

Your Excellency President Xanana Gusmao

Your Excellency Prime Minister Mari Alkatiri

Your Excellency President of Parliament Francisco “Lu-Olo” Guterres

Your Excellency Chief Justice Claudio Ximenes

Your Excellency Provedor Sebastião Ximenes

Mr. Sukehiro Hasegawa, Special Representative of the Secretary General

Members of Parliament

Honored Ministers of the República Democrática de Timor-Leste

Distinguished Delegates

Members of the Press

The lively discussions we have had together over these two days reflect both your achievements and the challenges facing Timor-Leste, and I would like to take this opportunity to once again pay tribute to the resolve of the Timorese people. Your development partners are proud to work with you to help bring the fruits of peace and prosperity to each Timorese family.

The Government has laid solid foundations for the institutions of good governance, including the establishment of a state-of-the-art Petroleum Fund and the recent launch of the Office of the Provedor. Development partners applaud these achievements and encourage the

Government to take up the recommendations put forward in the report of the Alkatiri Initiative on *Strengthening Accountability and Transparency in Timor-Leste*. These point the way toward stronger, more independent, and more inclusive institutions for effective public administration, oversight, justice, and management of national elections, and a dynamic and independent media and civil society.

We welcome the Government's plans to increase the operating budgets of the Provedor and the Public Broadcasting Service, as these entities will help to fulfill the role of citizens in demanding good governance from its leaders now and in the future. We are also pleased to note the Provedor's intention to launch a survey of households, businesses, and public officials on their perceptions of corruption, in hopes of pinpointing areas where improvements are needed.

In looking forward to next year's vote for President and Parliament, it will be important to draft an electoral law on the basis of broad consultations and to strengthen the independence of electoral institutions to assure the credibility and legitimacy of the nation's first independent vote. Development partners are willing to support you in this endeavor. Following the example of last year's *suco* elections, we look forward to your efforts to ensure the participation of women, both as candidates and as voters.

We have discussed the significant boost to Timor-Leste's petroleum revenues that has come from high international oil prices and increased production of oil and gas. At the same time, non-petroleum production is stagnating as the international presence winds down, and the population is growing rapidly. This means that poverty and unemployment are increasing.

The Government has rightly responded – as we have seen in its newly released strategy for combating poverty – with a strong emphasis on improving the efficiency of public spending and directing more resources toward critical public services and infrastructure, especially in rural areas. Development partners support this approach, noting the need for continued improvements in budget execution – and particularly procurement – to more effectively channel resources to achieve tangible results on the ground. We hope that the new procurement law, with its provisions allowing for more delegation to line ministries, will ease some of the burden on central procurement staff and help to speed up the procurement process.

We fully support the comments made during our discussion before the coffee break, emphasizing the critical need for targeted training to strengthen the skills of Timorese companies and Timorese workers, so that they can gain as much as possible from the proposed increase in public spending.

Participants also discussed the need for vigorous action to stimulate private sector development and job creation, including simpler processes for business registration, clearer regulations, more secure property rights, and lower costs for transportation and energy. Given Timor-Leste's prosperity in oil and gas resources, and its prudence in choosing to carefully manage those revenues, development partners welcome the Government's decision to consider simplifying taxes as a means to promote business development.

We recognize that a vibrant private sector cannot be created overnight, and we are pleased to note the Government's efforts to provide targeted assistance to poor people across the country through local development grants, student fellowships, school feeding programs, and block grants to schools to replace the system of voluntary contributions that was rightly abolished last year. We applaud these initiatives and offer our assistance in carefully monitoring results so that you may promptly transfer the best lessons to a national stage. We also look forward to assisting the design of programs to keep the girls of Timor-Leste in school longer, offering the chance of a brighter future.

In our last session together, we focused our attention on the advancements you have made in developing and implementing a strategic approach to strengthening skills and knowledge, systems and processes, and attitudes and behaviors across the public

administration. We learned of your plans to outline Capacity Development Action Plans for each ministry, under the leadership of the Capacity Development Coordination Unit, or CDCU.

Development partners indicated their continued support for sustainable capacity building and praised the coordinated efforts launched in public financial management and justice. Participants also noted the importance of capacity building to support the preparation and implementation of elections next year.

Mr. Prime Minister, your accomplishments have been impressive, and the challenge of combating poverty and creating employment is equally formidable. The World Bank, and all your development partners, are dedicated to supporting the Government and the people of Timor-Leste, in striving for a world free of poverty.

I would like to extend to you, Mr. Prime Minister, our sincere compliments on the hard work done by staff across Government in organizing the arrangements for this meeting and showing us the superb hospitality that we have come to depend upon. Let me also say a special “thank you” to the interpreters who have provided excellent support over the past few days.

President Gusmao, Prime Minister Alkatiri, Distinguished Members of Parliament and Government –

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CHECK AGAINST DELIVERY

*draft Statement for World Bank Country Director Zhu Xian
at the **TLDPM** Closing Session (**media**) Tuesday 04 April 2004 **PM***

Let me conclude by congratulating you for strong performance over the past year and by pledging our continued support as you work to meet the challenges ahead. Thank you.