

Norway's Statement Timor-Leste Development Partners Meeting April 2009

Your Excellencies, Ladies and Gentlemen

Allow me first of all to thank the Government of Timor-Leste for your preparations and excellent background papers, for your kind hospitality.

”Good bye conflict – welcome development.” I congratulate you with having come this far, and with progress in a number of areas last year, as well as with formulation of the National Priorities for 2009.

Norway is fully committed to the Paris Declaration Principles; we want our support to be in line with your National Priorities. We also recognize that the quality of assistance, the competence and integrity of international advisers, that national capacity building and local ownership must constitute an integral part of any project, are requirements that we as donors must live up to.

We highly welcome your new priority area; Clean and Effective Government, with its focus on Government accountability, transparency and integrity. The establishment of a Civil Service Commission and an Anti-Corruption Commission will be important in this regard. Experience from other countries demonstrate that an anti-corruption institution with an autonomous status and strong investigating powers may be very efficient tool, also in raising the required awareness of these challenges. We also welcome the establishment of the Aid Effectiveness Directorate in the Ministry of Finance

At the moment, the whole world is going through a severe financial crisis. With significant decline in oil prices, Timor Leste is also experiencing a considerable decline in the Government's revenues. I trust the Medium-Term Strategic Planning outlined in the background paper, will assure sound and sustainable economic growth policies, with all stakeholders engaged in this process.

I congratulate Timor-Leste with its Petroleum Fund performance during the financial crisis. Your fund, with exposure to US Government bonds only, had a positive return of 7% in 2008. The Norwegian Pension Fund with half of the portfolio exposed to equities lost almost one fourth of its Fund last year. These figures show that the current investment strategy for the Petroleum Fund has served Timor Leste well.

Long term sustainability and transparency should also remain the guiding principles for the Petroleum Fund. The Petroleum Fund Law does provide flexibility to exceed the long term sustainable levels of withdrawals, drawing

down on the Petroleum Fund beyond the Sustainable Income. But this will over time, sooner or later, result in a depletion of the Fund, which may force the Government to dramatically cut public expenditures, with serious impact on the domestic economy and people's well-being.

Last year Norway and Timor-Leste signed a new MoU until 2012 for our development cooperation, within sustainable management of natural resources and governance, democracy and human rights. We also signed a new 5-year agreement on oil and gas-resources and revenue management, the environment and the implementation of the Extractive Industries Transparency Initiative (EITI). We are now in the process of negotiating a new long-term agreement on clean energy – hydropower cooperation.

Strengthening of the Parliament and the Judicial Sector are central for building democracy and the rule of law. Here I want to commend your Parliament for its progress as a lawmaker and on its growth as an institution. We have also noted considerable progress in the justice sector with Timorese now filling the positions. Norway has this week signed a new agreement on continued support to the justice sector.

Inclusion of women, youth and children in the nation building process is important. Norway is as a donor committed to follow up Security Council Resolution 1325 on Women, Peace and Security, giving high priority to women rights and gender equality. We compliment the Timor Leste Government for successfully hosting the international conference on Youth, Identity and Nation building last year, and recently the international conference on Women as Creative Agents for Peace. Moreover, we note the Governments commitment to follow up the conferences recommendations.

In leaving conflict behind and delivering development, the Government must continue to address the underlying causes of conflict. Continued attention must be given to the ongoing Review of the Security Sector Reform and addressing the fundamental problems within and between the Timorese security forces. In this regard, Norway believes further efforts are needed to ensure durable solutions for the IDPs. In doing so we recommend the Government to work closely with involved partners; including the Norwegian Refugee Council.

Solutions to the recommendations of the CAVR, the Commission of Inquiry (CoI) and the Commission of Truth and Friendship (CTF) must be found within the framework of international and national law. A criminal justice approach needs to be complemented with a non-formal system of truth and reconciliation as we have seen in other countries. We fully recognise that there are legitimate concerns for national interest and security. To reach national reconciliation,

attention should be given to the potential impact of impunity, as this risks undermining peoples trust in the rule of law and justice. If some of the recommendations from the CAVR report can not be solved today, the possibility of solving them later should be kept open. Through the engagement of our Special Envoy to Timor-Leste, Norway remains committed to support Timor Leste in this process.