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**Policy Coherence in the Context of Conflict and Fragility -  
Keeping a Development Focus: The challenges in ensuring policy coherence for development**

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Ladies and gentlemen, Friends

I would like to take this opportunity to thank the Government of Finland and the people of Finland for their continued support and friendship to Timor-Leste. Your contribution to our country in human rights education, poverty reduction and particularly with the disabled has been appreciated.

I also would like to thank the organizers for this opportunity to share my views on the need for policy coherence in the context of counties facing conflict and fragility.

Today, I will focus on three (3) key areas:

- 1) First, the need for increased policy coherence between donors and within recipient countries.
- 2) Second, examples of coherent policy responses to development challenges,
- 3) Finally, my own views and lessons learned

The Paris Declaration in 2005 could be considered a turning point for both the international donor community and recipient countries.

The declaration gave us not only a set of principles **but** more importantly parameters from which a dialogue could commence to reform the way aid is delivered, implemented, managed and measured.

If the ultimate goal for every fragile nation is to bridge the gap from being a developing country to a developed one then the principles outlined in the Paris Declaration of **ownership, harmonization, alignment, managing for results and mutual accountability** are all definable principles that are critical to bridging this gap and producing more efficient and effective aid results.

If we use Timor-Leste as an example, between 2000 and 2007, eight billion dollars was spent but poverty doubled-these are not the results we wanted or what our partners envisioned

Given that, I believe the most important principle of the Paris Declaration is the notion of ownership and once ownership is established, harmonization, alignment, managing results and accountability can be realized.

It is a simple concept; it is only by appreciating the historical, political, economic and social dimensions of 'country context' that recipient countries can ensure aid is effective

But first, countries need to define their own path; evaluate their own challenges and prioritize the best action to avoid further conflict and emerge from fragility.

Donor countries have a responsibility to adopt and respect this concept and to harmonize accordingly; ensuring their projects, programs and assistance reflects the development priorities of partner governments.

For a post conflict and fragile country like Timor-Leste and for those unfortunately still in conflict, the ability of Governments to take ownership; that is, determine how aid will be most effective, how aid is allocated and how aid is accounted for, often proves to be an insurmountable prospect.

And for international actors, this process can also be equally as frustrating. **We are now; however, seeing a dynamic shift!**

Under the OECD's, Principles for Good International Engagement in Fragile States and Situations, there has been a recognition that fragile states have special and individual needs.

Aid must be adapted, flexible and even accommodating to environments which can shift quite suddenly both in positive and negative ways.

Until recently "adaptability", "flexibility" and "accommodating" were not usually words identified with donor assistance; **but this too is changing.**

We now realize what is necessary for the mutual goals of state building and peace building in fragile nations.

## *Check against actual delivery*

International actors must broaden the spectrum of possibilities in aid delivery; taking finite and often immediate measures which can make the difference between peace and conflict.

In turn; Governments must be equally responsible for good leadership, open lines of communication and identifying their needs before they lead to further fragility.

It is in this context that recipient countries and partners can meet the immediate needs of the country while planning medium to long term for poverty reduction, social and economic development, capacity building and strengthening institutions.

Clear strategies, national priorities, joint assessments and continual evaluation are critical in fragile nations to meet those ever changing needs.

We say Timor-Leste is now a country which is moving **from fragility to agility**;

Our aim is not **just sustainable** development but **fast tracking** development

Timor-Leste has come a long way since our early days of independence; in fact, Timor-Leste was one of the first to be run by the United Nations and is often described as a nation building “experiment.”

We learned from both our successes and failures. Given the best efforts of the international actors and consecutive Governments, even up until 2008 Timor-Leste was still experiencing conflict every two years; a cycle that is common to many post conflict states. However, in the 27 months since our last bout of instability we have learnt one of our most important lessons, that is, that there is no one size fits all development model.

Let me describe how Timor-Leste came to live out this lesson.

In 2007, after one of the worst crisis since independence Timor-Leste’s new Government embraced and endorsed the Paris Declaration principles and placed ownership at the nation’s forefront.

We had 150,000 IDPs living in 65 camps around Dili, armed rebel groups in the mountains threatened national security and posed the risk for further violence, a fractured and highly politicized police and army weakened the State’s ability to provide protection to our citizens and throughout this period we experienced economic atrophy;

Many believed Timor-Leste was soon to be a “failed stated” –

These issues required immediate, coordinated and strategic solutions,

Violence and force was replaced with dialogue,

Hesitancy was replaced with action,

Doubt was replaced with determination to make long lasting change.

We knew above all that without providing peace and stability; development would continue to be a distant dream.

We took responsibility for our own problems with creative solutions and created an environment where our development partners could contribute and provide support, expertise and experience within the Government's sphere of leadership. We established mechanisms to implement and coordinate these efforts, making our development partners part of our national planning architecture.

These mechanisms have proven vital.

We began this process by setting up the National Priorities Process; and by using those National Priorities to guide the nation in establishing new legislation, strong social and fiscal policies and targeted, strategic annual action plans to meet the national objectives.

In Timor-Leste, these National Priorities have shifted from year to year. In the beginning, these priorities allowed the government to identify and resolve the short term issues that threatened national security. Now three years on, peace and stability has been established and maintained.

We managed to resettle 150,000 internal refugees in less than two years, all the security threats were resolved without further violence, our first pensions were paid to the elderly, veterans, and disabled; budget execution has tripled and even in the face of the global financial crisis Timor-Leste has averaged three years of double digit economic growth.

Now our attention has shifted from short term solutions to long term priorities in areas like health, education, food security, justice and regional balance.

The National Priorities framework offered integrated **coherence** in both policy and programming.

From a management perspective, aid in Timor-Leste was streamlined into an Aid Effectiveness Directorate under the Ministry of Finance.

Working Groups were established within the National Priorities Process providing the foundation for program alignment. Quarterly Development Partners Meetings provides the opportunity to discuss, exchange information and benchmark progress on various programs and initiatives.

To date, the National Priorities Process has proved to be a very successful starting point for more effective and efficient policy dialogue between the government and development partners

A reflection of this success is demonstrated by the fact that now enhanced coordination and ownership has enabled donor funding to be reported on accurately within the annual budget; making aid more accountable, measurable and transparent.

All these processes allowed us to say **goodbye to conflict and welcome development, this is now our nation's motto.**

These are the successes of policy coherence.

We also believe the new level of policy coherence in Timor-Leste can be a model for other fragile states around the world. To help address these and others issues, Timor-Leste along with

the Democratic Republic of the Congo and a range of other fragile states came together to create the g7+.

The g7+ intends to bring together fragile and post conflict nations that are committed to long term and sustainable development through the common principles of peace building and state building and to influence donor reform.

In the first official statement of the g7+ published in April 2010, the message was clear; urgent action was required by international donors and the g7+ countries to harmonize efforts to ease the suffering and rebuild communities which in some cases have endured decades of neglect.

The g7+ is still finding its feet however the group aims to contribute to global policy, to and to influence reforms through international dialogue, especially in the lead up to the upcoming MDG review summit in September 2010, and 4<sup>th</sup> High Level Forum in Seoul, South Korea toward the end of 2011.

However; I have hope that if we in Timor-Leste can achieve in tandem with our partners; so too can other fragile states.

Timor-Leste just celebrated the ten year anniversary of the referendum where we as a people voted overwhelmingly for sovereignty. It was a good time to reflect on lessons learned.

The most profound lesson I could share-

**You cannot build a nation on the principles of another;** so the procedures and practices imported by international actors often superseded or in the case of Timor, preempted the fundamental principles needed for a new Government to form;

For those countries around the world that have faced this same challenge over decades, imported systems have disadvantaged the very concept international actors are there to promote; state building and nation building.

International actors must recognize the importance of historical context, cultural significance, regional diversities, linguistic complexities, social differences, ongoing political dissonance and the national mentality; all crucial elements in both state and nation building in the country context for fragile nations.

There is no model that can be applied nor is there an applicable modality to solve the unique challenges that face nations.

It is only through forging a distinctly individual path that a country can develop; development partners need to give each country the breadth to build their own institutions, their own processes, their own systems, and above all a common and shared identity where Governments, international actors and most importantly the people of each nation have a clear vision

Context is not just important, it is also necessary, the need for all actors to embrace a deep understanding of context is paramount to “doing no harm”.

Now, we need to go beyond simply acknowledging with words and actually engage to recalibrate programs in the face of this reality.

Ladies and gentlemen,

In Timor-Leste and indeed in all contexts of conflict and fragility, the stakes are high.

We can no longer afford to ignore the fundamental policy changes needed to meet the needs of fragile and post conflict nations, especially if we have any hope of meeting the MDG's.

The most positive sign is that there is a genuine will by both international actors and recipient countries to navigate these complexities in country; and forums like these provide the time and space to make change a viable reality.

Timor-Leste, within the first eight years of its nationhood has faced many challenges yet the Government has, with assistance from development partners, international actors, the institutions of the State, the civil service and the support of the Timorese people, risen to meet many of these challenges and move into the next stage of development.

But each country must operate on its own timeline and has its own unique set of challenges that need to be addressed and this is the inherent global challenge of aid effectiveness.

Governments facing fragility are under immense pressure to deliver tangible results for their people in order to build public confidence, reduce poverty, improve living conditions and state build; and so too are our international partners.

It is only by working together and by promoting policy coherence that the people of fragile nations will experience the full benefits of the joint efforts between their Government and the international community.

Thank you.