



UNMIT Statement for the Timor-Leste Development Partners' Meeting 2009 on National Priority 2: Rural Development

Promoting rural development is to address the challenges and improve the living conditions of about 80% of the population of Timor-Leste. It requires the design and implementation of local development action plans with the participation of the communities, local governance institutions and civil society in all the districts and sucos.

Rural communities are currently confronted with a number of bottlenecks such as: i) low human and financial capital, ii) non-availability of support institutions, iii) lack of organised product and inputs markets, iv) inadequate availability of the infrastructural facilities - roads, irrigation, electricity, health care, etc, v) poor reach of extension services, vi) lack of repair and maintenance services, vii) absence of institutional credit and very limited micro finance services, and viii) distorted labour markets.

Although the revenues of the oil-sector are critical to the present and future Timor-Leste economic, it is unlikely that it will generate significant employment or private business opportunities. Hence, continued emphasis on non-petroleum economy, from which near all the population depend on, is essential to build sustainable communities.

Farming accounts for about 82% of the Timorese labour force, but the fact that 88% of them are among the poorest reflect that subsistence economy is no more able to sustain the rural population. Migration to urban areas is a significant valve to reduce the socio-economic pressure in rural areas, but creating extremely high conflict potentials in urban areas, especially in District centers.

The provision of rural infrastructure, including both the economic infrastructure like roads and rural finance, and social infrastructure like health and education, is of crucial importance to the achievement of the MDGs. It impacts directly on child mortality, drop out rates from schools, improved health and sanitary conditions and, of course, on the generation of massive employment. Investment in infrastructure enhances long-term agricultural productivity and promotes human development.

In the absence of any meaningful non-farm employment in rural areas - except public works – it is fundamental that investment in agriculture is increased significantly to raise agricultural productivity and incomes. The fragile natural resource base must be taken in consideration. The landholdings are small and soil fertility is low. The upland agriculture faces additional challenges, and the non-availability of adequate land for cultivation puts pressure on forests and forces people to cut down trees to meet their needs. A separate strategy is needed for upland areas where poverty and food insecurity is higher.

However, sustainable rural development cannot be achieved just through investments in infrastructure and agriculture.

A new rural development view has to consider the market conditions of rural production and the direct needs of the people involved. Due to the lack or distorted information, these local actors are poorly linked to market mechanisms, resulting in frustration and mostly in the inevitable return to subsistence production, main incentives for more rural-to-urban migration, especially among the young people.

A number of other factors need to be considered for rural development strategy to have a desirable overall impact. The provision of information and services on business opportunities must be enhanced and explored intensively. Often people in rural areas don't even know about the opportunities they may have, and they need support to identify the right products for the main markets.

The overrepresentation of women among the income poor is also evident. Women marginalized status in ownership of land and property further contributes negatively to decision making and participation in productive activities. We must continue advocating for equal property rights. In addition, existing women associations or cooperatives or self-help groups, producing handicrafts and other products, should be trained to improve and diversify their products. In a country in which 80% of the manufactured products are imported, there are necessarily plenty of opportunities to be identified through the gradual substitution of those imported goods by others locally produced.

Within this overall complex context, the Government's 2009 National Priority on Rural Development represents a concrete move to pave the way towards promoting rural employment, reducing poverty and improving delivery of social services in rural areas. It stresses the importance of a strong private sector to create a trickle down effect deriving from Government and development partners' expenditure particularly in infrastructure, agriculture, and services.

The UN system is proud to be associated as a privileged partner with the various Government departments involved in this process. We would like to confirm our commitment to work together with the Government in the context of the Working Group on Rural Development under the 2009 National Priorities, as well as in other complementary measures designed and implemented under an overall integrated approach. Together, we can contribute to build rural areas in which urban population would be happy to live.