


Introduction

- Timor-Leste has restarted its independence in 2002.
- Timor-Leste is a lowest income per capita compared to other countries in the region.
- Economically much dependent on oil.
- Commercial balance: Economic activity is 96% dependent on imports and the income from export tax is only 4%.
- Although in the *macro-economic outlook* of Timor-Leste economic growth between 2007-2011 has increased *double digit* (average 12,5%).

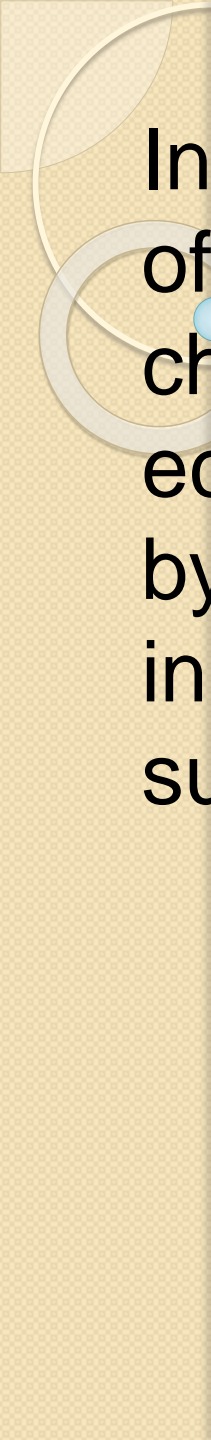
- **Economic organization:** The existence of the public sector, the private sector and the cooperative and social sector of ownership of means of production. (Article 138, Constitution of RDTL).
- The National Strategic Plan 2011-2030, medium term plan (5 years government program) to develop non oil sector is a alternative to the national economic. So, Timor-Leste will diversify on three essential

Immediately challenges of Timor-Leste are:

1. How to manage the mineral resource for future sustainable development.
2. How to develop the petroleum for increasing the non-petroleum economic-diversify non-petroleum revenue for future sustainable development.



To convert recourse of petroleum in long-term sustainable growth, as new economics development apart from the Government expenditure, that is private sector (Small and Medium Enterprises-SMEs) particularly; diversification in agriculture, tourism, and petroleum itself as the important role and strategic for promoting employment, innovation, income creation, economic and social growth and development.



In order to find out the conditions, progress of successfulness factor as well as the challenges for diversification non-petroleum economic development that had been done by Timorese entrepreneurs to increase income for contribution to the future of sustainable economic of Timor-Leste.

Objective of the Study

The objectives of the study was:

- 1) To investigate the factors that motivated Timorese entrepreneurs to start business in Timor-Leste.
- 2) To identify the challenges that are faced by Timorese in practicing businesses successfully.

Motivation of Timorese entrepreneurs

Motivation to establish the business are:

- An obligation to sustain their lives (71.3%).
- Because have opportunity to invest 7.4%.
- Have job related to business 2.2%.
- Have planned before 12.8%.
- Heritage from parent 1.0%.
- To make profit 5.3%.

The challenges of entrepreneurs




- Challenge on business is capital budget (31.2%), human resources (11.9%), and infrastructure (9.1%). While, very few are management and trainings (0.5%).

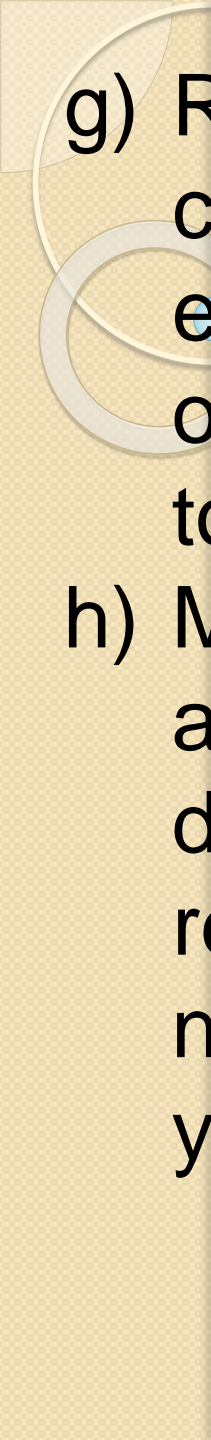
Conclusion and Recommendation

Conclusion

Based on data analysis of the result of the research, can be concluded as follows:

- a) The majority of capital in Small and Medium Enterprises (SMEs) is to establish the firms (business, cooperative and industry) are still low
- b) The objective of establishing firms are majority to sustain lives/family;
- c) Many structure of the firms are informal (not registered);

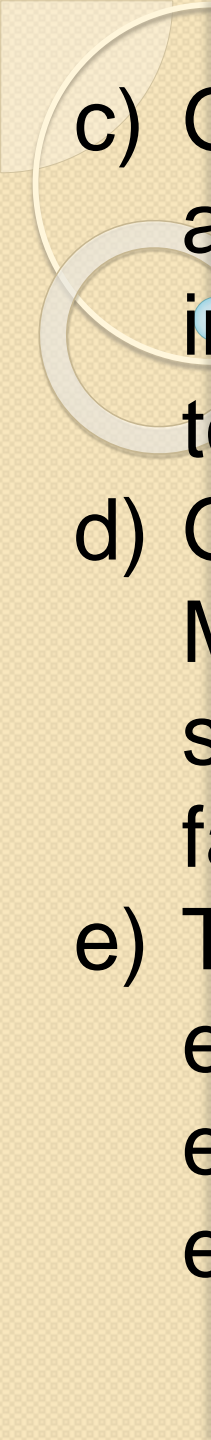
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- d) Challenge for firms are in financial, management, human resources, infrastructure and lack of trainings;
 - e) Other obstacle is lack of infrastructure to facilitate and deliver product to the market, and also their human resource qualification that is competitive to develop petroleum resources;
 - f) Tax interest rate is still high, the criteria for credit is complicated, long bureaucracy;

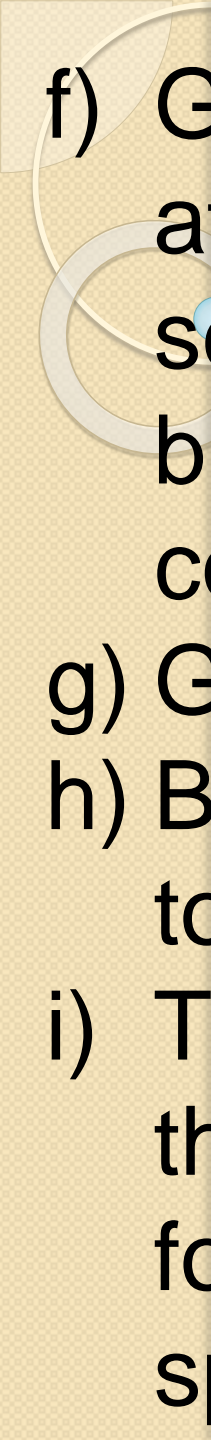
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- g) Regulations protection for business competitors, and increase the skills of entrepreneurs through trainings and give opportunity to the entrepreneurs to access to business capital;
- h) Main contribution from entrepreneurship activities to the national economic development are employment creation to reduce employment, sustain family survival needs to send children to school, help youth activity and contribute to church.

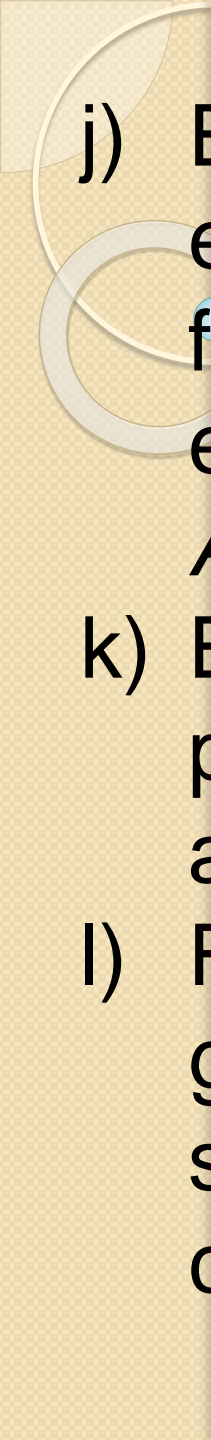
Recommendation

The result of this research, so, researchers present some recommendations to the ministry as follows:

- a) Call for government (MCI A) to give maximum attention to support, define a good policy and provide continuity accompaniment to business, cooperative and industry;
- b) Government needs to urge and approve the law of land to be the capital of the community;

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- c) Government needs to give maximum attention to the basic investment of infrastructure to respond the need of access to the market;
 - d) Government needs to support Small and Medium Enterprises (SMEs) so that will be strengthen their financial capacity, advance facilities and technology;
 - e) The market sectors Need to develop, empower and strengthen Timorese entrepreneur activity to compete with foreign enterprisers;

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- f) Government needs to provide maximum attention to agriculture and tourism sectors as a alternative sector of the biggest non-petroleum income in the country;
 - g) Government needs to do fiscal reform;
 - h) Business, cooperative and industry need to get credit support;
 - i) The entrepreneurs need to increase their skills through formal and non-formal education like trainings in specialisation areas;

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- j) Enterprisers need to have high spirit of entrepreneur so that will compete with the foreign enterprisers as a preparation to enter in ASEAN (*Association of Southeast Asian Nations*) market;
 - k) Enterpriser need to be more incentive promotion to the products that have already exists;
 - l) For future research will recommend to the government to provide adequate secondary data to the researchers to complete the research.



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THANK YOU
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