

United Nations Development Assistance Framework

UNDAF 2009-2013



Democratic Republic of Timor-Leste

**United Nations
Development Assistance Framework**

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Executive Summary

The United Nations Development Assistance Framework (UNDAF) is the result of an ongoing consultative process intended to analyse how the United Nations can most effectively respond to Timor-Leste's national priorities and needs in a post-conflict context. It is guided by the goals and targets of the Millennium Declaration, which has been endorsed by the Government, as well as the Programme of the IV Constitutional Government for 2007-2012, the International Compact for Timor-Leste, the 2007 National Recovery Strategy and other relevant documents. The UNDAF translates these into a common operational framework for development activities upon which individual United Nations organisations will formulate their actions for the period 2009-2013.

Consolidating peace and stability represents the cornerstone for the UNDAF; under this overarching goal, three inter-related areas of cooperation have emerged as particularly critical for United Nations support to the people and Government of Timor-Leste during this five-year period: (1) **Democratisation and Social Cohesion**, including deepening State-building, security and justice; (2) **Poverty Reduction and Sustainable Livelihoods**, with particular attention to vulnerable groups, including youth, women, IDPs and disaster-prone communities; and (3) **Basic Social Services**, encompassing education, health, nutrition, water and sanitation, and social welfare and social protection.

In all three, the United Nations offers comparative advantages with regard to achieving further tangible progress toward the Millennium Development Goals, drawing on its values, successful global knowledge base, best practices and lessons learnt; its strong normative mandate and track record in Timor-Leste; its neutrality; and its ability to support efficient coordination among donors.

Not only does the UNDAF provide a framework for future collaboration, but it also reflects a consultative, comprehensive and dynamic strategic priority-setting process with a broad range of stakeholders, including members of the Government, staff from national institutions, donor partners, and national and international non-Government organisations. The UNDAF elaboration process took place in close collaboration with the International Financial Institutions (ADB, IMF, and WB) in Timor-Leste, whose work is complementary with the work of the United Nations in Timor-Leste. As a result of these rich and intensive discussions, specific UNDAF Outcomes and Country Programme Outcomes are represented by the following:

UNDAF Outcome 1:

By 2013, stronger democratic institutions and mechanisms for social cohesion are consolidated

The following are the three Country Programme Outcomes:

CP Outcome 1.1: State organs and institutions are more efficient, transparent, accountable, equitable and gender-responsive in planning and delivery of services

CP Outcome 1.2: People have greater access to effective, transparent and equitable justice

CP Outcome 1.3: Timorese society is better able to internalise democratic principles and use non-violent conflict mitigating mechanisms

The UNDAF reflects a consultative, comprehensive and dynamic strategic priority-setting process

UNDAF Outcome 2:

By 2013, vulnerable groups experience a significant improvement in sustainable livelihoods, poverty reduction and disaster risk management within an overarching crisis prevention and recovery context.

The following are the three Country Programme Outcomes:

CP Outcome 2.1: Vulnerable groups, particularly IDPs, disaster-prone communities, women and youth, benefit from opportunities for sustainable livelihoods

CP Outcome 2.2: Local communities and national and district authorities practice more effective environmental, natural resource and disaster risk management

CP Outcome 2.3: Youth have better employability and access to sustainable gainful employment

UNDAF Outcome 3 :

By 2013, children, young people, women and men have improved quality of life through reduced malnutrition, morbidity and mortality, strengthened learning achievement and enhanced social protection.

The following are the three Country Programme Outcomes:

CP Outcome 3.1: 20 percent more children access, and 25 percent more children complete, free compulsory quality basic education

CP Outcome 3.2: Families and communities have improved access to and utilisation of quality health care services

CP Outcome 3.3: Families and communities have improved feeding and caring practices and increased access to and utilisation of quality nutrition services

CP Outcome 3.4: Vulnerable populations, particularly from rural areas, enjoy safe living environment, including increased access to safe water, sanitation and hygiene

CP Outcome 3.5: Vulnerable populations, especially children and women, benefit from quality social protection, particularly social welfare services, including in emergencies

The total anticipated resources to be mobilised in support of UNDAF strategies¹ in Timor-Leste amounts to about US\$314 million over a five-year period. About 25.8 percent of the total resources will be spent within the focus area of Democratisation and Social Cohesion (\$81 million); 36.3 percent on Poverty Reduction and Sustainable Livelihoods (\$114 million); and 37.9 percent on Basic Social Services (\$119 million). This reflects national development needs, priority areas for UN support to Timor-Leste and the alignment between United Nations assistance and ongoing or pipeline development cooperation.

Throughout implementation of the UNDAF, the United Nations will focus on the most vulnerable groups in society, with explicit provisions for ensuring their active and effective participation in decision making as a key to fortifying peace and stability. Moreover, as noted above, to contribute to the reduction of rural-urban and regional disparities that underlie much of the poverty and conflict in Timor-Leste, the United Nations will target poor rural areas and specific impoverished groups. Particular importance will be given to effective links between the State and civil society.

¹ This total does not encompass special initiatives outside the UNDAF.

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Timor-Leste stands at an historic juncture, facing a unique opportunity for the Timorese people to take charge of their own future, break the circle of conflict, and embark on a journey of peace and prosperity. It is an opportunity that the United Nations pledges to use in support of national aspirations to ensure a future of human security for generations to come. We look forward to working closely with our national and international development partners, as well as civil society, to support further recovery and reconciliation, upholding human rights and building trust among all people of Timor-Leste.



H.E. Kay Rala Xanana Gusmão
Prime Minister
Democratic Republic of Timor-Leste



Mr. Finn Reske-Nielsen
UNMIT Deputy SRSG for Governance
Support, Development and
Humanitarian Coordination/ UN Resident
and Humanitarian Coordinator



In presence of:
Mr. Atul Khare
Special Representative of the
Secretary-General for Timor-Leste



Mr. Joan Fleuren
WFP Representative



Mr. Jun Kukita
UNICEF Representative



Mr. Hernando Agudelo
UNFPA Representative




Mr. Arun Thapa
WHO Representative



Mr. Alan Boulton
ILO Director for
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Ms. Jean D' Cunha
UNIFEM Regional
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Mr. Akbar Usmani
UNDP Country
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Mr. Robert Ashe
UNHCR Regional
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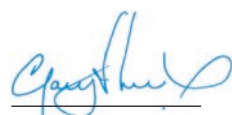
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Section I

Introduction

I. Introduction

Consolidating peace and stability represents the cornerstone for this United Nations Development Assistance Framework (UNDAF)

The UNDAF formulates a common strategic plan for the United Nations in Timor-Leste for 2009-2013, in support of national development, the global Millennium Declaration and the Millennium Development Goals (MDGs)

1. Every Timorese deserves a life free from poverty and from fear, conducted in security and dignity. At the same time, hundreds of thousands of people in Timor-Leste have yet to realise such rights or to build upon equitable opportunities to fully develop their human potential. Yet the impact will be devastating if Timor-Leste falters in its nation building; the country again can be rendered even more vulnerable to divisiveness and armed conflict.

2. Centuries of colonial rule in Timor-Leste were followed by a 24-year occupation, ending in displacement of more than half of the population and destruction of nearly three-fourths of the country's infrastructure. A pivotal post-independence crisis in 2006, driven by allegations of social exclusion, escalated into full-scale fighting between the police and military and the general disintegration of law and order, some of it perpetuated by disaffected youth. Most recently, violent attacks on both the President and the Prime Minister once more threatened to tear apart the peace. Human security is fragile, with chronic vulnerabilities not only to conflict between communities and individuals, but also to poverty, malnutrition, unsustainable livelihoods, human rights abuses, poor health, and recurrent natural disasters.

3. Consolidating peace and stability thus represents the cornerstone for this United Nations Development Assistance Framework (UNDAF). The UNDAF formulates a common strategic plan for the United Nations in Timor-Leste for 2009-2013, in support of national development, the global Millennium Declaration and the Millennium Development Goals (MDGs). Indeed, the completion year of the UNDAF cycle, in 2013, is only two years before the MDG target year of 2015, indicating that much of what needs to be achieved in order to reach the MDGs must be accomplished within this critical UNDAF cycle.

4. But consolidating peace and stability, in its broadest sense, represents far more than the absence of conflict. It demands that the United Nations help Timorese – of whom more than 3 in 4 live in rural areas – to develop the building blocks of sustainable livelihoods; to systematically address insecurities brought on by hunger, natural resource degradation, natural disasters, and a very high fertility rate² that outpaces economic growth; to expand access to quality education, health care and other basic social services; and to achieve gender equality, human rights and youth development to underpin long-term sustainable and peaceful development of Timorese society.

5. This is daunting in one of the world's poorest countries, where the vast majority of its 1 million people are still severely challenged in terms of human development, hungry and dependent on a finite natural resource base for their livelihoods. The non-oil economy remains stagnant or in decline, and nearly 40 percent of people live below the national poverty line of US\$0.55 a day. The full reintegration of some 100,000 remaining Internally Displaced Persons (IDPs) from 2006 is far from achieved, while longer-term chronic vulnerabilities include susceptibility to natural disasters such as floods, landslides and locust infestations. Significantly, Timor-Leste's overwhelmingly young population is expected to double within 15 years – and youth already face high unemployment, low skills levels and lack of opportunities for participation in Timorese society. All these issues represent serious challenges to consolidating peace and stability.

6. Yet the Timorese people have had high expectations for tangible improvements in their daily lives – and must see increased dividends from their restoration of independence. The focus must be on allowing the widest possible range of Timorese to have confidence in their future in order for peace and

² Estimates of total fertility rate range from 6.95 to 7.8 children per woman; more than 70 percent of the population is younger than age 30.

stability to prevail. The mandate for the United Nations Integrated Mission in Timor-Leste (UNMIT) and relevant strategies for the 19-member United Nations Country Team (UNCT),³ during the move from peacekeeping and recovery to longer-term peace-building, will continue to be developed through this “lens” of consolidating peace and stability, within a wider human security context.

7. At the same time, this UNDAF offers a unique and important opportunity for Timor-Leste to be encouraged to assume more responsibility for financing national development based on its petroleum reserves of more than US\$1.4 billion. Broadened Government spending can help to offset any destabilising social factors in a post-conflict setting, leading to better sustainability of initiatives supported under the UNDAF as well as to stronger national leadership and ownership of the development agenda.

8. Following the national elections of 2007, Timor-Leste is focusing its development agenda on (1) reforming the management of the State, with a focus on human resources development, decentralisation and budget execution; (2) economic growth; (3) employment and skills development for youth (ages 15-29), who may comprise as much as 40 percent of the population by 2010; (4) infrastructure development; (5) internal security and the rule of law, including strengthening of the justice sector; (6) promoting basic freedoms; and (7) foreign policy.

9. These priorities are detailed in the Programme of the IV Constitutional Government for 2007-2012 and further reflected in the 2007 International Compact for Timor-Leste, the bridge between immediate and medium- to long-term priorities. At the same time, the 2007 National Recovery Strategy highlights the needs of IDPs – and underscores the need for the UNDAF to have a strong focus on recovery activities, dialogue and reconciliation, and healing of social trauma. Building on these national documents as well as the national Vision 2020, a National Development Plan 2008-2012 is being formulated as the Government’s overarching strategy for reducing poverty and vulnerability.

10. Not only does the UNDAF provide a framework for future collaboration, but it also results from a consultative, comprehensive and dynamic strategic priority-setting process. As part of this process, an UNDAF Design Workshop on 15-16 November 2007 discussed key national challenges in Timor-Leste and the main potential areas of support by UNMIT and the United Nations Agencies, Funds and Programmes. This was in lieu of conducting a full-fledged Common Country Assessment, given the plethora of analyses of Timor-Leste already existing.⁴ Rich discussions were undertaken at the Design Workshop by a broad range of stakeholders, including members of Government, staff from national institutions, donor partners, national and international non-Government organisations, international financial institutions and key United Nations staff.

11. The group highlighted the importance of consolidating peace and stability in Timor-Leste through a unified United Nations approach, not only linking the UNDAF to peacekeeping and peace-building efforts, but also delivering development results on the ground balanced with support at the centre. Indeed, the need for coordinated action is particularly important for a country such as Timor-Leste, which confronts extraordinary constraints and uncertainties despite much progress in implementing complex State-building processes. Also critical is taking into account the importance of youths and IDPs in maintaining stability. The UNDAF likewise encompasses possible initiatives under a new Peace Building Commission or Fund.

12. Selection of common United Nations development issues, arising from the wide consultations on the design of the UNDAF, has been determined by the following criteria: (1) impact on peace and stability;

The UNDAF process highlighted the importance of consolidating peace and stability in Timor-Leste through a unified United Nations approach, not only linking the UNDAF to peacekeeping and peace-building efforts, but also delivering development results on the ground balanced with support at the centre

³ ADB, FAO, ILO, IMF, IOM, OCHA, UNCDF, UNDP (including UNV), UNESCO, UNFPA, UNHCR, UNICEF, UNIDO, UNIFEM, UNOPS, WFP, WHO, World Bank. OHCHR is represented through UNMIT. UN DESA implements a pilot project in Timor-Leste. In Timor-Leste, IOM is a full member of the UNCT.

⁴ A Working Group was set up and had produced a summary of references and of indicators on the MDG Framework and other issues.

Selection of common United Nations development issues, arising from the wide consultations on the design of the UNDAF, has been determined by criteria that includes: impact on peace and stability; impact on social cohesion and regional disparities; and comparative advantage in addressing root causes

Crosscutting themes of youth, gender, capacity development, human rights, environment and crisis prevention and recovery underpin interventions in priority areas

(2) impact on social cohesion and regional disparities; (3) magnitude of the problem; (4) sequencing; (5) alignment; and (6) comparative advantage in addressing root causes, which the United Nations can provide by drawing on its neutrality and strong normative mandate, its successful global knowledge base, and its ability to facilitate efficiency and accountability among donors.

13. At the Design Workshop, the following three interlinked areas thus were ultimately identified as priority national development challenges for the United Nations in support of peacekeeping and peace-building:

- Promotion of a culture of democracy and support to democratic governance
- Poverty and sustainable growth, with a specific focus on vulnerable groups, including youth, and rural livelihoods
- Basic social services, covering basic education, health, nutrition, water and sanitation, and social welfare and social protection

14. Crosscutting themes of youth, gender, capacity development, human rights, environment and crisis prevention and recovery were selected to further underpin interventions in priority areas.

15. Three Working Groups undertook substantive work to further delineate the priority areas and corresponding strategies, while a local Quality Support and Assurance Group was tasked with ensuring that the crosscutting themes were effectively integrated. From November 2007 until February 2008, further consultations with Government and partners took place in view of ensuring coherence with the upcoming National Development Plan. A Government Validation Workshop on 21-22 February 2008 produced consensus with stakeholders on not only priorities, but also strategies and outcomes applying principles of Results Based Management, allowing finalisation of the UNDAF. At the same time, this framework is a living document, one flexible enough to respond to Timor-Leste's rapidly evolving political, social and economic context.

16. Other very important themes outside the UNDAF priority matrix will receive support as special initiatives. Four special initiatives will be undertaken, including conducting the 2010 census; addressing gender inequality and women's and girls' empowerment; improving human security for the most vulnerable groups in two of the poorest districts; and strengthening human development and poverty monitoring.

17. Building on lessons learnt during the last UNDAF cycle, this UNDAF is intended to actively support national priorities; be better targeted and focused; be achievable and inspiring; and, above all, have impact. Overall, therefore, the United Nations goal is swift convergence in planning – designing certain interventions collaboratively and sharing these plans as an integrated whole, allowing the United Nations to be an active, coordinated and responsive partner with the people and Government of Timor-Leste.

Section II

UNDAF Results

II. UNDAF Results

18. As noted in Section I, United Nations cooperation in Timor-Leste for the period 2009-2013 will have the overall objective of consolidating peace and stability, and will *not* be “business as usual.”

19. First among the key strategies to be pursued under a unified United Nations approach is that of a fundamentally new way of **capacity development** for the country, focused on development outcomes, proper management of human resources, and adequate financial resources and tools. Based on experience during the United Nations administration of Timor-Leste (1999-2002) and the post-independence period thus far, capacity development has been far from optimal, with heavy combined dependence on international advisers. Principles under the UNDAF in this regard remain to be fully worked out, but capacity development is seen as being achieved primarily through delivery – Timorese learning by doing as institutional, legal and administrative sectors evolve.

20. United Nations Agencies will continue to pursue a “three pillars” policy of (1) skills and knowledge, (2) systems and processes, and (3) attitudes and behaviours, as agreed by the Government and UNDP on capacity development. The UNCT will develop a Memorandum of Understanding with Government to lay out principles to guide an overall United Nations approach to capacity development. Further elaboration of Country Programme Action Plans (CPAPs) will consider more strategic and results-based capacity development initiatives, including strengthening of capacity at local level. Emphasis also will be given to strengthening Government-led coordination efforts on capacity development initiatives, enabling closer collaboration and harmonisation between development partner programmes.

21. Capacity development also will be linked with Timor-Leste’s overall need for **decentralisation**, which will change not only the political landscape, but also the bureaucratic and institutional landscape. Decentralisation is critical because many of the country’s destabilising issues – poverty and food insecurity among them – are most pronounced in the districts. In addition to Government priorities, criteria for targeting district interventions, thereby consolidating peace and stability, will include conflict, poverty and vulnerability mapping. Complementarities, ability to “scale up” initiatives, and impact and cost effectiveness also will be taken into account.⁵

22. Promoting **better distribution of development benefits** to ensure social inclusion is imperative, given that inequalities in access to delivery of quality services and the benefits of independence were among the root causes of the 2006 crisis. Finally, developing the capacity of the government in collecting **quality data**, analyzing these through a unified database, and making sound policy decisions will be crucial for making development plans effective.

23. These key strategies will be further refined during the UNDAF implementation through the coordination mechanisms discussed in Section V. It should be noted that the United Nations Country Team, through the coordination mechanisms in place, will ensure coherence and synergies among all pillars of the UNDAF throughout the implementation period. Some initiatives may require collaborative or joint programming or funding; sharing of best practices from the United Nations global knowledge base will be fundamental and widely employed. In all, United Nations initiatives are expected to give rise to:

⁵ Nonetheless, the United Nations will be careful to ensure that district targeting in the UNDAF remains a practical guide, not a constraint, after agreeing on a set of prisms through which geographical choices can be examined.

United Nations Agencies will continue to pursue a “three pillars” policy of (1) skills and knowledge, (2) systems and processes, and (3) attitudes and behaviours, as agreed by the Government and UNDP on capacity development

- Better balance between policy development and effective delivery
- Better balance between development of the centre and its institutions, and the districts
- Clear geographic focus on rural areas
- Increasing empowerment of Timorese actors, including youth, women, non-Government and civil society organisations, to lead the process
- Increasing commitment to social inclusion, particularly for urban and rural youth, women and other vulnerable groups
- Stronger focus on UNDAF monitoring and evaluation mechanisms

24. The development outcomes to be achieved by the United Nations in the Timor-Leste UNDAF 2009-2013 are briefly described below. The complete Results and Resources Framework is detailed in Annex I.

25. Key national documents all point to the centrality of effective and equitable democratic governance

in Timor-Leste relative to other challenges. Yet despite improvements in democratisation and overall security, Timor-Leste's progress in implementing governance reform has been hampered by many factors. The root cause lies in the violent historical legacy of colonisation and occupation and Timorese inexperience in self-governance, exacerbated by a tradition of gender disparity and setbacks since independence in 2002. Differences between Timorese political leaders and parties still prevent consensus building in a post-conflict setting, and can result in renewed violence and bloodshed. The maturity of the system to convey the voice of the people through social dialogue requires further development. Significant governance and socioeconomic disparities remain to be addressed to encourage inclusiveness and equitable access. In particular, all this has given rise to two overarching issues:

- Weakness of State institutions to deliver services, including those relevant to democratisation in the justice and security sectors, as shown during the 2006 crisis
- Lack of social cohesion and internalisation of the principles of democratic governance

26. These issues manifest in numerous development challenges, especially at district and local levels, that threaten consolidation of peace and stability: a limited pool of skilled and trained human resources; poorly developed democratic systems, processes, attitudes and behaviours; and lack of a clear legal and regulatory framework. In turn, all this ultimately results in lack of a clear vision for State institutions; weak capacity for planning and unreliable service delivery; and need for stronger interaction among the four

UNDAF Outcome 1:

By 2013, stronger democratic institutions and mechanisms for social cohesion are consolidated

National Priorities:

Development of institutional capacity, transparency and accountability; stabilisation of the justice and security sectors; promotion of social cohesion

Relevant MDGs:

MDG 1: Eradicate extreme poverty and hunger

MDG 3: Promote gender equality and empower women

The following are the three Country Programme Outcomes:

CP Outcome 1.1: State organs and institutions are more efficient, transparent, accountable, equitable and gender-responsive in planning and delivery of services

CP Outcome 1.2: People have greater access to effective, transparent and equitable justice

CP Outcome 1.3: Timorese society is better able to internalise democratic principles and use non-violent conflict mitigating mechanisms

organs of sovereignty (Presidency, National Parliament, Executive and Judiciary). Public confidence in institutions requires further strengthening, as do mechanisms for transparency, accountability, external oversight and budget execution; lastly, women's participation in politics and decision making, including peace-building efforts, has been insufficient.

27. This UNDAF Outcome supports the Programme of the IV Constitutional Government and other national policies and priorities. Under this Outcome, it will be imperative for the unified United Nations approach to ensure that real and sustainable capacity development of Timorese takes place in a wide range of governance areas, including the security and justice sectors. The United Nations is committed to not creating a "parallel" system of governance under international advisers, and to building partnerships in existing structures that can clarify roles and responsibilities for more effective service delivery. Importance will be given to not only Timorese skills building but also on changing institutional attitudes and behaviours to emphasise the values and principles of a democratic institutions. A decentralised government system with a sound institutional framework respecting human rights can significantly reinforce peace and stability through enhancing local participation in Government decision-making processes.

28. At the same time, the United Nations looks to assist in creating social cohesion not only "horizontally" – between various social groups – but also "vertically," between the Government and people, making Government more inclusive. Development of a broadly based, Timorese-led and -delivered national programme on civic education, with critical civil society and media outreach components, can have strong linkages to complementary activities such as formal education, dialogue and reconciliation initiatives, and training for political parties. Gender-sensitive early warning mechanisms for prevention and management of conflicts, and implementation of a National Youth Policy, will further support the consolidation of peace and stability. Special attention will be paid to creating an accessible, functioning justice system for all children in contact with the law, including child victims, witnesses and offenders.

29. In order to create synergies with existing traditional leadership on aspects of social cohesion and conflict prevention, the United Nations will actively engage local authorities (suco chiefs) in programme design and implementation. Local-level processes are often underappreciated, although they represent an underlying basis for sustainable democratisation and national stability.

30. The United Nations as a whole has several comparative advantages in supporting Timor-Leste to effectively address the component of political maturity and dialogue, as well as that of governance and other disparities. In particular, the political role of UNMIT can build upon the good offices of the Special Representative of the Secretary-General (SRSG).⁶ The United Nations' widely perceived political neutrality in programming also is especially important in a country where internal dynamics may be characterised by partisan decision making. Thus, the United Nations is collectively well-placed to address the strengthening of State institutions and their practices and to support mechanisms for national unity and stability. Keeping in mind its comparative advantages, and in consultation with partners, it will not focus on areas where there will be significant overlap with other international organisations, such as budget execution or major infrastructure development.

31. National partners are expected to include, among others, the Office of the Prime Minister; line Ministries and Secretaries of State, particularly the Ministries of Justice, Security and Defense, State Administration and Territorial Ordinance, and Social Solidarity, and the Secretary of State for the Promotion of Equality; National Parliament; National Institute of Public Administration; Ombudsman for Human Rights and Justice;

⁶ Although the current mandate of UNMIT extends only through February 2009, it is widely expected that this may be followed by further peacekeeping and/or peace-building mandates from the United Nations Security Council.

national police, prosecution and court systems; media; and various non-Government and civil society organisations, including women's and youth networks. International partners will include the World Bank and bilateral cooperation agencies.

32. While economic growth is critically important for Timor-Leste, it is the *pattern* of such growth that will determine its sustainability and its promotion of stability. Improving standards of living for all remains a major challenge, particularly in the rural areas. Excluding oil revenues, annual per-capita income is barely US\$350, and nearly 1 in 2 households can be food-insecure. Locust infestations and droughts have caused significant shortages of rice and maize; inflation has spiked. This has led to sharply higher underemployment and unemployment, especially among youth, that has exacerbated social and political issues linked to the 2006 crisis. Tens of thousands of IDPs are vulnerable to complex human security issues preventing return and reintegration. Yet the wider the distribution of the fruits of development and service delivery, the greater will be the likelihood of human security, thereby consolidating peace and stability. In Timor-Leste, this manifests in the need to:

- Address unemployment, particularly among youth, rural women and IDPs
- Promote a sustainable livelihoods and food security strategy that takes into account systemic shocks caused by natural disasters and agricultural pests, as well as by land degradation issues and the need for mitigation of and adaptation to climate change
- Develop capacities of district and national institutions to plan and execute effective poverty, environmental and disaster risk reduction and management interventions

33. Up to 90 percent of the poor live in rural areas, dependent on subsistence agriculture but at risk of permanently damaging the environment because of population pressures and unsustainable management of natural resources. Deforestation, for example, is occurring at four times the global average. This significantly affects the integrity of ecosystems upon which biodiversity, agricultural production and, ultimately, rural development depend. More broadly, it severely compounds the potential negative effects of climate change

UNDAF Outcome 2:

By 2013, vulnerable groups experience a significant improvement in sustainable livelihoods, poverty reduction and disaster risk management within an overarching crisis prevention and recovery context.

National Priorities:

Effective fight to improve living conditions of Timorese, with a focus on environmental conservation, disaster risk reduction and management, balanced regional development, and vulnerable groups including IDPs, youth and women, in a post-conflict context

Relevant MDGs:

MDG 1: Eradicate extreme poverty and hunger

MDG 3: Promote gender equality and empower women

MDG 7: Ensure environmental sustainability

The following are the three Country Programme Outcomes:

CP Outcome 2.1: Vulnerable groups, particularly IDPs, disaster-prone communities, women and youth, benefit from opportunities for sustainable livelihoods

CP Outcome 2.2: Local communities and national and district authorities practice more effective environmental, natural resource and disaster risk management

CP Outcome 2.3: Youth have better employability and access to sustainable gainful employment

across Timor-Leste. Further United Nations support for climate change adaptation measures in the country will strengthen the synergy between sustainable development and climate change, including through wide deployment of climate-friendly technologies and promotion of ways to reduce greenhouse gases, as well as preservation of biodiversity.

34. A large proportion of women, increasingly left behind as men migrate to urban areas, are poor, illiterate and malnourished, with high fertility and low earnings. At the same time, a high proportion of youth, both urban and rural, represents an opportunity to harness vast “human capital” for nation building – but young people also face numerous vulnerabilities, including a potential return to destruction if they become discontented. About 15,000 young people enter the labour market annually, yet urban and rural youth unemployment is very high (58 percent in the capital alone), which provides a significant destabilising factor. The three priority issues leading to this UNDAF Outcome thus are:

- Rural poverty and sustainable natural resource management
- Youth employment and social inclusion
- Human security

35. Underlying causes of rural poverty can be linked to an underdeveloped agricultural sector, dominated by small landholdings and inadequate irrigation, heavy post-harvest losses, and poorly developed marketing channels. Very few non-farm employment opportunities, lack of rural infrastructure, and weak agricultural research and extension compound the issue, as do population growth, traditional gender roles and frequent displacement from civil unrest. The high unemployment amongst youth can be attributed not only to a lack of skills and quality employment opportunities, particularly in the formal sector,⁷ but also to low levels of education.

36. In support of national policies, United Nations interventions will offer a more holistic view of poverty, recognising environment and disaster risk reduction and management as a key factor and developing a culture of participation at all levels. A unified United Nations will focus on support to equitably promote diversified rural livelihoods and better farming, along with pro-poor financial services, through improved policies, systems, productivity and markets. These will be particularly focused on women, youth, IDPs and communities affected by the 2006 crisis and natural disasters. This approach to consolidate peace and stability will complement major investments by the Government and partners to generate employment, and to support land reform and key infrastructure for economic growth. Linkages with the private sector and its partners will be promoted through on-the-job training, work experience programmes and job mediation services.

37. The United Nations likewise will support strengthened community-based natural resource management, labour-intensive public works and development of a culture of resilience for response to disaster risks. Youth employment and skills development, under the National Youth Policy and through the coordination mechanism of employment centres, will emphasise self-employment and making education more vocation-oriented, such as through the planned Instituto Nacional de Desenvolvimento de Mão de Obra (INDMO, National Labour Force Development Institute). Support to carefully planned out-migration of youth to other countries will be explored.

38. The comparative advantage of the United Nations to support consolidation of peace and stability again stems from its neutrality as well as its global knowledge base. This includes rich experience in em-

⁷ Less than 15 percent of the labour force is employed in the formal sector.

ployment promotion initiatives and improved rural infrastructure; community-led processes for livelihood development; fostering of empowerment/equity; promotion of national ownership and dialogue; innovative life skills programmes for young people; and response to emergencies.

39. Partners in this area are expected to include, among others, line Ministries and Secretaries of State, particularly the Ministries of Economy and Development, Agriculture, Social Solidarity, and Infrastructure, and the Secretary of State for Promotion of Equality; district administrations; the National Disaster Management Directorate; civil society organisations; and international donors such as World Bank and ADB.

40. Attainment of the highest standard of education, health, nutrition, water, sanitation and hygiene, and social welfare services are fundamental rights. Yet Timor-Leste's social indicators rank at or near the bottom among developing countries, inhibiting the fulfilment of these rights as well as consolidation of peace and stability. Moreover, basic social services in particular must be cognisant not only of Timor-Leste's strongly rural and very young demographic profile, but also of the effects of conflict on sectoral recovery and development.

41. The challenges in education are daunting: The sector was almost destroyed during the violence after the restoration of independence, with few schools left intact and a nationwide shortage of teachers. Even now, the system remains fragile, despite efforts to improve access, quality and school management under the Strategic Plan for Universal Primary Completion by 2015. Only about half of school-aged children complete primary school, and achievement levels are low. Moreover, it takes an average child nearly 12 years to finish his or her primary education because of a repetition rate as high as 16 percent, indicating a need for strengthened promotion of mother tongue-based learning. Underlying causes of the issue include lack of awareness and priority afforded to education; long distance to school and safety concerns; slow implementation of a new curriculum in a multilingual learning environment; and overall low capacity at national and district levels, including in teacher training and school management.

UNDAF Outcome 3:

By 2013, children, young people, women and men have improved quality of life through reduced malnutrition, morbidity and mortality, strengthened learning achievement and enhanced social protection.

National Priorities:

Improved access to basic social services throughout the country. These include health and nutrition, education, water and sanitation, and social protection and social welfare.

Relevant MDGs:

- MDG 1: Eradicate extreme poverty and hunger
- MDG 2: Achieve universal primary education
- MDG 3: Promote gender equality and empower women
- MDG 4: Reduce child mortality
- MDG 5: Improve maternal health
- MDG 6: Combat HIV/AIDS, malaria and other diseases
- MDG 7: Ensure environmental sustainability

The following are the five Country Programme Outcomes:

- CP Outcome 3.1:** 20 percent more children access, and 25 percent more children complete, free compulsory quality basic education
- CP Outcome 3.2:** Families and communities have improved access to and utilisation of quality health care services
- CP Outcome 3.3:** Families and communities have improved feeding and caring practices and increased access to and utilisation of quality nutrition services
- CP Outcome 3.4:** Vulnerable populations, particularly from rural areas, enjoy safe living environment, including increased access to safe water, sanitation and hygiene
- CP Outcome 3.5:** Vulnerable populations, especially children and women, benefit from quality social protection, particularly social welfare services, including in emergencies

42. The health sector has significantly progressed in re-establishing basic infrastructure and service, but now confronts important and more complex “second-generation” challenges to improve health outcomes, including reaching out to the entire population with stronger community mobilisation. In support of the Health Sector Strategic Plan 2008-2012, the health and nutrition components of the UNDAF aim to halt, and begin to reverse, high child and maternal mortality, malnutrition and fertility. Mortality levels have improved but remain among the highest in East and Southeast Asia. The infant mortality rate still stands at 90 deaths per 1,000 live births, while the under-5 mortality rate is 130 per 1,000; an estimated 660 mothers die per 100,000 live births. The high fertility rate of 6.95 to 7.8 children per woman, with closely spaced births, contributes to the high number of maternal and child deaths.

43. The level of malnutrition, also among the highest in the region, is increasing further because of continuing household food insecurity, low knowledge on birth spacing and inappropriate feeding and care practices. Levels of childhood wasting stand at 18.8 percent, within the classification of a public health emergency. The water and sanitation sector has been progressing gradually in strengthening of institutional arrangements, but a “top-down” approach has not encouraged community empowerment, leading to the belief that sector management is only the responsibility of the Government. More than 1 in 3 Timorese still lack access to an improved water source, and more than 1 in 2 lacks improved sanitation. The high incidence of water- and excreta-related diseases among vulnerable groups is largely caused by unsafe hygiene practices due to lack of knowledge; limited sector funding; and chronic damage to facilities by conflicts/natural disasters.

44. Lastly, few social welfare services are available and functioning to address the needs of the poorest and most vulnerable, including widows, orphans, people with disabilities and others. Human and financial capacity to provide such services is weak and almost entirely limited to the capital. Birth registration is very low, at only 22 percent. Ongoing crisis and instability have further exposed children and women to gender-based violence, sexual assault and exploitation, child abuse and neglect. While some work has been undertaken to institutionalise child and family welfare services, much more needs to be done to expand these efforts to encompass other vulnerable groups and ensure service delivery in rural areas.

45. To strengthen overall human security, therefore, the United Nations will support establishment of a comprehensive social welfare system encompassing a policy framework, well-trained professionals, community advocacy campaigns and information management and surveillance, with priority given to gender-based violence, child protection and human trafficking. This will be further linked with an overarching policy on social protection and will be supported through delivery mechanisms particularly at district level, with a specific focus on capacity strengthening.

46. United Nations concerns under this area of cooperation thus will focus on translating policy into delivery of integrated quality, education, health, nutrition, water/sanitation and social welfare services at the district, community and family levels in rural areas. Access, quality, utilisation and equity of services will be emphasised under the unified United Nations approach, as will inter-sectoral collaboration; linked to national led initiatives such as SISCa (Integrated Services for Community Health). The Government is still discussing precise modalities of implementation, but the impact of de-concentration of service delivery is expected to be profound. The United Nations’ comparative advantages lie largely in its core mandate of basic social services; its strong links to global expertise and international best practices; its commitment to help the Government achieve national goals; and its relationship of trust with relevant Ministries.

47. Partners in this area are expected to include line Ministries and Secretaries of State, particularly the Ministries of Education, Social Solidarity, Health, Infrastructure, Finance and State Administration; non-Government and faith-based organizations; and communities. Bilateral partners and international financial institutions such as the World Bank also will be engaged.

Section III

Initiatives Outside the UNDAF Results Matrix

III. Initiatives Outside the UNDAF Results Matrix

48. Four normative or overarching special initiatives must be highlighted that respond to specific country demands but fall outside the common results matrix of the UNDAF.

By providing data from even the smallest administrative level, the census can develop a comprehensive population database as a step toward establishing an integrated population information system for evidence-based policymaking and monitoring of MDGs

49. The first, the undertaking of the 2010 census, will update the 2004 Population and Housing Census to make available disaggregated data in all areas, including gender-disaggregated data and gender statistics. This can reflect major socioeconomic changes in Timor-Leste, particularly those associated with the dynamics of a very high fertility rate and a young population structure. Studies indicate that demographic issues significantly contributed to the 2006 crisis, so further analyses may help to foster appropriate policies and strategies to consolidate peace and stability.

50. The new census also is expected to provide guidelines for adoption of a National Population Policy to ensure sustainable balance among population growth/distribution, the economy and the environment. By providing data from even the smallest administrative level, the census can develop a comprehensive population database as a step toward establishing an integrated population information system for evidence-based policymaking and monitoring of MDGs. Lastly, it can provide important capacity development for the National Statistics Directorate (NSD), leading to national leadership for a series of reliable, timely demographic data. With a budget of US\$3.25 million, UNFPA will provide primary support to the NSD for the 2010 census.

51. A second special initiative involves implementation of a Joint Programme under the UNDP-Spain MDG Achievement Fund to address crosscutting issues of gender inequality and promote women's and girls' empowerment in State building in Timor-Leste. UNIFEM, UNDP, UNICEF, UNFPA and IOM will implement this Joint Programme, with a total budget of US\$5.2 million over three years. The third special initiative, also a Joint Programme, expects to improve human security in Timor-Leste for the most vulnerable groups – women, children, unemployed youth, IDPs and those facing extreme food insecurity. Involving UNDP, UNICEF, WFP, FAO, ILO, and UNFPA, it will operate with a budget of US\$4.1 million and will be implemented until 2011. Under the fourth special initiative, on pro-poor policy advice, UNDP, in collaboration with the UNCT, will strengthen key poverty monitoring tools and advocate for the mainstreaming of human development perspectives in Government policies and programmes, including through support of National Human Development Reports and MDG Reports. UNDP has an estimated budget of US\$850,000 for this initiative.

Section IV

Estimated Resource Requirements

IV. Estimated Resource Requirements

52. The estimated financial resources required by the United Nations System for its contribution to the achievement of each UNDAF Outcome are presented in the UNDAF Results Matrices in Annex A. These contributions include (1) the financial allocations by each participating United Nations organisation, or direct resources; and (2) resources that organisations expect to mobilise during the UNDAF cycle in addition to their direct resources. The figures, while only indicative, are as accurate as possible at the time of the UNDAF drafting. Resource commitments will continue to be made only in Agency programme and project documents, according to the procedures and approval mechanisms of each Agency. The UNDAF budget will be reviewed and updated annually to reflect the different cycles of specialised and non-resident Agencies.

53. The total anticipated resources to be mobilised in support of UNDAF strategies in Timor-Leste amounts to approximately US\$314 million over a five-year period. About 25.8 percent of the total resources will be spent within the focus area of Democratisation and Social Cohesion (\$81 million); 36.3 percent on Poverty Reduction and Sustainable Livelihoods (\$114 million); and 37.9 percent on Basic Social Services (\$119 million). This reflects national development needs and UNCT priorities in Timor-Leste, as well as provides for aligning United Nations cooperation with overall development assistance.

54. Because the leading United Nations organisations with regard to initiatives for agricultural productivity/rural livelihoods and youth employment (UNDAF Outcome 2) are specialised Agencies without full representation in Timor-Leste, the Resident Coordinator's Office will supplement Agency efforts in resource mobilisation in these areas.

Section V

Implementation

V. Implementation

55. Throughout implementation of the UNDAF, the United Nations will focus on the most vulnerable groups in society, with explicit provisions for ensuring their active and effective participation in decision making as a key to fortifying peace and stability. Moreover, as noted above, to contribute to the reduction of rural-urban and regional disparities that underlie much of the poverty and conflict in Timor-Leste, the United Nations will target poor rural areas and specific impoverished groups. Particular importance will be given to effective links between the State and civil society.

56. The UNCT and the DSRSG/ Resident and Humanitarian Coordinator will be responsible for the effectiveness of United Nations activities, especially in cases where resources are combined. These arrangements will support progress toward the use of national systems for implementation, management and monitoring, based on internationally recognised standards and good practices. The UNCT will discuss and determine which outputs can be implemented within Joint Programmes.

57. Technical Working Groups will meet regularly and will serve as the main mechanism for implementing and monitoring the UNDAF, under the oversight of the UNCT [see also Section VI]. Individual Working Group workplans on collaborative activities will be developed with clear goals and objectives, to be integrated into the Annual Report and Workplan of the Resident Coordinator. Regional cooperation also will be supported and encouraged with the Government, particularly in discussions on commitments to international treaties and United Nations instruments.

58. A number of Thematic Working Groups already contribute to integration between the United Nations Agencies and UNMIT in key thematic and crosscutting areas such as Democratic Governance, Justice, Humanitarian Coordination, HIV/AIDS and Gender. These will continue to operate as appropriate, encouraging improved coordination of the integrated mission through enhanced information exchange, as well as joint planning and decision making.

59. Provisions of the UNDAF will be implemented through the country cooperation frameworks and programmes agreed to by partner organisations in Timor-Leste. Selection and definition of individual Agencies' goals, outcomes and strategies will be consistent with the UNDAF. Individual Country Programmes and project documents also will specify how they contribute to UNDAF Objectives and cooperation strategies.

60. As part of the overall United Nations commitment to encourage national programme management and implementation, the Executive Committee of the global United Nations Development Group (UNDP, UNICEF, UNFPA, WFP) will employ a Harmonised Approach to Cash Transfers (HACT) to gradually increase the use of Government systems in disbursing and reporting of funds through Implementing Partners, as well as to reduce administration costs.

Section VI

Monitoring and Evaluation

VI. Monitoring and Evaluation

61. A set of objectively verifiable and repeatable key performance indicators is essential for monitoring, evaluating and reporting on achievement. Key indicators, accompanied by baselines and targets, have been formulated for each Country Programme Outcome under each of the three priority areas of cooperation. To refine baselines and further refine programme strategies, several surveys will be undertaken during the UNDAF cycle. [See the Monitoring and Evaluation Framework in Annex B for comprehensive monitoring and evaluation indicators to be used. A Monitoring and Evaluation Calendar, contained in Annex C, provides a tentative schedule of all major monitoring and evaluation activities.]

62. At the same time, because development is a process, the UNDAF may have to be adapted to respond to changes in Timor-Leste's economic, political or social situations. The UNCT has established three UNDAF Monitoring and Evaluation Groups to provide continuous monitoring and evaluation mechanisms specifically for the three UNDAF Outcomes, relying on a Results-Based Management approach.

63. Each UNDAF Monitoring and Evaluation Group will meet quarterly and produce brief quarterly reports on progress in implementation as well as opportunities and constraints still faced. Government and partner representatives will be invited at least once every six months to provide strategic guidance. This overall monitoring and evaluation plan will particularly show its value during UNDAF Annual Review Meetings, which will serve as the basis for tracking and reporting on UNCT performance. Annual Reviews will validate conclusions, including lessons learnt and best practices, which should feed into policy advocacy and preparation of new Annual Work Plans. The Annual Reviews also may provide important inputs for Annual Reports for individual Agencies, the Resident Coordinator and donors, as well as data and analysis for the final UNDAF Evaluation, and may reflect on issues such as development effectiveness and joint resource mobilisation.

64. A joint final evaluation by the Government, United Nations System and other partners will be conducted at the end of the UNDAF cycle, synchronised as much as possible with respective Agencies' Country Programme reviews. This will be undertaken with the objective of obtaining substantive feedback on progress toward stated UNDAF Outcomes in each priority area, under the overarching goal of consolidating peace and stability. It will focus on (1) whether the UNDAF has made the best use of the United Nations' comparative advantages in Timor-Leste; (2) the coherence of the Agencies' contribution toward achieving national priorities; (3) whether the UNDAF has helped achieve the selected priorities in the national development framework; and (4) impact of capacity development initiatives. Achievements, lessons learnt and best practices will be disseminated, as will constraints encountered, to inform the design of the next UNDAF.

Acronyms and Abbreviations

ADB	Asian Development Bank
FAO	Food and Agriculture Organisation
GTZ	Deutsche Gesellschaft for Technische Zusammenarbeit
HACT	Harmonised Approach to Cash Transfers
IDP	Internally Displaced Person
IFI	International Financial Institution
ILO	International Labour Organisation
IMF	International Monetary Fund
INAP	National Institute of Public Administration
INDMO	National Labour Force Development Institute
IOM	International Organisation for Migration
MDG	Millennium Development Goal
M&E	Monitoring and Evaluation
OCHA	Office for the Coordination of Humanitarian Affairs
OHCHR	Office of the High Commissioner for Human Rights
UNCDF	United Nations Capital Development Fund
UNCT	United Nations Country Team
UNDAF	United Nations Development Assistance Framework
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commission for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organisation
UNIFEM	United Nations Development Fund for Women
UNMIT	United Nations Integrated Mission in Timor-Leste
UNOPS	United Nations Office for Project Services
UNV	United Nations Volunteers
USAID	United States Agency for International Development
WFP	World Food Programme
WHO	World Health Organisation