

Timor gas profit must go to the poor: UN

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East Timor, the UN's newest member state and one of the poorest nations in the world, should channel its prospective gas revenues to rural development and basic needs, a report from the world body said on Thursday.

Tiny East Timor, a one-time Portuguese colony taken over by Indonesia in 1975, broke away from Jakarta in 1999, but freedom from foreign occupation has not alleviated widespread poverty, the United Nations Development Programme report said.

East Timor's per capita income was under \$US370 (\$A504.95) in 2004, less than what it was 10 years ago when it was still ruled by Indonesia, and the report said it might still be falling.

"Poverty itself is a cause of many health problems and the reason why many children do not get adequate schooling," it said.

"The primary task therefore is to create a more dynamic rural economy that will enable farmers and rural communities to ... work their way out of poverty," the report said, adding a prospective oilfield off Timor island could be the lifesaver.

East Timor suffered considerable damage to its infrastructure as well as some 1,000 deaths in 1999 in violence blamed mainly on pro-Jakarta militia backed by Indonesian military elements.

That came to a halt when Australia sent soldiers to enforce the results of East Timor's vote for independence.

The neighbours have since signed a deal to share revenues from the development of huge hydrocarbon resources in the Timor Sea with an estimated value in the billions of dollars.

"Given the likely revenues from oil and gas, this (human development) is technically feasible and financially affordable," the report said.

The Dili government has vowed to use the revenue wisely.


"It is vital for us to ensure that these funds are managed in a way that benefits all communities in (East Timor)," said Prime Minister Mari Alkatiri in a UNDP statement.

"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."

However, the report warned investment so far has mostly gone to the capital Dili, with only a third of total public expenditure and a fifth of goods and services targeting rural districts.

"Growth will have to start with agriculture, which employs nearly three-quarters of the labour force," said Sukehiro Hasegawa, the UNDP Resident Representative in Timor, in a statement.

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