

DONORS' MEETING ON EAST TIMOR
LISBON, JUNE 22-23, 2000

CHAIRMAN'S OPENING STATEMENT

by

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Excellencies, Distinguished delegates, Ladies, and Gentlemen:

As you all know, this meeting is the second of an unusual breed – a joint United Nations and World Bank donor meeting focused on one country.

Last December the first donor meeting on East Timor sought to achieve an integrated approach to assessing the reconstruction and development of East Timor and the creation of an independent government and civil administration.

You were generous in that meeting in your commitments to East Timor. Donors pledged over \$500 million to assist East Timor in its humanitarian, civil and developmental needs. The balance we sought in recurrent and developmental funding was achieved, and you embraced the funding for the respective trust funds that would provide for much of these costs. Countries also committed substantial funds for bilateral delivery. In doing so the donor community delivered to East Timor a large vote of confidence in its plans to move forward to recovery and to independence.

At the first meeting we presented to you early assessments and plans for the rebuilding of East Timor, but indicated that all these were tentative and based on urgent assessments in a post-conflict situation.

Today we are in a different situation. A great deal still needs to be done and in some areas we clearly underestimated the challenges involved. But the details are clearer and the solutions in many cases better known.

On the World Bank's side, you have pledged over \$150 million for the Trust Fund for East Timor – known as TFET. This has enabled the ADB and us to undertake substantial program development and funding in close association with East Timorese counterparts and UNTAET.

Major programs have been developed and grant agreements signed for immediate reconstruction in health, education, agriculture, community empowerment and small enterprise. The Small Enterprise Project has already turned into an outstanding success in that the demand for loans to entrepreneurs has exceeded \$30 million, and the first tranche of US\$4 million will be disbursed within weeks. We expect to follow with a second tranche soon. I should also mention given our current location that the project is being undertaken through the Banco Nacional Ultramarino of Portugal.

Another project I would mention is the Community Empowerment Project, a joint activity between the World Bank and the ADB. This project is now supporting over 400 village councils around East Timor, and is a real sign of change for people at the local level, learning to plan and manage their own priorities.

I am sure that my ADB colleague will cover shortly the other ADB sectors of activity, which are also well underway through the Trust Fund.

Donor countries have participated substantially in the design of these development activities. In fact the process to date has seen five partners in joint action - the East Timorese, UNTAET, donors, agencies and international banks - working together on design, preparation and implementation. While not always a perfect process, we must continue and improve on this as the only way to make real progress in East Timor.

Also, it is one thing to design programs and another for them to have the desired outcomes for the people of East Timor. With the frustrating period of developing quality reconstruction programs largely behind us all, now we must face the continuing challenges of quick implementation while maintaining both quality and development effectiveness. In this regard we have just finalized a review of all of our programs and identified improvements needed to achieve these goals. We will discuss this at a later stage in the conference.

And the East Timorese, institutions and donors have all of course achieved a variety of progress in the 6 months since the meeting in Tokyo. For instance many of the systems developed with counterparts will set the country up for longer-term delivery of basic services, while our work generation programs in Dili and those of other agencies and donors are creating employment for East Timorese in this interim period.

All of this requires an eye on the longer-term sustainability of what we plan. Together with the IMF we will today support the budget figures proposed by the UNTAET/East Timorese delegation. These provide a realistic and sustainable macroeconomic path for East Timor. Some of these raise resource allocation issues that will require painful decisions on the part of a new country. Continuing donor assistance will be vital for East Timor well after the immediate attention of the post-conflict stage has ebbed away. But that said I know that our East Timorese colleagues have a clear focus and priority on being able to take their place as a strong and independent nation.

As I said before, six months on we need as donors, NGOs and agencies to consider the aspirations of our East Timor partners, and to assess progress to date and plans for the future. The agenda for today and tomorrow involves consideration of a wide range of issues and sectors. We have structured this meeting to allow for significant discussion of two key areas – institution building for the transition to independence, and social and economic development. I look forward to discussing these with you.

Thank you.