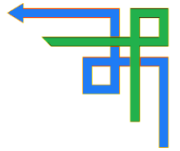


SECRETARIADO
DO FUNDO ESPECIAL
DE DESENVOLVIMENTO DE ATAÚRO



GOVERNMENT POLICY PRIORITIES (PPG) ***Prioridades Política Governu (PPG)***

PROPOSAL

Development of the Tourism Sector in Atauro

PPG Nú. 16

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1. Executive Summary

Prioridades Política Governu (PPG) No. 16 proposes a five-year programme from **2027 to 2031** to develop Ataúro as a competitive, inclusive and environmentally sustainable tourism destination. The proposal responds to the Government's policy-based budgeting priorities and supports national objectives for economic diversification, employment creation, private-sector development, environmental protection and balanced regional development.

Ataúro has considerable potential for marine, ecological, cultural and community-based tourism. The island has a population of approximately **10,295 people** across five sucos and possesses exceptional natural and cultural assets, including coral reefs, beaches, mountains, traditional fishing practices, handicrafts, local languages, historical sites and community traditions. Marine surveys have identified **642 fish species**, including 315 species recorded at one location. Ataúro also has an existing tourism base comprising at least **19 accommodation providers** and several diving and snorkelling operators. However, tourism remains concentrated mainly around Beloi and Vila Maumeta, while many communities receive limited benefits from the sector.

Tourism development is constrained by difficult access to and within the island, limited visitor facilities, inadequate water, sanitation, waste management, electricity and telecommunications, weak workforce and business capacity, insufficient destination marketing, limited tourism data, incomplete service and safety standards and fragmented institutional coordination. Without coordinated government intervention, tourism growth may remain limited and geographically unequal, while unmanaged development may place additional pressure on Ataúro's marine ecosystems, cultural heritage and local communities.

The overall objective of PPG No. 16 is to develop Ataúro into a high-value tourism destination that creates employment, increases local income and attracts responsible investment while protecting the natural and cultural assets on which tourism depends. By 2031, the programme aims to:

- increase tourism-related employment and locally owned enterprises by at least **30%**;
- train at least **250 residents**, with strong participation by women and young people;
- increase annual visitor arrivals by **30%**;
- increase average visitor length of stay by **20%**;
- increase local visitor expenditure by **25%**;
- support community-tourism initiatives across all five sucos; and

- ensure that at least **80% of registered tourism operators** comply with applicable service, safety and environmental standards.

The preferred intervention is an **Integrated Tourism Development Programme** delivered through a hybrid model combining government leadership, outsourced technical expertise, community participation and private-sector investment. This option provides the best value for money because it addresses tourism planning, visitor facilities, skills, community enterprises, conservation, marketing, safety, standards and institutional coordination as one integrated programme. It also coordinates tourism development with existing investments in roads, Beloi Port, Raikete Airport, water, sanitation, electricity and telecommunications, while avoiding duplication of expenditure.

The programme will be implemented through seven phases:

1. programme preparation and design;
2. procurement and contracting;
3. initial implementation and quick wins;
4. tourism facilities and site development;
5. conservation and heritage management;
6. enterprise and investment development; and
7. programme management, monitoring and evaluation.

Key activities will include preparation of an integrated Ataúro Tourism Development and Management Plan, establishment of programme governance arrangements, tourism baseline surveys, feasibility studies, environmental assessments, visitor signage and safety facilities, operation of the Ataúro Tourism Centre, workforce training, destination branding, community tourism support, development of tourism sites across the five sucos, protected-area management, cultural heritage protection and preparation of investment-ready projects. These activities complement the Ataúro Strategic Development Plan, including its targets for the Tourism Centre, Marine Park, cultural-site mapping, conservation, cooperatives, entrepreneurship and improved access to finance.

The total **new funding requested** for the five-year programme is estimated at **USD 9,468,329**, comprising **USD 8,881,829** for programme implementation and **USD 586,500** for contingency provisions.

Implementation will be overseen by the ministry responsible for tourism, with the Ataúro Administrative Authority coordinating activities at island level. FEDA and relevant line ministries will support eligible infrastructure and sector activities, while communities,

cooperatives, tourism operators, private investors, development partners and research institutions will participate according to their respective roles.

The programme's principal risks include procurement and implementation delays, weak institutional coordination, increases in transport and construction costs, insufficient operation and maintenance funding, environmental degradation, land or community disputes, unequal distribution of benefits and failure to meet public expectations. These risks will be managed through phased implementation, clear institutional responsibilities, early technical preparation, transparent procurement, environmental and social safeguards, community consultation, controlled use of contingency funds and regular performance reviews. The overall residual risk is assessed as **Moderate**.

Monitoring will be based on a 2027 baseline, quarterly implementation and financial reporting, annual visitor and enterprise surveys, environmental monitoring and community consultations. An independent mid-term evaluation will be conducted in **2029**, followed by a final evaluation in **2031**. The evaluations will assess effectiveness, efficiency, equity, impact, sustainability, cost-effectiveness and value for money.

Through this integrated approach, PPG No. 16 will provide a credible pathway for transforming Ataúro's tourism potential into sustainable employment, income and investment. It will also promote a more equitable distribution of tourism benefits across the island while protecting Ataúro's distinctive marine biodiversity, cultural heritage and community identity.

2. Definition of the Policy Problem

2.1 Problem Statement

Ataúro has significant potential to become one of Timor-Leste's leading destinations for marine, ecological, cultural and community-based tourism. However, this potential has not yet been developed through an integrated, adequately financed and environmentally sustainable tourism programme. Access to the island and movement between tourism sites remain difficult, essential infrastructure and services are limited, and tourism businesses are concentrated mainly around Beloi and Vila Maumeta. As a result, many communities across the island receive limited benefits from tourism.

The problem affects Ataúro's 10,295 residents, particularly young people seeking employment, women involved in homestays and handicrafts, fishers, artisans, local guides, small businesses and communities located outside the main tourism areas. It also affects tourism operators, visitors and potential investors who require reliable transport, water,

sanitation, electricity, waste management, safety, skilled workers and clear tourism and environmental standards.

The scale of the opportunity is demonstrated by Ataúro's exceptional natural and cultural assets. Marine surveys recorded 642 fish species around the island, including 315 species at one location, while its waters are important habitats and migration routes for whales, dolphins and other marine species. Ataúro also has beaches, coral reefs, mountains, forests, caves, historical sites, traditional fishing practices, weaving, pottery and distinct local languages and traditions. The island already has at least 19 accommodation providers and several diving and snorkelling operators, confirming an existing tourism market. Nevertheless, limited infrastructure, weak coordination and the absence of an island-wide tourism development framework prevent the sector from reaching its full economic potential.

Government intervention is therefore urgent to ensure that tourism growth creates employment, increases household income, attracts responsible investment and supports economic diversification, while protecting Ataúro's fragile marine, terrestrial and cultural resources.

2.2 Strategic Alignment

PPG No. 16 is aligned with the Constitution of the Democratic Republic of Timor-Leste, the Strategic Development Plan 2011–2030, the Programme of the IX Constitutional Government 2023–2028, and Timor-Leste's commitments under the United Nations 2030 Agenda for Sustainable Development.

The Constitution provides the fundamental basis for the proposal. Section 71(3) requires Ataúro to enjoy an appropriate economic status, while Section 6(d), (f), (g), (i) and (j) requires the State to develop the economy, protect the environment and natural resources, preserve cultural heritage, promote balanced regional development and ensure equal opportunities for women and men. The proposal also supports the right to work under Section 50, the protection of cultural heritage under Section 59(5), and the obligation under Section 61 to preserve natural resources and promote environmentally sustainable economic development. These provisions require tourism development in Ataúro to generate inclusive economic benefits while protecting its communities, culture and ecosystems.

The proposal is directly aligned with Part 4: Economic Development—Tourism of the Strategic Development Plan 2011–2030, particularly the sections concerning the Central Tourist Zone, Ataúro Island and national tourism targets. The Plan identifies tourism as a priority industry for employment, private-sector growth and income generation, and promotes Ataúro for marine tourism, diving, trekking, fishing, eco-lodges and community-based tourism. PPG No. 16 will translate this national vision into a coordinated programme

for infrastructure, skills development, destination management, environmental protection and responsible investment.

The proposal is also aligned with the Programme of the IX Constitutional Government 2023–2028, particularly Section 4.4—Tourism, which promotes community, ecological, adventure, marine, cultural and leisure tourism, supported by improved infrastructure, regulation, training, marketing and partnerships. It also supports Section 4.1—Blue Economy, including commitments to map dive sites, consider establishing the Ataúro National Marine Park, assess coral reefs and marine biodiversity, support marine protected areas, protect whale-migration routes and reduce marine pollution.

Internationally, PPG No. 16 contributes directly to SDG 8.9, on sustainable tourism that creates jobs and promotes local culture and products; SDG 12.b, on monitoring tourism’s sustainability impacts; and SDG 14.7, on increasing economic benefits from the sustainable use of marine resources. It also supports SDGs 5, 9, 11, 13, 15 and 17 through women’s economic participation, resilient infrastructure, cultural heritage protection, climate resilience, biodiversity conservation and partnerships.

3. Objectives and Expected Results

3.1 Policy Objectives

The overall policy objective is to develop Ataúro, between 2027 and 2031, as a competitive, inclusive and environmentally sustainable high-value tourism destination by improving access, essential infrastructure, destination management, local skills, tourism enterprises, investment conditions and protection of natural and cultural assets. The programme will increase employment and local income while ensuring that tourism development does not damage the marine, terrestrial and cultural resources on which the sector depends.

3.2 Expected Results

Short-Term Outputs (2027–2028)

- An integrated Ataúro Tourism Development and Management Plan is approved, supported by clear tourism, conservation and land-and-marine spatial planning arrangements.
- The **Ataúro Tourism Centre** is completed and operational by 2027 to provide visitor information, tourism promotion and support services.
- Baseline data are established on visitors, employment, tourism enterprises, visitor expenditure, accommodation, tourism sites and environmental conditions.

- Priority marine, terrestrial, cultural and historical tourism sites are identified and mapped, with cultural and heritage-site mapping completed by 2028.
- The **Ataúro Marine Park and Marine Research and Education Centre** is established and operational by 2028.
- Initial improvements are completed for priority roads, maritime access, tourism signage, water, sanitation, waste management, electricity, internet connectivity and visitor safety.
- Community-based tourism and ecotourism activities are introduced or strengthened across the five sucos.
- Between **10 and 20 cooperatives** are formally registered and operational by 2028, including cooperatives in tourism, handicrafts, fisheries and other related sectors.

Medium-Term Outcomes (2028–2031)

- Tourism access, infrastructure and essential services are more reliable in priority destinations across Ataúro.
- At least 250 residents receive tourism-related training, with strong participation by women and young people.
- Tourism-related employment and locally owned enterprises increase by at least 30% compared with the 2027 baseline.
- Annual visitor numbers increase by 30%, average length of stay by 20% and local visitor expenditure by 25%.
- At least 80% of registered tourism operators comply with approved service, safety and environmental standards.
- Tourism activities and benefits are more evenly distributed beyond Beloi and Vila Maumeta to communities across all five sucos.
- Priority marine, coastal, terrestrial and cultural sites operate under agreed protection and management arrangements.

Long-Term Impacts (Beyond 2031)

- Ataúro becomes a recognised high-value, inclusive and environmentally sustainable tourism destination.
- Tourism makes a stronger contribution to local income, decent employment, private investment and Timor-Leste's non-oil economic diversification.

- Women, young people and community enterprises gain greater and more equitable access to tourism-related economic opportunities.
- Ataúro's marine biodiversity, terrestrial ecosystems, cultural heritage and traditional practices are protected for future generations.
- Government revenue and local economic activity increase through responsible tourism growth.
- Ataúro provides a national model for community-based, climate-resilient and environmentally responsible tourism development.

3.3 Key Performance Indicators (KPIs)

The following KPIs will measure progress in tourism planning, infrastructure, enterprise development, employment, visitor growth, service quality and environmental protection. Where reliable data are not currently available, the baseline will be established through a tourism survey during the first six months of 2027.

KPI	Baseline	Target value
1. Integrated Ataúro Tourism Development and Management Plan approved	No integrated plan in place	Plan approved and implementation mechanism established by December 2027
2. Ataúro Tourism Centre operational	Tourism centre not operational	Tourism Centre completed and operational by December 2027
3. Priority tourism, cultural and heritage sites mapped	Partial and fragmented information	100% of identified priority sites mapped and officially recorded by December 2028
4. Ataúro Marine Park and Marine Research and Education Centre established	Not yet established	Established and operational by December 2028
5. Community-based tourism and ecotourism initiatives operating	To be confirmed in the 2027 baseline	At least one supported initiative operating in each of Ataúro's five sucos by 2030
6. Registered local tourism enterprises and cooperatives	To be established in 2027	Tourism-related enterprises increase by at least 30% by 2031; contribute to the Matrix target of 10–20 formally registered cooperatives by 2028
7. Residents receiving tourism and business training	No consolidated baseline	At least 250 residents trained by 2031, including 50–100 people receiving entrepreneurship and business-management training by 2029
8. Participation of women and young people in training	To be established in 2027	At least 50% of participants are women and young people
9. Small enterprises and cooperatives accessing finance	To be established in 2027	Between 30 and 50 enterprises or cooperatives access formal credit or financial services by 2029
10. Tourism-related employment	To be established through the 2027 labour and business baseline	Tourism-related employment increases by at least 30% by December 2031
11. Annual visitor arrivals	2027 visitor-arrival baseline	Annual visitor numbers increase by at least 30% by December 2031
12. Average visitor length of stay	2027 baseline	Average length of stay increases by at least 20% by December 2031
13. Average local visitor expenditure	2027 baseline	Average expenditure retained in the local economy increases by at least 25% by December 2031
14. Compliance with tourism, safety and environmental standards	No unified compliance system	At least 80% of registered tourism operators comply with approved standards by December 2031

15. Priority natural and cultural sites under management arrangements	Limited and fragmented management	100% of identified priority sites covered by approved protection or management measures by December 2031
16. Tourism-supporting service coverage	Existing gaps in access, water, sanitation, waste management, electricity and connectivity	Priority tourism areas receive functional basic services by 2030, aligned with the Ataúro Strategic Development Plan infrastructure targets

4. Options Analysis

4.1 Options Considered

Four options are considered for developing the tourism sector in Ataúro. They range from maintaining the current arrangements to implementing an integrated government-led programme or adopting an alternative partnership-based delivery model.

Option 1: Status Quo — Continue the Current Approach

Under this option, tourism development would continue largely through existing private operators, homestays, community initiatives and individual government projects, without a single integrated tourism development programme.

Ataúro would continue to attract visitors through its beaches, coral reefs, diving sites, marine biodiversity, cultural traditions and natural landscapes. Existing hotels, eco-lodges, guesthouses, homestays and marine-tourism operators would continue operating, mainly around Beloi and Vila Maumeta.

However, infrastructure, destination management, environmental protection, tourism standards, data collection and investment promotion would remain fragmented. Tourism benefits would continue to be concentrated in a limited number of locations, while many communities would have limited access to employment and business opportunities.

This option would have the lowest immediate fiscal cost but would not adequately address the structural barriers limiting tourism growth. It would also increase the risk of unplanned development and damage to Ataúro's environmental and cultural assets.

Option 2: Minimum Intervention

This option would focus on a limited package of low-cost and short-term activities. These could include:

- completing and operating the Ataúro Tourism Centre;
- installing tourism signs and visitor information;
- providing basic hospitality, guiding and business training;

- conducting limited marketing and promotion;
- supporting selected homestays, cooperatives and community tourism initiatives; and
- making minor improvements to priority tourism sites.

This approach could produce quick and visible results and would require less funding and institutional capacity than a comprehensive programme. It could improve visitor information, service quality and local participation in selected areas.

However, it would not sufficiently address the major constraints relating to maritime and internal access, water, sanitation, waste management, electricity, environmental protection, spatial planning and coordinated destination management. The intervention would therefore improve individual tourism activities but would be unlikely to transform Ataúro into a competitive and sustainable destination.

Option 3: Integrated Tourism Development Programme — Proposed Intervention

This option proposes a coordinated, multi-year programme to develop Ataúro as a high-value, inclusive and environmentally sustainable tourism destination.

The intervention would combine:

- preparation and implementation of an integrated Tourism Development and Management Plan;
- establishment of effective government, community and private-sector coordination;
- development of the Ataúro Tourism Centre;
- improvement of maritime access, roads, trails, signs, telecommunications, electricity, water, sanitation, waste management and visitor safety;
- establishment of the Ataúro Marine Park and Marine Research and Education Centre;
- mapping and protection of priority natural, cultural, historical and heritage sites;
- development of community-based tourism and marine and terrestrial ecotourism across the five sucos;
- tourism and entrepreneurship training for local residents;
- support for cooperatives and locally owned businesses;
- improved access to finance;
- introduction of environmental, safety and service standards; and

- destination marketing, tourism data collection and investment promotion.

Option 4: Alternative Partnership-Based Service-Delivery Model

Under this option, the Government would establish the policy, regulatory and environmental framework but contract or delegate substantial programme delivery to a partnership-based destination management organisation.

The model could involve the Ataúro Administrative Authority, the ministry responsible for tourism, local communities, tourism associations, non-governmental organisations, development partners and private investors. Private operators or community organisations could manage selected tourism facilities, visitor services, eco-tourism sites, accommodation, transport services and marketing under contracts, concessions or public-private partnership arrangements.

This model could bring specialised expertise, private capital, innovation and greater operational flexibility. It could also reduce the Government's direct responsibility for operating commercial tourism services.

However, it would require strong contracts, transparent procurement, clear land and resource-use arrangements, effective environmental regulation and reliable performance monitoring. Without these safeguards, there is a risk that commercial interests could dominate decision-making, benefits could be concentrated among a small number of operators and local communities could have limited participation.

Preliminary Comparison

Option	Cost	Potential benefits	Main limitation
1. Status quo	Low	Existing tourism activities continue	Does not resolve infrastructure, coordination or sustainability constraints
2. Minimum intervention	Low to moderate	Delivers quick improvements in selected areas	Limited scale and does not address structural barriers
3. Integrated programme	Moderate to high	Strongest economic, social and environmental results	Requires significant investment and coordination
4. Partnership-based model	Moderate public cost, with potential private financing	Mobilises expertise, innovation and private investment	Requires strong regulation, contracts and accountability

4.2 Cost–Benefit or Cost-Effectiveness Analysis

The proposed integrated tourism programme is expected to generate greater economic, social and environmental benefits than the status quo or a limited intervention. A final cost–benefit analysis will be completed once the programme design, baseline study, feasibility assessments and detailed multi-year costing are available.

Quantified Benefits

The programme is expected to benefit Ataúro's population of approximately **10,295 people** through improved infrastructure, services, employment and local business opportunities. Direct programme targets include:

- a **30% increase in tourism-related employment and locally owned tourism enterprises by 2031**;
- training for at least **250 residents**, with strong participation by women and young people;
- a **30% increase in annual visitors**, a **20% increase in average length of stay**, and a **25% increase in local visitor expenditure** by 2031;
- establishment of at least one supported community-tourism initiative in each of Ataúro's five sucos;
- formalisation of **10–20 cooperatives by 2028**, including tourism and handicraft cooperatives;
- entrepreneurship and business training for **50–100 community members by 2029**;
- access to formal credit or financial services for **30–50 small businesses and cooperatives by 2029**;
- completion of the Ataúro Tourism Centre by 2027; and
- establishment of the Ataúro Marine Park and Marine Research and Education Centre by 2028.

Higher visitor numbers, longer stays and increased local expenditure are expected to raise income for accommodation providers, restaurants, guides, transport operators, fishers, farmers, artisans and other local suppliers. Tourism growth should also generate additional government revenue through business registration, service fees, taxes and tourism-related charges. Reliable monetary estimates will be prepared after visitor expenditure, business revenue and employment baselines have been established.

Cost-Effectiveness

The integrated approach is considered more cost-effective than implementing isolated tourism projects because it combines infrastructure, skills, environmental management, enterprise support, destination promotion and institutional coordination under one programme. This should reduce duplication, improve the sequencing of investments and ensure that facilities are supported by appropriate management, maintenance and human capacity.

Cost-effectiveness will be strengthened by:

- coordinating tourism investment with roads, ports, water, electricity, telecommunications and waste-management projects already identified in the Ataúro Strategic Development Plan;
- directing public funding mainly towards public infrastructure, environmental protection, planning and capacity-building;
- mobilising private investment for accommodation, transport, restaurants and commercial tourism services;
- using community organisations and cooperatives to deliver appropriate local tourism activities; and
- implementing the programme in phases, beginning with high-priority and implementation-ready locations.

Non-Monetary Benefits

The programme will provide important benefits that cannot be fully expressed in monetary terms, including:

- **Equity and inclusion:** wider participation by women, young people, persons with disabilities, remote communities and locally owned businesses;
- **Balanced development:** a more equitable distribution of tourism benefits across all five sucos rather than concentration around Beloi and Vila Maumeta;
- **Environmental protection:** improved management of coral reefs, marine species, beaches, forests and other sensitive ecosystems;
- **Cultural preservation:** protection and promotion of traditional practices, languages, handicrafts, historical sites and community knowledge;
- **Legal and policy compliance:** stronger alignment with constitutional obligations concerning Ataúro's special economic status, employment, cultural heritage and environmentally sustainable development;
- **Safety and service quality:** improved standards for accommodation, guiding, marine activities, sanitation and visitor protection;
- **Climate resilience:** tourism infrastructure and services designed to withstand coastal hazards, water scarcity and other climate-related risks; and
- **Governance and accountability:** clearer institutional responsibilities, improved tourism data and stronger monitoring of public investment.

Risks and Mitigation Strategies

Main risk	Potential effect	Mitigation strategy
High costs and implementation delays	Cost overruns, delayed benefits and low budget execution	Use phased implementation, detailed feasibility studies, realistic costing, competitive procurement and regular financial and physical-progress monitoring
Weak institutional coordination	Duplication, unclear responsibilities and fragmented delivery	Establish a formal coordination mechanism with defined roles, reporting lines and annual implementation plans
Environmental degradation	Damage to coral reefs, beaches, water sources and biodiversity	Apply environmental assessment, carrying-capacity limits, zoning, waste controls, operator standards and community-based conservation
Unequal distribution of benefits	Tourism income concentrated among a small number of businesses or locations	Prioritise community tourism, local procurement, cooperatives, women and youth enterprises, and initiatives across all five sucos
Limited local skills and business capacity	Poor service quality and dependence on external workers or operators	Provide hospitality, language, guiding, safety, environmental and business-management training
Insufficient visitor demand or private investment	Low use of infrastructure and weak economic returns	Implement targeted destination marketing, improve transport reliability, prepare investable projects and establish transparent investment arrangements
Weak operation and maintenance	Tourism facilities deteriorate after construction	Prepare funded maintenance plans, assign asset-management responsibilities and use suitable community or private operating agreements
Land, cultural or community disputes	Project delays, loss of community support and reputational damage	Conduct early consultation, respect customary systems, clarify land use and establish accessible grievance-resolution procedures
Climate and disaster risks	Damage to coastal facilities and interruption of tourism services	Use climate-resilient designs, emergency plans, risk-based site selection and appropriate insurance arrangements

4.3 Rationale for the Preferred Option

Option 3: Integrated Tourism Development Programme is the preferred option because it provides the most comprehensive and sustainable response to the barriers limiting tourism development in Ataúro. Unlike isolated or small-scale interventions, it addresses the full set of interrelated constraints: access and infrastructure, destination planning, environmental protection, tourism standards, skills, local enterprise development, access to finance, investment promotion and institutional coordination.

Best Value for Money

Option 3 offers the best value for money because it combines tourism investment with infrastructure and development initiatives already identified in the **Ataúro Strategic Development Plan 2026–2030**. These include improvements to the port, airport, roads, telecommunications, water supply, sanitation, waste management and electricity, as well

as the proposed Tourism Centre, Marine Park, conservation programmes, cooperatives and business-development support. Coordinating these investments under one programme will reduce duplication, improve sequencing and ensure that infrastructure delivers wider economic and community benefits.

The preferred option also provides stronger long-term returns by directing public funding towards essential infrastructure, planning, regulation, conservation and capacity-building, while encouraging private investment in accommodation, transport, restaurants, diving services and other commercial activities. Community organisations and cooperatives can deliver homestays, guiding, handicrafts, cultural activities and local tourism experiences, allowing benefits to remain within the local economy.

The programme is expected to:

- increase tourism-related employment and locally owned businesses;
- increase visitor numbers, length of stay and local visitor expenditure;
- strengthen the skills of women, young people and community enterprises;
- distribute tourism benefits more evenly across Ataúro's five sucos;
- improve service quality, safety and visitor satisfaction;
- attract responsible private investment; and
- protect the natural and cultural assets that support tourism.

This integrated approach is consistent with the PPG framework, which recommends multi-year investment strategies with clear sequencing, financing and delivery arrangements rather than fragmented or incremental spending. It also supports a high-value, low-volume tourism model based on Ataúro's marine biodiversity, landscapes, cultural heritage and community experiences.

Although Option 3 requires greater initial public investment and stronger institutional coordination, it offers the greatest potential to produce lasting economic, social and environmental benefits. Phased implementation, detailed feasibility studies, realistic costing, private-sector participation and clear performance monitoring will help maintain affordability and reduce delivery risks.

Reasons for Rejecting the Other Options

Option 1: Status quo was rejected because the current fragmented approach has not addressed the main barriers to tourism growth. Access, infrastructure, destination management, environmental protection, tourism standards and data collection would remain inadequate. Tourism benefits would continue to be concentrated mainly around

existing tourism areas, while the risks of uncontrolled development and environmental degradation would increase.

Option 2: Minimum intervention was rejected because, although it could deliver some low-cost and visible improvements, it would not resolve the structural constraints affecting the sector. Limited activities such as signage, marketing, minor site improvements and training would have reduced impact without reliable transport, water, sanitation, waste management, electricity, environmental management and coordinated destination planning.

Option 4: Alternative partnership-based delivery model was not selected as the principal option because Ataúro does not yet have sufficiently developed regulatory, institutional and infrastructure systems to transfer substantial responsibility for tourism development to private or non-governmental partners. A partnership model introduced too early could result in uneven service delivery, weak accountability, concentration of benefits and inadequate protection of community and environmental interests. However, selected public-private and community partnerships should be incorporated within Option 3 where they offer clear benefits and can be supported by transparent contracts and effective oversight.

Overall, Option 3 is preferred because it provides the strongest balance between cost, feasibility, economic returns, social inclusion and environmental sustainability. It offers the most credible pathway for transforming Ataúro into a competitive tourism destination while ensuring that development benefits local communities and protects the island's distinctive natural and cultural heritage.

5. Programme and Implementation Plan

5.1 Scope and Activities

PPG No. 16 will deliver an integrated, multi-year programme to develop Ataúro as a high-value, inclusive and environmentally sustainable tourism destination. The programme will combine tourism planning, infrastructure, conservation, skills development, community enterprise support, investment promotion, service standards and destination marketing. Implementation will be led by the ministry responsible for tourism in partnership with the Ataúro Administrative Authority (AAA), FEDA, relevant line ministries, local communities, tourism operators, the private sector and development partners.

Programme component	What will be delivered	Responsible parties	Delivery approach
1. Tourism planning and governance	An integrated Ataúro Tourism Development and Management Plan; tourism baseline; site mapping; marine and terrestrial spatial planning; investment priorities; and a coordination and monitoring mechanism.	Ministry responsible for tourism, AAA, FEDA, relevant ministries and community representatives.	Participatory planning, technical studies, community consultations and formal approval through the relevant government processes.
2. Tourism infrastructure and visitor services	Completion and operation of the Ataúro Tourism Centre; improvements to maritime access, priority roads and trails, tourism signage, public amenities, water, sanitation, waste management, electricity, telecommunications and visitor safety.	AAA, FEDA, Infrastructure Fund and ministries responsible for public works, transport, water, energy and telecommunications.	Phased public investment based on feasibility studies, detailed designs, environmental assessments and competitive procurement.
3. Marine and terrestrial conservation	Establishment and operation of the Ataúro Marine Park and Marine Research and Education Centre; protected-area management; coral reef and biodiversity monitoring; waste and pollution controls; and community-based conservation.	Environmental and marine authorities, AAA, local communities, research institutions and civil society organisations.	Scientific assessments, environmental zoning, community management agreements, enforcement measures and integration of traditional practices such as <i>Tara Bandu</i> .
4. Cultural and heritage protection	Identification, mapping, documentation and promotion of cultural, historical, religious and heritage sites; support for local languages, ceremonies, weaving, pottery, traditional fishing and cultural events.	AAA, cultural authorities, suco leadership, traditional leaders, women's groups and community organisations.	Community-led documentation, heritage recognition, annual cultural activities, training and inclusion of cultural experiences in tourism products.
5. Skills and workforce development	Training in hospitality, accommodation management, tour guiding, marine tourism, languages, food services, first aid, visitor safety, environmental management and digital marketing.	Ministry responsible for tourism, vocational-training institutions, AAA, tourism operators and development partners.	Practical and competency-based training, workplace placements, certification and targeted participation by women, youth and persons with disabilities.
6. Community enterprises and cooperatives	Support for homestays, handicrafts, food services, guides, transport operators, fishers, farmers and community tourism groups; formalisation of cooperatives; business training; and access to finance.	AAA, FEDA, ministries responsible for commerce and cooperatives, financial institutions, NGOs and private-sector partners.	Business-development services, grants or matching support, cooperative registration, mentoring, market linkages and financial-literacy programmes.
7. Tourism standards and visitor safety	Minimum standards for accommodation, guiding, diving, boating, food hygiene, sanitation, environmental performance and emergency response.	Ministry responsible for tourism, AAA, maritime and health authorities and tourism associations.	Registration, inspection, certification, operator training, codes of conduct and progressive compliance requirements.
8. Destination marketing and tourism data	Ataúro destination branding, digital information, visitor maps, promotional materials, tourism events and a system for recording visitor arrivals, length of stay, expenditure, employment and satisfaction.	Ministry responsible for tourism, AAA, Tourism Centre and private operators.	Coordinated national and international marketing, digital platforms, operator reporting and regular visitor and business surveys.
9. Responsible private investment	A pipeline of investment-ready tourism projects, including eco-lodges, transport, restaurants, marine tourism, visitor facilities and related services.	Government, AAA, FEDA, investment authorities and private investors.	Transparent investment promotion, public-private partnerships, concessions or leases, subject to land, environmental and community safeguards.

5.2 Delivery Model

The programme will use a **hybrid delivery model**, combining government leadership, outsourced technical services, community participation and private-sector partnerships. This model is preferred because tourism development requires public oversight and investment in essential infrastructure, while specialised expertise and commercial tourism services can be delivered more efficiently by qualified external partners.

Government-led delivery

The ministry responsible for tourism will provide overall policy leadership, establish tourism standards, coordinate national institutions, approve annual work plans and monitor programme results. The Ataúro Administrative Authority (AAA) will coordinate implementation at the local level, facilitate community consultation, support site identification and ensure alignment with the Ataúro Strategic Development Plan.

FEDA, the Infrastructure Fund and relevant line ministries will finance and implement eligible public infrastructure, including the Tourism Centre, roads, maritime access, water, sanitation, waste management, electricity, telecommunications and public visitor facilities. Government institutions will retain responsibility for regulation, environmental compliance, land-use planning, public safety, monitoring and accountability.

Outsourced delivery

Specialised activities will be procured from qualified service providers where the required expertise is not available internally. These may include:

- feasibility studies and detailed engineering designs;
- environmental and social assessments;
- construction and rehabilitation works;
- tourism baseline surveys and market studies;
- destination branding and digital marketing;
- technical training and certification;
- biodiversity surveys and protected-area planning; and
- independent monitoring and evaluation.

All outsourced activities will be subject to competitive procurement, clear contracts, performance indicators and government supervision.

Partnership-based delivery

Partnerships will be used for community-based tourism, conservation, skills development, destination promotion and selected commercial services. Local communities, suco authorities, women's groups, youth groups, cooperatives and civil society organisations will participate in planning, cultural heritage protection, *Tara Bandu*, site management and the operation of community tourism activities.

Tourism operators and private investors will lead commercial services such as accommodation, restaurants, diving, boat tours, transport, retail and tour packages.

Development partners, universities and research institutions may support technical assistance, training, conservation, data systems and co-financing.

Selected facilities may be operated through transparent management contracts, leases, concessions or public-private partnerships where these arrangements demonstrate value for money and protect public and community interests.

Institutional Responsibilities

Institution or partner	Main responsibility
Ministry responsible for tourism	Policy leadership, standards, programme coordination, promotion and performance monitoring
Ataúro Administrative Authority	Local coordination, consultation, site oversight and community participation
FEDA and Infrastructure Fund	Financing and implementation of eligible public infrastructure
Relevant line ministries	Transport, roads, water, sanitation, energy, environment, culture, telecommunications and safety
Communities and cooperatives	Community tourism, cultural activities, local services and conservation
Private sector	Commercial investment, operation of tourism businesses and service delivery
Development and research partners	Technical assistance, training, research, conservation and co-financing
Independent service providers	Studies, designs, construction, specialised training and evaluation

The hybrid model will be implemented through formal coordination arrangements, clearly defined responsibilities, annual work plans, transparent procurement and regular performance reporting. It supports coordinated public investment, community-based tourism, protected areas, cooperatives, private-sector development and strengthened local governance. It also reflects the national PPG approach of combining public infrastructure and institutional strengthening with private investment and community participation to build a viable tourism sector.

5.3 Timeline

The programme will be implemented over five years, from 2027 to 2031, through phased planning, design, procurement, implementation, monitoring and evaluation. The schedule will be coordinated with the Ataúro Strategic Development Plan Matrix 2026–2030, including its targets for the Tourism Centre, Marine Park, cultural-site mapping, cooperatives, business training, access to finance and supporting infrastructure.

PPG No. 16 – Development of the Tourism Sector in Ataúro							
Five-Year Programme Implementation Timeline (2027–2031)							
Legend		■ Main implementation period		□ Continuing / follow-up activity		◆ Key milestone	
Phase	Activity	2027	2028	2029	2030	2031	Key Milestone / Notes
Phase 1	Programme Preparation and Design						
Phase 1	Establish programme governance and coordination arrangements	■	□	□	□	□	Governance mechanism established in 2027
Phase 1	Complete tourism baseline, visitor survey and business inventory	■					Baseline completed by mid-2027
Phase 1	Prepare and approve the Ataúro Tourism Development and Management Plan	■					Plan approved by December 2027
Phase 1	Map tourism, marine, cultural, historical and environmental sites	■	■				Priority sites mapped by 2028
Phase 1	Conduct feasibility studies, environmental assessments and detailed designs	■	■	□			Design package completed before procurement
Phase 2	Procurement and Contracting						
Phase 2	Prepare procurement plans, specifications and tender documents	■	■	□			Annual procurement plans approved
Phase 2	Procure construction works, equipment and technical services	■	■	■			Contracts awarded in phases
Phase 2	Establish partnership, concession and community-management agreements	□	■	■	□		Transparent agreements operational
Phase 3	Initial Implementation and Quick Wins						
Phase 3	Complete and operationalise the Ataúro Tourism Centre	■					◆ Tourism Centre operational by end-2027
Phase 3	Install priority tourism signs, visitor information and safety facilities	■	■				Priority locations completed by 2028
Phase 3	Begin training in hospitality, guiding, safety and business management	■	■	■	□		Training delivered annually
Phase 3	Support initial homestays, guides, artisans and community tourism groups	■	■	■	□		At least one initiative in each suco
Phase 3	Launch destination branding, website and promotional activities	■	■	□	□	□	Destination brand launched in 2027
Phase 4	Major Infrastructure and Site Development						
Phase 4	Improve priority roads, trails, maritime access and visitor facilities	■	■	■	■		Priority infrastructure completed by 2030
Phase 4	Improve water, sanitation, waste management, electricity and connectivity	■	■	■	■		Basic services operational in priority areas
Phase 4	Develop tourism facilities and services across the five sucos		■	■	■	□	Coverage expanded across all five sucos
Phase 5	Conservation and Heritage Management						
Phase 5	Establish the Ataúro Marine Park and Marine Research and Education Centre	■	■				◆ Established and operational by 2028
Phase 5	Introduce marine and terrestrial protected-area management measures	□	■	■	■	□	Management arrangements operating
Phase 5	Complete cultural and heritage-site recognition and management plans	■	■	■	□		Priority sites formally recognised
Phase 5	Implement community conservation and Tara Bandu initiatives	■	■	■	■	■	Annual community-led conservation activities
Phase 6	Enterprise and Investment Development						
Phase 6	Formalise and support tourism-related cooperatives	■	■	□			◆ 10–20 cooperatives formalised by 2028
Phase 6	Provide entrepreneurship training and business mentoring	■	■	■	□		50–100 people trained by 2029
Phase 6	Facilitate access to finance for small businesses and cooperatives		■	■	■		30–50 enterprises supported by 2029
Phase 6	Promote responsible private investment and investment-ready projects		■	■	■	■	Investment pipeline maintained

Phase 7	Monitoring and Evaluation					
Phase 7	Quarterly implementation and financial monitoring	■	■	■	■	■ Quarterly reporting
Phase 7	Annual visitor, employment, enterprise and environmental reporting	■	■	■	■	■ Annual performance report
Phase 7	Mid-term programme evaluation			■		◆ Mid-term evaluation in 2029
Phase 7	Corrective actions and programme adjustment			■	■	Adjustments implemented after review
Phase 7	Final evaluation and next-phase strategy					■ ◆ Final evaluation in 2031

Key Milestones

- **By December 2027:** programme governance established; baseline completed; Tourism Development and Management Plan approved; and the Ataúro Tourism Centre operational.
- **By December 2028:** priority tourism and heritage sites mapped; the Marine Park and Marine Research and Education Centre established; and 10–20 cooperatives formalised.
- **By December 2029:** entrepreneurship training provided to 50–100 community members and 30–50 enterprises or cooperatives supported to access financial services.
- **By December 2030:** priority tourism infrastructure and essential services improved across the five sucos.
- **By December 2031:** final employment, enterprise, visitor, expenditure, service-quality and environmental targets assessed through the final evaluation.

5.4 Governance and Oversight

The programme will operate under a government-led governance structure with clear responsibilities for policy direction, financing, implementation, community participation, financial control and performance monitoring. The arrangements will build on the existing mandates of the ministry responsible for tourism, the Ataúro Administrative Authority (AAA), FEDA and relevant line ministries.

Governance Structure and Responsibilities

Institution or body	Main roles and responsibilities
Government/Policy Review Committee	Provide overall policy direction; approve the proposal, multi-year funding and major policy changes; and review progress against national priorities.
Ministry responsible for tourism	Serve as the lead policy institution; set tourism standards; coordinate national agencies; approve annual programme plans; lead destination promotion; and consolidate programme performance reports.
Programme Steering Committee	Provide strategic oversight and resolve cross-sector issues. Membership will include the ministry responsible for tourism, AAA, FEDA, relevant line ministries, community representatives and the private sector.
Ataúro Administrative Authority	Coordinate implementation at island level; align activities with the Ataúro Strategic Development Plan; facilitate community consultation; oversee local delivery; and monitor impacts across the five sucos.
FEDA	Finance eligible tourism, community development, conservation and supporting infrastructure activities; manage approved funds; monitor project execution; and report on financial and physical progress.
Infrastructure Fund and relevant line ministries	Plan and deliver major supporting infrastructure, including roads, ports, airport facilities, water, sanitation, waste management, electricity and telecommunications, within their legal mandates and approved budgets.
Environment, culture and maritime authorities	Ensure environmental and social compliance; support protected-area management, heritage protection, marine safety, biodiversity monitoring and enforcement of applicable standards.
Programme Management Unit/Technical Secretariat	Prepare annual work plans, procurement plans and budgets; coordinate daily implementation; maintain the risk register and results framework; and prepare consolidated technical and financial reports.
Suco authorities, communities and traditional leaders	Participate in planning, site management, cultural heritage protection, <i>Tara Bandu</i> , grievance resolution and monitoring of community benefits.
Tourism operators, cooperatives and private partners	Deliver commercial and community tourism services in accordance with contracts, licences, service standards and environmental requirements.
Development partners and technical institutions	Provide technical assistance, training, research, co-financing and independent expertise where agreed.
Internal and independent oversight bodies	Review procurement, financial management, asset use, environmental compliance and programme performance, including through internal controls, the relevant fiscal or audit bodies and independent evaluations.

Reporting Lines

The Programme Management Unit will report operationally to the ministry responsible for tourism and the AAA. Implementing agencies and contractors will submit monthly or quarterly progress information to the Programme Management Unit.

The following reporting arrangements will apply:

- **Monthly implementation reports** from contractors, service providers and component managers;
- **Quarterly technical and financial reports** submitted to the Programme Steering Committee;
- **Semi-annual progress reviews** involving responsible ministries, AAA, FEDA, communities and private-sector representatives;
- **Annual performance reports** submitted to the responsible ministers and relevant government decision-making bodies; and
- **Mid-term and final evaluation reports** assessing effectiveness, value for money, sustainability and achievement of programme targets.

FEDA and other financing institutions will report separately on budget execution, commitments, procurement, payments and physical progress in accordance with applicable public financial-management requirements.

Oversight and Accountability

Oversight will be strengthened through:

- approved annual work, procurement and financing plans;
- clear separation of policy, financing, implementation and oversight functions;
- competitive and transparent procurement;
- regular financial reconciliation and asset verification;
- environmental and social compliance monitoring;
- publication of key plans, budgets and progress results;
- community consultations and accessible grievance mechanisms;
- quarterly review of programme risks and mitigation actions; and
- independent mid-term and final evaluations.

These arrangements reflect the Ataúro Strategic Development Plan's emphasis on effective AAA and FEDA governance, regular coordination, transparent planning and budgeting, community participation and functioning monitoring and fiscal oversight systems. They will also help ensure that the tourism-related allocations under PEDDA 2026–2030 are managed transparently and without duplication across sectors.

6. Budget Request

The proposed budget request for PPG No. 16 covers the five-year implementation period from **2027 to 2031**. It is aligned with the programme activities and phases set out in the implementation plan, including programme preparation, procurement, initial tourism development, tourism facilities, conservation and heritage management, enterprise development, programme management, monitoring and evaluation.

The budget request includes only the **additional funding required under PPG No. 16**. Existing allocations under PEDDA 2026–2030 and major infrastructure investments financed through FEDA, the Infrastructure Fund and relevant line ministries are excluded to avoid double counting. These existing investments will continue to support tourism development as complementary government financing.

The total additional budget requested for 2027–2031 is estimated at **USD 9,468,329**, consisting of:

- **USD 8,881,829** for programme implementation; and
- **USD 586,500** for contingency provisions.

6.1 Multi-Year Cost Summary

Five-Year Programme Costs

Programme phase	2027	2028	2029	2030	2031	Five-year total
Phase 1: Programme preparation and design	\$550,000	\$430,000	\$230,000	\$80,000	\$80,000	\$1,370,000
Phase 2: Procurement and contracting	\$200,000	\$275,000	\$250,000	\$25,000	–	\$750,000
Phase 3: Initial implementation and quick wins	\$550,000	\$575,000	\$425,000	\$375,000	\$225,000	\$2,150,000
Phase 4: Tourism facilities and site development	–	\$500,000	\$600,000	\$500,000	\$300,000	\$1,900,000
Phase 5: Conservation and heritage management	\$50,000	\$50,000	\$50,000	\$50,000	\$300,000	\$500,000
Phase 6: Enterprise and investment development	–	\$50,000	\$75,000	\$75,000	\$75,000	\$275,000
Phase 7: Programme management, monitoring and evaluation	\$285,000	\$291,000	\$497,181	\$403,546	\$460,102	\$1,936,829
Programme cost before contingency	\$1,635,000	\$2,171,000	\$2,127,181	\$1,508,546	\$1,440,102	\$8,881,829
Contingency provision	\$107,625	\$147,375	\$143,625	\$96,750	\$91,125	\$586,500
Total annual budget request	\$1,742,625	\$2,318,375	\$2,270,806	\$1,605,296	\$1,531,227	\$9,468,329

The largest expenditure is expected during **2028 and 2029**, when the programme will undertake technical studies, procurement, tourism-site development, training, visitor facilities, community-tourism support and programme monitoring.

Expenditure will decline during 2030 and 2031 as the programme moves towards operations and maintenance, destination management, investment promotion, monitoring, final evaluation and transfer of ongoing responsibilities to the relevant government institutions.

6.2 Assumptions

The five-year budget request is based on preliminary planning assumptions for the period **2027–2031**. All estimates will be reviewed and refined during detailed programme design, annual budget preparation, procurement planning and implementation.

Inflation

The budget is expressed in nominal United States dollars. For planning purposes, an annual escalation rate of approximately **3%** has been applied to Programme Management Unit personnel costs.

Costs for goods, works, training and professional services are based on indicative current market prices. These costs will be adjusted during annual budget preparation using the official inflation and forward-estimate assumptions issued by the Ministry of Finance.

Where contracts extend over more than one year, price-adjustment provisions will only be included when permitted by applicable procurement rules and clearly specified in the contract.

Unit Costs

The proposed unit costs are indicative and are based on preliminary programme requirements and reasonable planning estimates. Final unit costs will be confirmed through:

- detailed scopes of work and technical specifications;
- feasibility studies and environmental and social assessments;
- engineering designs and Bills of Quantities;
- salary scales and approved contractual rates;
- market surveys and supplier quotations;
- previous government contracts for comparable services and works; and
- competitive procurement processes.

Standard unit-cost schedules will be developed for training, community grants, tourism signage, visitor facilities, surveys, technical assistance, monitoring missions and other recurring programme activities.

No major construction contract will proceed until the design, quantities, safeguards, implementation schedule and estimated costs have been verified by the responsible technical institutions.

Contingency Provision

A contingency provision of **USD 586,500** has been included in the five-year budget. This represents **7.5% of the new non-personnel programme costs**.

Year	Contingency provision
2027	\$107,625
2028	\$147,375
2029	\$143,625
2030	\$96,750
2031	\$91,125
Total	\$586,500

The contingency is intended to manage reasonable and unforeseen costs arising from:

- changes in market prices;
- transport and logistics to and within Ataúro;
- weather and maritime-access disruptions;
- minor changes to technical designs or quantities;
- additional environmental or safety requirements;
- supply-chain delays; and
- approved corrective actions during implementation.

The contingency will not be treated as an automatic expenditure allocation. Its use will require documented justification, approval by the authorised programme body and reporting through the programme's financial-management system.

6.3 Funding Sources

The five-year programme will be financed primarily through new PPG funding, supplemented where appropriate by approved budget reallocations, external assistance and responsible private-sector contributions. Existing baseline allocations are excluded from this section and are not included in the proposed budget request.

New PPG Funding

The total new funding requested for the period 2027–2031 is USD 9,468,329, comprising:

Funding component	Amount
Direct programme implementation costs	\$8,881,829
Contingency provision	\$586,500
Total new PPG funding requested	\$9,468,329

The new funding will finance activities that are necessary to implement the five-year programme but are not fully covered by existing government programmes. These include:

- programme governance and institutional coordination;
- tourism baseline surveys, visitor studies and business inventories;
- feasibility studies, environmental assessments and detailed designs;
- procurement planning and contract-management support;
- operation of the Ataúro Tourism Centre and visitor-information services;
- tourism signage, visitor-safety facilities and small public amenities;
- hospitality, guiding, language, first-aid and marine-safety training;
- destination branding, digital promotion and tourism marketing;
- development of tourism facilities, trails and community tourism sites across the five sucos;
- conservation and heritage-management activities required beyond existing commitments;
- preparation of investment-ready projects and investor facilitation;
- Programme Management Unit personnel;
- monitoring, reporting, mid-term evaluation and final evaluation; and
- programme continuation, consolidation and transition activities in 2031.

Annual funding will be released through approved work plans and budgets. Disbursement will be linked to implementation readiness, procurement progress, institutional capacity and achievement of agreed milestones.

Budget Reallocations

Where necessary, part of the new funding requirement may be met through approved reallocations from relevant government programmes. Reallocation may be considered where:

- an activity has been delayed or cannot proceed within the planned year;
- savings have been achieved through competitive procurement;
- proposed activities overlap with another funded programme;
- funds remain uncommitted or under-executed; or
- implementation priorities need to be adjusted following monitoring or evaluation.

Any reallocation will require formal approval by the competent authorities and must comply with applicable public financial-management and budget rules. Reallocation must not affect existing contractual obligations, essential public services or other approved high-priority activities.

External Contributions

External contributions will be sought to complement new government funding, provide specialised technical expertise and reduce pressure on the State Budget. Potential support may include:

- grants and technical assistance from development partners;
- co-financing for marine conservation, climate resilience and biodiversity protection;
- support for cultural heritage documentation and preservation;
- vocational training, tourism certification and institutional capacity-building;
- research partnerships with universities and conservation institutions;
- tourism data, digital platforms and visitor-information systems;
- financing and mentoring for community enterprises and cooperatives;
- destination marketing and international promotion; and
- independent monitoring and evaluation.

All external contributions will be formalised through appropriate agreements and incorporated into the programme's annual planning, financial-management, monitoring and reporting systems.

Private-sector participation may take the form of:

- direct investment;
- leases or concessions;
- management contracts;
- public-private partnerships;
- co-financing of tourism facilities;
- joint destination-marketing initiatives; and
- operator contributions to training, safety and environmental management.

Private investment will not replace the Government's responsibility for regulation, environmental protection, public infrastructure, community safeguards and programme oversight. All arrangements will be subject to transparent procedures, value-for-money assessment and applicable legal requirements.

7. Risk Assessment

Implementation of PPG No. 16 involves delivery, financial, policy and reputational risks arising from its multi-year nature, the number of institutions involved, Ataúro's geographic isolation, limited local implementation capacity and the environmental sensitivity of the island.

Risks will be managed through phased implementation, clear institutional responsibilities, detailed technical preparation, transparent procurement, environmental and social safeguards, community participation and regular monitoring. The risk ratings below represent the expected level of risk remaining after the proposed mitigation measures have been applied.

Risk-rating scale: Low, Moderate, Moderate–High and High.

Risk category	Key risk	Potential consequences	Mitigation strategies	Residual risk
Delivery	Weak coordination among the ministry responsible for tourism, AAA, FEDA and line ministries	Duplication, inconsistent decisions, delays and unclear accountability	Establish a Programme Steering Committee and Technical Secretariat; define responsibilities through formal terms of reference; prepare integrated annual work plans; conduct quarterly coordination reviews	Moderate
Delivery	Delays in planning, design, procurement and contracting	Activities may not begin on time, causing low budget execution and delayed results	Complete feasibility studies and safeguards before procurement; prepare procurement plans early; use standard bidding documents; monitor procurement milestones monthly	Moderate
Delivery	Limited technical and administrative capacity	Weak contract management, poor-quality outputs and dependence on external consultants	Establish a qualified Programme Management Unit; provide targeted training; use specialist technical assistance; assign contract-management responsibilities clearly	Moderate
Delivery	Dependence on roads, port, airport, water, sanitation, electricity and telecommunications projects	Tourism activities may underperform if enabling infrastructure is delayed	Coordinate implementation schedules with FEDA, the Infrastructure Fund and line ministries; prioritise tourism activities in accessible areas; apply phased site development	Moderate–High
Delivery	Transport and logistical difficulties associated with Ataúro's island location	Higher costs, interrupted supplies and delayed construction or training	Include realistic transport and mobilisation costs; schedule works around weather and maritime conditions; maintain delivery buffers; use local suppliers and labour where possible	Moderate
Delivery	Land-access, customary-use or community disputes	Delays, grievances, opposition and possible suspension of activities	Complete land and site verification before procurement; consult suco authorities, traditional leaders and affected communities; document agreements; establish a grievance mechanism	Moderate
Delivery	Environmental or climate-related events	Damage to facilities, interruption of tourism services and increased costs	Use climate-resilient designs; avoid high-risk coastal or environmentally sensitive locations; prepare emergency and business-continuity plans; insure eligible assets	Moderate–High
Delivery	Poor operation and maintenance of completed facilities	Facilities deteriorate, become unsafe or stop functioning	Prepare operation and maintenance plans before completion; assign responsible operators; provide recurrent budgets; use management contracts or community agreements where appropriate	Moderate
Financial	Inflation and increases in construction, transport, equipment and professional-service costs	Budget shortfalls, reduced programme scope or requests for additional funding	Use updated market prices and Bills of Materials; apply competitive procurement; include a controlled contingency provision; review costs during annual budgeting	Moderate
Financial	Underestimation of unit costs	Contracts may exceed available budgets or activities may be incomplete	Verify costs through feasibility studies, market quotations and technical review; use realistic specifications; phase non-essential activities	Moderate
Financial	Low budget execution or delayed disbursement	Activities may be postponed and annual targets may not be achieved	Link annual budgets to procurement readiness; prepare cash-flow forecasts; monitor commitments and payments monthly; reprogramme funds where legally permitted	Moderate
Financial	Weak financial controls, procurement irregularities or misuse of funds	Financial loss, audit findings, legal consequences and reputational damage	Apply segregation of duties, competitive procurement, expenditure verification, asset registers, internal audit and independent financial review	Low–Moderate
Financial	Insufficient funding for operations and maintenance after programme completion	Facilities and services may become financially unsustainable	Identify recurrent costs during design; establish user-fee or revenue arrangements	Moderate

			where lawful; incorporate maintenance into future institutional budgets	
Financial	Expected external or private contributions do not materialise	Planned activities may face financing gaps	Do not commit activities until financing is confirmed; prioritise core public responsibilities; prepare alternative financing scenarios; phase optional investments	Moderate
Policy	Tourism development becomes inconsistent with environmental or cultural protection objectives	Damage to marine ecosystems, cultural sites and community trust	Apply environmental and social assessments, zoning, visitor-management rules, protected-area measures, carrying-capacity controls and cultural-heritage safeguards	Moderate
Policy	Unclear tourism, land-use, concession or protected-area rules	Investment delays, disputes and inconsistent enforcement	Clarify applicable legal requirements before contracting; prepare transparent licensing, concession and operating procedures; obtain legal review of major agreements	Moderate
Policy	Changes in government priorities or institutional mandates	Delays, reduced funding or changes in programme scope	Align the programme with national and Ataúro development plans; secure formal government approval; maintain documented inter-institutional agreements and annual reviews	Moderate
Policy and equity	Benefits are concentrated among established operators or communities near Beloi and Vila Maumeta	Increased inequality and limited community support	Support tourism initiatives across all five sucos; apply local procurement; prioritise women, youth, cooperatives and community enterprises; monitor benefit distribution	Moderate
Reputational	Failure to deliver highly visible commitments	Reduced confidence in Government and community dissatisfaction	Set realistic milestones; communicate progress transparently; publish annual results; explain delays and corrective actions promptly	Moderate
Reputational	Safety incident involving visitors, boats, diving or tourism facilities	Injury, negative publicity and reduced visitor confidence	Introduce operator standards, inspections, first-aid and emergency-response training, marine-safety procedures and incident-reporting requirements	Moderate
Reputational	Community opposition or inadequate consultation	Protests, grievances, delays and loss of programme legitimacy	Conduct early and continuing consultation; provide information in appropriate languages; involve community representatives in governance and monitoring	Low-Moderate
Reputational	Perception that investment favours private investors over local communities	Reduced public support and allegations of unfairness	Use transparent selection criteria; disclose major partnership arrangements; require local employment, community benefits and environmental obligations in contracts	Moderate

Risk Management Arrangements

The Programme Management Unit will maintain a programme risk register containing each risk, responsible risk owner, mitigation action, deadline and current rating. The register will be reviewed monthly by programme management and quarterly by the Programme Steering Committee.

High or increasing risks will be immediately referred to the responsible institution and the Steering Committee for corrective action. Significant financial, environmental, safety or reputational incidents will be reported to the competent authorities without waiting for the next regular reporting period.

Risk management will also be integrated into:

- annual work and procurement plans;

- contract-management arrangements;
- environmental and social management plans;
- financial and asset-management controls;
- community consultation and grievance procedures;
- quarterly progress reports;
- the 2029 mid-term evaluation; and
- the 2031 final evaluation.

Overall Residual Risk Rating

The overall residual risk for PPG No. 16 is assessed as **Moderate**.

The programme is complex and depends partly on major infrastructure, institutional coordination and environmental safeguards. However, the risks are considered manageable through phased implementation, strong governance, realistic budgeting, qualified technical support, transparent procurement and continuous community engagement.

The most significant remaining risks relate to delays in enabling infrastructure, climate and maritime conditions, inter-institutional coordination and the long-term operation and maintenance of tourism facilities. These risks should receive priority attention throughout implementation.

8. Monitoring, Evaluation, and Reporting

Monitoring, evaluation and reporting will be integrated into all stages of PPG No. 16 to ensure that programme activities remain on schedule, expenditure is properly controlled, risks are managed and expected results are achieved.

The monitoring system will track progress against the approved objectives, outputs, outcomes, key performance indicators, annual work plans, procurement plans and budget. It will also assess whether tourism benefits are distributed fairly across Ataúro's five sucos and whether environmental, cultural and community safeguards are being respected.

8.1 Monitoring Framework

The monitoring framework under the supervision of the ministry responsible for tourism will maintain the programme database, collect and verify information from implementing

institutions, prepare consolidated reports and follow up on corrective actions. The Ataúro Administrative Authority will coordinate field-level monitoring, community consultation and data collection. FEDA, relevant line ministries, contractors, tourism operators, cooperatives and community organisations will provide information relating to their respective activities.

Monitoring Framework Matrix

Monitoring area	Main information to be collected	Data sources	Reporting frequency	Responsible unit
Programme implementation	Activities completed, progress against milestones, delays and corrective actions	Annual work plans, field reports, contractor reports, meeting records and site inspections	Monthly and quarterly	Management Unit of Ministry of Tourism and component managers
Budget execution	Approved budget, commitments, payments, expenditure rate and financial variances	Government financial systems, accounting records, payment documents and bank reconciliation	Monthly and quarterly	PMU Finance and Procurement Officer, FEDA and relevant finance units
Procurement	Procurement status, tender progress, contract awards, delivery dates and contract performance	Procurement plans, tender records, contracts, variation orders and completion certificates	Monthly	PMU Finance and Procurement Officer and procurement units
Infrastructure and facilities	Physical progress, quality, completion, functionality and maintenance requirements	Engineering reports, Bills of Quantities, site inspections, photographs, certificates and asset registers	Monthly during works; quarterly after completion	Responsible line ministry, AAA, FEDA and PMU
Visitor arrivals	Number of domestic and international visitors, seasonality and points of entry	Port and airport records, accommodation registers, Tourism Centre data and operator reports	Monthly, consolidated annually	Tourism Centre, AAA and PMU
Length of stay	Average number of nights spent in Ataúro	Accommodation records, visitor surveys and online booking information where available	Quarterly and annually	Tourism Centre and PMU
Visitor expenditure	Average spending on accommodation, food, transport, guiding, handicrafts and activities	Visitor expenditure surveys, enterprise surveys and operator records	Annually	PMU Monitoring and Evaluation Officer
Tourism employment	Number of full-time, part-time and seasonal tourism jobs	Tourism business survey, cooperative records, operator reports and labour information	Annually	PMU, AAA and ministry responsible for labour
Local enterprises and cooperatives	Number of registered and operating tourism businesses, cooperatives and community initiatives	Business registration, cooperative records, licensing records and programme grant reports	Semi-annually	AAA, relevant business and cooperative authorities, and PMU
Training and skills development	Number of participants completing training, certification results and employment outcomes	Attendance sheets, training reports, certificates and follow-up surveys	After each training; consolidated quarterly	Training provider and PMU
Gender and social inclusion	Participation and benefits received by women, youth, persons with disabilities and remote communities	Participant records, enterprise surveys, community consultations and beneficiary assessments	Quarterly and annually	PMU and AAA social or community-development focal points

Community tourism coverage	Tourism initiatives established and operating in each of the five sucos	Suco reports, programme records, field verification and community consultations	Quarterly	AAA, suco authorities and PMU
Tourism standards and compliance	Registration, licensing, inspections and compliance with service, safety and environmental standards	Inspection reports, licensing database, complaints and incident records	Semi-annually	Ministry responsible for tourism, AAA and relevant regulatory authorities
Environmental performance	Condition of coral reefs, marine species, beaches, forests, waste, water quality and protected areas	Environmental surveys, biodiversity monitoring, waste records, scientific studies and community reports	Quarterly for operational issues; annually for environmental condition	Environmental and marine authorities, research institutions and PMU
Cultural and heritage protection	Sites mapped, recognised, managed or restored; traditional practices and cultural activities supported	Heritage registers, mapping records, community reports, event records and archive documentation	Semi-annually and annually	Cultural authorities, AAA, traditional leaders and PMU
Visitor safety	Accidents, marine incidents, complaints, emergency response and corrective actions	Incident reports, health records, police and maritime records, and operator reports	Immediate incident reporting; quarterly consolidation	Operators, maritime authorities, police, health services and PMU
Community satisfaction	Community perceptions of benefits, environmental impacts, consultation and programme fairness	Community meetings, focus groups, surveys and grievance records	Semi-annually	AAA, suco authorities and PMU
Risk management	Current risk rating, mitigation status, emerging risks and unresolved issues	Programme risk register, audit findings, incident reports and Steering Committee decisions	Monthly review; quarterly reporting	Programme Manager and PMU
Overall programme performance	Achievement of outputs, outcomes, KPIs and value for money	Consolidated monitoring database, financial records, surveys and evaluation reports	Annually, mid-term and final	PMU, Programme Steering Committee and independent evaluators

Data Collection and Verification

Data will be collected using standardised templates and, where practical, maintained through a central digital monitoring system. All indicators will be disaggregated by sex, age, suco and disability status where relevant and feasible.

Data quality will be maintained through:

- clear definitions and calculation methods for each indicator;
- standard data-collection and reporting formats;
- verification of administrative records;
- field inspections and photographic evidence;
- periodic surveys of visitors, businesses and communities;
- comparison of financial and physical progress;

- spot checks by the PMU, AAA and responsible institutions; and
- independent verification during the mid-term and final evaluations.

Where baseline information is unavailable, the programme will complete a baseline study during 2027. The baseline will confirm initial values for visitor arrivals, length of stay, expenditure, employment, tourism enterprises, service standards, community participation and environmental conditions.

8.2 Evaluation Plan

The evaluation plan will assess whether PPG No. 16 is being implemented effectively, achieving its intended results, providing value for money and generating sustainable benefits for Ataúro's communities, economy, environment and cultural heritage.

Two major independent evaluations will be undertaken:

- a **mid-term evaluation in 2029**; and
- a **final evaluation in 2031**.

The evaluations will use quantitative and qualitative methods and will assess the programme against the criteria of relevance, effectiveness, efficiency, impact, equity, sustainability and coherence.

Evaluation Schedule

Evaluation	Timing	Main purpose	Responsibility
Baseline assessment	2027	Establish initial values for programme indicators and confirm targets	PMU, AAA and qualified service provider
Mid-term evaluation	2029	Assess implementation progress, early outcomes, expenditure, risks and necessary programme adjustments	Independent evaluator under oversight of the Programme Steering Committee
Final evaluation	2031	Assess overall results, impact, value for money, sustainability and lessons for the next programme phase	Independent evaluator commissioned by the responsible ministry
Post-programme review	Where approved, two to three years after completion	Assess whether benefits and institutional arrangements have been sustained	Responsible ministry and independent evaluator

Mid-Term Evaluation

The mid-term evaluation will be conducted during 2029, after approximately half of the programme period has been completed. It will determine whether implementation is progressing according to the approved plan and whether the programme remains likely to achieve its 2031 objectives.

The evaluation will assess:

- progress against annual and cumulative output targets;
- implementation of the Gantt timeline and key milestones;
- budget execution and expenditure against approved allocations;
- procurement and contract-management performance;
- effectiveness of the governance and delivery model;
- progress in tourism infrastructure and visitor services;
- participation of women, youth, persons with disabilities and communities across the five sucos;
- early changes in visitor numbers, length of stay, local expenditure, employment and enterprise development;
- effectiveness of environmental, social and cultural safeguards;
- progress in addressing identified programme risks;
- performance of partnerships, contractors and implementing institutions; and
- the continuing relevance of programme objectives and activities.

The mid-term evaluation will identify activities that should be accelerated, modified, reduced, postponed or discontinued. Its recommendations will be translated into a formal management response and corrective-action plan, with responsible institutions and completion deadlines.

Final Evaluation

The final evaluation will be completed in 2031 and will assess the programme's overall performance over the five-year period.

It will determine the extent to which PPG No. 16 has:

- achieved its objectives, outputs, outcomes and key performance indicators;
- increased tourism-related employment and locally owned enterprises;
- increased visitor arrivals, average length of stay and local visitor expenditure;
- strengthened community-based tourism across the five sucos;
- improved tourism skills, standards, safety and service quality;
- attracted responsible private investment;

- improved the participation and economic opportunities of women and young people;
- protected marine and terrestrial ecosystems;
- preserved and promoted cultural and historical assets;
- strengthened coordination, destination management and tourism data systems;
- provided value for money; and
- established sustainable arrangements for operations, maintenance and future tourism development.

The final evaluation will also document lessons learned, successful approaches, implementation challenges and recommendations for the next tourism-development strategy.

Evaluation Methodology

The evaluations will apply a mixed-method approach combining quantitative analysis, qualitative assessment, field verification and stakeholder consultation.

1. Results and Performance Evaluation

Actual results will be compared with the 2027 baseline, annual targets and final 2031 targets. The analysis will examine both planned and unintended outcomes.

Key indicators will include:

- visitor arrivals;
- average length of stay;
- visitor expenditure;
- tourism employment;
- number and survival of tourism enterprises and cooperatives;
- number of people trained and subsequently employed;
- participation of women and youth;
- number of community-tourism initiatives;
- compliance with tourism, safety and environmental standards;
- number of tourism and heritage sites under formal management; and

- community and visitor satisfaction.

Where possible, data will be disaggregated by sex, age, disability status, suco and type of enterprise.

2. Impact Evaluation

The evaluation will assess the programme's contribution to economic, social, environmental and institutional changes in Ataúro.

Because several government and private-sector initiatives may contribute to tourism development, the evaluation will apply a **contribution-analysis approach** rather than attributing all observed changes solely to PPG No. 16.

Where reliable data are available, the evaluation may compare:

- conditions before and after programme implementation;
- communities or businesses receiving different levels of programme support;
- tourism outcomes across the five sucos;
- supported and non-supported enterprises; and
- expected trends against actual results.

The impact evaluation will examine changes in household and enterprise income, employment, local procurement, visitor expenditure, environmental conditions, community participation and the geographic distribution of tourism benefits.

3. Cost-Effectiveness Analysis

Cost-effectiveness analysis will compare programme expenditure with the principal outputs and outcomes achieved.

Examples of cost-effectiveness measures include:

- cost per person trained;
- cost per trainee obtaining tourism-related employment;
- cost per new or strengthened tourism enterprise;
- cost per community-tourism initiative established;
- cost per additional tourism job created;
- cost per tourism or heritage site placed under active management;
- cost per operator achieving required standards; and

- programme management and administrative costs as a proportion of total expenditure.

Actual unit costs will be compared with planned costs, market benchmarks and similar government programmes where comparable data are available.

4. Value-for-Money Assessment

The evaluation will assess value for money using four dimensions:

Dimension	Evaluation focus
Economy	Whether goods, works, staff and services were obtained at an appropriate cost and quality
Efficiency	Whether resources were converted into outputs on time and within budget
Effectiveness	Whether outputs led to the intended tourism, employment, enterprise and conservation outcomes
Equity	Whether programme benefits reached women, youth, vulnerable groups and communities across all five sucos

5. Process and Institutional Evaluation

The evaluation will examine how effectively the programme was governed and delivered. It will assess:

- clarity of institutional roles and responsibilities;
- performance of the Programme Steering Committee and PMU;
- coordination among the responsible ministry, AAA, FEDA and line ministries;
- procurement and contract-management performance;
- effectiveness of community consultation;
- functioning of the grievance mechanism;
- quality of reporting and data management;
- private-sector and development-partner participation; and
- timeliness of management decisions and corrective actions.

6. Environmental, Social and Cultural Evaluation

The evaluation will assess whether tourism development has been environmentally sustainable, socially inclusive and respectful of Ataúro's cultural heritage.

This will include analysis of:

- coral reefs and marine biodiversity;

- protected marine and terrestrial areas;
- waste management and pollution;
- water and natural-resource pressures;
- compliance with environmental-management plans;
- protection of cultural and historical sites;
- respect for traditional practices and *Tara Bandu*;
- community perceptions of tourism impacts;
- land and resource-use disputes; and
- distribution of benefits among communities and social groups.

7. Sustainability Assessment

The final evaluation will determine whether programme benefits are likely to continue after 2031. It will assess:

- availability of operations and maintenance funding;
- institutional ownership and staffing;
- financial viability of supported facilities and enterprises;
- capacity of local operators, communities and cooperatives;
- effectiveness of tourism standards and enforcement;
- continuation of environmental and heritage management;
- maintenance of tourism data and monitoring systems; and
- prospects for continued public and private investment.

Data-Collection Methods

The evaluation will use:

- programme monitoring and financial records;
- visitor, business and household surveys;
- accommodation and operator records;
- interviews with government institutions and tourism operators;
- community focus-group discussions;

- consultations with women, youth and vulnerable groups;
- field inspections and photographic verification;
- environmental and biodiversity monitoring data;
- procurement and contract records;
- case studies of selected businesses and communities;
- grievance and incident records; and
- comparison with baseline and annual performance data.

Independence, Reporting and Follow-Up

The mid-term and final evaluations will be conducted by independent evaluators selected through a transparent procurement process. Evaluators must not have been directly responsible for programme design, implementation or financial management.

Draft evaluation findings will be discussed with the responsible ministry, AAA, FEDA, the Programme Steering Committee, communities and other relevant stakeholders. Final reports will include evidence-based findings, conclusions, lessons and prioritised recommendations.

The responsible ministry and PMU will prepare a formal management response identifying:

- recommendations accepted or rejected;
- corrective actions to be taken;
- responsible institutions;
- required resources; and
- deadlines for implementation.

Progress in implementing evaluation recommendations will be reviewed quarterly by the Programme Steering Committee and reported in subsequent programme performance reports.

9. Legal and Other Considerations

PPG No. 16 can begin under Timor-Leste's existing constitutional, administrative, environmental, procurement and sectoral legal framework. However, a detailed legal review should be completed during the programme's preparation phase to confirm all permits, institutional mandates, land requirements and regulatory instruments needed for each activity.

Targeted regulations or administrative instruments may also be required for the proposed Marine Park, tourism standards, protected-site management, visitor fees, concessions, community-management agreements and destination governance.

9.1 Compliance with Existing Legislation

Constitutional Requirements

The programme must comply with the Constitution of the Democratic Republic of Timor-Leste. In particular:

- Section 53 protects consumers' rights to good-quality services, accurate information, health and safety;
- Section 54 protects private property and requires fair compensation where property is acquired for a public purpose;
- Section 59 requires the preservation, protection and promotion of cultural heritage;
- Section 61 recognises the right to a healthy and ecologically balanced environment and requires the protection of natural resources; and
- Section 71(3) provides that Ataúro shall enjoy an appropriate economic status.

These constitutional provisions require tourism development to generate economic opportunities while protecting community rights, cultural heritage, private property and Ataúro's marine and terrestrial ecosystems.

Tourism Regulation and Licensing

Tourism enterprises, accommodation providers, guides, restaurants, diving operators, boat-tour operators and other tourism businesses must comply with applicable registration, licensing, classification, inspection, safety and consumer-protection requirements.

The ministry responsible for tourism has responsibility for assessing and licensing tourism developments, inspecting tourism activities, supervising the operation of tourism

enterprises, promoting destination development and coordinating tourism with territorial planning and environmental protection.

The programme will therefore ensure that supported enterprises:

- are properly registered;
- obtain all required operating licences;
- comply with accommodation and service standards;
- provide accurate information to visitors;
- maintain appropriate insurance where required;
- follow health, food-safety and sanitation requirements; and
- comply with marine, diving, boating and visitor-safety standards.

Environmental Protection and Licensing

All activities that may create environmental impacts must comply with the Environmental Basic Law, the environmental-licensing regime under Decree-Law No. 5/2011 and any subsequent amendments or implementing regulations in force.

Depending on the scale and nature of the activity, environmental requirements may include project screening, environmental-impact assessment, simplified environmental assessment, an Environmental Management Plan, public consultation, environmental licensing and compliance monitoring. The National Environmental Licensing Authority is responsible for project classification, assessment, licensing and monitoring within its legal mandate.

Environmental approval must be obtained before procurement or construction begins for relevant activities, particularly:

- coastal and marine facilities;
- visitor infrastructure near coral reefs or beaches;
- roads and trails in sensitive areas;
- water and sanitation facilities;
- solid-waste facilities;
- protected areas;
- accommodation and commercial developments; and
- the Marine Research and Education Centre.

The programme must also apply biodiversity protection, pollution control, waste management, climate resilience and environmental-monitoring requirements.

Land, Spatial Planning and Property Rights

Tourism facilities and protected areas must be consistent with national and local spatial-planning instruments. The Framework Law on Territorial Planning provides the basis for coordinating territorial-management instruments at national and municipal levels.

Before any site is developed, the responsible institutions must:

- verify land ownership, possession and customary use;
- confirm that the proposed use is consistent with applicable spatial plans;
- consult affected communities and traditional leaders;
- document voluntary land-use agreements;
- identify access rights and administrative easements;
- avoid involuntary displacement wherever possible; and
- apply lawful compensation procedures when private assets are affected.

Land matters must be addressed in accordance with the Land Law, including Law No. 13/2017, and the Expropriation Law, Law No. 8/2017, where acquisition for public purposes becomes necessary.

Procurement and Public Financial Management

All procurement of works, goods, consulting services, training and other services must comply with the applicable Procurement and Public Contracts Code. The current code was approved by Decree-Law No. 1/2025 and replaced the previous procurement regime. It promotes transparent, efficient and accountable use of public resources and includes provisions supporting national suppliers.

Programme procurement must therefore include:

- approved procurement plans;
- clear specifications and evaluation criteria;
- competitive procedures unless another lawful method is justified;
- conflict-of-interest controls;
- documented evaluation and award decisions;
- contract-performance monitoring;

- control of variations and additional works;
- payment verification; and
- proper management and registration of public assets.

Grants, subsidies, concessions and partnership arrangements must also be supported by appropriate legal authority, transparent selection criteria, written agreements and monitoring requirements.

Institutional Mandates

Programme responsibilities must be consistent with the legal mandates of the ministry responsible for tourism, the Ataúro Administrative Authority, FEDA, the Infrastructure Fund and relevant line ministries.

Formal terms of reference, cooperation agreements or government decisions should clearly identify which institution is responsible for:

- policy and regulation;
- programme financing;
- procurement;
- infrastructure delivery;
- environmental licensing;
- land administration;
- protected-area management;
- tourism promotion;
- inspection and enforcement;
- asset ownership;
- operations and maintenance; and
- monitoring and reporting.

The Government's current organisational framework assigns tourism policy, licensing, inspection, environmental protection and biodiversity responsibilities to the ministry responsible for tourism and environment, while infrastructure, transport, communications, local administration and cultural heritage remain within the mandates of their respective institutions.

9.2 Need for New or Additional Regulations

New primary legislation is not considered an immediate condition for beginning programme preparation. Nevertheless, a legal and regulatory gap assessment should be undertaken in 2027.

The assessment should determine whether new regulations, government decrees, ministerial diplomas, administrative instructions or formal agreements are required in the following areas:

Regulatory area	Possible legal or administrative requirement
Ataúro Marine Park	Legal designation, boundaries, permitted and prohibited activities, management authority, enforcement powers and financing arrangements
Protected marine and terrestrial areas	Zoning, conservation rules, access controls, community-management arrangements and recognition of appropriate traditional practices
Tourism standards	Classification and minimum standards for accommodation, homestays, guiding, diving, boating, sanitation, accessibility and visitor safety
Visitor management	Carrying-capacity limits, site rules, booking systems and seasonal or activity restrictions
Fees and revenue	Legal basis for entrance fees, licences, concessions or service charges and transparent use of revenue
Concessions and partnerships	Standard rules for leases, concessions, management contracts and public-private partnerships
Destination governance	Formal establishment and responsibilities of any destination-management or tourism-coordination mechanism
Tourism information	Mandatory operator reporting on visitors, employment, safety incidents and environmental performance
Cultural heritage	Recognition, protection and management of cultural, historical, religious and traditional sites
Community participation	Consultation standards, grievance procedures, benefit-sharing and community-management agreements

Any new regulatory measure should be prepared through legal review, institutional consultation, community participation and assessment of its financial and administrative implications. Regulations should be practical, proportionate to risk and capable of being enforced with available institutional resources.

9.3 Citizens' Expectations

Ataúro's residents are expected to judge the programme by whether it produces visible, fair and sustainable improvements in their daily lives. Citizens will expect tourism development to create employment and income while protecting land, water, marine resources, culture and community identity.

Key expectations are likely to include:

- employment and business opportunities for local residents;
- priority participation by women and young people;
- tourism initiatives across all five sucos, not only Beloi and Vila Maumeta;
- fair access to training, grants, finance and public facilities;

- local procurement and use of local workers;
- reliable transport, water, sanitation, electricity and waste services;
- protection of fishing areas, coral reefs, beaches and water sources;
- respect for sacred sites, traditional practices and local languages;
- transparent selection of beneficiaries, contractors and private partners;
- consultation before decisions affecting land or natural resources;
- fair compensation where private assets are affected;
- safe and affordable public access to important sites; and
- accessible procedures for complaints and dispute resolution.

These expectations are consistent with the Ataúro Strategic Development Plan's emphasis on community tourism, employment, cooperatives, inclusion, cultural protection, conservation and development across the island. Ataúro's existing tourism sector is already closely connected to local accommodation, guiding, fishing, handicrafts, cultural activities and community services, making community trust essential to programme success.

The programme should manage expectations by publishing realistic timelines, budgets, eligibility rules and progress reports. It should avoid promising infrastructure, employment or financial support before funding and implementation arrangements are confirmed.

9.4 Other Relevant Considerations

Community Participation and Grievance Management

Consultation must continue throughout planning, design, construction and operation. Information should be provided in Tetum and appropriate local languages using formats accessible to women, young people, persons with disabilities and remote communities.

A formal grievance mechanism should allow citizens, businesses and affected communities to submit concerns without cost or retaliation. Complaints should be registered, investigated, resolved within specified periods and reported to the Programme Steering Committee.

Gender Equality and Social Inclusion

Programme design must ensure that women, young people, persons with disabilities and vulnerable households can participate in training, employment, enterprise support and decision-making.

Selection criteria and monitoring indicators should identify whether benefits are distributed equitably by sex, age, disability status, suco and type of enterprise.

Climate and Disaster Resilience

All facilities should be designed with regard to coastal erosion, extreme weather, water scarcity, heat, maritime disruption, flooding and other relevant climate and disaster risks.

Climate-risk screening, resilient design standards, emergency procedures and operation and maintenance plans should be incorporated into feasibility studies and procurement documents.

Cultural and Intellectual Property

Tourism promotion must not commercialise traditional knowledge, ceremonies, designs, stories or cultural practices without the agreement of the relevant communities or knowledge holders.

Photographs, recordings, cultural products and destination-branding materials should respect attribution, consent and applicable intellectual-property requirements.

Safety and Public Health

Tourism growth must be accompanied by minimum standards for food hygiene, accommodation safety, first aid, emergency communication, marine transport, diving, boating, fire prevention and evacuation.

Operators should maintain incident records and report serious accidents immediately to the responsible authorities.

Long-Term Operations and Maintenance

No public facility should be constructed without identifying:

- the legal owner of the asset;
- the institution or operator responsible for management;
- annual operating and maintenance costs;
- the source of recurrent funding;
- staffing requirements; and
- procedures for inspection, repair and asset replacement.

Legal Review Prior to Implementation

Before each major programme component proceeds to procurement, the responsible legal unit should confirm:

1. institutional authority to undertake the activity;
2. availability and legal status of the site;
3. environmental and sectoral approvals;
4. applicable procurement method;
5. ownership and management of completed assets;
6. contractual and partnership arrangements;
7. community-consultation and grievance requirements; and
8. any regulation or government decision required for implementation.

Overall, the programme should proceed through existing legislation wherever possible, while preparing targeted and enforceable regulations where legal gaps could affect environmental protection, visitor safety, community rights, public revenue or effective destination management.

Annexes

The following annexes form an integral part of PPG No. 16 and provide the detailed financial, technical and institutional evidence supporting the proposal.

Annex 1: Detailed Cost Table

The detailed cost table covers the **new funding required for the five-year period from 2027 to 2031**. Existing PEDAs allocations and major enabling infrastructure financed through other government programmes are excluded to avoid double counting.

Programme phase and activity	2027	2028	2029	2030	2031	Five-year total
Phase 1: Programme Preparation and Design						
Programme governance, coordination and stakeholder consultation	\$100,000	\$80,000	\$80,000	\$80,000	\$80,000	\$420,000
Tourism baseline, visitor survey and business inventory	\$150,000	–	–	–	–	\$150,000
Feasibility studies, environmental assessments and detailed designs	\$300,000	\$350,000	\$150,000	–	–	\$800,000
Subtotal—Phase 1	\$550,000	\$430,000	\$230,000	\$80,000	\$80,000	\$1,370,000
Phase 2: Procurement and Contracting						
Procurement plans, specifications and tender documents	\$75,000	\$75,000	\$50,000	–	–	\$200,000
Contract administration and procurement quality assurance	\$100,000	\$150,000	\$150,000	–	–	\$400,000
Partnership, concession and community-management agreements	\$25,000	\$50,000	\$50,000	\$25,000	–	\$150,000
Subtotal—Phase 2	\$200,000	\$275,000	\$250,000	\$25,000	–	\$750,000
Phase 3: Initial Implementation and Quick Wins						
Operation of the Ataúro Tourism Centre and visitor-information services	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000
Tourism signage, visitor information and safety facilities	\$200,000	\$150,000	–	–	–	\$350,000
Hospitality, guiding, language, first-aid and marine-safety training	\$150,000	\$200,000	\$200,000	\$150,000	–	\$700,000
Destination branding, website, visitor materials and promotion	\$100,000	\$125,000	\$125,000	\$125,000	\$125,000	\$600,000
Subtotal—Phase 3	\$550,000	\$575,000	\$425,000	\$375,000	\$225,000	\$2,150,000
Phase 4: Tourism Facilities and Site Development						
Small visitor facilities, trails and community tourism sites across the five sucos	–	\$500,000	\$600,000	\$500,000	\$300,000	\$1,900,000
Subtotal—Phase 4	–	\$500,000	\$600,000	\$500,000	\$300,000	\$1,900,000
Phase 5: Conservation and Heritage Management						
Protected-area management continuation	–	–	–	–	\$50,000	\$50,000

Cultural and heritage-site recognition and management plans	\$50,000	\$50,000	\$50,000	\$50,000	–	\$200,000
Ecosystem conservation continuation	–	–	–	–	\$100,000	\$100,000
Cultural and Environmental Archive operations	–	–	–	–	\$50,000	\$50,000
Cultural, traditional and local-language activities	–	–	–	–	\$100,000	\$100,000
Subtotal—Phase 5	\$50,000	\$50,000	\$50,000	\$50,000	\$300,000	\$500,000
Phase 6: Enterprise and Investment Development						
Preparation of investment-ready projects and investor facilitation	–	\$50,000	\$75,000	\$75,000	\$75,000	\$275,000
Subtotal—Phase 6	–	\$50,000	\$75,000	\$75,000	\$75,000	\$275,000
Phase 7: Programme Management, Monitoring and Evaluation						
Programme Management Unit personnel	\$200,000	\$206,000	\$212,181	\$218,546	\$225,102	\$1,061,829
Quarterly implementation, financial and safeguard monitoring	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000
Annual tourism and environmental performance reporting	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$175,000
Independent mid-term evaluation	–	–	\$100,000	–	–	\$100,000
Corrective actions and programme adjustment	–	–	\$100,000	\$100,000	–	\$200,000
Final evaluation and preparation of the next-phase strategy	–	–	–	–	\$150,000	\$150,000
Subtotal—Phase 7	\$285,000	\$291,000	\$497,181	\$403,546	\$460,102	\$1,936,829
Programme cost before contingency	\$1,635,000	\$2,171,000	\$2,127,181	\$1,508,546	\$1,440,102	\$8,881,829
Contingency provision	\$107,625	\$147,375	\$143,625	\$96,750	\$91,125	\$586,500
Total five-year budget request	\$1,742,625	\$2,318,375	\$2,270,806	\$1,605,296	\$1,531,227	\$9,468,329

The cost estimates are indicative and will be refined through feasibility studies, detailed designs, Bills of Quantities, market testing, staffing approval and annual budget preparation.

Annex 2: Evidence Base

The proposal is supported by national policy documents, Ataúro planning documents, tourism-sector information and available demographic, environmental and economic data.

Principal Evidence Sources

Evidence source	Relevance to PPG No. 16
Constitution of the Democratic Republic of Timor-Leste	Provides the constitutional basis for Ataúro's economic development, environmental protection, cultural heritage, employment, equality and private-property rights
Strategic Development Plan 2011–2030	Identifies tourism as a priority industry and promotes Ataúro for marine tourism, diving, trekking, fishing, eco-lodges and community tourism
Programme of the IX Constitutional Government 2023–2028	Supports ecological, marine, cultural, community and adventure tourism, together with infrastructure, training, regulation and promotion
Government Policy Priorities: Options for Budget 2027	Establishes the policy-based budgeting framework and identifies the development of niche tourism in Ataúro as PPG Option No. 16
Ataúro Strategic Development Plan Matrix 2026–2030	Provides targets for tourism, infrastructure, marine protection, cultural heritage, cooperatives, skills, enterprise finance and governance
PEDA 2026–2030 Budget Estimates	Provides reference allocations for marine conservation, cultural heritage, ecotourism, protected areas, cooperatives and linked infrastructure
Ataúro tourism and biodiversity information	Provides evidence on tourism assets, existing businesses, accommodation, marine biodiversity, cultural heritage and development constraints
Programme baseline study to be completed in 2027	Will confirm visitor numbers, employment, enterprise activity, expenditure, service standards and environmental conditions

Key Evidence

Ataúro has an estimated population of **10,295 people**, distributed across five sucos and 19 aldeias. Its tourism potential is based on exceptional marine biodiversity, coral reefs, beaches, mountains, cultural traditions, handicrafts, historical sites and community experiences.

Available information identifies **642 fish species** around Ataúro, including 315 species recorded at one site. The island also has important habitats and migration routes for dolphins, whales, turtles and other marine species.

Ataúro already has at least **19 accommodation providers** and several diving and snorkelling operators. However, tourism activity is concentrated mainly around Beloi and Vila Maumeta, and growth is constrained by transport, infrastructure, waste management, water, electricity, skills, standards and institutional coordination.

The Ataúro Strategic Development Plan Matrix establishes targets related to the Tourism Centre, Marine Park and Marine Research and Education Centre, cultural-site mapping, community tourism, protected areas, cooperatives, skills development, enterprise finance and supporting infrastructure.

Annex 3: Coordination Comments

Preparation and implementation of PPG No. 16 require coordination across tourism, local administration, infrastructure, environment, culture, transport, finance, land administration and private-sector development.

The following coordination comments should be recorded and updated during proposal review.

Institution or stakeholder	Main coordination issue	Proposed response
Ministry responsible for tourism	Policy leadership, standards, promotion and programme oversight	Confirm the ministry as lead policy institution and chair of the Programme Steering Committee
Ataúro Administrative Authority	Local planning, consultation and implementation coordination	Establish AAA as the principal island-level coordination body
FEDA	Financing and delivery of eligible local infrastructure and development activities	Align annual FEDA plans with the PPG implementation schedule
Ministry of Finance	Budget ceilings, costing, fiscal sustainability and reporting	Validate the multi-year costing, inflation assumptions and recurrent-cost implications
Infrastructure Fund and public-works institutions	Roads, port, airport, water, sanitation, electricity and public facilities	Coordinate delivery schedules and avoid duplication of budget requests
Environmental and marine authorities	Environmental licensing, protected areas and biodiversity safeguards	Complete screening, licensing and management arrangements before implementation
Cultural authorities	Recognition and protection of cultural, historical and religious sites	Integrate cultural safeguards and community consent into site development
Land and property authorities	Land status, access rights and compensation	Complete land verification before procurement or construction
Maritime and transport authorities	Boat safety, passenger services, port access and emergency response	Develop service and safety standards for maritime tourism
Tourism operators and private sector	Commercial viability, investment and service delivery	Consult operators on market demand, investment barriers and practical standards
Communities and suco authorities	Local benefits, land use, conservation and traditional practices	Maintain structured consultation and community representation
Development partners and research institutions	Technical assistance, research and possible co-financing	Coordinate support through formal agreements and the programme results framework

Annex 4: Summary of Stakeholder Consultations

Stakeholder consultation will ensure that the programme reflects community priorities, market realities, environmental requirements and institutional responsibilities.

Stakeholder Groups

Consultations should include:

- communities from all five sucos;
- suco and aldeia authorities;
- traditional and religious leaders;
- women's organisations;
- youth representatives;
- persons with disabilities and vulnerable households;
- accommodation providers and tourism operators;
- diving, boating, guiding and transport operators;
- artisans, fishers, farmers and food suppliers;
- cooperatives and small businesses;
- environmental and cultural organisations;
- government ministries and public institutions;
- universities and research organisations; and
- development partners.

Main Issues Raised or Expected

Consultation theme	Main issue	Proposed programme response
Employment	Local residents expect tourism development to create jobs	Apply local recruitment, training and apprenticeship measures
Enterprise opportunities	Communities seek access to tourism markets, finance and business support	Support homestays, guides, artisans, cooperatives and local suppliers
Geographic equity	Benefits should extend beyond Beloi and Vila Maumeta	Support tourism activities and facilities across all five sucos

Infrastructure	Transport, water, sanitation, electricity, telecommunications and waste services remain constraints	Coordinate tourism implementation with sector infrastructure programmes
Environment	Communities depend on healthy marine and terrestrial resources	Apply protected-area management, environmental safeguards and <i>Tara Bandu</i>
Culture	Tourism should respect sacred sites, traditions, languages and local knowledge	Use community consent, cultural protocols and heritage-management plans
Land and access	Tourism facilities may affect customary use or private property	Verify land status and document agreements before development
Safety	Marine tourism, diving and transport require stronger safety arrangements	Introduce standards, training, inspections and emergency procedures
Transparency	Communities expect fair selection of beneficiaries and contractors	Publish selection criteria, programme information and grievance procedures
Private investment	Investors require predictable rules and basic infrastructure	Prepare transparent investment procedures and investment-ready projects

A consultation register should record the date, location, participants, issues raised, responses provided, commitments made and follow-up actions. Consultation records should be disaggregated by sex, age, suco and stakeholder category where feasible.

Annex 5: Logic Model and Theory of Change

1. Development Problem

Ataúro has strong potential for marine, ecological, cultural and community-based tourism. Its assets include exceptional marine biodiversity, coral reefs, beaches, mountains, cultural traditions, local languages, handicrafts, historical sites and traditional fishing practices. The island also has an existing tourism base, including accommodation providers, diving and snorkelling operators, guides and community services.

However, this potential has not yet been converted into broad, sustainable economic benefits because of several interconnected constraints:

- limited and unreliable access to and within the island;
- inadequate visitor facilities and basic services;
- tourism activity concentrated mainly around Beloi and Vila Maumeta;
- limited skills in hospitality, guiding, safety and business management;
- weak access to finance for local enterprises;
- insufficient tourism data, marketing and destination coordination;
- incomplete standards for service quality, safety and environmental management;
- risks to marine, terrestrial and cultural resources; and
- fragmented institutional responsibilities.

These constraints reduce visitor numbers, length of stay and local expenditure. They also limit employment and business opportunities for communities, particularly women, young people and residents outside the main tourism centres.

2. Theory of Change Statement

If the Government establishes effective tourism governance and planning; coordinates improvements in access, infrastructure and visitor services; strengthens local skills, enterprises and cooperatives; promotes Ataúro as a distinctive destination; attracts responsible investment; and protects the island's environmental and cultural assets,

then local communities and tourism operators will be able to provide safer, higher-quality and more diverse tourism products across all five sucos.

This will result in more visitors, longer stays, higher local expenditure, increased tourism employment, stronger local businesses, improved visitor satisfaction and a more equitable distribution of tourism benefits.

Over the longer term, tourism will contribute to household income, economic diversification, social inclusion, cultural preservation, environmental protection and sustainable development in Ataúro.

This causal pathway depends on effective institutional coordination, timely infrastructure improvements, community support, sufficient tourism demand and continued funding for operations and maintenance.

3. Results Chain

3.1 Inputs

Inputs are the financial, institutional, human and technical resources required to implement the programme.

Input category	Main inputs
Financial resources	New PPG funding of USD 9,468,329, including programme implementation and contingency provisions
Government institutions	Ministry responsible for tourism, AAA, FEDA and relevant ministries responsible for infrastructure, transport, environment, culture, land, finance and enterprise development
Programme personnel	Programme Management Unit, technical officers, procurement and finance staff, monitoring and evaluation staff
Technical expertise	Tourism planners, engineers, environmental specialists, heritage experts, trainers, legal advisers, marketing specialists and evaluators
Community resources	Local knowledge, traditional practices, community organisations, suco authorities, women's groups, youth groups and cooperatives
Private-sector capacity	Accommodation providers, restaurants, transport operators, diving businesses, guides, investors and service providers
Evidence and information	Baseline studies, visitor surveys, business inventories, environmental data, tourism statistics and spatial mapping
Partnerships	Development partners, universities, research institutions, conservation organisations and private investors

3.2 Activities

Programme activities are organised into seven mutually supporting implementation areas:

1. Programme preparation and tourism planning;
2. Procurement and contract management;
3. Initial implementation and visible tourism improvements;
4. Tourism facilities and site development;

5. Conservation and heritage management;
6. Enterprise and investment development; and
7. Programme management, monitoring and evaluation.

The activities are designed as an integrated package. Improvements in marketing alone, for example, would not generate sustainable results without reliable services, trained operators, visitor safety and environmental protection.

3.3 Outputs

Outputs are the direct products and services delivered by the programme.

Output area	Expected outputs
Planning and governance	Approved Ataúro Tourism Development and Management Plan; functioning Steering Committee and PMU; baseline and tourism information system
Tourism facilities	Tourism Centre operational; visitor signage, maps, trails, information points, safety facilities and small public amenities installed
Skills development	At least 250 residents trained in tourism-related skills, with strong participation by women and young people
Community tourism	Community-based tourism initiatives supported across the five sucos
Enterprise development	Tourism businesses and cooperatives formalised, mentored and connected to markets and financial services
Marketing	Destination brand, website, promotional materials and targeted tourism campaigns developed
Standards and safety	Minimum standards, inspection arrangements and emergency procedures introduced for tourism activities
Conservation	Protected-area management, community conservation and <i>Tara Bandu</i> activities implemented
Cultural heritage	Priority cultural and historical sites documented, recognised and managed
Investment promotion	Investment-ready tourism projects prepared and responsible investors engaged
Monitoring and evaluation	Regular performance reports, mid-term evaluation, corrective actions and final evaluation completed

The outputs complement the Ataúro Strategic Development Plan targets concerning the Tourism Centre, Marine Park, cultural-site mapping, community tourism, protected areas, cooperatives, entrepreneurship and enterprise finance.

3.4 Short-Term Outcomes: 2027–2028

Short-term outcomes represent the first changes expected after programme systems and initial outputs are established.

Expected short-term outcomes include:

- clearer institutional roles and stronger coordination;
- improved availability and quality of tourism data;
- greater confidence among communities, operators and investors;
- improved visitor information and basic safety;
- increased participation in tourism training and enterprise support;
- community tourism initiatives beginning outside the main tourism centres;
- improved understanding of environmental and cultural limits;
- better compliance with registration, service and safety requirements; and
- improved visibility of Ataúro as a tourism destination.

At this stage, the programme will mainly strengthen the conditions required for sustainable growth rather than immediately generate full economic impacts.

3.5 Medium-Term Outcomes: 2028–2030

Medium-term outcomes will occur as infrastructure, skills, enterprises, conservation measures and destination promotion begin to operate together.

Expected outcomes include:

- more tourism products and visitor experiences available;
- improved service quality and visitor satisfaction;
- increased tourism activity across all five sucos;
- greater participation by women, youth and community enterprises;
- increased demand for local food, transport, guiding, handicrafts and services;
- improved survival and performance of tourism businesses;
- stronger compliance with environmental, safety and service standards;
- better management of priority marine, terrestrial and cultural sites;
- greater investor interest in responsible tourism projects; and
- increased visitor arrivals, average stay and local expenditure.

3.6 Long-Term Outcomes: 2030–2031 and Beyond

Long-term outcomes are the sustained economic, social, environmental and institutional changes resulting from the programme.

These include:

- increased tourism-related employment;
- increased income for locally owned businesses and households;
- stronger economic links between tourism, fisheries, agriculture, transport, culture and handicrafts;
- more balanced distribution of tourism benefits across Ataúro;
- reduced dependence on a small number of tourism locations and operators;
- stronger institutional capacity for tourism planning and regulation;
- sustainable financing and management of tourism facilities;
- improved protection of marine and terrestrial ecosystems;
- preservation of local languages, cultural practices and heritage sites; and
- increased confidence among visitors, communities and responsible investors.

3.7 Intended Impact

The intended long-term impact is:

Ataúro becomes a competitive, inclusive, climate-resilient and environmentally sustainable tourism destination that generates employment and income, supports economic diversification and protects the island's natural and cultural heritage.

4. Main Causal Pathways

Pathway 1: Governance and Planning

Problem: Tourism activities and public investments are fragmented and not guided by a single island-wide framework.

Intervention: Establish programme governance, prepare an integrated tourism plan, clarify institutional roles and improve data collection.

Expected change: Government institutions coordinate investments, identify priorities and make decisions based on reliable information.

Outcome: Public resources are used more efficiently, duplication is reduced and tourism development becomes more predictable and sustainable.

Pathway 2: Visitor Facilities and Services

Problem: Visitors face inadequate information, facilities, safety arrangements and basic services.

Intervention: Operationalise the Tourism Centre, install signage and visitor facilities, improve trails and community sites and coordinate tourism development with infrastructure programmes.

Expected change: Visitors can access destinations more safely and comfortably and can experience a wider range of attractions.

Outcome: Visitor satisfaction, length of stay, repeat visits and expenditure increase.

Pathway 3: Skills, Employment and Local Enterprise

Problem: Local residents and enterprises have limited technical, business and financial capacity.

Intervention: Provide hospitality, guiding, language, safety and business training; support cooperatives and enterprises; and improve market and finance linkages.

Expected change: Local businesses provide higher-quality products and services and employ more trained residents.

Outcome: Tourism income remains within Ataúro, local employment increases and women and young people gain greater economic opportunities.

Pathway 4: Conservation and Cultural Heritage

Problem: Unmanaged tourism growth may damage coral reefs, beaches, forests, cultural sites and traditional practices.

Intervention: Establish environmental and cultural safeguards, protected-area management, community conservation, *Tara Bandu* and heritage-management plans.

Expected change: Tourism activities operate within environmental and cultural limits, while communities participate in resource management.

Outcome: Natural and cultural assets remain attractive, productive and available for future generations.

Pathway 5: Marketing and Investment

Problem: Ataúro has limited destination visibility and lacks a structured pipeline of responsible investments.

Intervention: Develop a destination brand, digital promotion, visitor information, investment prospectuses and clear partnership arrangements.

Expected change: Ataúro reaches appropriate domestic and international markets and attracts investors aligned with its environmental and community objectives.

Outcome: Visitor demand and responsible private investment increase without encouraging uncontrolled or environmentally damaging development.

5. Integrated Logic Model

Results level	Expected result	Key indicators	Means of verification
Impact	Inclusive and sustainable tourism contributes to Ataúro's economic diversification and community welfare	Tourism employment; household and enterprise income; tourism contribution to local economic activity; environmental condition	Final evaluation, household and enterprise surveys, government statistics
Long-term outcome	Ataúro is recognised as a high-value marine, ecological, cultural and community destination	Visitor arrivals; length of stay; visitor expenditure; satisfaction; repeat visits	Visitor surveys, Tourism Centre records, accommodation data
Outcome 1	Local employment and tourism enterprises increase	Tourism jobs; locally owned businesses; business survival; cooperative activity	Business registry, labour records, enterprise surveys
Outcome 2	Tourism benefits are more equitably distributed	Benefits by suco, sex, age and enterprise type; number of community tourism initiatives	Programme records, beneficiary surveys and community consultations
Outcome 3	Tourism quality, safety and compliance improve	Registered operators; inspection results; safety incidents; operator compliance	Licensing and inspection reports, incident records
Outcome 4	Environmental and cultural assets are effectively managed	Sites under management; reef and biodiversity condition; waste levels; heritage sites protected	Environmental monitoring, heritage records and site inspections
Outcome 5	Responsible private investment increases	Investment enquiries, agreements, private capital mobilised and businesses established	Investment records, contracts and business registration
Outputs	Plans, facilities, training, enterprise support, conservation activities and marketing delivered	Output completion rates and annual targets	Programme monitoring reports and field verification
Activities	Studies, planning, procurement, training, site development, conservation, promotion and evaluation undertaken	Activities completed on schedule and within budget	Work plans, procurement records and progress reports

Inputs	Funding, personnel, expertise, partnerships and community participation mobilised	Budget execution, personnel mobilised, contracts signed and consultations completed	Financial reports, staffing records, contracts and consultation registers
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6. Cross-Cutting Principles

The theory of change is supported by five cross-cutting principles.

Community Ownership

Communities will participate in planning, implementation, conservation and monitoring. Tourism development will recognise customary practices, traditional knowledge and community priorities.

Equity and Inclusion

Benefits will be monitored across all five sucos. Women, young people, persons with disabilities and vulnerable groups will receive targeted access to training, employment and enterprise support.

Environmental Sustainability

Tourism development will be based on environmental carrying capacity, climate resilience, pollution prevention and protection of biodiversity.

Cultural Integrity

Tourism products will respect local languages, sacred places, ceremonies, traditional fishing, handicrafts and community ownership of cultural knowledge.

Financial and Institutional Sustainability

Facilities and services will not be developed without clear ownership, management arrangements, recurrent financing and maintenance responsibilities.

7. Critical Assumptions

The programme's results depend on the following assumptions:

Assumption	Why it matters
Government institutions maintain effective coordination	Tourism development involves multiple sectors and cannot be delivered by one institution alone
Linked infrastructure progresses on time	Tourism demand and investment depend on access, transport, water, sanitation, electricity and telecommunications

Communities support the programme	Community acceptance is essential for land access, conservation, cultural tourism and long-term sustainability
Visitor demand remains sufficient	Enterprises require adequate visitor numbers and expenditure to remain viable
Training leads to employment or enterprise opportunities	Skills development will have limited economic impact without market opportunities
Environmental and cultural safeguards are enforced	Degradation of tourism assets would undermine the programme's economic foundation
Private investment follows responsible standards	Poor-quality or uncontrolled investment could create social and environmental costs
Operations and maintenance funding is available	Facilities may deteriorate if recurrent funding and management are not secured
Reliable data are collected	Government requires consistent evidence to assess results and make adjustments
Climate and disaster risks remain manageable	Severe weather or coastal impacts could disrupt access and damage infrastructure

These assumptions will be monitored through the programme risk register and evaluation framework.

8. External Factors

Some factors affecting programme performance are outside the programme's direct control:

- national and international economic conditions;
- changes in domestic and international travel demand;
- fuel and maritime transport costs;
- extreme weather, coastal erosion and climate change;
- health emergencies;
- delays in major infrastructure projects;
- changes in government priorities or institutional mandates;
- private investment decisions; and
- regional competition from other island destinations.

The programme will respond through flexible annual planning, phased investment, regular risk review and corrective action.

9. Feedback and Adaptive Management

The theory of change will not be treated as a fixed document. It will be tested and updated as evidence becomes available.

The programme will use the following learning cycle:

1. **Collect evidence** through monitoring, surveys, inspections and consultations.
2. **Compare results** against baselines, targets and expenditure.
3. **Identify gaps** in implementation, participation, benefits or safeguards.
4. **Review assumptions** to determine whether the original causal logic remains valid.
5. **Adjust activities and resources** through annual plans and approved budget changes.
6. **Document lessons** for future tourism policy and investment.

The 2029 mid-term evaluation will provide the main formal opportunity to revise the theory of change. The evaluation may recommend changes to targets, sequencing, delivery arrangements or resource allocation where the evidence shows that expected results are not being achieved.

10. Summary Causal Logic

Stage	Causal logic
Inputs	Government provides funding, personnel, technical expertise, partnerships and community-engagement mechanisms
Activities	Institutions plan, procure, train, develop sites, support businesses, promote the destination and protect environmental and cultural assets
Outputs	Tourism plans, facilities, trained residents, supported enterprises, standards, conservation systems and marketing products are established
Short-term change	Coordination, skills, visitor information, service quality and confidence improve
Medium-term change	Tourism activity expands, local businesses grow, visitors stay longer and benefits reach more communities
Long-term change	Employment, incomes and responsible investment increase while ecosystems and cultural heritage are protected
Impact	Ataúro develops as an inclusive, competitive and sustainable tourism destination supporting long-term economic diversification