



**EAST TIMOR**

**UNITED NATIONS DEVELOPMENT**

**ASSISTANCE FRAMEWORK**  
**(2003-2005)**

## ACRONYMS & ABBREVIATIONS

AIDS	Acquired Immune Deficiency Syndrome
Beijing +5	Women 2000: Gender Equality, Development and Peace for the 21 <sup>st</sup> Century (Special Session of the General Assembly, 5-9 June 2000)
CCA	Common Country Assessment
CEDAW	Convention on the Elimination of all Forms of Discrimination Against Women
CSO	Civil Society Organisation
DESA	United Nations Department for Economic and Social Affairs
DSRSG	Deputy Special Representative of the Secretary General
FAO	Food and Agriculture Organization
GA	General Assembly
GDP	Gross Domestic Product
HAM	Heads of Agencies Meeting
HDR	Human Development Report
HIV	Human Immunodeficiency Virus
HRD	Human Resource Development
IFAD	International Fund for Agricultural Development
ILO	International Labour Organisation
IMF	International Monetary Fund
IOM	International Organisation for Migration
MDG	Millennium Development Goals
NDP	National Development Plan
NHDR	National Human Development Report
NGO	Non Governmental Organisation
OHCHR	Office of the High Commissioner for Human Rights
PRSP	Poverty Reduction Strategy Programme
TFET	Trust Fund for East Timor
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCHS	United Nations Centre for Human Settlements
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UNDCP	United Nations International Drug Control Programme
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UNOPS	United Nations Office for Project Services
UNTAET	United Nations Transitional Administration in East Timor
WFP	World Food Programme
WHO	World Health Organization

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# **EAST TIMOR: UNITED NATIONS DEVELOPMENT ASSISTANCE FRAMEWORK (2003-2005)**

## ***Executive Summary***

East Timor will attain full independence on 20 May 2002. Since 1999, the United Nations Transitional Administration in East Timor (UNTAET) has administered East Timor. UNTAET has done much to rebuild the country's infrastructure and essential services, and to lay the foundations for democratic governance.

The outlook for the transition to independence is generally positive although, following the withdrawal of UNTAET, there is likely to be a diminution of government capacity and service delivery. One of the most significant short-term challenges will be to ensure that government is able to recover quickly from this and to maintain its momentum.

The need for external assistance in all of the areas identified in this UNDAF will be most pronounced during a three to four year period between independence and the coming on stream of oil and gas revenues from the Timor Sea in 2005-6.

This UNDAF describes the intended contribution of the UN Agencies, funds and programmes<sup>1</sup> in East Timor to the cause of national development during this crucial period. It sets out the aims and objectives of the UN Agencies and the strategies they will employ in attempting to realise them.

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<sup>1</sup> In line with local practice, hereinafter referred to as 'UN Agencies'.

## **The Development Setting**

This UNDAF's approach is broad ranging. It responds to pronounced needs across the full spectrum of development in East Timor, as conveyed by:

- Levels of human development (income, health, and education) that place East Timor among the 10 poorest countries on earth.
- A young and fast-growing population.
- Physical infrastructure that is still in a serious state of disrepair, much of it totally destroyed.
- A primarily subsistence, agricultural economy that will remain heavily dependent on external assistance until about 2005-6.
- A civil service in which most staff lack the technical expertise and experience to perform their jobs satisfactorily.
- A new form of (democratic) governance that has no historical or cultural roots in East Timor, and whose institutions are in the process of being developed and are fragile.

East Timor is a small, post-crisis country with a population of about 800,000 and a land area of 14,610 square kilometres. The broad ranging approach of this UNDAF is made feasible partly because East Timor's need for external assistance is most pressing during the next three to four years, and partly because of its small size.

## **Goals of the UN Agencies**

Poverty reduction and sustainable development in East Timor are the

paramount goals of government and of the UN Agencies.

### **Objectives of the UN Agencies**

The UN Agencies will work with government, civil society, and the private sector towards the achievement of many objectives, of which 26 of the most important appear in Section 4 of this document. Many of these objectives impinge directly and indirectly on questions of human rights, particularly for women and children. A selection of these objectives, which are linked to the Millennium Development Goals (MDG), is set out below.

#### **Income poverty and hunger:**

1. *By the year 2005 to halt and begin to reverse the proportion of people whose income is less than US\$0.55 a day.*
2. *By the year 2005 to halt and begin to reverse the proportion of people who suffer from hunger.*

#### **Education and culture:**

3. *By the year 2005 to ensure that at least 75% of all boys and girls will be able to complete a full and satisfactory course of primary education.*
4. *By the year 2005 to increase by 25% local capacity for vocational and technical training.*
5. *By the year 2005 to prepare policies that address issues of culture and the development of a multicultural society.*

#### **Health:**

6. *By the year 2005 to have halted, and begun to reverse, the maternal mortality rate.*
7. *By the year 2005 to have halted, and begun to reverse rates of infection for malaria, respiratory tract infections, diarrhoea, and other major diseases.*

#### **Gender:**

8. *By the year 2005 to have halted, and begun to reverse, the trend of violence against women.*
9. *By the year 2005 to have halted, and begun to reverse, the trend of poverty among female-headed households.*

#### **The environment and natural resources:**

10. *To integrate the principles of sustainable development into country, and regional, legislation, policies and programmes and to reverse the loss of environmental resources.*
11. *To ratify and observe international treaties on the environment such as the Convention on Biodiversity and the Ramsar Convention on wetlands.*

### **Strategies of the UN Agencies**

The UN Agencies will address the UNDAF objectives through:

- Targeted capacity development in government.
- Technical assistance to government in general.
- Targeted capacity development in civil society organisations.
- Advocacy for civic education and human rights.
- Rehabilitation of infrastructure.
- Return of refugees and reintegration of returnees.

### **Further Collaboration among UN Agencies**

There will be enhanced collaboration in targeted capacity development involving jointly designed project clusters, gender, advocacy, and resource mobilisation.

### **Follow-up and Review**

Performance assessment will be based on the extent to which the UN Agencies are directed by the UNDAF towards the achievement of its objectives using the strategies it advocates.

The development circumstances in East Timor require that this document be subject to formal annual review.

## **1. UNDAF Background and Description<sup>2</sup>**

Arising from the Secretary-General's reform programme for the UN launched in 1997, the United Nations Development Assistance Framework (UNDAF) is the superordinate planning document for UN Agencies in a given country. The UNDAF was developed by the United Nations Development Group (UNDG)<sup>3</sup> and formally approved by the General Assembly in 1998 during its triennial review of the operations of the UN system (GA resolution A/41/128).

### **1.1 UNDAF Purpose**

The UNDAF<sup>4</sup> is designed to optimise the contribution of the UN Agencies to national development and, in so doing, contribute to the achievement of the vision and principles of the UN Charter. It is a broad statement of the goals and objectives of the UN Agencies in a given country and the strategies to be employed in their realisation.

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<sup>2</sup> In the light of comments made by the Nordic countries review of the UNDAF concerning the general lack of awareness and understanding of it among members of the development community, we have included a short background statement with a view to making the document as comprehensible as possible for a wide audience.

<sup>3</sup> The UNDG was established by the UN's Secretary-General to advance the reform programme initiated by him in 1997. An Executive Committee chaired by the Administrator of UNDP leads UNDG. UNDG's membership comprises UNDP, UNFPA, UNICEF, WFP, UNIFEM, UNOPS, UNAIDS, UNCHS, UNDCP, DESA, IFAD, OHCHR, UNCTAD, Regional Commissions, and the Special Representative of the Secretary-General for Children in Armed Conflict. The major aims of UNDG include strengthening the resident coordinator system, 'support to, and oversight of, the UNDAF', and accelerating economies of scale among UN organisations.

<sup>4</sup> The most up-to-date version of this UNDAF, and selected excerpts from it, can be found on [www.unagencies.east-timor.org](http://www.unagencies.east-timor.org)

This UNDAF does this over a three-year period, beginning in January 2003.<sup>5</sup>

The need to optimise technical assistance by making the best use of scarce resources is vital everywhere, but it is particularly so in East Timor. For at least the next three years, development assistance to East Timor will constitute a significant proportion of the national budget.

The Common Country Assessment (CCA) published in November 2001, the government's Poverty Reduction Strategy Programme (PRSP), the National Development Plan (NDP), and the National Human Development Report (NHDR) validate this claim and paint a vivid picture of the urgent and serious development challenges facing East Timor. Rehabilitation and recovery have begun, but there is a long and difficult road ahead.

The UN Agencies have made significant contributions to what has been accomplished to date and are working hard to address the most important and pressing national development needs. This is particularly so in relation to poverty reduction, rehabilitation and recovery, access to basic social services (including education and health), sustainable livelihoods and the environment, and governance.

This document should help to make a good job better by enhancing the contribution of the UN Agencies in all of these respects.

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<sup>5</sup> A January 2003 starting date will synchronise this UNDAF with the National Development Plan. The three-year planning period also acknowledges the highly fluid development circumstances in East Timor and the demand that such circumstances create for frequent review. Moreover, the end of the UNDAF planning period coincides with the projected coming on stream of oil and gas revenues from the Timor Sea. This will be an important watershed in the country's development.

## 1.2 UNDAF Method

The UNDAF attempts to achieve these purposes by:

- Identifying the most important and pressing national development needs and the most effective means for dealing with them.
- Examining the relationships between national development needs and international development needs such as those expressed in the Millennium Development Goals.<sup>6</sup>
- Assessing how the individual and collective strengths of the UN Agencies can best be harnessed to address such development needs.
- In relation to all of the above, drawing on the insights of development partners outside of the UN Agencies.
- Articulating the above concisely, clearly and persuasively for a wide audience.

## 1.3 Collaborative Production and Implementation

In its preparation and implementation the UNDAF draws upon, and promotes, collaboration between the most significant parties interested in a country's development. The interests and involvement of government are clearly central to this.

The bases for such collaboration are well laid in East Timor. The UN Agencies have strong working relationships with government, with UNTAET, with the Bretton Woods institutions, with bilateral donors, with CSOs, and with the private sector.

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<sup>6</sup> The MDG were a major outcome of the UN Millennium Summit, 6-8 September 2000. A summary of the MDG is given later in this document, and they are set out in full in the NDP, NHDR, and on the UNDAF website.

## 1.4 Contingency-Based Approach

As any planning exercise should, the process of preparing this UNDAF has taken account of the contingencies present in the environment in which it is to be applied. The UNDAF guidelines acknowledge this point by stating that, 'while capturing the spirit of collaboration of the Secretary-General's reform', 'UN country teams, under the leadership of the Resident Coordinator, can adapt these guidelines to local conditions' (p. 3).<sup>7</sup>

## 2. Rationale

This UNDAF incorporates goals and objectives concerning all of the major 'drivers' of poverty and human development - health, education, income, food security and agriculture, the role of women, and the sustainable use of natural resources and the environment. Many of these objectives impinge directly and indirectly on questions of human rights, particularly for women and children.

The UNDAF also outlines and discusses the major means for addressing these objectives, which lie primarily in targeted, and general, capacity development in government. The reasons underlying the broad range of objectives identified, and the emphasis on capacity development, are set out below.

## 2.1 East Timor's Development Setting<sup>8</sup>

The discussion that follows demonstrates the breadth, depth, and urgency of East Timor's development needs.<sup>9</sup> In so doing,

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<sup>7</sup> For more information concerning the UNDAF production process, and related matters, see 'UNDAF Briefing Note and Work Plan' (UNDP, Dili, 2002), which can be found on the UN inter-agency website for East Timor.

<sup>8</sup> The conditions described in this section satisfy the definition of 'special development situations' - see UNDP Programming Manual (April 1999).

<sup>9</sup> The NDP, NHDR, and the CCA outline the most important and urgent development challenges facing East Timor in terms of poverty reduction and the

it makes a case for the broad ranging scope of this UNDAF. Further data and discussion on the country's development challenges, which strengthen the argument presented here, are contained in Section 4, 'Objectives of the UN Agencies' and Section 5, 'Technical Assistance Strategies'.

***Small, post-crisis, low-income***

East Timor is a small, post-crisis, low-income developing country. About 41% of the population experience income poverty.

Its population size is about 800,000 and it has a geographical area of 14,610 square kilometres.<sup>10</sup>

The country's recent history, particularly the transition to independence, has been extremely costly, in human and in economic terms. In late 1999, the country's infrastructure, institutions and economy were almost completely destroyed by militias opposed to independence.

***Loss of life and human rights violations***

During this period of anarchy and violence, many people were killed and injured and human rights were violated on a grand scale. Seventy five per cent of the total population was either externally or internally displaced.

***Seriously depleted civil service***

At the same time, about 8,000 (Indonesian) civil servants fled the

territory (out of a total of about 28,000). These people constituted the upper layers and technical core of the civil service of East Timor. Their departure created a vacuum in all areas of government that could not be filled by East Timorese because in the past there had been insufficient development of indigenous technical and senior managerial capacity. Moreover, a culture had been promoted of dependence on central government as the main source of employment, subsidies, direct transfers, and decisions.

***Destruction of infrastructure and institutions***

Accordingly, at the time of their establishment - UNTAET in 1999 and the first transitional government in mid-2000 – the situation was one of total devastation: of the institutions of government, of basic services, and of infrastructure.

For example, late in the year 2000, 37 out of a total of 58 power stations were inoperable. Forty per cent of houses (68,000) and seventy per cent of all public buildings had been destroyed - government offices, schools, hospitals, seed production facilities, animal clinics, and medical and animal laboratories. In addition, more than forty per cent of all livestock was either killed or taken to West Timor.

Every bank was looted, which rendered the banking and payments system inoperable. All property, and most other, records were destroyed, and land and property ownership remains a serious problem.

Loss of records has clearly had an adverse effect on the quality and comprehensiveness of social and economic data available. Despite the good survey work that has been done since 1999, the significant data gaps that exist

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factors that contribute to it – health, economic well being and employment, education, and the sustainable use of natural resources and the environment. As with many other low-income developing countries, in East Timor the manifestations of the symptoms of poverty demonstrate that women bear a disproportionate burden. Questions of gender equality therefore warrant special attention in the design and delivery of technical assistance.

<sup>10</sup> East Timor is larger than Cyprus and Jamaica but smaller than Fiji.

need to be filled, and data reliability and validity improved, so that good baseline and performance data for development can be produced wherever they are needed. These remarks should be taken as an important qualification of the 'baseline' data provided in this report.

#### ***Extreme poverty***

Human development indicators place East Timor among the 10 poorest countries on earth. It has a per capita GDP of approximately US\$478, which is slightly more than half that of Rwanda. While significantly better than Rwanda's (at 40), life expectancy of 50 to 58 years puts East Timor on a par with countries such as the Democratic Republic of Congo and Eritrea. Maternal mortality rates are similar to those found in Cambodia and Madagascar. Data show that more than 40% of the population are living below the poverty line of US\$0.55 per day. The vast majority of poor people (85%) live in rural areas. There also significant variations between districts.

#### ***Rural-based, young, and fast-growing, population***

About 75% of the population live in rural areas. Almost half (48%) of the population as a whole is below the age of 17. This is coupled with a high population growth rate of 2.5%. As we shall see below, there are few employment prospects for young people. Education standards and access are low. They possess few of the skills necessary to deal with life's challenges.

#### ***Urban poverty and unemployment***

While the vast majority of poor people live in the rural areas, urban poverty and unemployment are emerging as serious development problems. Since 1999 there has been significant rural-urban migration, with up to about 160,000 people now estimated to be living in Dili alone. Open

unemployment, particularly among young people, exceeds 16%. Overall labour force participation is estimated to be 74%.

#### ***The economy***

The economy is primarily a subsistence agricultural economy. Coffee, particularly organic coffee, is the only significant export. The economy is highly segmented, with a Timorese-dominated, low-income, rural economy existing in parallel to an urban, high-income economy dominated by non-East Timorese.

In the short term, the economy will remain highly dependent on external aid. During the three-year period after independence (2003-5), on average, domestic revenue will cover only 66% of recurrent costs. Over this period, the total external financing requirement sought by government is estimated to be US\$433.2 million.<sup>11</sup> After this, requirements for external assistance will begin to tail-off.

#### ***Medium-term economic prospects – oil and gas***

Substantial revenues from oil and gas deposits in the Timor Sea are likely to come on stream within three to four years, which should result in budget surpluses and savings. East Timor has a long-term savings and investment strategy that is designed to make good use of these financial resources. The strategy is based partly on strong growth in the non-oil sectors of the economy being able to provide tax revenues to cover an increasing proportion of total spending. The strategy also assumes the observance of strong fiscal discipline.

Based on such assumptions, over the estimated 20-year period of oil and gas production, recurrent expenditures could rise at 3% annually in real terms. This

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<sup>11</sup> This is an NDP estimate (p. 103).

would permit continued capital and development spending and the expansion of services.

Moreover, even without the discovery and exploitation of additional petroleum resources, this strategy should allow sufficient savings to be accumulated to maintain public spending levels after 2025. Nevertheless, the rapid emergence from poverty of East Timor is not assured, and scarce resources will need to be managed prudently.

The intervening period – between independence and the commencement of oil and gas revenues (2003 to 2005-6) - is the one in which donor assistance will be most important. Such assistance will be crucial to bridging the three-to-four year gap, and ensuring that the significant gains that have been made to date are maintained and strengthened.

The planning horizon of this UNDAF deliberately coincides with this crucial period in the development of the country.

***Ethno-linguistic and cultural diversity***

There are more than 30 languages or dialects in use in the country. As much as 80% of the population understands Tetun, about 40% can understand and use Indonesian, 5% can speak Portuguese, and about 2% English. The new official languages are Portuguese and Tetun. Indonesian and English are treated as working languages. Language issues are clearly crucial to education, governance, and commerce.

***Substantial progress, but diminished government capacity at independence likely***

East Timor will attain full independence on 20 May 2002. Since 1999, East Timor has been administered by UNTAET. In accordance with Resolution 1272 (1999), the UN among other things has ensured

security and the maintenance of law, established a functioning administration, and given support to capacity development for self-government.

Notable recent achievements include the peaceful election of a Constituent Assembly in August 2001, followed in September by the establishment of the second transitional government. Since then, all of the principal functions of government have been transferred to Timorese hands, under the leadership of the new Council of Ministers. The country's constitution has recently been finalised and approved.

The outlook for the transition to independence is generally positive. However, following the phased withdrawal of UNTAET, there is likely to be a significant diminution of government capacity and service delivery. One of the most significant short-term challenges will be to ensure that government is able to recover quickly from this and to maintain its momentum. The process and speed of recovery will be helped greatly by the allowance that has been made in the UN successor mission for a civilian support component.

***Summary of major development issues***

Despite the good work of UNTAET since 1999, today East Timor remains at an early and precarious stage of its development. Indeed, it will be some years before the economy and infrastructure are restored to pre-1999 levels.<sup>12</sup>

In summary, East Timor's current development setting (among other things) is characterised by:

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<sup>12</sup> The full extent of the destruction of infrastructure and institutions is well described in the CCA, and related documents, and is therefore not repeated here.

- Levels of human development (income, health, and education) that place it among the 10 poorest countries on earth.
- A young and fast-growing population.
- In the short term, a weak, primarily subsistence, agricultural economy. There will be a need for substantial external assistance until about 2005-6.
- Physical infrastructure that is still in a serious state of disrepair, much of it totally destroyed: buildings, power plants, distribution networks, water supply systems, roads, bridges, ports, irrigation systems, and so on.
- A severely depleted civil service in which the vast majority of East Timorese lack sufficient technical expertise and experience to perform their jobs satisfactorily. At independence, most public servants will have been in their positions for less than twelve months.
- A new form of governance that has no historical or cultural roots in East Timor, and whose institutions are in the process of being developed and are therefore vulnerable.

***Political stability and government commitment***

On the positive side, however, and unlike many other recent post-conflict situations, there is no internal conflict in East Timor. Moreover, the government is committed to addressing crucial development and reconstruction issues, underpinned by short-term external assistance and medium-term economic self-sufficiency.

***UN Agencies' response***

This UNDAF reflects the breadth and depth of the country's needs in its goals and objectives and in the strategies it outlines for their realisation. Poverty reduction, improvements in health and education, food security and agriculture, gender equality, and environmental

sustainability are all clearly crucial development *aims or objectives*. These objectives are addressed in national planning documents such as the NDP, PRSP, and in the CCA, as well as being included in the international development goals identified at the Millennium Summit – the Millennium Development Goals.<sup>13</sup>

The broad ranging scope of this UNDAF therefore responds to and reflects:

- The early stage of development of East Timor and the severity and urgency of its challenges across the full spectrum of development, which make such broad scope ***necessary***.
- The country's small population size, government, and geographical area, and the relatively short period of marked dependency on external assistance, which make such broad scope ***feasible***.
- The individual and collective strengths of the UN Agencies, which increase the chances of ***success***, that is, of applying such a broad ranging approach effectively.

This approach is consistent with the one envisaged for 'special development situations' by the UNDP Programming Manual (April 1999), which refers to 'holistic coordination across the development, humanitarian, and political

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<sup>13</sup> These goals refer to the 'eradication of extreme poverty and hunger', the 'achievement of universal primary education', the 'promotion of gender equality and the empowerment of women', the 'reduction of child mortality', the 'improvement of maternal health', the 'combating of HIV/AIDS, malaria and other diseases', 'ensuring environmental sustainability', and the 'development of global partnerships for development'. These goals are reflected in the NDP and in a Planning Commission document entitled 'A Vision for East Timor in 2020'. These goals are set out in full on the UNDAF web page – see [unagencies.east-timor.org](http://unagencies.east-timor.org)

domains of UN system assistance' (p. 17).<sup>14</sup>

#### ***UNDAF links to MDG***

As mentioned above, in this UNDAF we make explicit connections between UNDAF objectives and the MDG. This is also an important feature of the NDP. Apart from the clear relevance of the MDG to East Timor, our making of these links was influenced by three considerations. First, we see these connections as mutually reinforcing – because they increase the prospects for national development benefiting from international thinking and action, and *vice versa*.

Second, this logic was endorsed at a recent meeting of the Regional Directors of the Executive Committee of UNDG (December 2001). The meeting was held in order to improve the Directors' 'understanding of *their* role in supporting the CCA and UNDAF process' (emphasis in the original). At this meeting, it was observed that the MDG would be of considerable relevance to low-income developing countries such as East Timor.

And third, a recent review of the CCA/UNDAF conducted by the Nordic countries in certain cases endorses the conscious linking in the UNDAF of national and UN system goals with international development goals (such as the MDG). We believe that there are particularly strong grounds for making such links in East Timor.

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<sup>14</sup>'Comprehensiveness' is also advocated in other UN publications, where it is seen as involving 'an overall review or diagnosis of the settings in which problems occur, followed by interventions carefully targeted at leverage points considered likely to produce desirable change efficiently'...that is, that 'have system-wide effects' - see *Public Sector Management, Governance, and Sustainable Human Development*, New York: UNDP, Division of Public Affairs, 1995.

## **2.2 Capacity Development as the Main Means to Development Ends**

A nation's ability to address sustainably the major development challenges it faces is a function of many factors. Among the most crucial are political stability,<sup>15</sup> political will, resource availability and management, institutional capacity, and the capabilities and capacities of people.

#### ***Government commitment and main development challenges***

In East Timor, the government has confirmed its strong commitment to poverty reduction and sustainable development and, with the help of the international community, is doing all that it can to ensure political stability. Within three to four years the country's economic situation will be much improved.

In the interim, the main challenges include the development of the policies, and the human and financial resources, necessary to continue social and economic development after independence. The bulk of UN Agencies' assistance to East Timor is therefore directed at human resource and institutional capacity development, mainly in government and in civil society.

#### ***Government responsibility***

Despite the increasing role of the market in national and international affairs, the major means at a country's disposal for addressing the development needs outlined above, and the major responsibilities, remain with government – but not government alone. Modern notions of the nation state increasingly suggest that responsibility for

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<sup>15</sup> Among others, the World Bank points to the 'strong inter-relation between political stability and economic development' – see *Transitional Support Strategy of the World Bank Group for East Timor*, East Asia and Pacific Regional Office, November 2000.

development should be shared with the private sector and civil society.<sup>16</sup>

#### ***Private sector***

The balance of responsibility for development between these domains of governance will naturally vary between countries. In East Timor, the private sector is relatively under-developed, and structurally distorted by the large – but rapidly decreasing – expatriate presence.<sup>17</sup> Also, the small manufacturing and service sectors continue to be largely controlled by non-East Timorese. In the foreseeable future, the role of the (formal) national private sector as an active development partner is therefore likely to be limited.

Prospects for foreign direct investment (FDI) lie mainly in agriculture, fisheries, tourism, and possibly manufacture of clothing, textiles, and footwear. Obstacles to FDI include high costs of labour and utilities, poor infrastructure, and significant legal uncertainties. In the short run, the most likely prospects lie in agriculture and fisheries.

#### ***Indigenous entrepreneurs and the informal sector***

The development of a vibrant private sector that involves the strong participation of the indigenous community is of course vital to sustainable development. Encouraging the rapid development of the informal sector is particularly important. Among others, including the UN Agencies, TFET-funded programmes are providing loans, micro credit, and training for East Timorese entrepreneurs.

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<sup>16</sup> As indicated above, and below, in East Timor, high levels of government responsibility are combined with government inexperience, low government capacity, and nascent governing institutions.

<sup>17</sup> The World Bank's strategy has been to direct TFET resources 'disproportionately...into rural and productive sectors to counteract distortions caused by the presence of the international community'.

#### ***International business***

Prospects for cooperation with international businesses that have an interest in East Timor exist, and limited support has been forthcoming in relation to poverty assessment and trust fund management. Such prospects are likely to increase in parallel with the development of oil and gas resources associated with the Timor Sea.<sup>18</sup>

#### ***Civil society***

Civil society in East Timor (mainly national and international NGOs and the Roman Catholic Church) plays a significant development role, particularly in relation to health, education, justice and national reconciliation, and human rights. Targeted capacity development in these areas is therefore of considerable importance.<sup>19</sup>

#### ***Government as the primary agent of development***

Nevertheless, government is, and for some time to come is likely to remain, by far the most significant agent of development. This means that issues of capacity development, and institutional development, in government will be of paramount importance as means to poverty reduction and sustainable development.

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<sup>18</sup> Medium and longer-term rates of economic growth, which are largely dependent on oil and gas resources in the Timor Sea, are predicted to be around 5% over the next 20 years. However, international experience shows that economic growth alone is not sufficient to ensure equitable development, that is, the fair distribution of resources in the interests of people at large. The values that underpin governance of this type, and their development, are therefore crucial.

<sup>19</sup> The TFET-funded Community Empowerment Project has a significant capacity development component that is aimed at community councils and other local institutions.

### **2.3 Capacity Development for ‘Good’ Governance**

The importance of human resource and institutional development in government is heightened by the following considerations.

#### ***Shortage of qualified East Timorese***

First, as we have seen, there is a grave shortage of qualified and experienced East Timorese across all areas of government activity. This is largely a consequence of pre-1999 policy concerning the development of East Timorese, particularly for senior management and technical positions.

#### ***Importance of values, attitudes, and national identity***

Second, the success of the nascent form of democratic governance now in place will hinge not just on the availability of a sufficient range and quantity of technical and management *skills*. The availability of requisite skills and knowledge will have to be combined with the development of a critical mass of government officers who possess the *values* and *attitudes* needed to nurture and sustain democratic governance. That is, governance which is transparent, equitable, and accountable.

At the core of East Timor’s capacity to develop as a unified and purposeful society is the establishment and reinforcement of a strong national identity. This should serve to recast the impact on East Timorese society of the last two periods of colonial rule, and to pave the way for sustained good governance.

#### ***UN successor mission – civilian support component***

Confirmation of the validity of these observations is conveyed by the composition of the UN successor mission to East Timor. This will be the first UN

successor mission to contain a small civilian support component (100 posts), which will be financed from ‘assessed’ contributions for up to two years. This civilian support component is designed to ensure the continuing viability of the core institutions and essential services of government after independence.

#### ***Additional human resource needs***

Government’s need for external support, in the form of international advisers, is broader and deeper than this however. Government is therefore seeking support for a further 200 or so international advisers whose primary function will be to transmit technical skills and know how, and to inculcate in their counterparts the values and attitudes normally associated with prevailing notions of ‘good’ governance.

#### ***‘Good’ governance***

In the western democratic tradition, ‘good’ governance is usually expressed in terms of – among other things - political democracy, community participation and hence decentralisation, transparency and integrity, ‘small’ government, and market liberalisation. Particularly important are questions such as free and fair elections, an independent and impartial judicial system, a comprehensive legal system, and the free-flow of information.

Done well, decentralisation, which is enshrined in East Timor’s constitution, can be a particularly effective means of delivering services to the people and improving government responsiveness. It is sometimes the case, however, that pragmatic development needs and circumstances are not completely in step with ideological preferences. Ideology should therefore be tempered with development pragmatism. This has important implications for strategic action in all areas of UN Agency activity.

For example, in the case of decentralisation it may be that to begin with the weakest form of decentralisation – deconcentration – would be most feasible. More complete decentralisation, based on delegation and devolution, could then follow as development needs demanded and circumstances permitted. Alternatively, or at the same time, where feasible, microforms of decentralisation can be introduced – to schools, health clinics, and villages.

### **3. East Timor's Development Challenges: Goals of the UN Agencies**

Poverty reduction and sustainable development in East Timor are the paramount goals of government and of the UN Agencies.<sup>20</sup>

For reasons given above, the UN Agencies have elected to address these challenges across a broad front, one that covers the full spectrum of poverty 'drivers'. The different but complementary strengths of the UN Agencies constitute a powerful development resource, one that is ideally suited to a comprehensive approach of this type.

### **4. East Timor's Development Challenges: Objectives of the UN Agencies**

This section outlines the objectives<sup>21</sup> of the UN Agencies. These objectives are clustered under the headings 'income poverty and hunger', 'education and

<sup>20</sup> The NDP has a 'strong focus' on 'two over-riding development goals: (a) To reduce poverty in all sectors and regions of the nation, and (b) to promote economic growth that is equitable and sustainable, improving the health, education, and well-being of everyone in East Timor'.

<sup>21</sup> These objectives have the same character as the MDG – mentioned earlier – and address broadly the same issues. They have been modified and added to in order to reflect national circumstances and the shorter planning horizon of this document.

culture', 'health', 'gender', and the 'environment and natural resources'<sup>22</sup>

The logic of this section is to direct the strengths of the UN Agencies towards those aspects of development that are likely in the shortest time to yield the most for poverty reduction and sustainable development.

#### **4.1 Income Poverty and Hunger**

Income poverty and hunger are the most significant and urgent development challenges of East Timor.

The poorest of the poor, and the most vulnerable groups, include:

- Rural households generally – out of an estimated 139,000 rural households (with an average of 5-6 persons per household) as many as 90% report a cash income of up to US\$1.00 per day, while 40% report a cash income of US\$0.15 per day.
- Farmers with small land holdings, and few or no livestock, who live in areas prone to flooding and soil erosion.
- Large extended families with high dependency ratios (elderly relatives and/or children and/or disabled members).
- The homeless, including orphans, and children who are homeless for other reasons.
- The growing class of urban unemployed, particularly unemployed youths.
- Returned refugees.
- Widows, divorced women, and female heads of households<sup>23</sup>, particularly in the rural areas.

<sup>22</sup> Throughout the discussion that follows, the data presented have been taken from a variety of sources, but particularly the NDP, the CCA, and the NHDR.

<sup>23</sup> We acknowledge that the data show that female-headed household incomes are slightly above the average for poor rural households in general. We include

- ❑ Religious and linguistic minority groups.

Despite the country's small size, there are significant development disparities between geographical regions. Women fare much worse than men on most development indicators.

The causes of extreme poverty include:

- ❑ The weakness of the economy in general, particularly in the short term, and the lack of jobs.<sup>24</sup>
- ❑ The weakness of the essentially subsistence rural economy, upon which the vast majority of East Timorese depend.
- ❑ The lack of ownership and/or access to productive assets, particularly land.
- ❑ The lack of productive skills and knowledge.
- ❑ The relatively rapid rate of population growth.
- ❑ Systemic and infrastructural characteristics that make East Timor unattractive to significant foreign direct investment (legal system,<sup>25</sup> labour skills and costs, utility and transaction costs, and so on).
- ❑ The low status of women in society and the high rates of female illiteracy that produce a downward spiral propelled by large numbers of children who have low nutritional levels, high rates of mortality, and low rates of school attendance.

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them in this category nevertheless because of the generally disadvantaged position of women in East Timorese society.

<sup>24</sup> When they come on stream, oil and gas revenues from the Timor Sea will create relatively little in the way of direct employment. The indirect benefits of the revenues generated will depend greatly on the redistributive policies of government.

<sup>25</sup> Among other things, the World Bank is supporting the development of regulatory frameworks for investment.

- ❑ Unregulated and unsustainable over-exploitation of natural resources and the environment, particularly forests.
- ❑ The parlous state of essential services and distribution and transportation networks, including power, water and rural roads.
- ❑ The relative exclusion of East Timorese from the modern formal sector of the economy.
- ❑ High morbidity and mortality rates caused by communicable diseases such as malaria and TB.
- ❑ Social breakdown – marriage, family, and support systems.
- ❑ Price increases for basic necessities and services.

Here, among others, the objectives of the UN Agencies are to assist government:

1. *By the year 2005 to halt and begin to reverse the proportion of people whose income is less than US\$0.55 a day.*
2. *By the year 2005 to halt and begin to reverse the proportion of people who suffer from hunger.*
3. *By the year 2005 to slow down and begin to flatten rural and urban unemployment trends, particularly youth unemployment.*

## **4.2 Education and Culture**

The education system in East Timor is characterised by:

- ❑ Poor quality, in terms of teacher capability, teacher qualifications, and curricula.
- ❑ Low access, particularly beyond primary school and among poor rural households – only 110 out of 498 Sucos say that all children from the ages of 6 to 10 are attending primary school.
- ❑ High attrition rates in primary school, and low attendance. About 20% of

children enrolled in primary school do not attend classes.

- ❑ High rates of adult illiteracy – a national average of between 50 and 60 per cent (46% male and 60% female) as compared to 12% in Indonesia. About 46% of the population has never been to school.
- ❑ High student-teacher ratios - as high as 62:1 for primary and 40:1 for secondary.
- ❑ Gender imbalance among teachers (about 30% of primary teachers are women).
- ❑ Poor classroom facilities.
- ❑ Very large numbers of children of school going age whose combined numbers constitute about one third of the country's population.
- ❑ Grossly inadequate tertiary provision, and insufficient emphasis on quality.

Here, among others, the objectives of the UN Agencies are to assist government:

4. *By the year 2005 to ensure that at least 75% of all boys and girls will be able to complete a full and satisfactory course of primary education.*
5. *By the year 2005 to increase by 25% local capacity for vocational and technical training, and to help ensure that at least 50% of the additional places created are filled by female students.*
6. *By the year 2005 to have strengthened the relevance of the science and technology education curriculum – to make it more integrated, context-specific, and problem oriented.*
7. *By the year 2005 to have halted, and begun to reverse, the adult illiteracy rate, with the emphasis on female illiteracy.*
8. *By the year 2005 to increase by 15% the number of qualified primary school teachers.*
9. *By the year 2005 to increase by 25% the number of qualified female primary school teachers.*

Issues of culture in East Timor include:

- ❑ The absence of national policies for a multicultural society.
- ❑ The poor state of preservation of tangible and intangible cultural heritage.
- ❑ Poor facilities (museums, cultural centres, and so on), and a lack of qualified people to manage them.
- ❑ The absence of curricula that address significant features of culture, including the teaching of art.
- ❑ The underdevelopment of small-scale enterprises – e.g., crafts and cultural tourism.

Here, among others, the objectives of the UN Agencies are to assist government:

10. *By the year 2005 to prepare policies that address issues of culture and the development of a multicultural society.*
11. *By the year 2005 to ensure that the national inventories of tangible and intangible cultural heritage and the action plan for their preservation and enhancement has been prepared.*
12. *By the year 2005 to enhance the capacity of small craft and cultural tourism enterprises.*

### **4.3 Health**

The poor health of East Timorese is conveyed by the following indicators:

- ❑ Life expectancy of 50 to 58 - as compared to Indonesia's 65.1.
- ❑ Infant mortality of 78-149 per 1,000 live births – twice Indonesia's and similar to Bhutan's.
- ❑ Maternal mortality of 350-800 per 100,000 births – similar to Chad and Guinea-Bissau.
- ❑ Under-5 mortality rate of up to 200 per 100,000 live births – more than twice Indonesia's.

- ❑ 3-4% of children aged 6 months to 5 years are acutely malnourished. One in five is chronically malnourished. 45% of children under 5 are underweight.
- ❑ Major causes of death, which are preventable diseases such as malaria, respiratory tract infections, and diarrhoea.

Causes include:

- ❑ Low knowledge of health and nutrition and associated low levels of motivation.
- ❑ Poor sanitation and insufficient access to clean water – during the Indonesian period, less than 50% of households had access to clean water and only 38% to sanitation. Following the destruction of infrastructure in 1999, this situation deteriorated significantly.
- ❑ Massive destruction of health infrastructure and of the health care system.
- ❑ Poor services at the community level.
- ❑ In certain health professions, insufficient numbers of qualified and experienced personnel.

Here, among others, the objectives of the UN Agencies are to assist government:

13. *By the year 2005 to have halted, and begun to reverse, the under-five mortality rate.*
14. *By the year 2005 to have halted, and begun to reverse, the maternal mortality rate.*
15. *By the year 2005 to have halted, and begun to reverse rates of infection for malaria, respiratory tract infections, diarrhoea, and other major diseases.*
16. *By the year 2005 to have restored to pre-1999 levels access to basic health services at the community level.*
17. *By the year 2005 to reduce by 15% the proportion of people without access to safe drinking water and sanitation.*
18. *By the year 2005 to have developed effective HIV/AIDS education and prevention*

*programmes, aimed particularly at people less than 25 years of age.<sup>26</sup>*

#### **4.4 Gender**

The disadvantaged, and low status, position of women in East Timorese society is conveyed, and reinforced, by:

- ❑ High rates of maternal mortality.
- ❑ High rates of illiteracy.
- ❑ Persisting high levels of violence against women.
- ❑ Poor representation in occupations such as primary teacher and in the civil service in general.
- ❑ High exposure to respiratory infections.

Here, among others, the objectives of the UN Agencies are to assist government:

19. *By the year 2005 to have halted, and begun to reverse, the trend of violence against women.*
20. *By the year 2005 to have halted, and begun to reverse, the trend of poverty among female-headed households.*
21. *By the year 2005 to have begun to establish gender equity in employment policy, procedures and practice in the public service.*

#### **4.5 The Environment and Natural Resources**

Environmental and natural resource issues of major concern in East Timor include:

- ❑ Loss of forest cover: more than 70,000 hectares of forest have been cleared during the last ten years. Estimates of dense forest cover vary between 6 and 16 per cent of the total land area. Forest cover decreased by

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<sup>26</sup> A recent UN Agencies assessment of HIV/AIDS in East Timor found that there were insufficient data to establish whether an HIV epidemic exists, but that all the factors that could lead to an epidemic were present. These include: no public awareness, an increase of sex work, the beginning of injecting drug use, domestic violence, and high unemployment.

almost 30% over the period 1972-1999.<sup>27</sup>

- ❑ Soil erosion, exacerbated by heavy rains during the monsoon season, and by a land mass of rugged hills and mountains and knife-edged, highly dissected ridges.
- ❑ Poor water quality and availability in the rural areas and towns – 1400 out of 2336 Aldeias say they do not have access to pumped or piped water.
- ❑ In some areas, unregulated exploitation of fish stocks, including dynamite fishing.
- ❑ In urban areas, deforestation (for fuel wood) of surrounding countryside, poor sanitation and water quality, and inadequate solid waste management.

Here, among others, the objectives of the UN Agencies are to assist government:

22. *To integrate the principles of sustainable development into country, and regional, legislation, policies and programmes and to reverse the loss of environmental resources.*
23. *To ratify and observe international treaties on the environment such as the Convention on Biodiversity and the Ramsar Convention on wetlands.*
24. *To improve watershed management, coastal zone management, and solid waste and urban pollution management.*
25. *To raise public awareness and educational levels concerning environmental and biodiversity conservation and sustainable use.*
26. *To introduce and enforce regulations for the protection and sustainable use of natural resources, particularly fish stocks and forests.*

## **5. East Timor's Development Challenges: Technical Assistance Strategies**

Clearly, poverty in East Timor is still overwhelmingly a rural phenomenon. A

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<sup>27</sup> See Sandlund, O.T. *et al. Assessing Environmental Needs and Priorities in East Timor*. Trondheim: UNDP, 2001.

typical poor rural household is characterised by:

- ❑ Low or zero cash income and seasonal food shortages combined with a high proportion of dependent, non-productive members.
- ❑ Few or no livestock – perhaps some poultry and a pig. Subsistence is based largely on the cultivation of a range of vegetables and corn. None of the corn or vegetables is sold. Some bartering may take place.
- ❑ High rates of infant and maternal mortality and high susceptibility to preventable diseases such as malaria, respiratory tract infection, and diarrhoea.
- ❑ High adult illiteracy, and children who are likely not to be educated beyond primary school.
- ❑ Inadequate or no sanitation, and inadequate or no access to safe water and electricity.
- ❑ Inadequate understanding of agricultural and animal husbandry methods, and restricted access to markets and jobs.
- ❑ Low or no expectations beyond 'the daily grind of life and the ongoing battle for survival' (NHDR, p. 61).

Such rural poverty is made more intractable by the devastation of physical and institutional infrastructure; by the massive human resource development needs of government; by the inexperience of the nascent form of national governance; and by the early stage of development of governing institutions.

### **Summary of main strategies**

The UN Agencies' main strategies for addressing the development needs outlined above, and the specific objectives listed in the previous section, therefore entail:

- ❑ Targeted capacity development in government, particularly in areas relevant to rural livelihoods, agriculture, health, education, water and sanitation, population and gender, urban livelihoods, selected institutions of governance<sup>28</sup>, and the environment.
- ❑ Technical assistance to government in general, including capacity development for general management and administration in government.<sup>29</sup>
- ❑ Targeted capacity development in civil society organisations.
- ❑ Advocacy for civic education and human rights, that is, explanations, evidence, arguments and advice – involving government, the private sector, civil society, and the donor community - that are helpful to achieving the poverty reduction and sustainable development goals of the government and the UN Agencies.
- ❑ Rehabilitation of infrastructure.
- ❑ Refugees and the reintegration of returnees.

#### **Links between objectives and strategies**

All of the clusters of objectives outlined in the previous section will be sensitive to some combination of the strategies listed immediately above, and below. In general terms, the connections between strategies and sub-strategies and the clusters of objectives outlined in the previous section are clear. For example, questions of gender equity will be addressed through targeted capacity development in government and civil society, and through

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<sup>28</sup> The World Bank and the IMF are engaged in capacity building in financial institutions in the Ministry of Finance and in the Banking and Payments Authority. The World Bank is also engaged in supporting policy development in health and education.

<sup>29</sup> A recent review of national poverty strategies in 50 developing countries identifies 'institution building' and 'capacity development' as being 'general precepts' applicable to many countries – see Grinspun, A. (ed.) *Choices for the Poor: Lessons from National Poverty Strategies*. UNDP, undated, but probably 2001.

advocacy for civic education and human rights.

This section discusses each of the above strategies in turn.

#### **Contingency-based approach**

A common feature of all of the strategies outlined will be their concern only to do or to recommend what makes most sense in local circumstances, rather than to adopt 'off-the-shelf' solutions. This is the pragmatic, or contingency based, approach mentioned earlier (see Section 1.5).

An important aspect of this approach will be to take into account wherever possible the relevance of indigenous knowledge, cultural values, traditions and practice. Such questions will be relevant to all of the strategies listed below.

#### **Balance between up-stream and down-stream strategies**

The balance between up-stream and down-stream strategies reflects our assessment of the nature of the country's most important development needs, their sensitivity to different types of interventions, and the absorptive capacities of government. We acknowledge, nevertheless, that the practicalities of the development context mean that our strategies also contain a significant element of serendipity. This UNDAF makes allowance for this necessary feature of development assistance through its scope and flexibility. Such scope and flexibility also allow for the *evolution* of strategies. The unusually rapidly changing, and complex, development circumstances in East Timor demand such flexibility.<sup>30</sup> This is also an

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<sup>30</sup> This feature of this UNDAF accords with the latest and best thinking on strategic management – see, for example, Mintzberg, H. (1995). *The Strategy Process: Concepts, Contexts and Cases*.

important feature of the NDP – which sets out to be ‘organic – alive and capable of growing’.

#### **Agency responsibility**

We have deliberately avoided explicitly assigning to UN Agencies (individual or collective) responsibilities for addressing particular objectives or employing particular strategies. There are three main reasons for this. First, the document has been written in a way that makes it easy for Agencies to deduce where their responsibilities lie. Second, it is the policy and culture of the UN Agencies in East Timor not to overplay the ‘flagging’ of their technical assistance. And third, collaboration is easier where ‘turf’ has not been defined in advance.

#### **Strategy examples**

Where work is already underway, a small number of project and programme illustrations are provided of the strategies in action. A section that identifies areas suited to further collaboration among UN Agencies follows this – see Section 6.

### **5.1 Targeted Capacity Development in Government**

As we have suggested above, targeted capacity development in government covers the full spectrum of poverty ‘drivers’. The preponderance of activity involved in this strategy has its effects down-stream, although significant elements of it are clearly directed up-stream.

- **Sectoral human resource development** in health, education and culture, food security and agriculture, gender, water and sanitation, entrepreneurship, and the environment.

#### **Box 1**

A number of projects will attempt to improve family and community understanding of nutrition, sanitation, hygiene practices, and basic health care as means to addressing issues of child and maternal mortality, as well as a means to producing better educational outcomes (for healthier children).

The structure of the population in East Timor is a significant development issue. About 48% of the population is below the age of 17. Moreover, the population is growing at a rapid rate of about 2.5% per annum. These factors pose a serious and urgent development challenge. For one thing, between 15-20,000 young East Timorese enter the working age population and labour force each year – much more than the total number of jobs in the public sector. This flow will continue for some time to come.

#### **Box 2**

To help address the employment expectations of the country’s youth the UN Agencies are supporting the establishment of employment offices, micro-vocational training centres, skills training, self-employment and small enterprise development, and the development of a national vocational training and employment system.

The type of work described in Box 2 above will therefore continue under this UNDAF.

- **Food security and sustainable agricultural development.** For the reasons given above, in this UNDAF greater emphasis will be given to targeted capacity development in such areas as sustainable agricultural development in selected regions, small-scale fisheries and community-based fisheries management, farm systems improvement, crop production intensification and diversification, agricultural mechanization, agro-processing, prevention of post-harvest losses, agro-business and marketing, small-scale irrigation, and the rehabilitation of abattoirs.

- Building capacity for **policy** development and implementation in all of the above areas – for example, policies and strategies in health, food security and agriculture, the environment, gender equity, and education.
- Development **systems** – such as systems for disease prevention (e.g., child immunisation), community reforestation and rehabilitation of agriculture and irrigation canals, watershed management, the design of teaching and learning materials, the development of national curricula (including civic education), vocational training and small business development, the promotion of hygiene and sanitation, and the improvement of water and sanitation services in schools.

**Box 3**  
**'Joint Plan of Action for Reproductive Health in East Timor'**

This collaborative project supports the development of a Basic Reproductive Health care package, national reproductive health standards and protocols, treatment and screening protocols, and the training of health workers to deliver the basic package. The project also explores the possibilities for community development of maternity waiting/birthing homes, and builds capacity for improving community awareness of reproductive health issues, including sexually transmitted diseases such as HIV/AIDS.

- Building the **institutions** of government including the legal system, parliament, the judiciary, Office of the Inspector General, and the electoral system. Important also will be the establishment of a statistics office that is capable of generating valid and reliable social, economic and political data that are necessary for government and private sector decision-making and transparency.

**Box 4**

In conjunction with a number of development partners, and with primary funding from the Government of Belgium, the UN Agencies are training judges, public defenders and prosecutors, as well as developing legal materials, internet access, and public education.

## 5.2 Technical Assistance to Government in General

The careful targeting of capacity development assistance is designed to yield the greatest benefits for the poorest and most vulnerable members of society. However, for targeted assistance to have optimal effects, the governance system as a whole must work satisfactorily. For this reason, the UN Agencies in East Timor have provided, and will continue to provide, technical assistance that is designed to ensure government's ability to function effectively in all areas of development activity. They will do this in parallel with the targeted capacity development outlined above.

The preponderance of activity in this strategy is up-stream and mid-stream.

This strategy has three main dimensions:

- **Advisers.** First, following independence, the UN Agencies will provide continuing support to government attempts to obtain international funding for advisers in crucial areas of government activity.<sup>31</sup> The UN Agencies will also provide technical support to the recruitment, selection, and performance management of such advisers. This assistance is crucial to the short run effectiveness and viability of government, which is a *sine qua non* for

<sup>31</sup> Such links will be strengthened by the fact that in the UN successor mission the UN Development Coordinator will hold the position of DSRSG.

achieving the development goals and objectives outlined above.

**Box 5**

**'Priority Human Resource Needs for the East Timorese Government at Independence'**

With technical assistance from UNTAET and the UN Agencies, the government identified 100 posts crucial to the maintenance of government functioning at independence. An argument was put to the UN Security Council that these positions should be funded from 'assessed contributions', which received unprecedented support.

Likewise, with technical assistance from UNTAET and the UN Agencies, the government is also identifying 200 or so additional positions regarded as crucial to maintaining the momentum of national development across all areas of government activity. Negotiations concerning funding from voluntary donors, recruitment and selection are ongoing - with UN Agencies' support.

- **Capacity development.** Second, the UN Agencies will provide continuing support to the development in government of general management capabilities at different levels. This assistance is designed to help create a government system that is genuinely interested in addressing development challenges and one that has sufficient management capability to do so.
- **Volunteers.** Third, the UN Agencies will continue to make available experienced and qualified international volunteers for capacity development positions across all areas of government.<sup>32</sup> The peacekeeping component of the UN successor mission to East Timor will contain a significant number of such volunteers. A much smaller number will form part of the civilian support component. It is likely also that UN volunteers will be needed to fill a significant proportion of the 200 or so additional

<sup>32</sup> East Timor is the largest UN volunteer operation ever staged, peaking at a total of more than 800. Up to the end of 2001, almost 500 volunteers (representing 97 nationalities) were still serving in UNTAET – in 160 functional categories. Both the popular consultation in 1999 and the elections held in 2001 were largely organised and conducted by UN volunteers.

positions for which government is seeking international support at independence. Stressing the cost-effectiveness of the UN volunteer will be an important part of this sub-strategy.

In the short run, the government's most pronounced and urgent needs will be for support for 200 or so international adviser positions (so-called 'development' positions) – mentioned above and in Box 5. The UN Agencies will therefore give emphasis to this aspect of this strategy, and to capacity development in government, during the first two years of this UNDAF. The provision of UN volunteers will continue to be a prominent feature of this strategy.

### **5.3 Targeted Capacity Development in Civil Society Organisations (CSOs)**

There are approximately 170 local and national CSOs registered in East Timor, many of which are unsustainable. Some estimates put the number of effectively operating local CSOs at less than half of the total registered.

Here, the UN Agencies' strategy is to focus their capacity development activities on CSOs that have strong roots in local communities, women's CSOs, and those that have an interest in the predicament of disadvantaged groups, including youth, children, and women.

The UN Agencies will also support the development of independent media and the free-flow of information, which are essential to decision-making and transparency. This will include support to the formation of community media (radio and television), and the formation of strong journalist associations. Freedom of the press and other mass media is guaranteed in the Constitution.

**Box 6**

For example, in relation to the rights of children and women, the UN Agencies are strengthening the capacity of CSOs to advocate women and children's rights, and to provide services to meet the basic needs of children and disadvantaged women.

Another important feature of this strategy will be to examine ways for helping communities to bridge the gap between the lowest stratum of formal government involvement and service delivery (at the sub-district level) and the needs of local communities. For example, there is currently a pool of some 250 trained midwives that cannot be employed by government, but whose services local communities need. This strategy would entail building the capacities of communities to enable them to make use of this resource and to make use of similar resources such as traditional birth attendants.

This strategy exerts its greatest influence down-stream.

**5.4 Advocacy for Civic Education and Human Rights**

This UNDAF strengthens the UN Agencies' voice on issues of poverty reduction and sustainable development - that is, development advice. It does so by giving greater emphasis to collective responsibility for the provision of strong and well-directed argument and evidence (see 'Opportunities for Further Collaboration' below).

This is clearly an up-stream activity.

Central to this strategy is the continued production of high quality reports, methods, ideas, and information systems, on issues pertaining to poverty reduction and sustainable development. Another important element of the strategy is the dissemination and promotion of such development advice.

Lying at the core of such advocacy is the protection and promotion of **human rights**, including the education of citizens about the new constitution, and their rights and responsibilities as citizens. Inclusion of such issues in school curricula will clearly be vital. Such civic education will include the rights of women and children (including child labour), and the importance of environmental protection.

Another example of this strategy in action is the support that will be provided by the UN Agencies to the establishment of a national health information system.

**5.5 Rehabilitation of Infrastructure**

Only 20% of Aldeias (sub-villages) have access to electricity; 7% have piped water to the household; and 30% have access to piped or pumped water in a public place.

The poor state of the country's road network is a serious impediment to economic development, particularly to agriculture and rural livelihoods. Road maintenance has been neglected for several years. More than 30% of roads and 10% of bridges are estimated to be in a serious state of disrepair. These problems are made worse by deforestation and soil erosion.

**Box 7**

Substantial funding from the Government of Japan and TFET has enabled the UN Agencies to undertake a number of critical infrastructure rehabilitation projects in water and power supply, roads, irrigation and ports. In one project, the focus has been on improving the water supply systems in the provincial towns of Liquica, Los Palos and Manatuto. These projects have an immediate positive impact on community well being by improving water quality (and thereby reducing water-borne diseases), volume and reliability of supply, and ensuring that the systems are sustainable. In another project the aim is to rehabilitate damaged rice irrigation systems, to introduce appropriate technology, to increase productivity and annual production, to create employment, and to improve rural living conditions while safeguarding the environment.

Here, as elsewhere, the UN Agencies' strategy is to focus on aspects of infrastructure that have the greatest impact on sustainable development and poverty reduction, including:

- ❑ Road repairs, construction, and maintenance.
- ❑ Rehabilitation of water supply and irrigation systems.
- ❑ Rehabilitation of power stations.
- ❑ Rehabilitation of Dili port.
- ❑ Rehabilitation of health infrastructure - such as laboratories.
- ❑ Rehabilitation of primary schools.

In all of the above areas questions of appropriate technology and maintenance are clearly central to sustainability.

This strategy has strong up-stream and down-stream effects. Its significance for sustainable development will not diminish during the life of this UNDAF - and donor support for it is being maintained.

### **5.6 Refugees and the Reintegration of Returnees**

Refugee and returnee numbers combined represent a significant proportion of the total population of East Timor. The successful return and reintegration of these groups has been vital to the stability of both East Timor and West Timor in the recent past. And the manner in which these questions are managed will continue to be of great significance to the stability and development of East Timor in the future.

To date, the UN Agencies, and IOM, have helped approximately 145,000 East Timorese refugees to return to East Timor. Indeed, to date, all requests from refugees for asylum have been dealt with by the relevant UN Agencies. More than 50,000 shelter kits have been distributed.

It is estimated that about 60,000<sup>33</sup> refugees remain in West Timor. A significant proportion of this number is people who are in some way connected to the militia activity that took place at the time of the vote for independence in 1999. The likelihood of their returning to East Timor is therefore tempered by calculations concerning political and community response, and their perceived vulnerability to this. Such calculations may well extend some months, or longer, into the life of the new government.

Another issue is the compensation owed to public servants, and pensioners, who had been employed in the former Indonesian administration. Refugee families who are eligible for these pensions could constitute more than 50% of the total number of refugees.<sup>34</sup> At present, equitable distribution among this group of the amount of money available in the special fund is unlikely to provide sufficient incentive for them to return.

There are also estimated to be up to 2,000 children who were separated from their families and are now held in West Timor and Java.

The return of these people to East Timor could take up to a year or more, but the numbers involved and the timing of their return are difficult to predict for the reasons given above.

Despite the imponderables mentioned, planning and resource allocation by government for the successful return and reintegration of (some proportion of) the balance of refugees is clearly crucial.

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<sup>33</sup> NDP estimate.

<sup>34</sup> The undoubted overlap between the 'militia associated' group and the 'pension' group will complicate the 'return' calculation.

In the run up to independence, and in collaboration with the UN Agencies, the government and UNTAET developed a 'joint policy paper' that clarified and reconciled issues surrounding repatriation, reconciliation, and prosecution. Typically, refugees poorly understand these issues and misinformation concerning them is widely circulated.

It is hoped that government will sign international conventions concerning refugees and stateless persons.

The likely phased withdrawal from East Timor, and/or downsizing, of relevant UN Agencies, and IOM, in June 2002 will create a vacuum that will need to be filled by government-sponsored and/or other programmes. There are at least two main issues here. First, government will have to assume responsibility for bringing back to East Timor refugees who are currently in West Timor and elsewhere. As indicated earlier, at present, this work is done largely by the UN Agencies and IOM.

Second, government will also have to manage the questions of reintegration and reconciliation. If the latter are not done well, there is a risk that refugees that elect to return will simply swell the numbers of rural and urban poor. There would also be a risk of civil disturbance.

The UN Agencies' strategy here is to minimise the shock of downsizing and /or withdrawal through carefully timed and planned phasing out, and by encouraging and assisting government to develop plans for the return of refugees and programmes for dealing with returnees after independence. Such programmes will need to include the provision of shelter and procedures for reintegration into communities.

In addition, the UN Agencies will continue to participate in capacity development for the training of police recruits – in relation to human rights, and issues of refugee repatriation and reconciliation. They will also continue their collaboration with government vis-à-vis the establishment of an institutional mechanism for dealing with these issues.

As with the other strategies outlined in this document, this strategy is subject to review, particularly in the months immediately following independence.

### **6. Opportunities for Further Collaboration among UN Agencies**

Existing inter-agency theme groups (capacity development, gender, and HIV/AIDS) have promoted collaborative *individual* programming among agencies. This has resulted in the construction of coherent clusters of projects in areas such as poverty assessment, primary education, improvements in maternal health, disease prevention, and immunization to reduce child mortality.

Four areas stand out as candidates for further collaboration:

- ❑ Targeted capacity development
- ❑ Gender
- ❑ Advocacy
- ❑ Resource mobilisation

The first and second of these candidates are clearly crosscutting issues for which there are already established inter-agency theme groups that have government involvement. The performance of these groups is to be enhanced under this UNDAF by making more formal requirements of them in terms of strategic planning.

The third candidate, advocacy, is designed to increase the strength, clarity and cohesiveness of the UN's voice concerning poverty reduction and sustainable development.

Fourth, this document should be helpful to resource mobilisation, both on the part of individual agencies and on the part of sub-groups of agencies acting together.

### **6.1 Targeted Capacity Development**

All agencies are engaged in targeted capacity development to a greater or lesser extent. Currently, the inter-agency theme group on this topic provides a forum for discussion and produces occasional joint reports for government on capacity development.

It is clear that, in some areas, related clusters of capacity development projects will yield more than the sum of the individual parts, so long as they are positioned strategically. For example, such a strategic cluster might incorporate:

- ❑ Capacity development in technical health skills for district and sub-district staff.
- ❑ Capacity development in management for district administrators in the same community.
- ❑ Capacity development for local NGOs involved with disadvantaged groups in that community.
- ❑ Capacity development for sustainable agricultural production.
- ❑ Rehabilitation of water supply systems and irrigation systems in the same community.
- ❑ Rehabilitation of roads in the same region.

Indeed, there may well be a case to be made for capacity building of the type mentioned above to 'track' or follow

infrastructure rehabilitation projects in the poorest regions of the country. Well managed, such collaboration could result in cost savings for the agencies involved as well as greater development effectiveness.

Initially, it is proposed that the capacity development theme-group of the Heads of Agencies Meeting (HAM) be charged with identifying more areas where collaboration of this type could take place.

The feasibility of such collaboration has already been demonstrated, it is now a question of making it a more prominent part of UN Agencies' activities. The responsibility for this will fall to the Heads of Agencies Meeting chaired by the Development Coordinator.

### **6.2 Gender**

As with the capacity development theme group, the gender theme group has promoted useful collaborative activity – to date, mainly in relation to information sharing between UN Agencies and government on gender issues.

However, there is considerable scope for development here, including:

- ❑ The compilation and dissemination of good quality data on the position of women in society, including employment and economic status, violence against women, education and HRD, health and safety, and leadership and political participation.
- ❑ Consideration of the implications of such data for policy and planning and the preparation of policy and planning proposals.
- ❑ Examination of the gender implications of all laws and policy (not just policy that explicitly refers to women). This would take account of

the rights based approach adopted by the UN (HDR 2000) and recommendations arising from UN Conventions (e.g., Beijing+5, CEDAW, ILO, Rights of the Child etc.).

Such work will be undertaken in close collaboration with government and NGOs, including the Adviser on Equality who reports directly to the Chief Minister.

During the first year of the life of this UNDAF, the gender theme group will develop a written gender strategy for the UN Agencies.

### **6.3 Advocacy**

This is largely a function of the quality of the public statements made by the UN Agencies and the quality of the work that they do. The latter is implicit in everything referred to in this document. The former (public statements) come in a variety of forms from a variety of sources.

One of the most significant sources of such statements is the written reports published by individual agencies – nationally and internationally. The annual Human Development Report and associated National Human Development Reports and the State of the World's Children Report are prime examples of this.

Another source is the validity and accessibility of the information systems developed with UN support – such as the health information system referred to earlier.

The strength of the UN Agencies' voice in East Timor will be a function partly of the quality of such national reports and information systems. But it will also be a function of the extent to which such work

is publicised. That is, the extent to which reports are read by the right people, and the consistency of the UN Agencies' voice on the key issues. Important also will be the extent to which the UN Agencies are seen to be behaving in accordance with their own rhetoric.

Such questions go to the heart of institutional credibility, corporate image building, and hence the effectiveness of advocacy. People listen to those they regard to be credible. Credibility is founded on high quality accomplishment that is well publicised. This is the essence of corporate image building.

Corporate image building benefits from conscious strategic management. It is a matter of such central significance to the UN Agencies that in future it will constitute a dominant part of the work of the HAM. The HAM will develop an advocacy strategic plan during the first year of the life of this UNDAF. Among other things, this strategic plan will:

- Find ways of promoting the significance of international conventions pertaining to the rights of women, children and labour, and the sustainable use of natural resources and the environment.
- Devise ways for communicating clearly and persuasively to development partners the UN Agencies' role in national development cooperation.

During the life of this UNDAF, the Heads of Agencies Meeting will consider the prospects for expanding the number of theme groups to include 'poverty', 'environment', and 'civil society and community participation'.

## 6.4 Resource Mobilisation

All of the further collaboration among UN Agencies proposed above should result in stronger, better-designed projects and programmes that are easier to sell. Nevertheless, successful resource mobilisation will depend on the conscious marketing of jointly designed clusters of projects, and elements of the proposed gender and advocacy strategic plans.

Initially, responsibility for joint resource mobilisation will be assigned to the inter-agency theme groups. HAM will monitor their performance in relation to this.

In addition, individual agencies will encourage their staff to make use of this document as part of their marketing, or resource mobilisation, activities.

In all cases, 'investment opportunities' for donors eventually will be listed on the UNDAF website.

## 7. Follow-up and Review

The Heads of Agencies Meeting will have the primary responsibility for monitoring the UN Agencies' performance in relation to the goals and objectives outlined above. The HAM will delegate certain monitoring responsibilities to inter-agency theme groups.

It should be noted, however, that for the following reasons such performance assessment can only be of the most general kind. First, all of the objectives listed are addressed by a number of development agencies – government, UN Agencies, other multilateral agencies, bilateral donors, CSOs, and so on. Teasing out individual contributions at the level of a 'development framework' (such as the UNDAF) will be very difficult. Second, because of this, the primary criterion of performance vis-à-vis the UNDAF in

East Timor will be the extent to which it directs, or guides, the actions of the UN Agencies towards the achievement of the objectives it lists in the ways (strategies) that it advocates.

Such performance assessment could be based on considerations like the following:

- The extent to which approved programmes and projects **address** the UNDAF objectives. This is largely a design issue.
- The **proportion** of projects and programmes that do so.
- The extent to which programme and project results can be said to have helped to **achieve** the UNDAF objectives. This is largely an effectiveness issue – based on qualitative and quantitative data.
- The extent to which the opportunities for collaboration identified in the UNDAF are translated into action. And whether there is an associated reduction in 'turf' protection by UN Agencies.
- The work programmes and performance of the inter-agency theme groups.
- Project and programme evaluations conducted by individual agencies.
- Formal, annual, and end-of-cycle, joint evaluations of the UNDAF.

The Planning Commission of government (or equivalent) will monitor government's interests in the UNDAF through regular contact with the Office of the Development Coordinator, and through the project/programme approval process. Another avenue will be government membership of the inter-agency theme groups.

The availability of the UNDAF, and related material, on the inter-agency website will facilitate the process of

follow-up and review for all interested parties.

The rapidly changing, and complex, development circumstances in East Timor over the next three years require that this document be subject to formal annual review.<sup>35</sup>

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<sup>35</sup> We note that the South African UNDAF has a similar requirement.

## **8. Annexes**

### **8.1 Programme Resources Framework**

According to the guidelines, the clusters of goals outlined above should have attached to them estimates of how much each agency intends to allocate to their attainment. These estimates should be updated annually. See Table 8.1 below.

### **8.2 Lessons Learned from Previous UN System Cooperation**

Previous cooperation between UN Agencies in East Timor corroborates some of the findings of the Nordic review of the UNDAF, and adds to them, as follows:

- Collaboration is most feasible as 'cluster' programming, that is, the construction through collaboration of synergistic clusters of projects.
- The physical location of most of the UN Agencies in one building has been of great help to collaboration, and to the creation of economies of scale in the provision of common services.
- The management style of the Development Coordinator is crucial to the organisational culture that is established among UN Agencies, which has been very positive in East Timor.
- Collaboration among agencies was stimulated considerably by the extent of post-crisis devastation in the country. This spirit has persisted. Whether it will continue after the people who were present from the beginning have left is unclear. Much will depend on the implementation of this UNDAF.
- Collaboration has been greatly enhanced when joint design teams of consultants have been employed to address a particular development problem. For example, the successful

collaboration between agencies on HIV/AIDS came about as a result of joint design that included clear specifications made by the consultants for the roles of each of the agencies involved.

- A significant impediment to joint programming is the lack of harmonisation between agency rules and procedures.
- Even though this has not been an issue in East Timor, it is still evident that agency mandates and their ('exclusive') interpretation encourage lines of demarcation to be drawn – 'turf' protection – rather than cooperation.
- The UN system does not yet sufficiently reinforce (tangibly) genuine attempts at collaborative action by the UN Agencies.

### **8.3 Status of National Development Cooperation**

The Donor Coordination Unit maintains a database on the range of development cooperation activities among bilateral agencies, and financial expenditures and commitments by them. This database is up-dated regularly. Detailed estimates of approved and programmed foreign development assistance by country and type can be found in Tables 8 and 10 of the NDP (see pp. 101 & 103).

**TABLE 8.1: ESTIMATED PROGRAMME RESOURCES BY OBJECTIVES CLUSTER  
(2003-5) ('000\$US)**

<b>UN AGENCY</b>	<b>Poverty</b>	<b>Education</b>	<b>Health</b>	<b>Gender</b>	<b>Environment</b>	<b>Other</b>	<b>Total</b>
<b>Source of Funds</b>	<b>Cluster</b>	<b>Cluster</b>	<b>Cluster</b>	<b>Cluster</b>	<b>Cluster</b>	<b>Cluster</b>	
<b>UNDP</b>							
<b>Core</b>	4,500	0	0	500	500	0	5,500
<b>Other</b>	40,000	0	0	500	1,000	0	41,500
<b>Sub-total</b>	44,500	0	0	1,000	1,500	0	47,000
<b>UNFPA</b>							
<b>Regular</b>	600		900	300		0	1,800
<b>Other</b>	2,000		150	150		0	2,300
<b>Sub-total</b>	2,600	0	1,050	450	0	0	4,100
<b>UNHCR</b>							
<b>General</b>						0	0
<b>Other</b>						4,500	4,500
<b>Sub-total</b>	0	0	0	0	0	4,500	4,500
<b>UNICEF</b>							
<b>Regular</b>	100	610	600	240	158	500	2,208
<b>Other</b>	800	3,000	2,500	700	600	1400	9,000
<b>Sub-total</b>	900	3,610	3,100	940	758	1900	11,208
<b>UNOPS</b>							
<b>Regular</b>							0
<b>Other</b>	4,377					0	4,377
<b>Sub-total</b>	4,377	0	0	0	0	0	4,377
<b>WHO</b>							
<b>General</b>	100	1,500	4,500	100	900	0	7,100
<b>Other</b>	100	1,500	2,500	100	900	0	5,100
<b>Sub-total</b>	200	3,000	7,000	200	1,800	0	12,200
<b>FAO</b>							
<b>Regular</b>	1,500					0	1,500
<b>Other</b>	1,500					0	1,500
<b>Sub-total</b>	3,000	0	0	0	0	0	3,000
<b>ILO</b>							
<b>General</b>							0
<b>Other</b>	800					0	800
<b>Sub-total</b>	800	0	0	0	0	0	800
<b>Grand Total</b>	56,377	6,610	11,150	2,590	4,058	6,400	87,185

