

**For Immediate Release**



## **East Timor Government, UNTAET and the World Bank**

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### **Donors Applaud East Timor's National Development Plan**

**Dili, 15 May 2002**– Days ahead of East Timor's accession to independence, donors pledged support of over USD 360 million for the development of East Timor after independence. In addition to USD 81 million already available through the Trust Fund for East Timor and the United Nations Successor Mission, the new country will have access to over USD 440 million over the next three years [against a request of just over USD 400 million], including full coverage of core Government budget expenditures.

Over twenty-five countries met in the country's capital on 14-15 May with the Second Transitional Government of East Timor, International Financial Institutions, UN Agencies and NGOs, to discuss international support for the three year budget framework presented by the Government. The meeting focused on the National Development Plan, which details the development strategy of the newest nation of the twenty first century, focusing heavily on poverty reduction and economic growth.

"Our National Development Plan sets an ambitious path for our development. Our challenge will be to ensure that we have the persistence to implement it and the flexibility to make changes and improvements as conditions allow," said Chief Minister Mari Alkatiri.

The Chief Minister also stressed the highly dynamic and participative nature of the process to prepare the plan over the past seven months. "The cooperation between the Government and civil society was a unique feature of this first planning exercise. There may be few other examples of a country on the eve of independence which has placed the responsibility for articulating a national vision in the hands of its people, and which has been able to engage in a debate about the contribution of all sectors of society to national development."

Addressing delegates as the meeting opened, President-Elect Xanana Gusmão noted that "Since Oslo, last December, our reflection has focused on the future, the basis of which lies in the consolidation of peace and stability, the strengthening of democracy through further fostering of popular participation and the definition of sustainable development programmes anchored on poverty reduction." Transitional Administrator and Special Representative of the Secretary-General, Sergio Vieira de Mello, echoed the words of the President-Elect and remarked on the "very strong and generous support that East Timor has received from the international community". He urged donors to remain engaged for the long-term to assist East Timor to realize its development goals .

Donor countries applauded the priority given in the Government's programme to poverty reduction and development in the social sectors, welcoming the exceptionally high budget allocations to health and education. Delegates emphasized the importance of accelerating Government's commitment to cost-recovery in the power sector and legislation to foster private sector growth, investment and job-creation, whilst cautioning on the need to maintain strong discipline on expenditures for police and defence.

The World Bank noted that the composition of the budget is strongly pro-poor, with 48% of the core budget allocated to health and education by FY 2005. "This is one of the highest allocation to social sectors in the world, and is a concrete reflection of the Government's commitment to development in those areas," said Klaus Rohland, World Bank Country Director for East Timor.

The meeting was co-chaired by the Second Transitional Government of East Timor, the World Bank and UNTAET. This international event follows meetings in Tokyo (December 1999), Lisbon (June 2000), Brussels (December 2000), Canberra (June 2001) and Oslo (December 2001).

Donors contributing to the World Bank administered Trust Fund for East Timor (TFET) will discuss TFET progress and workplan for the period June -December 2002, on 16 May 2002, at a time when on-going reconstruction projects and their labour intensive implementation will play an important role in cushioning the impact of the forthcoming reduction in the size of the international presence on the country's economy.

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