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COUNTRY COOPERATION FRAMEWORKS AND RELATED MATTERS

Assistance to East Timor

Note by the Administrator

1. The Administrator wishes to inform the Executive Board of steps taken by UNDP to respond to the crisis in East Timor in 1999 and to support the Special Representative of the Secretary-General and the United Nations Transitional Authority for East Timor (UNTAET).
2. Recognizing the unique situation in the territory, which was addressed by the Security Council in its resolution 1272 of 25 October 1999, the Administrator seeks the approval of the Board for (a) an allocation of \$5 million from the target for resource allocation from the core (TRAC) to meet immediate needs for assistance for the period 1999-2000 and (b) the authority to make future allocations according to the formula applied to other programme countries. Provision for staffing and the budget for a small office in Dili have been made from within existing resources.
3. In order to enable the Executive Board to consider the request, further information is provided in the annex.

EXECUTIVE BOARD ACTION

4. The Executive Board may wish to approve the request of the Administrator contained in paragraph 2 above.



Annex

COMMENTS BY THE ADMINISTRATOR

1. To assist the Executive Board in considering approval of an allocation of TRAC resources for the territory of East Timor for the period 1999-2000, the Administrator would like to bring the following information to the attention of the Board.

2. East Timor will join the community of nations as probably the first new State in the new millennium, with little or no endowment and faced with the tremendous task of reconstituting its social and economic fabric. Prior to the referendum and the destruction of physical and social infrastructures that accompanied it, East Timor was already one of the least developed and poorest parts of South-East Asia: the population was approximately 800,000 with over 35 per cent subsisting below the poverty line, an infant mortality rate of 124 per 1,000 live births, and a life expectancy of 55 years; it depended on external transfers for over 85 per cent of expenditures, and had a mono-crop (coffee) economy with gross domestic product per capita of under \$400. The violence of the post-referendum period resulted in the displacement of 75 per cent of the population and a drop in GDP of about 50 per cent. The functions of government were decimated and up to 80 per cent of the physical infrastructure was destroyed, including educational establishments. One of the principal challenges today involves the creation of conditions for participatory governance and an investment in social capital that are the key prerequisites for the establishment of an institutionally strong nation State.

3. The Security Council, acting under chapter VII of the Charter of the United Nations, established the United Nations Transitional Administration in East Timor (UNTAET) by its resolution 1272 of 25 October 1999, providing it with overall responsibility for the administration of the territory until its independence. Crucial elements in the exercise of legislative and executive authority within its mandate include: supporting capacity-building for self-government; establishing the conditions for sustainable development; establishing an effective administration; and coordinating development assistance.

4. UNDP has already taken a number of steps to support UNTAET operations and the transition to independence. The Administrator has appointed a Special Envoy to work with the East Timorese leadership and assist the Special Representative of the Secretary-General in defining key areas for UNDP support to East Timor in the immediate and the long term. Modest resource have been provided (a) to identify and formulate programmes addressing crucial rehabilitation needs for the social and economic infrastructures, public administration and community recovery and (b) to formulate an assistance programme for the medium term. At the outset of the crisis in September 1999, a small technical team was assembled in Darwin, Australia, and subsequently in Dili, East Timor, to participate in the formulation of the United Nations Inter-Agency Flash Appeal launched in October 1999. As a follow-up to this exercise, UNDP was asked to chair the Donor Working Group on Infrastructure, resulting in the delineation of an extensive, coordinated programme. A small office, staffed through redeployment

from elsewhere in the region, was established in November 1999 in Dili; the common United Nations premises are shared with other United Nations organizations. UNDP participated in the World Bank-led Joint Assessment Mission, leading the groups on public administration and the judiciary. UNDP also assisted the United Nations in preparations for the December 1999 Donors Conference. An allocation of \$1 million has already been earmarked from TRAC 1.1.3 resources as seed money for immediate assistance in areas such as the training of newly appointed judiciary, vocational training, and community recovery.

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