

Timor-Leste—The Challenge of Keeping Peace for Development, Dili, Timor-Leste

Paul Wolfowitz
World Bank President
April 9, 2006

- [Timor-Leste Website](#)
- [More on Mr. Wolfowitz's Visit to Indonesia and Timor-Leste](#)

Thank you for the opportunity to address you today. It is a great pleasure to be in Timor-Leste and to see the remarkable achievements of this new country first hand.

And it really is a remarkable story. In just a few years, the people of Timor-Leste have built a functioning economy and a vibrant democracy from the ashes and destruction of 1999.

To do this, while maintaining peace and stability is a great testament to the spirit and perseverance of the Timorese people and their leaders.

Most post-conflict countries relapse into violence within five years. Though you have had difficult moments and times of tension, you have opted for peace. You have come together as a nation where so many other countries fall apart in factions.

According to the World Bank's Post-Conflict Performance Indicators, Timor-Leste leads a group of nine post-conflict countries on almost every indicator-public security; disarmament and demobilization; management of inflation; education; health; and budgetary and financial management. At the same time, inflation has been brought under control and has been very low for the past two years.

Child and infant mortality rates, while still worryingly high, have slowly improved. School enrolment rates have increased.

We at the World Bank are proud to have been a small part of this story so far, and we look forward to doing whatever we can to be of assistance as you face the challenges ahead.

A Critical Moment

The considerable achievements since 1999 - and the determination you have shown in the years before that - augur well for the future.

The country is at a critical moment, as you know, with the first oil revenues starting to flow and the promise of more to come in the years ahead. The stark reality is that in almost all cases, oil wealth has been a curse for developing nations more than it has been a blessing.

It has often been associated with corruption, entrenches social divisions, increased poverty, even violence.

Again, I am pleased to say, this country stands out as an exception.

Petroleum Revenue Arrangements

The Government has introduced safeguards to ensure that revenues flowing from petroleum benefit the people of Timor-Leste and bring a better future for their children - particularly important in a country where half the population is under 18 years of age.

This money can build roads, deliver reliable electricity and water, and provide better education and health. It can support school feeding programs, grants to schools, scholarship programs and local development funds - programs that are all now being piloted.

We are ready to help assess these pilots and work with the Government to find ways to implement them on a larger scale.

I cannot stress enough how important these decisions and these safeguards are.

In country after country, we see great opportunities being lost, people's lives being harmed, and poverty being deepened by corrupt practices and bad governance. It is a story all too common across the developing world, and today hundreds of millions of people suffer deprivation because of it.

I am determined that the World Bank will fight this wherever we can, and work with governments who want to do the right thing by their people.

As you enter this critical time ahead, please know you can count on us 100 per cent to help you continue doing the right thing, setting an example for other countries to follow. I mean that sincerely.

Private Sector Development

Good governance will also help strengthen the investment climate - which is essential to creating jobs for the large number of young people entering the workforce each year. The petroleum industry itself will not create a large number of sustainable jobs.

Timor-Leste can expand its private sector by developing simple rules for doing business that encourage investment. Again this is an area in which our private sector arm - the International Finance Corporation - has considerable experience. We are eager to help in any way we can.

Keeping Vigilant

Finally, let me say this: thanks to the commitment and vision and hard work of many of the people gathered here, the building blocks for a stable peace and a growing economy are in place.

This is an enviable position to be in after such a short time, but, of course, the need to strengthen governance, human rights and justice is now as great as ever.

I have been impressed by the excellent progress made by the Provedor de Direitos Humanos e Justica [Office of the Ombudsman for Human Rights and Justice] in setting up a channel for citizens to report alleged abuses.

Equally impressive are the efforts of the Inspector General in investigating corruption and publicizing the results of its investigations. It's important too that the Justice Sector, especially the Office of the Prosecutor, actively and publicly pursues cases of corruption as they arise.

During my visit, I have been fortunate enough to meet with members of your very active and energetic civil society. With an upcoming election and a growing petroleum budget, a free press and an active civil

society will be essential in holding the government accountable to its people and keeping the people aware of the processes and decisions of their government.

Thank you again Prime Minister for your very kind invitation to visit your wonderful country.
Congratulations to you and all those who have participated in Timor-Leste's dramatic steps forward.