



## UN report urges Timor-Leste to use oil wealth to boost other economic sectors



Young girls from Loro in Timor-Leste use traditional nets to catch prawns and crabs in a nearby river

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A United Nations report released today recommends that Timor-Leste should use its oil wealth to boost sustainable development in the other sectors of the fledgling South-East Asian country's economy and reduce inequality between urban and rural communities, according to a United Nations report released today.

The Timor-Leste National Human Development Report 2011, **launched** by the UN Development Programme (**UNDP**) and President Jose Ramos-Horta, finds that significant strides have been made in poverty alleviation since 2007, but about 41 per cent of the rural population still lives in poverty.

The report, entitled "Managing Natural Resources for Human Development: Developing the Non-Oil Economy to Achieve the MDGs [Millennium Development Goals]," presents the achievements of the country, thus far, and proposes strategies for further development.

Timor-Leste's Human Development Index (HDI) value places the country in the medium human development category, with a ranking of 120th among 169 countries reporting.

Between 2005 and 2010, Timor-Leste's life expectancy at birth increased by more than two years, while the average years of schooling remained the same. The country's gross national income per capita increased by 228 per cent.

The report recognises that the economic and social impact of the country's 2006 political crisis and strife were severe, but notes that subsequent administrations have worked hard to address the underlying issues contributing to the crisis, and to establish national priorities for development.

It notes that despite the setback, Timor-Leste has managed to recover and achieve high rates of growth, largely due to increased global oil prices and higher public spending. The report highlights the need for equitable growth.

“Policies to address levels of poverty cannot rely solely on the ‘trickle-down’ effect of petroleum wealth, but as shown by the experiences of countries in the South-East Asian region, policies and programmes must be put in place to ensure that growth is inclusive,” according to the report.

The challenge for Timor-Leste in the coming years will be how best it uses revenue from its Petroleum Fund to promote the development of the non-oil sectors of the economy.

The focus should be on “how the country’s petroleum wealth can most effectively be used for implementing pro-poor economic growth, developing the rural sector, enabling poverty reduction, facilitating employment generation and promoting private sector development,” adds the report.

The agricultural sector provides livelihoods for around 70 per cent of the population of Timor-Leste, with most people surviving largely on subsistence agriculture.

“Improving livelihoods in the rural sector requires sustainable improvements in a number of key strategic areas, most notably in agricultural productivity, promoting crop diversification, developing agricultural processing and in enabling the marketing of products – particularly those with export potential.”

In addition, the report identifies a number of other rural industries that are suitable for development – fishing, for example, could be expanded through greater investment in boats, ice factories and transport. Ecotourism also has potential.

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