> According to the Government's Development Financing Assessment Report (June 2018), the SMEs constitute 66% of Timor-Leste's private sector.

<sup>7</sup> In Timor-Leste, diaspora remittances represent the second-largest source of foreign revenue, after oil and excluding ODA, making labour Timor-Leste's largest export. Remittances mainly benefit micro-level development by contributing to the household incomes, improved education, quality food supply and nutrition, improved housing, increased agriculture production, small businesses, small-scale investments, access to health and social services, and general improved standard of living of migrants' families in Timor-Leste.

border trade and movement of people.

The Government of Timor-Leste, cognizant of the negative socio-economic impact of the COVID-19 outbreak that is affecting the majority of the population, approved on 17 April a package of economic measures. One of the measures financed by this package is a cash transfer scheme targeting poor households, which was approved on 24 April. The proposed scheme will target the poorest households in Timor-Leste, each receiving payment of USD 100 for a period of three months to subsidize their basic needs. This amount will have a sizeable and significant impact, as almost 50 percent of households in rural areas are still living below USD 1.90 a day. This will be the first time that the Government will be implementing a social protection scheme of this scale, and the lead ministry – Ministry of Social Solidarity and Inclusion (MSSI) – has requested for UN technical and financial support to operationalize this scheme.

## II. Solutions proposed

In response to the request from the Government, the UN agencies in Timor-Leste – in line with Pillar 2: Protecting People of *UN Framework for the Immediate Socio-Economic Response To COVID-19* - are bringing together their respective technical expertise and capacities both in-country and at the regional level to jointly support the swift operationalization of the Government's COVID-19 cash transfer scheme for poor families in an effective, efficient, non-discriminatory, transparent and accountable manner as possible. The support will be provided at two levels: technical and financial.

Technical support from the UN will be provided to the Government in designing the most effective, efficient and safe implementation plan for the scheme, in line with the principle of Do No Harm and protection of human rights. The design will ensure that specific needs of the vulnerable households – including female- and child-headed households and households with persons with disabilities - are taken into consideration before, during and after the implementation of the scheme. Specific areas of technical support will include:

- Designing mechanisms that ensure that the scheme reaches those most vulnerable and excluded in the society, including female- and child-headed households, households with persons with disabilities and families living in the most remote and border areas of the country.
- Providing support to create a beneficiary accountability mechanism – including for redress - to systematically capture feedback and grievances from the recipients of the cash transfers and avoid abuse and mismanagement. Special attention will be paid to women and individuals representing marginalized groups. This could be done through engaging telecommunication service providers.
- Supporting the development of health and safety guidelines for the teams in charge of delivering the payments to families, following guidance from the Ministry of Health (MoH) and WHO.
- Supporting the Government's information campaign on the scheme.
- Designing of the data collection and analysis process during and after the cash transfers are delivered.
- Providing support in the monitoring and evaluation of the delivery of the cash-transfer scheme, to ensure transparent, equitable and efficient delivery, and enable an ex-post assessment of the impact of the scheme, as well as lessons learned for the future. This can be complemented through the joint UN socio-economic impact assessment, which is being led by United Nations Development Programme (UNDP), which would include a question on the use of the fund and its benefits.
- Compiling lessons-learned from the implementation of the scheme, in order to inform future discussions on strengthening the social protection mechanisms in Timor-Leste in the medium- to longer-terms, with attention to principles of gender equality and leaving no one behind.

Financial support to the Government will contribute towards filling the financing gap in operationalization of the scheme. It is also hoped that the UN support would leverage additional international support from other development partners. The UN's financial support will be vital for a swift roll-out of the scheme, which in turn would contribute towards alleviation of socio-economic hardships currently experienced by vulnerable households and help to revitalize the local economy, contributing towards ensuring a decent living standard during the first months of the COVID-19 pandemic in Timor-Leste and minimizing the longer term negative socio-economic ramifications.

Out of the total operational costs for the Government's cash transfer scheme, the UN financial contribution will be provided to cover the strategic operational costs for the 454 teams that will be in charge of implementing the programme at the Suco (village) level. These teams – which the UN will advocate to be gender

balanced - will be composed of:

- A representative of MSSI;
- A representative of the Ministry of Finance;
- The Suco Chief;
- A member of the national police (PNTL);
- A member of the defense force (F-FDTL); and,
- A driver.

Each Suco team will be responsible for locating the eligible beneficiaries identified by the MSSI task force team and deliver the subsidy in cash to each eligible household directly. Once the delivery is done, each Suco team will have to prepare a delivery report to be submitted to the municipal team, led by the director of the municipal social solidarity center. This team, besides providing support and guidance to each Suco team, will also be responsible for compiling all Suco reports, and prepare and submit a municipal delivery report to the MSSI task force. The MSSI task force will then be in charge of preparing a final implementation report covering the whole country. The MSSI taskforce will also be responsible for managing the beneficiary registration/identification system, monitoring and accompany the implementation of the programme and provide support to the municipal teams.

The UN technical team will work in direct cooperation with the MSSI task force. The UN will advocate to have an observer in the meetings of the taskforce, to ensure smooth and swift exchange of information between the two teams. This will allow the UN team to adjust to the priorities and the necessities identified by the Government at any point during the process.

### III. What is the specific need/problem the intervention seeks to address?

In Timor-Leste, the social (cash) transfer programmes with the largest numbers of beneficiaries are the *Bolsa da Mãe* Programme and the Subsidy for the Support of the Elderly and Invalid (SAII), reaching 183,265 children aged 0-17, 87,001 persons over 60, and 8,298 persons with disabilities. These programmes make benefit payments only once and twice a year, respectively, contrary to the essential principles for the effectiveness of income transfer programmes, namely predictability and regularity of payments. Analysis has also highlighted that the amounts of the funds provided (USD 15 maximum per household under *Bolsa da Mãe*) are not effective for reducing poverty.

MSSI delivers cash transfers through its distribution partner, BNCTL, which is a commercial bank that has a presence in all municipalities. All eligible and approved beneficiaries are required to open a bank account with BNCTL. The bank offers a special account called “Yellow Passbook Account” to the MSSI beneficiaries. However, this process creates disadvantages for women who do not have the required registration papers (e.g. survivors of past conflict) and individuals who might not have access to transport, understanding of the process, suffer time poverty, among other barriers.

However, over 80 percent of the beneficiaries of these programmes live in villages that are far from the municipal towns and have difficulties in visiting the branch. For these beneficiaries, BNCTL offers withdrawal of cash and organizes a payment day in each of the villages, gathering large crowds of people on the days of payment. For this reason, the current delivery mechanism for the existing cash-transfer programmes in Timor-Leste are associated with significant public health risks in the context of the COVID-19 pandemic, as they often require gatherings of large crowds in a single place and time. Furthermore, lack of documentation, and limited mobility (whether from disability, social stigma for women, or household responsibilities predominantly held by women) can limit vulnerable groups’ ability to meet the minimum requirements to access support. Thus, social protection programmes in response to socio-economic needs arising from the COVID-19 outbreak in Timor-Leste must consider alternative methods of implementation and payment to guarantee both public health and socio-economic support to its population. The country still does not have a reliable digital or mobile banking network that can be used (as in other countries) to facilitate cash-transfer programmes payments, partially due to issues related to digital connectivity and the digital divide (particularly impacting women and rural communities). In the medium-term, these digital challenges would need to be addressed in order to facilitate the delivery of social cash transfer programmes in the future.

Furthermore, “[f]rom an operational perspective, many issues are common among the (existing) programmes: most suffer from the lack of resources (financial and human), the lack of quality assurance, monitoring and evaluation and a general lack of implementing capacity. These issues result in poor service quality, irregular or unreliable benefit delivery, delays and interruptions in service provision and lower levels of protection for the population. Improving capacity building (at the central and municipal levels), coordination mechanisms and information exchange between government agencies is essential for more efficient and effective operations.”<sup>8</sup>

Thus, in operationalizing such a large cash transfer scheme to help people with lower incomes to safeguard their lives and livelihoods, the Government faces several challenges which need to be addressed:

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<sup>8</sup> Challenges and ways forward to extend social protection for all in Timor-Leste: Assessment based national dialogue report, International Labour Organization (ILO), 2018. [https://www.ilo.org/jakarta/whatwedo/publications/WCMS\\_638103/lang-en/index.htm](https://www.ilo.org/jakarta/whatwedo/publications/WCMS_638103/lang-en/index.htm)

- Scale – the coverage of all households except for those with at least one person with an income above USD 500 per month, in a country where the last median recorded income was of USD 272 (LFS 2013), will result in a large share of households being eligible for the subsidy. Such scale will be much wider than any existing programmes, and additional resources and capacity are needed for its operationalization that guarantees that no one is left behind.
- Delivery methods – given the inadequacy of existing delivery mechanisms, new and innovative delivery methods need to be discussed, designed and rolled out in a way that ensures that public health risks are minimized and “Do No Harm” principle is observed. Such methods should also ascertain that there is no maladministration or misappropriation of funds. Furthermore, delivery must take into consideration access for all households, and barriers to receipt for women and vulnerable groups, such as physical distance from collection point, inability of household heads to leave vulnerable dependents, and safe delivery mechanism for women through gender balance of implementing teams.
- Urgency – given the urgent nature of the scheme, both from a political and socio-economic point of view, there is a significant need for technical and financial support from development partners to the Government to reach its ambitious targets. The urgent timeframe puts pressure on implementing the scheme and risks limiting the needs assessment, and due diligence of the preparatory phase. Technical assistance from the UN will aim to ensure the representation of women and vulnerable groups at all stages of implementation.
- Security – vulnerable groups may face additional security pressures with an influx of known cash into their households, or access to and control over this resource within the household.
- Intra-household inequalities: Considering the existing intra-household disparities related to gender, age and ability, there is risk that the scheme will exacerbate and push vulnerable members of households further into exclusion, which might be hidden when looking at household average data.

The planned delivering process of the programme will work as follows: the Ministry of Finance will transfer the funds approved to finance the programme to MSSI. Based on the calculations of the geographical distribution of the eligible households, MSSI will transfer the funds to the account of each municipality. In each municipality, the funds will be withdrawn and distributed to each Suco team, according to the estimates of the number of eligible households in that Suco. The Suco team will then travel from house to house to deliver the cash in hand to each household, in order to avoid large gatherings of people.

#### IV. How does this collaborative programme solve the challenge? Please describe your theory of change.

##### *Theory of Change*

The COVID-19 pandemic is a wakeup call that we are only as strong as our weakest link in society; for Timor-Leste, this points to the need to invest in strengthening the country’s social safety net. A country with a weak health system and high level of multi-dimensional poverty, the potential health and socio-economic impact of COVID-19 outbreak in Timor-Leste is huge, with a disproportionate negative impact on the poor, excluded and most vulnerable. Existing vulnerabilities of women, children, people with disabilities, elderly and rural communities have been exacerbated by the COVID-19 outbreak, making them most at-risk to both the health and non-health impact of the pandemic.

In response to the COVID-19 outbreak, the Government enforced a State of Emergency to contain the spread of the virus and prevent high levels of morbidity and mortality. Cognizant of the negative socio-economic impact of the containment measures, particularly on the livelihoods and income of vulnerable households, the Government will implement a package of economic measures, including a cash transfer scheme targeting low-income families.

If the Government's cash transfer scheme is rolled out swiftly in an efficient, inclusive, transparent and accountable manner (SDG 16.6), then it will have an immediate impact on vulnerable people's lives and livelihoods by contributing to meeting their basic needs and relieving their socio-economic burden (SDG 1.3). It will also enable the consumption of basic items, which would mitigate the already acute prevalence of moderate and severe food insecurity (SDG 2.1). Furthermore, it will contribute to sustaining the economy (SDG 8.1) by stimulating consumption, stabilizing aggregate demand, and curtailing adverse effects on businesses and unemployment, both in the formal and informal sector.

If this scheme of unprecedented scale is implemented successfully, it will have a medium-term impact on future social protection programmes, in terms of their targets and scope, design, implementation and M&E, resulting in an impact in line with the principle of "build back better."

### *Programme Approaches and Methods*

Through UN's strategic investment – through a combination of technical and financial support – to the Government's cash transfer for low-income households scheme at this time of crisis, the UN will play a catalytic role in accelerating the implementation of the scheme in an efficient, effective and transparent manner.

Through direct financial support, the UN will help to fill in the funding gap of the programme, which is of paramount importance to ensure the swift roll out of the programme. This support and financial claim to the programme will strengthen the UN position in the country, increasing its ability to influence the programme implementation, and ensure core UN principles such as leaving no one behind, are at the center of programme implementation.

The creation of a technical support team, which will work closely with the MSSI Task Force Team created to run the programme, will enable the UN to temporarily fill in the capacity gap already identified in past social protection schemes, and which will be amplified when a programme of unprecedented magnitude is implemented in the country.

The collaborative efforts will contribute to the mitigation of the negative socio-economic effects of COVID-19 in Timor-Leste through two vectors.

The first vector involves the efficiency, efficacy, inclusiveness, transparency and social fairness of the implementation of the programme. Through financial and technical support, the UN will advise on the implementation design to ensure it follows core UN guiding principles, particularly guaranteeing that special attention is given to reducing existing gender and other inequalities, and by investing in the needs and inclusion of the most vulnerable households. This investment can ensure the effective, non-discriminatory, accountable and transparent delivery of the programme, regardless of household composition or location. Additionally, to minimize the public health risks associated with physical delivery of cash, the UN will leverage risk communication efforts to reinforce the messaging around health and hygiene.

The second vector involves the speed of programme delivery and its influence on socio-economic outcomes, both directly and indirectly. The UN aims not only to cover part of the programme funding gap, but also to leverage financial support for the programme from other development partners. Contributing to closing this financial gap is essential to guarantee that Government can roll out the payments in a swift manner. This is key on two different but intertwined accounts.



From a livelihood standpoint, providing quick support is of paramount importance. With many businesses closing (in both the formal and informal sectors) and value chains at limited capacity due to mobility restrictions, the income of many households is rapidly decreasing. The loss of informal sector work without formal employment protections disproportionately impacts women, as 73.6 percent of employed women are in vulnerable employment with 50.9 percent self-employed and 22.6 percent contributing family workers, compared to 47.2 percent of men (37.3 percent self-employed and 9.8 percent contributing family workers).<sup>9</sup> Given the large share of the population living under the poverty line, most of the population unlikely has capacity to smooth consumption through periods of income loss, creating significant threats to livelihoods and well-being. Therefore, providing a quickly deployed safety net, covering all citizens regardless of their past employment situation, will go a long way to mitigate the direct negative impact that the COVID-19 pandemic and containment measures have on household's income and well-being. The second key aspect to consider when speeding up the financial support given to families is how this translates to aggregate demand. Most families in Timor-Leste do not have sufficient income levels to save for extraordinary circumstances, this programme will enable families to smooth their consumption even if they experience job-related income losses. Furthermore, this consumption stimulation implies that aggregate demand will not drop as sharply, and allowing many businesses, including informal vendors, to continue to survive through the economic turmoil. Even if some firms are able to withstand a decrease in demand for short periods of time, it is unlikely that most businesses would be able to survive beyond one month. Enabling such a programme to be delivered at a quick pace, would imply that more firms will be able to survive the economic turbulence, and thus the UN support for the implementation of the programme will significantly contribute to enabling the scheme to act as an automatic stabilizer for Timor-Leste's economy – both formal and informal - in the short-run. Additionally, supporting aggregate demand will lead to higher firm survival rates, fewer job losses, and will put the economy and labour market in a better position to rebound and recover once the pandemic has been contained and, once further socio-economic response measures have been established, for the medium- to long-term recovery, in line with the National Employment Strategy. With 95 percent of the private sector confined to Dili, and with movement of people from Dili to the regions during the COVID-19 pandemic, the household cash transfer may support a temporary increase of demand for food and beverage services (often provided by rural women), and other local business, acting to maintain finances in rural areas following the injection.

For these contributions to be successful, results should be measured along the speed of programme implementation on the one hand, and the quality of delivery on the other (including transparency, accountability, efficiency of resource allocation and inclusive coverage to the most vulnerable households). This will allow the measurement of the effectiveness of the UN support both from the technical and the financial angles.

Innovation will be applied for the delivery of the scheme. Existing delivery mechanisms cannot be used due to public health concerns, and the most commonly used mechanisms globally are not applicable in Timor-Leste due to limited coverage of banking and digital payment methods. Innovative approaches will focus on delivering support in a quick yet clear and transparent manner, which minimize public health risks and do not require the lengthy process of expanding existing banking/digital infrastructures (which would significantly delay delivery).

On the short and medium term, the delivery mechanisms designed and lessons learned from this programme can be considered for adaptation to other social protection programmes. Although other programmes have faced implementation bottlenecks over the years, sizeable resources have not yet been allocated to address the fundamental issues with the social protection delivery mechanisms. Investing in and improving the social protection cash-transfer delivery mechanisms would sustainably enhance the resilience and accountability of the social protection system in the long run. This project would therefore contribute

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<sup>9</sup> "Timor-Leste Labour Force Surveys 2010-2013-2016," ILO, 2019.

to improve the ability of future social protection programmes to reach the target populations, which is one of the main ways this intervention looks to “build back better.”

Finally, by placing a strong emphasis through technical support on guaranteeing that the most vulnerable families (such as female- and child-headed households or families living in the most remote areas) and vulnerable individuals within families (i.e. persons with disabilities) have access to the scheme, the UN intervention is firmly grounded on human rights based approach, with a key goal of improving the lives and livelihoods of the poorest and the most vulnerable during the crisis.

## V. Documentation

Timor-Leste Country Preparedness and Response Plan (CPRP) is posted on the WHO partner portal.

UN Timor-Leste is currently finalizing its UN COVID-19 Multi-Sectoral Response Plan, the latest draft of which is attached.

## VI. Target population

The Government has opted for a scheme focused on low income households, which will benefit a large share of the 214,827 registered households in Timor-Leste. The UN support to the scheme aims to ensure that the scheme reaches all eligible households in the country, with a particular focus on female-headed and child-headed households as well as households with persons with disabilities and those living in more remote and border areas, which often experience greater obstacles in accessing social protection programmes.

By supporting all low-income households in the country, the Government will provide a safety net for families experiencing drops in their monthly incomes as a result of the containment and other restrictive measures introduced during the pandemic. This is expected to allow families to meet their basic needs during the first months of the COVID-19 outbreak, and in this way contributing to fulfilling the State’s obligations under international human rights law, particularly to assist in the realization of the right to an adequate standard of living at a time of great need.

The UN technical assistance to this initiative will include supporting civil society organizations to monitor the delivery of the scheme with attention to the grass roots needs and experiences of women and vulnerable groups in communities. This inclusion ensures representation of groups often excluded from decision-making positions, coordination in implementation of the scheme with groups trusted by the communities, and the support for a valuable feedback mechanism that has not previously existed. This mechanism reduces the risk of the most vulnerable being overlooked, and of delivery shortcomings being missed. It allows for real-time response to community concerns, and assists in bridging gaps in social, institutional and context-specific issues.

Furthermore, such a wide cash-transfer scheme will help to stabilize aggregate demand, mitigating the negative economic effects of the State of Emergency measures, which would indirectly dampen the reduction in household incomes throughout the country. The aggregate demand channel will also allow the

intervention to indirectly affect businesses, as it will allow for more firms to stay in business (both in the formal and informal sector) and less jobs to be destroyed. However, given the indirect nature of this channel, there is no reliable method for estimating the number of firms and jobs indirectly benefitted by the intervention.

## VII. Who will deliver this solution?

The delivery of the support will be a joint UN effort, under the technical leadership of ILO. The Recipient UN Organizations (RUNOs) will be: ILO and UN Women. UNDP – while not a direct recipient of the fund – will be actively engaged through its complementary interventions, including their targeted digital cash transfer programme. The joint UN socio-economic impact assessment, led by UNDP with participation of the number of UN agencies, will provide data that will be useful for the monitoring and evaluation of the scheme.

The implementation will be led by the Ministry of Social Solidarity and Inclusion (MSSI) with support of the UN inter-agency technical team, including ILO, UN Women, UNDP, UNICEF, WFP, IOM and HRAU.

The work of the ILO, through its Social Protection Programme Officer will continue to build on the work done by the ILO on Social Protection in Timor-Leste under the ACTION Technical Cooperation project since 2016, including its continued successful partnership with MSSI at various levels. The ILO will also channel support from its regional and HQ offices to provide guidance and inputs during the delivery process, whenever relevant.

UN Women will provide technical assistance, providing a gender lens in the development of the scheme's implementation and monitoring. This will leverage UN Women's strategic partnerships, which include the State Secretary for Equality and Inclusion (SEII) as the government institution responsible for coordination and monitoring of government gender equality efforts, diverse civil society organizations and networks at national and sub-national levels (including women's, LGBTIQ and disability groups, as well as partnership with the private sector through the Women's Empowerment Principles. UN Women also plays an important coordination and convening role, which can leverage the multi-stakeholder Gender and Protection Working Group, which UN Women chairs in collaboration with UNICEF, as well as other gender equality coordination mechanisms. This will create opportunities for the UN to ensure the design and roll-out benefits from diverse consultations and inputs from gender equality and inclusion specialists, which can encourage more participatory practices as an approach for future social protection schemes. These CSOs will further support the implementation and monitoring of the scheme, providing practical inputs and coordination at a local level to monitor timely and sensitive delivery. The CSOs will also provide a secondary channel for feedback from the community. UN Women will support the civil society partners to monitor the gendered impacts of COVID-19 on women's economic empowerment, which will contribute to the UNDP assessment and provide updated snapshots of the effectiveness of response efforts, with consideration to Timor-Leste's pre-existing normative commitments (Maubisse Declaration, CEDAW, SDGs, etc). Regular public communications and advocacy of monitoring results will contribute to greater transparency and accessibility of results, in line with the aspirations of public financial management reforms and inclusive governance practices.

To complement the Government's social protection programmes, UNDP will provide targeted cash-for-work assistance to the subsistence farmers, and communities likely to be worst impacted by the socio-economic downturn (at least 50 SMEs, 50 HHs and 5 NGOs). UNDP will also provide cash-for-work support to NGOs/CSOs working with people with disabilities, survivors of GBV, social excluded groups (eg. LGBTIQI), orphanages, etc. UNDP, together with UNFPA, UN Women and other UN agencies, will conduct a socio-economic impact assessment (SEIA) of COVID-19, targeting a sample of 400 diverse households living in 5-6 municipalities of Timor-Leste. The assessment will help further understand how different households and individuals are being impacted by COVID-19, the impact of the cash transfer scheme at the household level, and provide additional evidence, justification and data on whether new and additional social protection and livelihoods measures are needed for target groups, including children (delivery of the equivalent of school meals), NEET youth (additional employment boosting measures), under-/un-employed women and men, and the elderly (additional support with protection, mobility and specialized support services).

## Cover Page

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<p>Description</p>	<p>The COVID-19 pandemic is a wakeup call that we are only as strong as our weakest link in society: for Timor-Leste, this points to the need to invest in strengthening the country's social safety net. A country with a weak health system and high level of multi-dimensional poverty, the potential health and socio-economic impact of COVID-19 outbreak in Timor-Leste is huge, with a disproportionate negative impact on the poor, the excluded and the most vulnerable. Existing vulnerabilities of women, children, people with disabilities, elderly and rural communities have been exacerbated by the COVID-19 outbreak in Timor-Leste, making them most at-risk to both the health and non-health impact of the pandemic.</p> <p>In response to the COVID-19 outbreak, the Government rapidly enforced a State of Emergency in an effort to contain the spread of the virus and prevent high levels of morbidity and mortality. Cognizant of the negative socio-economic impact of the containment measures, particularly on the livelihoods and income of vulnerable households, the Government will be implementing a package of economic measures, including a cash transfer scheme targeted to low-income households.</p> <p>If the Government's cash transfer scheme targeting low-income households is rolled out swiftly in an efficient, inclusive, transparent and accountable manner (SDG 16.6), then it will have an immediate impact on the vulnerable people's lives and livelihoods by contributing to meeting their basic needs and relieving their socio-economic burden (SDG 1.3). It will also enable the consumption of basic items, which would mitigate the already acute prevalence of moderate and severe food insecurity (SDG 2.1). Furthermore, it will contribute to sustaining the economy (SDG 8.1) by stimulating consumption, stabilizing aggregate demand, and curtailing adverse effects on businesses and unemployment, both in the formal and informal sector.</p> <p>If this scheme of unprecedented scale is implemented successfully, it will have a medium-term impact on future social protection programmes, in terms of their targets and scope, design, implementation and M&amp;E, resulting in an impact in line with the principle of "build back better."</p>
<p>Universal Markers</p>	<p>Gender Marker: <i>(bold the selected; pls select one only)</i></p>

	a) Have gender equality and/or the empowerment of women and girls as the primary or principal objective. b) Make a significant contribution to gender equality and/or the empowerment of women and girls; c) Make a limited contribution or no contribution to gender equality and/or the empowerment of women and girls.			
Fund Specific Markers	Human Rights Based Approach to COVID19 Response ( <i>bold the selected</i> ): Yes/No Considered OHCHR guidance in proposal development <u>UN OHCHR COVID19 Guidance</u>			
	Fund Windows ( <i>bold the selected; pls select one only</i> ) Window 1: Enable Governments and Communities to Tackle the Emergency Window 2: Reduce Social Impact and Promote Economic Response			
Geographical Scope	Regions: Country: Timor-Leste			
Recipient UN Organizations	ILO, UN Women			
Implementing Partners	Ministry of Social Solidarity and Inclusion			
Programme and Project Cost	Budget	Agency	Amount	Comments
	Budget Requested	ILO	\$ 800,360	
		UN Women	\$ 199,020	
	In-kind Contributions	ILO		Technical advisory support of Social Protection Programme Officer
	Total		\$ 999,380	
Comments				
Programme Duration	Start Date: May 2020			
	Duration (In months): 6 months			
	End Date: November 2020			

## Results Framework

Window 2: Proposal outcome					Outcome Total Budget
	Outcome 2.1 By December 31 2020, all the people of Timor-Leste, particularly the most vulnerable including women and children, are relieved of the socio-economic impact of the COVID-19 pandemic				USD 999,380
		Baseline April 2020	Target December 31, 2020	Means of verification	Responsible Org
Outcome Indicator 2.1a	Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable (SDG Indicator 1.3)	<i>Bolsa da Mãe</i> Programme and the Subsidy for the Support of the Elderly and Invalid (SAII)  Data Source: MSSl	Cash Transfer Scheme for all low-income families	MSSl official reporting	ILO, MSSl
Output 2.1.1	By December 31, 2020, social protection mechanisms are strengthened technically and financially, in order to relieve the socio-economic burden of COVID-19, in particular for the most vulnerable, including women- and children-led households.				
Output Indicator 2.1.1a	Number of households receiving cash transfers	No households	All low-income households in Timor-Leste	Government of Timor-Leste, Statistics report from MSSl	ILO, MSSl
Output Indicator 2.1.1b	Develop effective, accountable and transparent institutions at all levels (SDG 16.6)	Existing social security programmes lack financial and human resources, quality assurance, M&E and implementing capacity, resulting in poor service quality, irregular or unreliable benefit delivery, delays and interruptions in service provision and lower levels of protection for the population	Feedback/grievance system established with real-time response, ensuring that the most vulnerable are not overlooked	Technical Support Team and MSSl reporting and final evaluation	UN Women, ILO, MSSl
Outcome Indicator 2.2a	Improve the food security status of the most vulnerable households	Food Insecurity Experience Scale (FIES 2020) or Socio-Economic	Target to be determined once	FIES or SEIA	FAO, UNDP, WFP, Ministry of

	of Timor-Leste (SDG Indicator 2.1.2)	Impact Assessment (SEIA 2020) to provide baseline	baseline is established		Agriculture and Fisheries (MAF)
Output 2.2.1	By December 31, 2020, ensure households have access to food and nutrition, in particular the most vulnerable, including women and children.				
Output Indicator 2.2.1a	Access to food (economic and/or geographical access to food)	Food Insecurity Experience Scale (FIES 2020) or Socio-Economic Impact Assessment (SEIA 2020) to provide baseline	Target to be determined once baseline is established	FIES or SEIA	FAO, UNDP, WFP, MAF
Outcome Indicator 2.3a	Sustain per capita economic growth in accordance with national circumstances in the least developed countries (SDG Indicator 8.1)	4.8% annual growth rate of real non-oil GDP  Data Source: IMF Country Report No. 19/124	1-5 % per year	Ministry of Finance, National Accounts	ILO, UNDP, Secretary of State for Vocational Training and Employment (SEFOPE)
Output 2.3.1	By December 31, 2020, stabilization of aggregate demand will ensure that markets are sustained and has the capacity rebound				
Output Indicator 2.3.1a	Unemployment rate, by gender, age, persons with disabilities and municipality	10.4%  Data Source: Mini LFS 2016	Between 9.3 and 10.4 %	SEIA, Ministry of Finance, National Accounts	ILO, SEFOPE
Output Indicator 2.3.1b	Functioning of the informal sector and local markets	Food Price Monitoring & Market Functionality Survey to provide baseline by May 2020  Covers traditional markets and <i>loja</i> (kiosks), for at least 9 but aiming for all 13 municipalities	Target to be determined once baseline is established	Food Price Monitoring & Market Functionality Survey	WFP and MAF, (leading)  FAO, UNDP and National Logistic Center (supporting)



## SDG Targets and Indicators

Please consult Annex: [SDG List](#)

Please select no more than three Goals and five SDG targets relevant to your programme.

*(selections may be bolded)*

Sustainable Development Goals (SDGs) [select max 3 goals]		
<input type="checkbox"/>	SDG 1 (No poverty)	<input type="checkbox"/> SDG 9 (Industry, Innovation and Infrastructure)
<input type="checkbox"/>	SDG 2 (Zero hunger)	<input type="checkbox"/> SDG 10 (Reduced Inequalities)
<input type="checkbox"/>	SDG 3 (Good health & well-being)	<input type="checkbox"/> SDG 11 (Sustainable Cities & Communities)
<input type="checkbox"/>	SDG 4 (Quality education)	<input type="checkbox"/> SDG 12 (Responsible Consumption & Production)
<input type="checkbox"/>	SDG 5 (Gender equality)	<input type="checkbox"/> SDG 13 (Climate action)
<input type="checkbox"/>	SDG 6 (Clean water and sanitation)	<input type="checkbox"/> SDG 14 (Life below water)
<input type="checkbox"/>	SDG 7 (Sustainable energy)	<input type="checkbox"/> SDG 15 (Life on land)
<input type="checkbox"/>	SDG 8 (Decent work & Economic Growth)	<input type="checkbox"/> SDG 16 (Peace, justice & strong institutions)
<input type="checkbox"/>	SDG 17 (Partnerships for the Goals)	
Relevant SDG Targets and Indicators [Depending on the selected SDG please indicate the relevant target and indicators.]		
Target	Indicator # and Description	Estimated % Budget allocated
Target 1.3	Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable	30%
Target 2.1	End hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round	30%
Target 8.1	Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries	20%

Target 16.6	Develop effective, accountable and transparent institutions at all levels	20%
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## Risk

What risks and challenges will complicate this solution, and how they will be managed and overcome?

*(COVID19 has created an unprecedented and fast changing development context. Accepting this volatile situation, please identify up to three risk to the success of the proposal based on best available analysis to the UN) Please enter no more than 3.*

Event	Categories Financial Operational Organizational Political (regulatory and/or strategic)	Level 3 – Very High 2 – Medium High 1 – Low	Likelihood 6 – Expected 5 – Highly Likely 4 – Likely 3 – Moderate 2 – Low Likelihood 1 – Not Likely 0 – Not Applicable	Impact 5 – Extreme 4 – Major 3 – Moderate 2 – Minor 1 – Insignificant	Mitigating Measures (List the specific mitigation measures)	Risk Owner
Risk 1 – Government delays in implementation of the programme	Political (strategic) and/or Financial	2	3	4	High-level advocacy by the RC to resolve bottlenecks Technical support to the implementation planning Possible reprogramming to Government's other COVID-19 social protection schemes	GoTL
Risk 2 - Security risk associated with delivery of cash and/or grievances from citizens.	Operational	3	4	5	Ensure each Implementation Team per Suco, which has a representative of the National Police of Timor-Leste (PNTL) and Timor-Leste Defense Force (F-FDTL), has additional security support at the local level	PNTL/F-FDTL
Risk 3 – Health and safety risk of the virus spreading as a result of physical contact during distribution of cash	Operational	2	3	5	PPE for the Implementation Teams; WASH facilities in sucos; sensitization of Implementation Teams on protective measures	GoTL

## Budget by UNDG Categories

Budget Lines	Fiscal Year	Description [OPTIONAL]	Agency 1 ILO	Agency 2 UN Women	Total USD
1. Staff and other personnel	2020	Programme Officer, Comms and Procurement (% of time)		10,000	10,000
2. Supplies, Commodities, Materials	2020	Communications/Internet		3,000	3,000
3. Equipment, Vehicles, and Furniture, incl. Depreciation	2020	Laptops/phones if needed for partner monitoring/ connectivity		5,000	5,000
4. Contractual services	2020	National Coordination Consultant Gender and social protection monitoring and evaluation		78,000	78,000
5. Travel	2020	Travel to municipality		2,000	2,000
6. Transfers and Grants to Counterparts	2020	Transfer to Gov't (through ILO) Agreement with CSO to monitor impact of cash transfer across 13 municipalities, document recommendations and link feedback to MSI, SEI and other Gov't and oversight mechanisms	748,000	78,000	826,000
7. General Operating and other Direct Costs	2020			10,000	10,000
Sub Total Programme Costs			748,000	186,000	934,000
8. Indirect Support Costs * 7%			52,360	13,020	65,380
Total			800,360	199,020	999,380

*\* The rate shall not exceed 7% of the total of categories 1-7, as specified in the COVID-19 Response MOU and should follow the rules and guidelines of each recipient organization. Note that Agency-incurred direct project implementation costs should be charged to the relevant budget line, in line with UNSDG guidance.*