



Powered by Clickability

U.N.: E. Timor must rely on oil

DILI, East Timor (AP) -- East Timor, Asia's poorest nation, must invest its newfound wealth from oil and natural gas into rural development projects in order to lift the population out of abject poverty, a United Nations report said Thursday.

With the gradual departure of thousands of well-paid peacekeepers and international administrators who helped shepherd the former Indonesian province to independence in 2002, East Timor is actually getting poorer by the day, said the U.N. Development Fund report.

The tiny nation has an annual per capita income of US\$370 (euro310) and about 40 percent of its 800,000 people still live below the official poverty limit -- set at US\$0.55 (euro0.46) a day, said the document, which was jointly prepared by the U.N. agency and the East Timorese government.

But East Timor's prospects brightened significantly in January, when it signed a joint treaty with Australia allowing for oil and natural gas exploitation in the Timor Sea, which lies between the two countries, it said.

The deal will earn Dili at least US\$10 billion (euro8.39 billion) in coming years, and further exploration is expected to uncover several more undersea fields in East Timor's territorial waters.

"It is vital for us to ensure that these funds are managed in a way that benefits all communities in Timor-Leste," Prime Minister Mari Alkatiri was quoted as saying in the report titled "The Path Out of Poverty."

"This includes widening opportunities for the poorest populations in rural areas. It is also important for us to be forward-thinking and to wisely save and invest a portion of this money for future generations."

East Timor was colonized by Portugal for four centuries before it was invaded in 1975 by Indonesia, which occupied the tiny territory with an iron fist for 24 years.

When East Timor voted for independence in a U.N.-organized referendum in 1999, the Indonesian military and its proxy militias struck back, unleashing a wave of violence that killed up to 1,500 people.

The world body administered the territory for 2 1/2 years, then handed it to the Timorese, but the world's newest nation remains desperately poor, especially in rural areas.

"Given the likely revenues from oil and gas ... it would be difficult to justify any plan that did not aim to reduce poverty," the 87-page document said.

Sukehiro Hasegawa, special U.N. representative in East Timor, recommended that -- since 80 percent of households earn their living from agriculture -- hydrocarbon earnings need to be channeled toward rural development.

The government also should provide credits to farmers, initiate land reform, encourage unification of widely dispersed hamlets in order to make it easier to provide public services, and establish rice and maize cooperatives and major irrigation schemes.

The report noted that East Timor has already moved to safeguard potential wealth, passing legislation last year to establish a petroleum fund that will put oil and gas revenues into a single account and regulate how much can be spent by successive governments.

Foreign Minister Jose Ramos Horta said recently the money would be used for infrastructure, health needs and education -- drawing praise from the international community.

But the United Nations said Thursday that East Timor will still need to rely on technical support from its partners to build much-needed human and institutional capacity for development.

Copyright 2006 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.