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Groundbreaking ZEESM/UNDP Partnership Supports Oe-Cusse Economic Zone

Integrated approach to sustainable, social and economic development aims to develop innovative solutions to country's socio-economic challenges

Dili, 10 July 2014 – The Oe-Cusse Regional Administration and Special Zone for Social Market Economy (ZEESM) and the United Nations Development Programme (UNDP) today presented their groundbreaking partnership to support the Government of Timor-Leste establish and operationalize the ZEESM Special Economic Zone.

The establishment of the ZEESM represents the political willingness and commitment of Timor-Leste to use a new policy instrument (the Special Economic Zone or SEZ) for poverty reduction and economic and social well-being in Timor-Leste. At the same time, ZEESM will provide an opportunity for policy experimentation and fresh thinking in solving the country's perennial socio-economic challenges that can, in turn, be replicated across the district and, ultimately, the country and the Region as an integrated bilateral cooperation.

"The Oecusse Special Zone of Social Market Economy aims to transform the lives of the people of Oecusse with an integrated approach to sustainable, social and economic development," said Dr. Mari Alkatiri, President of Authority for Administrative Region of Oe-Cusse and Zone for Social Market Economy. "We will accomplish this by investing in the training, education and health of the people of Oe-Cusse while simultaneously investing in vital infrastructure, such as roads, bridges, schools and more, to help build a dynamic, regional economy."

The establishment and operationalization of the ZEESM requires a range of interventions, investments and preparatory work to build institutional, policy and legal frameworks leading up to the establishment of the ZEESM. There are also imperatives for inclusive economic and social development, with a need to develop not just the economy in the Region in the whole of Oe-Cusse and to establish forward and backward linkages between urban and rural one, as well as with the rest of Timor-Leste. In addition, there is a need to provide for an institutional arrangement that facilitates and enables ZEESM managers to respond with agility and flexibility to evolving, emerging and immediate needs.

Drawing on its strengths in the two complementary areas of good governance and sustainable, innovative development, UNDP will provide technical support for the development and implementation of the institutional framework, ensuring a mechanism to deliver and oversee public policy, improve public services, and enable regional administration through appropriate legal, policy and institutional frameworks.

UNDP's support is designed to strengthen the institutional capacity of the ZEESM Office in the areas of planning, implementation and monitoring. Interventions will lay the foundation for an efficient, effective and agile regional administration in Oe-Cusse and put in place sustainable and innovative frameworks to develop the overall economies of Oe-Cusse and the island of Atauro, located to the north of the mainland, which faces similar socio-economic challenges. The project also supports the development of a Tourism Action Plan, a marketing and branding strategy that includes a proposed hospitality training institute.

"While Special Economic Zones are used by countries around the world to spur growth, job creation and investment, the ZEESM represents a departure from the usual models in that it proposes an integrated approach to sustainable, social and economic development," said Mr. Haoliang Xu, UNDP's Assistant Administrator and Regional Director for Asia Pacific. "This is the first time a UNDP Country Office has partnered with a government on an SEZ initiative and we are pleased to have been asked by the Region's leadership to support this multi-dimensional effort."

ZEESM will 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, social enterprise development and fiscal sustainability while at the same time empowering local voices and accountability.

The Regional Administration would focus on a rural development plan to introduce innovative and inclusive approaches to rural development that provides opportunities for the rural poor and vulnerable groups, including women, youth and marginalized to benefit from Region's socio-economic development and leads to improved livelihood. Besides, ZEESM's focus on sustainable and innovative development will build social entrepreneurship networks, platforms and models for agribusiness supply chains, tourism and eco-business.

ZEESM/UNDP partnership has an overall budget of USD\$9,537 million, USD\$9.2 million from the Government and USD\$0.275 million from UNDP, and will span a three year period ending in 2017.

The creation of the ZEESM is embedded in Strategic Development Plan 2011-2030 and Programme of the Fifth Constitutional Government 2012-2017, which underlines the importance of special economic zones as a policy instrument to spur sustainable economic growth. Law N.º3/2014, promulgated in June 2014, calls for the creation of the Special Administrative Region of Oe-Cusse Ambeno and establishes the Special Economic Zone for Social Market Economy (ZEESM).

For more information of the ZEESM programme and the ZEESM/UNDP partnership please contact: Regio SR da Cruz Salu, giosalu@yahoo.com or Signi Verdial, signi.verdial@undp.org

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In Timor-Leste, *UNDP provides technical advice and assistance to build strong and capable public institutions at national and sub-national levels in justice, parliament, human rights, anti-corruption, police, economic development, environmental management and disaster risk management that bring development, peace and justice to the population and reach out to the poor and vulnerable sections of society.*