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CHECK AGAINST DELIVERY

*draft Statement for World Bank Country Director Zhu Xian
at the TLDPM Opening Session (media) Tuesday 04 April 2006 AM*

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

I am privileged to join you again for this meeting between Timor-Leste and its Development Partners, our sixth such meeting since May 2002. Looking forward to next month, I would like to take this opportunity to congratulate you all on the occasion of the fourth anniversary of the Restoration of Timor-Leste’s Independence.

In these four years as an independent nation, Timor-Leste has been successful in maintaining peace and stability, a remarkable achievement, and an unusual one among post-conflict countries. This accomplishment is a tribute to the strength and commitment of Timor-Leste’s leadership and the wisdom of its people. As the country looks

forward to its first independently conducted national elections in 2007, we are confident that the nation will sustain its resolve to maintain stability as a primary objective.

Before moving on to the thought-provoking discussion ahead of us today, please allow me to draw attention to some of the most notable achievements since we last met, and to highlight the challenges that lie ahead as you approach the end of the mandate of the first Government since the Restoration of Independence.

Timor-Leste has made impressive progress in building up the architecture of the State. Nearly all the institutions laid down in your Constitution are now in place, helping to provide the checks and balances of a democratic government. Two weeks ago today, the Office of the Provedor opened its doors, offering the people of Timor-Leste an opportunity to take part in upholding human rights and taking a stand against corruption. We congratulate the Provedor on a successful effort to communicate his mission with citizens across the country, and we look forward to observing the fruits of his labors.

I would also like to mention the increasingly effective work of the Office of the Inspector General and its contribution to accountability and transparency by publishing summaries of its investigations on a highly professional website.

The recent approval of the Veterans Law is a milestone in Timor-Leste's efforts to recognize veterans of the resistance. We commend

the Office of the President and the Parliament for the process of registration and recognition, which is a model among post-conflict countries. The report of the CAVR, “Chega,” is a monumental work in documenting the sacrifices made in pursuit of independence and we congratulate the commission on its completion.

Over the last year, the Government has adopted landmark legislation in the petroleum sector and established a Petroleum Fund, demonstrating a commitment to avoid the resource curse that has plagued other countries with abundant natural riches. Instead, Timor-Leste has chosen to guard its precious wealth for generations to come, and – through quarterly reports – to keep the public informed on the status of the Fund.

Timor-Leste has laid important groundwork in achieving the Millennium Development Goals, with more and more children being immunized and going to school, and more families with access to clean water. Still, the population is growing faster than almost anywhere else in the world, at well over three percent per year. As a result, per capita income has dropped, and poverty is most likely increasing. Unemployment has also grown, particularly in the cities and among youth. As the population continues to expand, there will be more pressure on schools and health centers to deliver services to the people, especially in rural areas, and there will be a growing need for jobs to employ the young people who enter the workforce each year.

In preparation for this meeting, the Government has laid out a comprehensive strategy for Combating Poverty as a National Cause, which points to the need for economic growth rates of at least seven percent per year to curb poverty and create jobs. Timor-Leste is in a position to generate this level of growth. The country enjoys the rare fortune of a growing budget to devote to stimulating economic growth and combating poverty, while remaining committed to its prudent savings policy.

Taking advantage of this opportunity, the Government is allowing the national budget to expand, especially for capital investments such as roads, schools, and hospitals, and with a growing focus on the districts. If spent well, and swiftly, the capital development budget could go a long way toward helping the poor and creating short-term jobs for the unemployed. We would welcome a discussion today about ways to further improve budget execution and scale up the work already being done to target spending directly to poverty reduction programs.

Over the long term, fighting poverty and creating employment will depend on cultivating business development in Timor-Leste. We welcome the creation of agencies for domestic and foreign investment promotion and encourage you to accompany these with streamlined procedures for business registration in order to welcome businesses – Timorese and foreign alike – to grow and prosper in Timor-Leste. We

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look forward to a productive discussion on ways to stimulate the development of dynamic private enterprise in your country.

As the country looks toward its first national vote as an independent nation, we celebrate the completion of *suco* elections in October of last year. We are particularly heartened by the growing number of women in local politics and hope that this inclusiveness will be reflected at the national level. The approach of elections highlights the need for strong, independent institutions, and we encourage the Government to follow the examples of the Petroleum Fund and the Provedor in launching a broadly consultative process around the drafting of the electoral law.

We look forward to a vibrant discussion today to explore how all your development partners can continue to support your efforts to fight poverty and improve the livelihoods of the Timorese people.

Thank you.