

TIMOR-LESTE & DEVELOPMENT PARTNERS MEETING
Transcript/Minutes
9th December 2002

Proceedings

1. Formal Opening

The TLDPM was formally opened by H.E. Prime Minister Mari Alkatiri.

In his opening speech, the Prime Minister welcomed the delegates from partner-countries and representatives from the government, civil society, private sectors and the media. Prime Minister Alkatiri expressed his appreciation for the presence of the Partners as a show of trust in the present leadership and the people of Timor-Leste, and wished for the success of the conference. The Prime Minister also expressed hope that the TLDPM will provide an in-depth approach and address current and pressing issues faced by Timor-Leste, to prevent a repeat of the December 4 incident in the future.

The Prime Minister's speech was followed by a welcome remark from H.E. President Xanana Gusmao.

President Gusmao commended the Government leadership for organising the meeting despite the difficulties that they are now confronting. The President reminded the audience, that six months of independence is not enough to ensure the full ability of the Timorese government to define its program and policies. On the account of the partnership between Timor-Leste and the donor community, President Gusmao highlighted the need for a better analysis of the priorities of the country within the core issues. The President reminded the delegates that while the process in Timor-Leste is 3 years old, expectations however have existed for two decades and have been intensely experienced since the end of 1999. President Gusmao elaborated on his Constitutional duty to ensure the unity of the country, as well as to guarantee the functioning of the democratic institutions put in place in the country. The President also reiterated that partnership will only be effective when there is a common perception of the complexity of the process on the part of the donors and Government of Timor-Leste. And that successful partnership must result from a global perception of problems and an objective perception of priorities.

The President's speech was followed by H.E. Ambassador Kamallesh Sharma, Special Representative of the Secretary General (SRSG), UNMISET

The SRSG expressed his appreciation to the Government of Timor-Leste for providing the opportunity for UNMISET to address the first TLDPM, since independence. The SRSG highlighted the significant progress made by the Government during the last 6 months of its existence. He reiterated the continuing need for the support from the multilateral and bilateral donors to the economic and social well-being of Timor-Leste, as vital for the long-term stability of the country.

The SRSG informed the delegates of UNMISET's plan to downsize and complete withdrawal by June 2004. He also emphasized the need for development partners to help ensure that Timor-Leste proceeds with a robust progressive and stable course having taken over all security and public administration responsibilities. The SRSG also urged the TLDPM delegates to establish a traditional development assistance framework between the Government and the donor.

For his part, Mr Jemal-ud-din Kassum, Vice President, The World Bank, reviewed the work since Independence day highlighting the impressive achievements, to date. Mr. Kassum likewise highlighted the challenges demonstrated by the recent incident, in particular, on the institutions of law and order. He commended the creation of the Independent Commission and highlighted the importance for dialogue – including an honest and open discussion with the development partners on what has been done and what still needs to be done. He expressed that a functional law and order provides a context of democratic stability, which are essential preconditions for economic development. Mr. Kassum reiterated the World Bank's commitment to continue supporting Timor-Leste's vital work on economic development.

2. Approval of the Agenda

Mr Jemal-ud-din Kassum, Vice President of the World Bank, motioned for the approval of the TLDPM Agenda, which was subsequently approved by the delegates.

3. Progress on the Implementation of the National Development Plan

The session was chaired by Mr Jemal-ud-din Kassum, Vice President of the World Bank. Mr Kassum formally invited the Prime Minister, Mr Mari Bim Amude Alkatiri to address the development partners and representatives.

The Prime Minister proceeded to inform the representatives of this momentous occasion for the National Government of Timor-Leste to report for the first time on the recent developments, progress and some key challenges facing the country.

Since May 20, 2002, one of the focuses has been to establish institutions of the State - the Presidency, the Parliament, the Judiciary and the Executive.

The Prime Minister summarised some of the key areas of progress and challenges facing the nation. At the Political Front, he spoke of the establishment of the new National Parliament which has been restructured to deal more effectively with the legislative and other concerned issues.

He announced that the responsibility for public administration and the delivery of public services was now assumed by the national civil service. To ensure stability and fill emerging gaps in technical skills required for the civil service, 100 international adviser positions with an additional 200 positions have been identified. The Prime Minister informed Development partners that only half the positions have been funded, consequently, delivery of public services in education, health, justice, and security is not adequate to implement the NDP. Unfortunately, certain groups have taken advantage of this situation as evident in the recent protests.

At the international level, he announced that Timor-Leste had established relations with more than 50 countries and recently became members in IMF, WB Group, ADB, CPLP countries, and the UN.

The Prime Minister followed with a summary of the economic situation in the country. He indicated reasons for a slow-down in economic activity, but described some promising areas of growth.

The Government recognised the high cost of living and strategies were being developed to address this without jeopardising either the development of the private sector, or dampening the scope for employment generation, or the international competitiveness of the economy.

On the fiscal front, under-spending from the budget has continued from the last fiscal year into the first quarter of the current fiscal year. In addition, revenue collection, import tax and tax services have been lower than expected. The budget deficit is projected to reach 8.9% of GDP.

The dollarization of the economy is complete and the plan is to continue with the use of the US dollar as the national currency in the medium term.

The Prime Minister announced to Partners the successful completion of the first Action Plans for the first year of the NDP. He noted scope for improvement but the first attempts were commendable.

He continued with an explanation of the Transition Support Program (TSP), a framework for budgetary support from the Development Partners, for 3 years. He provided a brief report on the first quarter of reporting, which showed significant progress as well as some explanations in some of the difficulties completing certain activities in the TSP.

The Prime Minister followed on by highlighting some of the key challenges facing the country such as unemployment; delivery of public services to the people; recognition of the contributions of the veterans and ex-combatants of the struggle for freedom; maintenance of an open national dialogue on issues of current concern; provision of adequate access to justice and the maintenance of law and order; and creation of an enabling environment and promotion of the private sector. The Prime Minister provided a description of each of the challenges.

Despite the challenges, the Prime Minister expressed considerable pride in the progress over the last six months considering there was no firm basis to confidently assess the capacity of the emerging institutions and nascent civil service in nation building. He acknowledged that recent events have meant a reassessment on the political and development processes with the challenges ahead daunting, particularly in meeting the short-term needs for the delivery of services and security.

However, the Prime Minister was confident in achieving the objectives, with the continued support and understanding of the Development Partners. He outlined some the steps to address the December 4, 2002 crisis including the establishment of two

Inquiry Commissions to investigate the causes of the crisis. He acknowledged the direct affect it had on foreign investments and the traumatic impact for the country. To address the recent events, short term needs in the delivery of services, improvement in living standards of the people and reducing poverty will need to be met.

The Prime Minister's speech was followed by a statement by Mr Sukehiro Hasegawa, the DSRSG, and UN Resident Coordinator.

The DSRSG expressed his gratitude to address the first TLDPM. He spoke of the hard work that had taken place by the Government and international community to manage the economy and to build institutional capacity for a democratic governance. He commended the development partners for their generosity in providing resources.

The DSRSG spoke of the areas of support to Timor-Leste in peace building and nation building by UNMISSET and the UN agencies. He outlined six main areas where UNMISSET and the UN Agencies have been actively supporting. Firstly, the area of technical assistance through the 100 Stability and 200 Development Advisors to provide "Gap Filling" to Capacity Building. This was followed with a descriptive account on the background of the establishment of the 100 posts. He reiterated the Prime Minister's earlier comments on the importance of the development posts and urged acceleration of the funding and appointment of well-qualified "development" advisors. He thanked various development partners who had already contributed and urged other donors to provide resources as well as experts that be sent bilaterally.

The DSRSG announced 3 key challenges facing both international advisors and counterparts:

- 1) better communication by overcoming language and cultural barriers, which impede on the 'mentoring and coaching' role of international advisors
- 2) the lack of institutional incentives that is required for the counterpart government officials to be more proactive and assertive in learning necessary skills.
- 3) The need for clear action plans.

The DSRSG then introduced the concept of bridging which is to bring the expatriate nationals to help move them from gap filling to capacity building.

In the second area of assistance the DSRSG discussed the issue of justice, law and order. He outlined the important areas recognised by the Government to establish a fair and just system and making determined efforts in meeting the immediate needs identified by the NDP. He also raised the issue to harmonize the languages as the country goes through a period of transition.

In relation to the recent internal security developments, reference was made to recommendations from the Joint Government-Donor Police Sector Assessment Mission from 18-29 November 2002. He highlighted some of the key areas of need to develop an independent and credible police service as seen by the people and is viewed in the context of the judicial and correctional services.

The next area of assistance included the delivery of services to districts and rural areas in the health, education and employment sectors. The DSRSG raised the importance of maintaining equitable sharing of development resources as a prerequisite for the viability of democracy and stability of the country. Support has been given to the Government in the identified priority areas of health, education and agriculture, underpinned further by infrastructure rehabilitation and development. It was noted that there are numerous development challenges in the health and education fields and some statistics and examples were presented. However, he informed the Partners that progress has been made and the Government's commitment to address this is reflected in the budget, with 30% of the budget allocated to these two sectors.

Capacity building of national health professionals has been supported from various partners, to improve the standard of health care delivery.

Discussion took place on poverty and unemployment, which was supported with statistics. He gave examples of UN programs aimed at fighting poverty and described several programs being implemented.

The DSRSG raised the plight of the disadvantaged groups and the importance for National Dialogue as outlined by the President. Civic education was one means of offering hope with a project currently being implemented in the districts.

The DSRSG concluded with the final area of discussion relating to the veterans and ex-combatant and a need for National Dialogue. This area was described as particularly difficult but not impossible road ahead. A descriptive account of partnership programs for vulnerable groups was provided but recognised additional need to support the joint effort made by the Government and President. A brief outline of the Recovery and Reemployment Programme for Ex-Combatants in Timor-Leste (RESPECT) was given.

In conclusion, the DSRSG closed his presentation with a message of hope, support and partnership and the recognition in the achievement of the NDP.

The DSRSG's speech was followed by Mr Zhu Xian, Country Director, The World Bank.

Mr Zhu expressed his honor at being able to participate in the first TLDPM and to visit Timor-Leste for the first time. Mr Zhu began by highlighting the Government's focus to implement the NDP, despite the great odds and initial conditions inherited by the Government which he proceeded to outline and describe.

Mr Zhu reviewed the achievements made so far in the last six months, including a focus on the top priorities as reflected in the Transition Support Program (TSP). He reminded the partners on the priorities of the TSP, to provide financial bridging over the next 3 years, and listed the developments partners who have support the program. Mr Zhu described key actions where early achievements and progress had been made by the Government.

However, he also brought to the attention of development partners and the Government some emerging issues and areas of risk, including a reminder of the recent events of December 4, 2002 leading to a refocus on the most urgent needs. He outlined the preconditions for economic development and poverty reduction.

Mr Zhu likewise highlighted key issues of concern as presented by the previous speakers. In summary they included the serious difficulties of service delivery to districts and rural areas in personnel recruitment and management and slow budget execution, in the area of law and order, veterans issues, and ongoing and regular communication with the Government and population and other stakeholders.

In conclusion, Mr Zhu congratulated the Government for its progress, and encouraged continue focus on the priorities as established in the TSP. Finally he renewed the commitment of The World Bank.

Following the presentation and statements, the meeting was opened for discussions to the development partners:

The representative from the Portuguese Delegation began with expressing a word of solidarity. He expressed his trust in the future of the country to face the difficulties of the recent events. He stated that the hopes in the future of the country lay in the large population of children and youth. He proceeded to reaffirm the commitment of Portugal to RDTL in all sectors and to renew their commitment and to mitigate the problems in this country in the medium to long term.

He believed that without security, no investment could take place. He expressed some concern, in the area of justice system,, security and stability, and unemployment.

He informed partners that Portugal is working on a cooperation plan for 2003 which will give support to these establishments. Finally, he reinforced Portugal's support and encouraged other donors to follow.

The representative from UK highlighted the extent of their support which had not only been in finance but in human resources, particularly in implementing the road map.

He acknowledged the agenda of RDTL Government as huge and endorsed the DSRSG's statement to alleviate burden on the Government is a challenge for donors, and needs to be highlighted.

He urged donors and partners to avoid duplication, to encourage joint missions, for information to be coordinated, and not to have different methods of pledges.

The representative from ADB followed, by firstly informing the partners of Timor-Leste's recent membership as the 61st member of ADB. He proceeded by outlining ADB's areas of involvement in Timor-Leste, including the Power Sector, where there has been concern. He highlighted the challenges for the sector, particularly with continued subsidies, as fewer resources would be applied to poverty reduction and

other important sectors such as health and education. Secondly, he spoke on the issue of attracting qualified bidders to ensure improvement of power supply.

The representative from Ireland Aid made reference to the issue of decentralisation which was identified earlier by the Prime Minister. She expressed concern with the interim period, and urged reassurance from the Government to improve communication links between rural and Central level, including coordination of aid at district and central level. She felt that in the interim period, there is a need to double efforts at district level with policy.

The representative from AusAID followed by firstly highlighting the NDP and progress in the TSP. He reiterated concerns made earlier by ADB on the state of the power sector, and its continual drain on the national budget, which has affected service delivery in the district, poor performance, destabilisation of Decentralisation.

The AusAID representative urged private sector development to encourage a dynamic creation of employment for the young, which would improve stability. He suggested the creation of a policy for an inductive environment to attract foreign investment, which relates to law and justice. He also announced the support for Law and Order from the Prime Minister of Australia.

The NGO representative, emphasised the need to voice community opinion and to involve the community in discussions.

The Norwegian delegation conveyed their sympathy in the recent days and expressed their trust in the Government to prevent further outbreaks of violence.

He praised the Government on the National Development Plan as an excellent roadmap for the development of the country making reference to the AAP as a necessary tool to maintain close linkages between planning and budget functions. He noted the need to operationalise plans, prioritise programs with attention to poverty reduction in the rural areas and service delivery in the districts.

He highlighted some of the initiatives between Norway and the Government in energy and offshore sectors as well as provision of emergency assistance to develop the power sector in Dili. However he urged the Government to give immediate attention to the management and cost recovery of the power supply.

He made reference to the 100 and 200 development posts as outlined in the welcoming speeches and by the DSRS. He acknowledged the work done by the government on the progress and implementation of the Transition Support Program as well as the recent Progress Mission. He hoped that the Government would fulfil its recommendations in the Aide Memoire.

He also highlighted the need for a well functioning judicial system as a prerequisite for democracy and condition for economic development. He urged the Government to expedite efforts to streamline this sector.

He added that the establishment of legal property rights and credits are prerequisites for the private sector for a sustainable private sector activity and international

investment. He was encouraged by the steps taken to create a sound environment for the private sector.

He was also pleased to note the strong emphasis the Government had on developing bilateral relations with Indonesia. For security reasons and to ensure reconciliation and cooperation he expressed its importance.

He concluded with a breakdown of Norway's assistance since 1999 and their commitment for the long term in the 3 key areas of 1) Good governance, democracy and human rights; 2) Sustainable management of natural resources and energy; and 3) Health and education.

The representative of Japan outlined assistance given to Timor-Leste in the past, totalling \$130 USD with a further \$60USD for the next 3 years. Three priority areas were identified human resource development, agriculture, and infrastructure.

He referred to the crisis of December 4, 2002, which served as a reminder of the daunting tasks for the government. He reiterated the causes and the needs to address them as discussed by other partners. For the short term, Japan is prepared to provide consideration to any initiatives offering employment for ex-combatants and veterans.

The Japanese delegate concluded by outlining their support in the private sector and agriculture to assist in the provision of employment, improve livelihood, and basic needs for the people. He emphasised the rehabilitation and rebuilding of infrastructure, road, power, bridge, as the basis for economic development, which cannot be achieved without this infrastructure.

The Swedish delegation expressed their appreciation to the RDTL Government and World Bank for the arrangements. They began by expressing their sympathy in the recent tragic event. They felt efforts to curb such violence need to be firm and the root causes of the violence must be addressed.

He continued to comment on the impressive achievements, from 1999 and the last 6 months since May 2002. He proceeded by describing the key areas for maintaining stability and security, which includes the political system's capacity to deliver jobs and basic means of life for the population of East Timor. It was acknowledged that some policy choices would be difficult and may not be what they would like to see.

They welcomed the efforts made so far and supported the further strengthening of the democratic process. For this process reconciliation with the past injustice over last 24 years is vital. They commended the creation of the two veterans' commission which they felt was important to address veterans issues early on.

He recognised the enormous tasks of fighting poverty and building capacity of the institutions. Despite the obstacles, substantive progress has been made in the last six months. The NDP was seen as an excellent basis for continuing work.

He emphasised for implementation to be carried out quickly in many sectors. He also outlined the difficulties previously addressed by other development partners in service delivery to districts and rural areas. He recommended that issue of personnel and

financial management be prioritised on an urgent basis.

He drew special attention to the judiciary sector, with an explanation that a legal system that functions, from the police and the courts to correctional system is a prerequisite in a democratic society built on law. Progress here is essential to build on public trust.

In regards to assistance, he explained that the Swedish Government had adopted cooperation with Timor-Leste. The key objectives for support include reducing poverty, ensuring peace and stability, strengthening democracy and respect for Human Rights, and strengthening economic development. He announced that over the next three years, Sweden will allocate USD\$3.5million. Out of these funds, about USD \$3.2 million will be allocated to the UNDP technical assistance project in Timor-Leste for 2003-2005, under the 100-200 posts. They encouraged other donors to join them to make unearmarked support for the 100-200 posts.

Other areas of support given were to UNICEF for primary education and to the parliamentarians in Timor-Leste. He also informed the Government that consideration for budget support through cooperation with the World Bank is in the final stage of preparation and the preliminary results are positive. This will be put forward to the Swedish Government early next year.

Finally, Sweden confirmed their increasing support to Timor-Leste.

The Brazilian Delegate outlined key areas where they have supported to reduce poverty: health, education and agriculture. In the coffee industry, support has been given through the transfer of technical knowledge to increase productivity.

He also informed partners of Brazil's contribution towards peace and security through Interfet and PKF, as well as support to FDTL. In regards to the events of December 4, 2002, they are confident that the authorities will restore stability here.

The Brazilian delegate concluded by highlighting future cooperation with Timor-Leste in the area of health and education and defence, which would be in accordance to the necessities of Timor-Leste and the ability of Brazil.

The New Zealand representative proceeded, informing members of the meeting New Zealand's interim strategy for bilateral aid of USD\$5 million, which does not include budget support in the 4 areas of natural resource, basic education, and governance, with a focus on Suai and Atauro.

The representative reiterated the need for the delivery of Government services and decentralisation. The need for an effective government service and high quality assistance at the community level.

New Zealand also expressed a willingness to support options paper on decentralisation and supported comments made by Ireland for interim measures which the government is preparing.

The final area of support provided by New Zealand was in the area of justice and law

and order, through the police, judiciary and corrections service. She concluded by stating New Zealand government continual support to the correction system.

The representatives from the private sector followed, urging the development partners at the TLDPM to encourage their investors to visit Timor-Leste. The private sector expressed concerned with law and order in the country, and urged the development partners to contribute to this area to maintain security and stability.

A question was then directed to the justice minister, by the international representative of the private sector. She urged the Government to look at the Appeals Court as an important area for the private sector. In addition for mentors to look at translations and to ensure transparency and good communication

The US Ambassador reiterated sentiments already expressed by other delegates regarding the recent events. He noted that the events reflected the frustrations of citizens from rural areas where economic development had not progressed as rapidly as expected. The challenge is for the development partners to revisit planned activities to determine whether they are adequately addressing the needs.

He welcomed this meeting as it allowed partners to review initial priorities, progress towards the NDP goals and objectives and emerging issues facing Timor-Leste.

The United States government, through USAID would continue to assist the people of Timor-Leste build a prosperous and democratic future. He explained their continual commitment to reflect US foreign policy interests in building a stable democracy that supports good governance and free market principles and advances regional stability in Southeast Asia.

He proceeded by describing the challenges of nation building given the limited human resources, and capacity of a young democratic institution, with high levels of poverty, particularly in rural areas. He presented a general question to members, on whether development partners were addressing the needs as best as they could considering the limitations. He reiterated continual efforts to provide services to the districts, in light of recent events.

The Ambassador, continued with an outline of the support to the projected of amount USD\$25million and will continue at this level. USAID will focus on economic revitalisation and growth programs in agriculture, the private sector and development

The US also welcomed the views of RDTL government and other partners with regards to how their development assistance could be improved, ensuring it is appropriate to the Timor-Leste context.

The Ambassador concluded by stating that during this decade the challenges faced will affect democracy and requires a sustained effort to prepare its civil society, local government, and the private sector for the road ahead. This is crucial to ensure broad-based economic growth and employment.

Finally he reaffirmed the statement of the DSRSG, to exercise patience, recognising the challenges faced ahead equalled with the hard work.

The Special Representative proceeded with reference to delivery of basic services highlighting four indicators of basic services that describe the status of the delivery of basic services. He shared with members of the meeting, data from a preliminary report on a recent survey conducted by the Division of Statistics and UNICEF. These four indicators included: school attendance; immunisation coverage; maternal health and; malnutrition of children.

In conclusion he believed the importance of continuing the emphasis on the basic needs of the people as there are still wide gaps. The next few years are critical and efforts need to be doubled to increase investment in health, education and nutrition to decrease the risk of instability. He believed the first step to achieving the targets of the NDP is to develop an operational road map.

The representative of the European Commission provided an overview of their key strategies for the future. These include assistance to the NDP, social sectors and health.

He recognised that the management and implementation of projects, will become more challenging but the Timorese must continue to take responsibility. At the same time, micro level issues of budgetary process and administrative implementation constraints, must not be allowed to impede the positive momentum of the previous rehabilitation phase established under TFET.

He urged for attention to be given to establish administrative and financial efficiency and transparency. East Timor has an opportunity to avoid the inefficiencies and abuses encountered in other country contexts. Donors can provide the external technical assistance and set up systems but they will be sustainable in the long-term only as long as local counterparts are trained and handing over is achieved.

The representative for the European Union, outlined the areas for future assistance in two sectors: basic health services provision at appropriate levels of technology and infrastructure; and rural development including capacity building in civil society and public institutions.

In conclusion he announced that from 2003 the Commission would taper down indicative aid allocations.

The Chinese Ambassador reaffirmed their support to Timor-Leste and is willing to enlarge cooperation in all areas. He described support provided by the Government of China since 2000, totalling \$130m Yuan. He informed the Government that they would double efforts of its commitment.

The ambassador suggested that to mitigate unemployment, it is important to attract foreign investors. This would require taking steps toward provision of security for foreign investors such as promulgate law on investment and land and property.

Another area of urgency raised by the Ambassador is veterans which they would be prepared to contribute towards.

He concluded with a reminder to the development partners that Timor-Leste is barely 6 months old, and like a baby, it is fragile, it needs nurturing, needs milk, lots of milk to grow.

The representative from Russia expressed his gratitude to attend the TLDPM and stated that it was their first time in Timor-Leste. He explained Russia's interest to contribute toward the economic and social development of the country.

The representative from France outlined their support through the Security Council and a large contributor through the European Union. He stated that in bilateral means they are limited but will direct to agriculture and fisheries.

The delegate put forth to Government an updated on the ratification of Timor Treaty. A response was given by the RDTL government informing the delegate of a result in the near future.

Finally the representatives of France expressed their full support and confidence to Timor-Leste Government.

This concluded the discussion session with no further statements from development partners. The Chairperson, Mr Kassum, gave the opportunity for the ministers of the RDTL Government to respond to the various questions posed by development partners.

The Minister of Justice, Ana Pinto Pessoa, began by addressing the questions directed by the private sector. The senior minister explained the process required to establish the Court of Appeal. This would require the consent of the Government, and would compromise of international and national judges. She informed them that a selection of international and national judges had taken place but is pending approval by the magistrate, which is expected to place at the end of month. The magistrate will be operationalised so that we can have a Court of Appeal fully operationalised.

The senior minister acknowledged the difficulties with translations. The intention will be to documents translated not only in English but in Portuguese. Codes are important for our magistrates, training.

The Prime Minister addressed the question on local administration, referring to it as local government. He explained the process of building a State in Timor-Leste, whereby the Constitution is not suffice. The State, means to have policies which currently do not exist, there is a vacuum. fundamental issue is authority, find formulas to

He felt it was too early to discuss local autonomy other than Oecussi and Atauro. He queried what development partners' meant by 'decentralisation'? Is it referring to corruption and nepotism. His concern in legitimizing local authorities, in district and sub-district, would mean more resources.

He acknowledged the importance and urgency of basic services, with the figures from UNICEF, showing the need to concentrate on the issue of health and education.

In response to the representatives from civil society and the private sector the Prime Minister reminded them that the NDP was prepared with civil society participation. He also informed them of the plan to establish a mechanism, to execute the plan enabling civil society to follow up on the whole process.

He did not want to see businesses declaring bankruptcy when no legislations and laws were in place.

The Prime Minister continued by explaining the ratification of the Timor Gap which is underway and will be consider by the National Parliament before 15 December 2002. He added that there were still rounds of negotiations with Australia scheduled to take place on 16 December. From the stance of the RDTL, the ratification will be completed by end of December.

Finally, the Prime Minister ended the first day of the TLDPM by expressing his gratitude to donors, the private investors and, civil society inciting that together we can address issues as partners.

TLDPM: 10 December 2002

1. Resource Utilization and Mobilization

The session was chaired by H.E. Prime Minister Mari Alkatiri, who invited Hon. Maria Madalena Boavida, Minister of Planning and Finance to present on Resource Utilization and Mobilization.

The Minister of Planning and Finance firstly extended her welcome to all the development partners for the generous support to the people of Timor-Leste. She recapitulated the outcome of the Dili Donor's Conference held in May 2002 including the presentation of the Combined Sources Budget for 2002-2003 developed to support the National Development Priorities and within a sustainable Medium-Term Fiscal Framework. She further highlighted the pledged support received for the three years post-independence, with a substantive amount directed to the Transition Support Program.

The Minister, continued with a summary of the various funds and donation provided during the 2002-03 budget which included Consolidated Fund of East Timor Budget, donations and procurement of UNTAET, assets.

The Minister proceeded with a brief report on the recent assessment of budget performance and execution rates which are significantly low. She explained the difficulties with the limited capacity of line agency staff, recognising the Government's challenge in the coming months to address the various causes.

An update was also provided on the recently completed mid-year review Budget. The review provided an opportunity for Ministries to transfer within and between programs in support of the AAPS and to facilitate budget execution.

She also informed partners of the Government's commitment to maintaining a fiscally sustainable budget within the Medium Term Fiscal Framework. The Minister was also pleased to announce the Government's achievement in reducing the 2002-03 Budget. She directed the partners to the Mid-Year Budget Update document for further details on revenue and expenditure and proceeded to highlight key areas.

The Minister explained the revised donor pledges for the 2002-03 Consolidated Fund of East Timor (CFET) Budget was revised from \$35.4m to \$29.3m. Consequently the Government has reduced the CFET Budget and associated expenditures by \$3.5m to \$74.2m. She continued with an outline of the expenditure side for 2002-03 Mid-Year Budget Update and the areas where funds will be sequestered to meet the \$3.5m reduction to the Budget.

The Minister then directed the partners attention to Annex B, which highlights the Government's ability to achieve these adjustments whilst maintaining an overall "core budget" of \$70m as well as keeping in the parameters of the TSP Action Matrix.

The Minister followed with an overview of the key mid-year adjustments to the three-year revenue and expenditure projections. She directed partners to Annex A providing a description of oil and gas revenue forecasts, the revisions to the health

and education budgets resulting from the signed agreement with the European Commission.

She continued with an update of the power sector, and the revised three year financing requirement increase from \$91.3m to \$94.4m. A total of \$49.4m for the TSP has been confirmed in signed agreements and an additional \$19.8m in the pipeline.

It was noted that over the coming months the Government will consider policy options for narrowing the revised projected medium term financing gap. She outlined the possible options to achieve this.

To conclude the section on medium term adjustments, the Minister, informed partners that the mid-year budget process did not encompass a review of the multilateral, bilateral or TFET funding in relation to the combined sources. However, this would be a priority in early 2003, with the development of a comprehensive external assistance management database.

In relation to the TFET, it is noted that a surplus of \$2m, due to favourable exchange rate of the Euro dollar and to additional investment income of \$6m.

The Minister ended the session with an overview of the next steps. She noted that the most difficult challenges laid ahead but was most grateful at the attendance of development partners indicating their confidence in the Government and spirit of partnership.

IMF proceeded with the support of development partners will be able to achieve what is set out to do;

in the statement sent out for distribution, figures consistent with those provided by Govt. Differences are only due to classification procedures

Overall economic slowdown mainly due to winding down of international presence, especially in the service sector and construction sector

Medium term projection 4-5% growth in economy

Inflation remains moderate, there are some signs of a downward adjustment in wage levels, which will assist in restoring competitiveness of the economy

Challenge for Govt is budget execution

Poor spending on health, education and other services, due to difficulties

Power sector, inability of power authority to improve revenue collection, less than 50% of targeted budget;

Revenue picture: there is a shift for current fiscal year, short fall in domestic revenue due to low oil revenue sector, in future could mean greater shortfall which may affect future policies, a challenge, needs to be reviewed next spring.

Capacity building: continue to provide TA in short and long term, MPF, BPA, and establish central stats office;

Rely on short term staff (2 weeks) to assist Govt with regulations, eg, recently, oil work, look at future benefits for future generations;

The Prime Minister opened the session for discussion. The representative from civil society, from the NGOs expressed concern that both international and national would have to pay tax. He stressed the fact that they were non-profit humanitarian

organisations.

The Minister Madalena Boavida responded by informing the NGOs, that tax payment applies to all goods imported from organisations, when sold. The State also pays taxes and cannot make exceptions as the State cannot lose revenue from this. A law for NGOs operating in Timor-Leste will be established and the registration system improved.

The Ambassador of the United States of America congratulated the Government on the Country Agreement and bringing this to a closure, however, they were not quite there.

The Prime Minister responded by reminding partners that a small country like Timor-Leste needs help because it cannot simply use its own resources like other countries. Development partners have to understand that the country agreements are different for each country, but he had hoped to have it signed by the end of the year.

The representatives from the delegation raised several issues from the presentation. Firstly they commended Timor-Leste on its model for expenditure system which has enabled it to achieve good economic management. They commented on the Power Sector and the financial gap affected by poor revenue in collection and cost recovery which needed to be addressed.

Australia fully supports the policy stance adopted by the government to open the economy despite political pressures. They felt it was critical that the government be better informed on bilateral and multilateral programs to allow for a better combined budget process.

In relation to the Oil and Gas revenue, the representative from Australia was pleased to hear that the discount factor on the oil and gas revenue had been adjusted. This indicated that the focus remained on opening the economy, private sector development and employment generation.

The representative encouraged the Government to establish a trust fund for oil savings to be used for future generations and budget. He requested from the Government the progress achieved in this area.

The Prime Minister replied and informed the representative from Australia that the Government had asked IMF to conduct a study on establishing the oil trust fund. He noted that it was a challenging task but by setting a good margin, the Government cannot spend all the money. Finally he stressed the Government's determination to save for future generations.

The session finished ahead of schedule. The Prime Minister suggested to the development partners to hold a debate on the most urgent matters for the people to commence after the last session.

All partners were in agreement with the Prime Minister's suggestion.

2. Next Steps - Tentative conclusions from the Draft Road Map

The session was chaired by H.E. Prime Minister Mari Alkatiri, who invited Hon. Aicha Basserawan, Vice Minister of Planning and Finance to present on the Next Steps of the Implementation of the National Development Plan (NDP).

The Vice Minister began by welcoming the developing partners. She commenced her presentation with an introduction to the NDP and the upcoming exercise to be undertaken by the Government to prioritise and sequence the programs and projects in the NDP for the coming four years. She informed partners that it would formulate the main part of the Road Map to guide implementation. The Vice Minister provided a descriptive account of the Road Map, including its key role as a tool to not only assist ministries, but compliment parallel work such as the High Level Multi-stakeholder Body for the NDP, to facilitate coordination of external financing and to establish a monitoring system to focus on performance and outcome indicators for each sector. She also made reference to the Poverty Assessment and the global Millennium Development Goals.

The Vice Minister continued by explaining that one of the key challenges facing the Government is its limited capacity. She provided a brief recount of the formulation of the capacity development framework for the new administration referred to as Capacity Development for Governance and Public Sector Management (GPSM). She outlined the objectives of GPSM and its inclusion into the NDP in February 2002. It was also stated that the GPSM framework was currently under review to identify its relevancy and its correlation to the AAPs. She emphasised that it is a concept for coordinating all capacity development initiatives in governance and public sector.

Following the issue on GPSM, the Vice Minister drew on the role of the international advisors in the area of capacity building, reiterating the history of the 100 stability positions and the 228 development post. It was noted that only 50 of the 228 position had been filled. She urged the development partners to support the remaining posts and shared concerns that there was an absence of counterparts for international advisors.

The Vice Minister touched on the coordination of External partners under the responsibility of the Planning and External Assistance Management Division (PEAMD) in the Ministry of Planning and Finance. She outlined the mechanisms for coordination and in facilitating the flow of information and external assistance. Emerging issues were also raised such as the collection of information on ongoing and planned projects funded under bilateral arrangements. Strategies and mechanisms taken to address the concerns were also highlighted by the Vice Minister.

The final area discussed by the Vice Minister, referred to the domestic development partners, which included civil society organisations and the private sectors. She spoke on the relationships being constructed, serviced and managed, recognising the difficulties experienced by the private sector. Areas in which the Government was making a concerted effort to engage civil society organisations were listed. Finally the Vice Minister outlined the future actions to take place which would strengthen dialogue and coordination between the Government and civil society organisations.

To end her presentation the Vice Minister stated that the Government is making efforts to implement effectively the issues discussed, but would need to be complemented by flexibility, responsiveness and full appreciation of the political and social dynamics by the development partners to achieve success.

Mr Zhu Xian Country Director for Timor-Leste from the World Bank was invited to provide a statement on the Vice Minister's presentation. He firstly commended the Government for their commitment on developing an integrated plan and budgeting framework to guide the allocation of resources and implementation of programs in pursuit of nation development goals.

He reiterated the importance of the upcoming prioritising and sequencing exercise which will link closely planning and budgeting as highlighted by the Vice Minister of Planning and Finance. The Country Director offered the government the necessary technical support to design and implement the indicators and targets for outcomes which he described as a possible set of nationalised Millennium Development Goals.

Mr Zhu also emphasised the need to cement a consultative process into the planning process, linking communities and other stakeholders in the ongoing implementation and monitoring of the NDP. He made reference to the Interim Poverty Reduction Strategy Paper for Timor-Leste which could be constituted with the NDP and "building blocks".

The representative from the World Bank continued to reiterate key areas already outlined previously by the Vice Minister. This included coordination and inclusion with development partners, in the planning process so that external financing could be prioritised and programmed alongside the Government's domestic resources.

The Country Director for Timor-Leste of the World Bank, concluded that within the context of prioritization and sequencing, key issues that have emerged as critical will need to be given special attention. Finally Mr Zhu reassured the Timor-Leste that the road ahead would be optimistic.

The Deputy Assistant Administrator and Deputy Regional Director for Asia and the Pacific of United Nations Development Program (UNDP), followed the statement of the World Bank. Mr David Lockwood, firstly noted the progress made since early 2000 yet is still fragile as evident in the recent events of the last week. He reiterated comments raised in the opening speech of the Prime Minister and the SRSG and the accomplishments needed, before the departure of UNMISSET in June 2004.

The UNDP representative brought attention to three issues. The first covered poverty reduction and sustainable development. He briefly quoted some statistics on the current living standard of the people in Timor-Leste and noted UNDP's direction towards increasing poverty reduction activities in rural areas. In addition, UNDP/Global Environment Facility through a multidisciplinary team would be arriving to work with the Government to look at environmental protection initiatives.

The second issue raised by Mr Lockwood, was focused on the issue of democratic Governance and Capacity Building. He recognised the huge task ahead in institution

building and capacity development and outlined the key areas where UNDP is supporting this. He also reiterated comments made by the DSRSG Mr Hasegawa, on the importance of support by the donor community for the 200 development-posts and the function of the Capacity Development and Coordination Unit. To end this section, Mr Lockwood urged partners to invest in the critical programs in the NDP.

The final issue presented was directed on effective development partnership, in particular on the Millennium Development Goals (MDGs). He briefly described the eight MDGs and its similarity with the Timor-Leste 2020 vision. He announced the upcoming campaign of the MDGs early next year.

To conclude the UNDP representative outlined the 3 key objectives of UNDP upon its arrival in November 1999. He acknowledged that the transition from post conflict crisis to longer-term development will be a challenge, but together it could be achieved.

The Prime Minister invited the development partners to discuss any issues from the presentation.

The representative from ADB began by praising the Government on their efforts to make development a fully inclusive process, as reflected in the NDP as well as the TLDPM. Whereby key stakeholders, including CSO and private sector are very much involved. The meeting today is a demonstration of these efforts. ADB is aware of the heavy burden that it imposes on the counterparts in the Government, especially in the MPF, which has the responsibility for coordinating this. ADB hopes they can continue to have the energy and spirit to sustain these efforts.

ADB also praised the Government's efforts to involve donors into coordinating their assistance for promoting a broad based development. Discussions on this issue should take place as early as next year.

He proceeded by outlining the areas of support which include, infrastructure, water, micro finance and fishery sectors. He informed them that ADB has provided approximately USD \$8m in Technical Assistance agreements.

He continued by announcing ADB's commitment for the coming years which will downsize in support, a grant limited to USD \$1m a year. This implies that Technical Assistance will have to be selective and targeted to sectors that are most critical for meeting development challenges.

However, he informed the Government that Timor-Leste would be eligible for concessional loans from ADB. The representative from ADB acknowledged the Government's reluctance to contract loans for the time being but hoped that it would be discussed in the near future.

The representative from the United Kingdom complimented the on the quality and comprehensiveness of the background information provided for the meeting.

He brought attention to the possible difficulties of the prioritisation exercise for the Road Map, given resource constraints. He noted that consideration be given in both

financial and human capacity constraints in this exercise with a need for more flexibility in the Government in use of resources.

The UK representative suggested a provision of safety nets through Labour intensive public works. He gave warning for initiatives to focus on projects that have the biggest impact on productivity and employment generation and benefits for the poor, as well as on projects that can meet the needs of the private sector.

Finally the representative from the UK delegation emphasised the importance of coordinating aid and technical assistance.

Firstly the representative from the Malaysian consultant congratulated the Government. He stated that this was the first time they have participated in the TLDPM.

He followed by highlighting the areas of support which have included labour for training abroad; the police force; airport management, road, agriculture, bomberios, and English training. They have also supplied equipment to correctional services and assisted with the reconstruction of the Mosque in Baucau as well other areas.

The representative of Malaysia made reference to the recent event and expressed their concerns pertaining to security for Diplomats, foreign representatives and investors. Malaysia called for the ratification of the Vienna Convention on Diplomatic Relations.

He also highlighted the support of the Malaysian Government for RM \$1million to the Timor-Leste embassy in Malaysia for operating costs.

Malaysia also hoped the Government will speed up the enactment of relevant laws (investment law, bankruptcy). He expressed concerns with the power sector, and the high cost of living in Timor-Leste.

For his concluding remarks the representative of Malaysia hoped that Timor Leste will be an official observer of Asia before it becomes a full member of ASEAN. Furthermore, it would continue to provide support to civil service training together with JICA's support to civil service training.

The Ireland Government congratulated RDTL Government for their efforts to operationalize the NDP. The representative commented on the need to keep the planning infrastructure as simple as possible overtime. Ireland would be committed to support the planning process through the TSP over the 2 years.

UNDP's emphasis on CDCU was endorsed by the representative, noting that technical assistance cannot be sustained thus it was critical to find optimal ways of using technical assistance notably through closer coordination with agencies working agenda.

Finally Ireland hoped that efforts will be made to continue to involve civil society and the private sector in the planning and development processes which be expressed in a Concept Paper to discuss the process.

The delegation from Canada outlined their support of USD \$7million towards capacity building in governance and rural service delivery. Furthermore, Canada has already engaged with the World Bank for budgetary support to the TSP. They also hoped to engage the Government in further discussions on development posts and budget support.

In conclusion the representative put forward to suggestion to the Government regarding aid coordination through the establishment of a database.

The delegation from Australia followed, with a request for better targeting of programs. The representative praised efforts to link strategic planning with budget. They stressed the need for prioritising capacity building delivery in the next 3 years and therefore the need for centralizing information on all donors' assistance.

The representative reiterated key areas which required attention. These included participation of CSOs and the private sector, cost efficiency in service delivery, the 100 stability posts, and the recruitment of local staff, so that international positions have adequate counterparts.

For their closing comments, the delegation from Australia referred to the challenge of not only implementing the NDP but also the need of maintaining social stability and meeting people's expectations. It was felt that the latter issue should be taken into consideration in Donors' assistance programs to deal with instability, through a vulnerability analysis. This could be an entry point for further assistance in Timor Leste, along with efforts to support poverty reduction.

Finally, Australia felt prioritisation and sequencing of assistance should be coordinated with the government, as a means of preserving stability, as outlined by the President yesterday.

The representatives from the private sector expressed concerns about differential treatment of domestic and foreign investors. There are two groups of investors under consideration: domestic and foreign investors.

They gave praise to the establishment of the Chamber of Commerce and Industry of Timor-Leste which has always received support from the government, through the Secretary of State for Industry and Trade.

The private sector expressed necessities to attract foreign investors and other private investors by creating incentives and other advantages such as temporary reduction of taxes.

In the last 2 years, the private sector has been striving to create new activities. The private sector faces huge problems with national human resources (lack of qualifications, inadequacy of qualifications with skill requirements), which reflects in work efficiency.

Finally, the representative from the private sector highlighted the pool of professional experience in the sector which had not been maximised. They suggested a need for coordination among institutions, so there is professional guidance so that the private

sector can establish, and improve the quality of the services rendered. A possible solution may lie in providing private companies with specific funds to assist in the provision of training.

The Prime Minister responded to the concerns raised by the private sector. He informed them of the preparations to establish a Chamber of Commerce and Industries which would provide a forum for both domestic and international business interests to get together to respond to all needs and challenges. In October 2002 contacts had been made to look at the procedures and speed up the process.

In the By-Laws of the future for the Chamber, provision is made for the participation of international investors and individuals, domestic associations and enterprises.

“Taking into consideration points made yesterday, we would like to emphasize that the private sector in 1999, was fragile, everything was destroyed, since then to now we have needed to restructure, to rebuild ourselves”.

The delegation from the USA summarised the commentaries already outlined from the various Partners, stating that there is a broad consensus as to where we are, where we need to be, the obstacles, and the broad general strategies to overcome this.

He highlighted the importance of fostering employment in the private sector with a need for increasing training opportunities. Following the statements of the delegation of the United Kingdom, the representative from the USA, agreed that the success or failure of the development strategy will depend upon the ability of the private sector to provide a broad range of employment opportunities and revenue.

He followed by making reference to the statement of the President’s challenges in development assistance which would require re-directing of activities and programs based on emerging issues in Timor-Leste. On behalf of the USA, they welcome this challenge and were prepared to carefully re-examine its assistance whilst also setting higher standards for its support to ensure that support is best suited to Timor-Leste’s particular conditions. In his final comment, he reiterated the observation of AusAID, that aid can sometimes do more harm than good.

The DSRSG began by reporting to participants of the TLDPM, an update on the recent events on December 4, 2002. He explained that the SRSG had been carrying an internal investigation which is still ongoing. An outcome would be made known after the SRSG had taken the necessary steps with the Prime Minister and his Government.

The DSRSG proceeded by outlining some of these impertinent steps in consultation with the Prime Minister. Firstly, he reported on UNMISSET’s role in strengthening its preparedness in Dili and in the country, both through its police and PKF. He continued with an overview of the immediate requirements to be fulfilled by the Police Force for crowd control. He then focused on the capacity building of the police force. He reported that the SRSG had decided to implement the recommendations of the joint Government and Donors’ police assessment mission which includes the time of handover, and human resources, code of conduct, community orientation and personal relationship with police and community

residence. Finally the DSRSRG informed the TLDPM that outcome of the investigations and the disclosure of the findings would be made known, which would hopefully increase the confidence of community and maintain law and order.

The representative from the private sector raised the importance of capacity building in the area of 'on the job' training. She noted that initiating this activity has been difficult as there is no organised program, nor coordination with other development partners and the Government. The representative suggested possible coordination with the private sector as they could provide opportunities to train people, in technical and professional areas such as engineering, administration, and computers.

The representative supported the suggestion from the private sector and informed partners that Canada already has arrangements with Dili University to train students in basic office skill and management for 6 months.

The Prime Minister proceeded to address the various concerns and suggestion made by the various development partners. He firstly acknowledged comments from all Partners on the challenges facing the Government with the few resources available. He noted the general consensus to reduce the pressure, and requirements, on the Government. He appealed to the Partners not to provide additional pressure on the Government but to give them some more time, instead of providing report after reports.

The Prime Minister then directed his response to the concerns expressed by Malaysian delegation on the recent events. He informed the delegation that the Vienna agreement was currently being reviewed by the MFAC.

With reference to the events on December 4, 2002, the Prime Minister made light of the lack of security by using his own example. He assured Malaysia that the Government would improve security in cooperation with UNMISSET. He added that the foreign defence and security is still under hands of the UN.

In response to the private sector, the Prime Minister said that a lot of emphasis has been put on attracting foreign investment, with the risk of forgetting domestic investors. The Government is willing to establish a forum for foreign investors, but also create stimulus for the development of domestic private enterprises as well. This requires more capacity building. The private sector development should be based on a genuine partnership between foreign investors and domestic firms (i.e. foreign investors should not only giving names and gaining revenues, but also involve domestic enterprises in management and control, in order to improve capacity).

The Prime Minister continued on share with the partners, the Government's intention to address the needs of the people. He described his recent visit to the Districts, observing a decrease in the expectations of the people with less requirements as before. He outlined the needs expressed by the people.

The Prime Minister put forth to development partners on how they could respond to these needs as we implement the NDP. To address the requirements of the people, we need to fulfil the goals in the NDP. Security is only sustainable if we give these requirements to the people.

He specified a part of the population, the veteran, and combatants for which the war has lasted for a very long time. He reported that steps were being taken to determine who are veterans, orphans, widows etc.

The Prime Minister concluded by stating that the Government is ready for the challenges ahead, but can only face them, if there is a real and total partnership with donors, countries who give us support, civil society and the private sector.

3. Closing Session

In his closing speech, the Vice President of the World Bank, Mr Jemal-ud-din Kassum, briefly recapitulated the key challenges that lay ahead, the progress made thus far and the commitment of the World Bank with all the development partners to support the urgent priorities identified by the Government. The Vice President of the World Bank concluded by commending the Government and the people of Timor-Leste for their commitment to be eradicate poverty.

The TLDPM was formally closed by H.E. the Prime Minister Mari Alkatiri.

The Prime Minister concluded the session by informing the partners that the TLDPM that the success of the last 2 days, is the result of days, weeks, and months, years of work. He requested development partners to proceed in the development of the country. He felt that their presence showed the amount of trust held towards the Government and the people.

He reconfirmed the commitment to go forward with the process to consolidate peace and stability. Also to consolidate the institution especially the State. He acknowledged the serious challenges ahead but noted that although they are few and small, with the support of the Partners we can win. The message given by the Partners, indicates the trust in us, and their willingness to commit to this test

To conclude the Prime Minister reaffirmed the urgency to respond to the needs, which could be achieved together with the partners. There is a lot of work to do from this meeting but it was worthwhile. On behalf of the Government and people of Timor-Leste, the Prime Minister expressed his sincere gratitude for the support of all the development partners..

The session was opened to the media for a Press Conference.

The first question was directed to the Prime Minister on the issue of law and order

The Prime Minister responded, by stating that the recent incident last week drew attention to law and order. He recognised that the judicial system, is very weak, and that the system itself needed to be strengthened. The government, is looking at further accelerate, including training of police.

The Prime Minister informed the media that he was pleased with the positive results of the TLPDM. The meeting discussed all the problems especially the basic needs, however, it should not be forgotten that there are many problems that need to be

answered

The Prime Minister invited a member of the media to pose another question.

A question was asked on the issue of security in the future.

The Prime Minister informed the media that a needs assessment mission on the police had taken place prior to the December 4 incident. The results of the mission identified donor support and commitment to develop the capacity of the police and armed forces.

The following question, requested a status on donors who had pledged funds but had yet to fulfil.

The Prime Minister stated that the TLDPM was a review of the budget and this issue would be addressed in the planning process in the next year.

A member of the media questioned the role of the World Bank and the Government to address the issue of law and order and the police.

The Vice President of the World Bank informed the media that they are not directly involved to support police force.

The Prime Minister reiterated that the question on the police had already been asked and answered.

He was hesitate to draw conclusions on the investigation of the recent events.

The Prime Minister followed by describing his recent visit to the people in the community, where they identified three areas: health, education, people' production eg roads to take food to market

He highlighted the problems of vulnerable groups such as veterans, widows and orphans, whereby conditions to resolve these problems were needed. He reminded the media, that the Government is solely not responsible for creating conditions to give employment. If we burn, steal, people will not be will to come here. We are lucky, in Dec they had opportunity to not come but they did. if we continue to do this, they will not come

Next question from the media: What are the priorities for this period?

The Prime Minister referred them question to the previous answer and reminded them of the National Development Plan.

What steps are being taken to solve this problem

The Prime Minister stated that all the ministries, would receive assistance through workshops from the Ministry of Planning and Finance to execute budgets efficiently to ensure quick implementation of programs.

Lack of communication channel as outlined by President. Have there been resources to have comm. channel

The Prime Minister recognised the shortage of communication and need to restructure this in coordination with public communication with the private social agents in communication. He reminded the press that, Freedom of press, does not mean spreading of rumours.

A member of the media sought information on the budget of the Government for the next 6 months.

The Prime Minister reported, \$77.7m USD, for 12 months was allocated.

A question was directed on whether there was a need for an extension of UN forces based on last week's incident.

The Prime Minister believed that the Timor-Leste forces could manage the situation, without increasing the numbers, but it was more important to build capacity and give them the tools to do this.

He reminded the media that there are people exploiting the economic situation for their own ambition. He believed what was required is to improve people's lives and that they would not tolerate people who took advantage of the situation like this. Those breaking the law were committing crimes. They might have been heroes during independence time but now they are committing crimes

The final questioner sought information on the identification of those who were responsible for the incident. The Prime Minister responded that the results would be revealed in the next 1-2 days.

The media session was brought to a close. No more questions were permitted.