

# PROJECT FACT SHEET

United Nation Development Programme



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## CONTEXT

Timor-Leste has been making steady progress towards socio-economic growth, but a range of challenges abound. While the country has achieved relative political stability and is making efforts to improve its developmental outcomes by adopting a National Development Strategy, dependence on oil income, high poverty and unemployment rates and weak institutional structures pose considerable systemic risks. These developmental challenges are visible nowhere more so than in Oe-Cusse. An enclave nestled inside the Western Timor province of Indonesia and with an estimated population of 70,000, Oe-Cusse's economic and social development issues are deepened due to its geographical location, myriad institutional weaknesses and historically low public investments in services and infrastructure. To address these challenges in a concerted way and drawing on a Constitutional provision that accords special status to Oe-Cusse, in July 2014 the government promulgated a law establishing the Authority of the Oe-Cusse Special Administrative Region (SAR) and the Special Economic Zones for Social Market Economy (ZEESM).

This law provides the Authority jurisdiction over both OeCusse and Atauro for establishing ZEESM and accords considerable administrative and financial autonomy to the Authority and provides freedom for policy experimentation. Dr. Mari Alkatiri, the first elected Prime Minister of TimorLeste, was appointed as the President of the Authority of the Oe-Cusse SAR and ZEESM and under his leadership, the Authority has articulated a vision of economic zones that aim to create economic opportunity while addressing issues of inclusion, equity and conservation. The Authority has made rapid progress on infrastructure development, while plans for institutional strengthening are underway.

## FRAMEWORK

UNDP has been providing policy advice to the Authority of the Oe-Cusse SAR and ZEESM since January 2014, i.e. prior to its formal establishment. In close collaboration with the Authority, it has developed the '**Support to the Institutional Development of the Authority of the Oe-Cusse Special Administrative Region and ZEESM**' project. The UNDP not only supported the development of a Situation Analysis but also provided strategic advice on how to move forward to deliver on the Authority's legal

### Project Snapshot

**Official Title:** Support to Institutional Development of the Authority of the Oe-Cusse Special Administrative Region (SAR) and Special Economic Zones for Social Market Economy (ZEESM)

**Tenure:** January 2015 – December 2017

**Development Partner:** UNDP

**National Partner:** The Authority of the Special Administrative Region of Oe-Cusse Ambeno and Special Zones for Social Market Economy (ZEESM)

**Geographic Coverage:** Oe-Cusse and Atauro

**Overall Budget:** US\$ 4.2 million

**Source of Funding:** Government of Timor-Leste, UNDP

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mandate as well as positioning as an economic zone. The framework for UNDP's support to the Oe-Cusse SAR and ZEESM is built around two components-governance and sustainable and innovative economic development. The project was launched in May 2015 and both in terms of its content and approach, represents a departure from usual UNDP projects. With disruption and design thinking incorporated into its framework and innovation as a guiding principle, the project has a range of exciting interventions and policy tools to help shape and support the Oe-Cusse administration's plans.

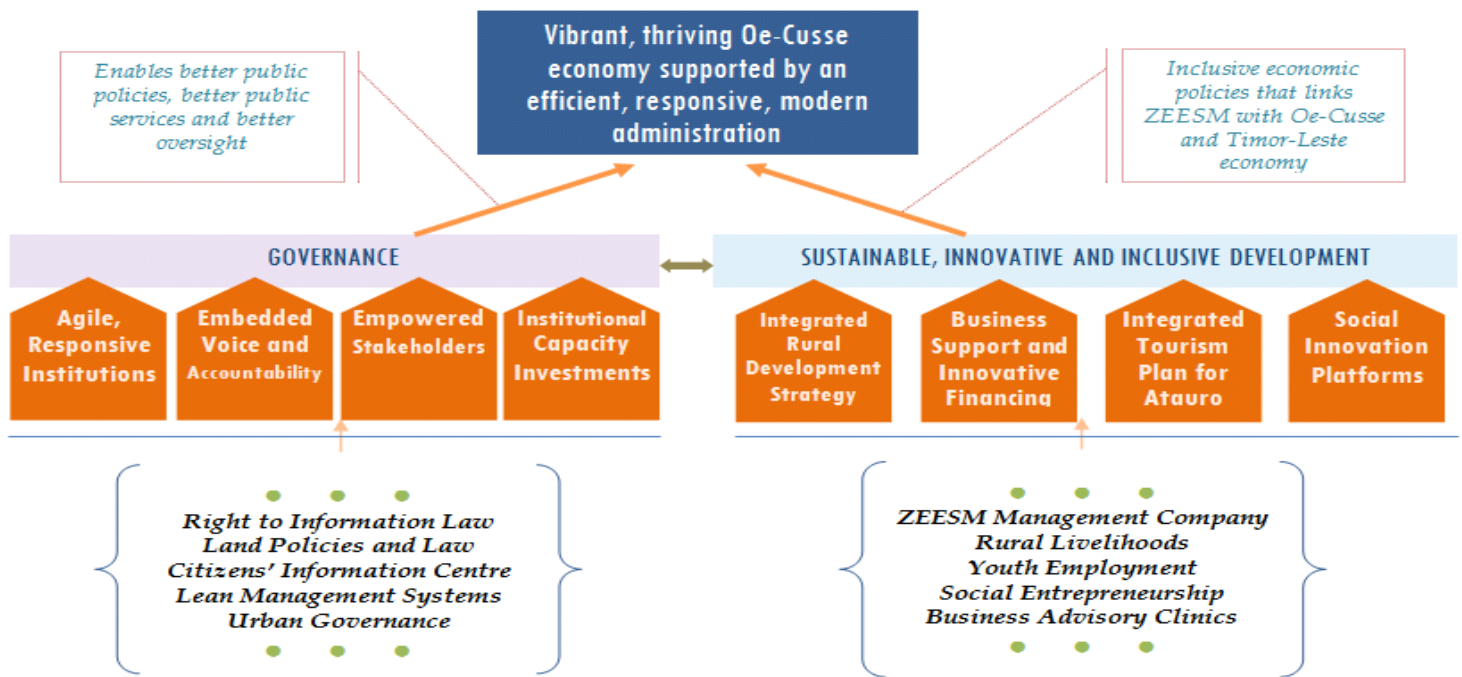
The project aims to transform the lives of the people of Oe-Cusse with an integrated approach to sustainable, social and economic development. Drawing on the successes of other

economic zones and the political will of the Government of Timor-Leste, the project offers an innovative new policy instrument for effective governance, poverty reduction and economic and social well-being. At the same time, it will provide an opportunity for policy experimentation and fresh thinking in solving of the country's perennial social-economic challenges that can, in turn, be replicated across the district and, ultimately, the country. The project will help create a flat, agile, streamlined and technology-enabled regional governance structure which will focus on policy innovation and leverage partnerships for service delivery and poverty reduction.

Regional administration, a cornerstone of the government's vision of improving people's lives, will include urban, land and zone management, while at the same time empowering local voices and accountability.

Simultaneously, the project's focus on sustainable and innovative development will build social entrepreneurship networks, platforms and models for agribusiness supply chains, tourism and eco-business. The establishment of a suite of business advisory, information and support services will promote, enable and facilitate social entrepreneurship, while the development of a range of innovative financing modalities and financial instruments will address the critical issues of access to credit for businesses.

### SNAPSHOT OF THE OE-CUSSE PROJECT FRAMEWORK



## RESULTS

Although the project is only one year into implementation, a number of encouraging results are already evident. These include:

- **Development and Implementation of a Partnership Policy and a Stakeholder Engagement Policy.** These will help create the Oe-Cusse ZEESM brand and sharpen its positioning on the market for attracting investment. .
- **Development of the Social Entrepreneurship and Economic Development (SEED) Fund** for promoting and facilitating entrepreneurship in agri and eco businesses. Harvard Business School is an advisor for the Fund.
- **Strengthening of Systemic Architecture** by developing a Rural Development Strategy, a Planning and Monitoring Strategy and a Procurement Strategy. These aim to introduce systemic issues, improve planning and measurement and enhance transparency. Innovations such as a Delivery Unit, Data Analytics Centre, eProcurement and Agribusiness Advisory Services feature as drivers of each strategy.
- **Bolstering the Authority's Internal Capacities** in Human Resource and Logistics Management.
- **Establishment of Three High-Level Policy Forums** for shaping economic policy, developing an SDGs Response and Climate Action Strategy
- **Partnership Agreements** reached with Singapore International Arbitration Centre; UNDP Global Centre for Public Service Excellence; Facebook; BlueVentures. Partnerships with Microsoft; Temasek Foundation; Lee Kuan Yew School of Public Policy, and the World Intellectual Property Organization are on the anvil.