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TIMOR-LESTE AND THE NEW DEAL FOR ENGAGEMENT IN FRAGILE STATES

Emilia Pires

2012 Harold Mitchell Development Policy Lecture
Abstract

This is an edited transcript of the lecture given by The Honorable Emilia Pires, Timor-Leste Finance Minister and g7+Chair, for the inaugural Harold Mitchell Development Policy Lecture at the Australian National University on 22 November 2012. In her lecture and subsequent Q&A, Ms Pires explains, drawing from its own experience in achieving social stability and rapid growth, Timor-Leste’s pioneering role in the establishment of the g7+, a group of now 18 fragile states that was formed in 2010 as a country-owned and country-led global mechanism to monitor, report on and draw attention to the unique challenges faced by fragile states. The New Deal for Engagement in Fragile States is the first time in history that conflict-affected states have taken the lead in designing an aid architecture for and by themselves.

Emilia Pires was Finance Minister of Timor-Leste from April 2007 until February 2015. She was the founding Chair of the g7+, and a member of the High-level Panel advising the United Nations Secretary-General on the post-2015 global development agenda.
It is with great honour that I have accepted your invitation to be here today to deliver the first Harold Mitchell Development Policy Lecture.

First of all I would like to thank Harold Mitchell for his support to my country. Harold is a very good friend of Timor-Leste and a true friend to our Prime Minister, Xanana Gusmão. I have great admiration for Harold’s extraordinary talent and resilience: I know that you also experienced poverty in your youth and that now you enjoy enormous wealth that we are all benefiting from. The people of Timor-Leste are very fortunate that you have been a passionate supporter of our nation.

I want to focus briefly on Harold’s support for governance initiatives in Timor-Leste as it is very relevant to my broader topic today: Timor-Leste and the New Deal for Engagement in Fragile States.

Harold has funded an innovative model of direct engagement—the Steve Bracks Timor-Leste Government Project—since its inception in 2007. As most of you will know, the Honourable Steve Bracks was the Premier of Victoria from 1999 to July 2007. Upon his resignation he became a special adviser to my Prime Minister, Xanana Gusmão. He brought with him the invaluable knowledge and experience acquired during his term as Premier of Victoria.

It was Harold who provided the funding to enable Mr Bracks to come to Timor-Leste with a small team to help him provide expert technical advice. Most importantly, Mr Bracks answered directly to the Prime Minister and the Government of Timor-Leste and to no-one else. He worked only under our direction on the initiatives that we identified as priorities. His engagement with Timor-Leste was an early, successful example of the principles behind the New Deal for Engagement in Fragile States.

Before speaking about the New Deal, I would first like to explain how it all started. I would like to take you on my journey over the last five years. I became Minister of Finance in Timor-Leste in 2007, Chair of the G7+ in 2010 and Co-Chair of the International Dialogue on Peace-Building and State-Building, where the New Deal was conceived.

Xanana Gusmão’s Government took office in September 2007 with very high hopes. We had a very strong social and fiscal performance agenda. What we walked into in administrative, social, economic and political terms, was chaos.

We inherited a highly politicised public service with very little understanding of civic duty or that bureaucracy should exist to professionally serve the people and the policies of the government of the day. There were no handover documents, no briefings on how our policies could be implemented or the status of the programs of the previous government. I had a blank computer and no internet access. There was not one qualified Timorese accountant in the Department of Finance. Someone did manage to brief me on the fact that in 2007 the average mathematics proficiency of the 723 staff in the Department of Finance was Grade 3. The story was the same across all the ministries, and we had many other challenges.
Over 150,000 internally displaced persons (IDPs) who had fled their homes during the last and final crisis in 2006 were living in refugee camps, mostly around the capital, Dili. We had 800 rebels with weapons—a small army—in the hills threatening stability. We had negative 5 percent economic growth and service delivery had all but stalled.

A review by the Norwegian government on aid to Timor-Leste revealed that US$8.2 billion had been spent on aid and peacekeeping operations between 1999 and 2006. But what had that aid delivered? When we came into government poverty had doubled. In some regions one out of every two Timorese lived below the poverty line. It was much worse than I had feared. Our roads were impassable. Most of the country had no electricity. There were no pensions to support our most disadvantaged citizens. Many of our hospitals and schools were still in ruins and, worse still, our people had lost hope.

At the same time, even though we had only just come into government, we were bombarded with reports and “expert” opinions. It was like a stampede. Report after report was released adding to the some 4,000 reports that had already been written about Timor-Leste since our independence in 2002.

Entire theses with contradicting statistics were being written about us. It seemed everyone else was more of an expert than we were on our own country. I kept asking our Statistics Department where this information was coming from, as I was actually in charge of data and statistics. No one knew. Finally I said that enough was enough!

We asked for space and time to give us the chance to take ownership, as we had all agreed in the Paris Declaration of aid effectiveness in 2005, so that we could have a country-owned and country-led transition.

Australia was one of the few donors that were sensitive to our request. This was very helpful because they were also our largest bilateral development partner. However, with 45 other donors and 302 NGOs all competing for success and relevance, it was not an easy task to get everyone onto the same page. It was a very painful period for some donors to let go and to let us stand on our own two feet, to find our own way, to take small steps, to set up systems, and indeed, to make our own mistakes.

We quickly learned that in a post-conflict setting you have to act, and you have to act fast, to regain trust in society, to normalise the situation, so as not to return to conflict.

Until we could lay the basic foundations for the State and our people, we could not plan long-term. Our partners demanded long-term plans but we could barely get through the day. We were reacting and by necessity we became experts in crisis management.

When I look back from 2007 to now, I think it is nothing short of a miracle to see how far we have come given the enormous challenges we faced. I know we still have
a long way to go, but the key to our progress was acting and acting fast. This is not in any donor organisation’s or institution’s handbook.

We resettled all of the 150,000 IDPs in two years. The United Nations told us that it would take ten. We negotiated to get all the armed rebels down from the mountains. We began to de-centralise budgets to allow ministries to improve service delivery. We introduced pensions for the elderly, single mothers, orphans, veterans and the disabled.

As many of these people had no bank accounts and many in the rural areas do not read or write we used thumbprints to acknowledge the receipt of funds. This was achieved quickly and, as a result, was not necessarily using the world’s best practices. But the reality on the ground was that time was the crucial factor.

You can’t get dividends of peace if you make processes more important than outcomes. What matters the most is the number of lives we save and the number of days of stability we give our people.

We created labour-intensive work programs and social transfers to re-build communities, giving them ownership to shape their future. We gave tractors to farmers and we bought seeds so they could accelerate food production. We established youth athletic programs. We built parks, held concerts and hosted our first international meetings and sporting events.

I remember the Prime Minister coming to me and wanting money to re-build the garden in front of the Hotel Timor, to put in swings and so on. I thought, “My God, is this our priority?” But then I understood: to take people with you, you need to expose them to what life can be like. Most people did not even know what a swing was. How can you talk to people about a better life when they don’t know an alternative? You have to show them. I started to understand that development is not just about the hard stuff. It’s very important that you do both hard and soft at the same time.

We demolished the remnants of half burnt buildings. Backed by AusAID and a team funded by Harold Mitchell, we established a Civil Service Commission that introduced merit-based appointments and new standards in training for our public servants. We invested in capacity building in the security sector. We set up the Anti-Corruption Commission and introduced new, transparent tender arrangements for major infrastructure projects.

We established the National Petroleum Authority, which employs some of our best educated men and women to manage and regulate petroleum activities in Timor-Leste’s exclusive jurisdictional areas, and in the joint petroleum development area that we share with Australia.

We were the first in Asia and the third in the world to be compliant with the Extractive Industry Transparency Initiative. Every dollar that comes in from petroleum revenue is publically disclosed and matched with the records of the resource companies. We began creating a highly transparent financial system
where anyone in the world will be able to track the budget as it is being executed, in real time, and track aid expenditure, procurement and, most importantly, results.

And, as only 5 percent of our population has higher than a secondary school degree, we invested in education and training for our people.

We found time to set national priorities. And each year we evaluated them and changed them according to our needs. We were making progress in Timor-Leste.

At around the same time we became more active internationally. This was thanks initially to Australia, who encouraged us to participate in the Third High Level Forum on Aid Effectiveness in Accra, Ghana. This was followed by a preparatory meeting on a new forum called the International Dialogue on Peace-Building and State-Building in Paris. This forum brought together fragile and conflict-affected countries, donors and organisations to look at how international support could be more targeted and more effective.

At one session we asked if we—the recipient countries—could have a day alone. There were seven Ministers of Finance from seven different countries, all fragile states. We were from different continents. We spoke different languages. We had different religions, cultures and traditions. Despite this we began talking about peace-building and state-building and our challenges when working with donors, and we realised that we had the same experiences, and so we began to share solutions. It was astonishing. At the end of our closed-door session we joked that we were the “little g7+”. And so we came to be.

Then in April 2010, Dili hosted the International Dialogue on Peace-Building and State-Building, largely funded by Australia and the UK. This was the first time in history that fragile and conflict-affected states had a united voice on the global stage. We wanted to end the monologues spoken at us and promote a dialogue with us, both globally and locally. What started out as seven countries quickly became 17. Today there are 18. But our aim is not to grow: it is to become the little go!

I was honoured to be voted the Chair of the little g7+. I suspect that my colleagues thought I was probably the least afraid to speak my mind! The reality that Timor-Leste faced when we gained our independence ten years ago was very familiar to many of my g7+ colleagues: no-one with experience running the government; a de-skilled public service; a population that had been traumatised and denied a decent education; an almost non-existent private sector; minimal jobs growth; limited training; fragmented aid; a highly charged political environment and poor services.

We in the g7+ realised immediately that we were not going to meet the Millennium Development Goals (MDGs). In fact no fragile country ever will. So the big question for us to answer first was, why? And second, how do we change the way we do business to get better results?

For too long the world had dictated our development priorities without ever asking us. We agreed however, that the MDGs set out in 2000 are absolutely imperative. They captured the basic necessities for humanity and the rights and freedoms
required for a successful state. But there was a vital missing link: to achieve our
development goals we first needed to stop conflict and crisis and then build a
functioning state.

The g7+ members recognised that as a development community we have largely
failed to stop conflict. As a result we have largely failed to build resilient states to
address the needs of our peoples. In the process, 1.5 billion people have been left
behind: 20 percent of the global population live in conflict and fragility—Professor
Paul Collier’s “bottom billion”. So what are the priorities and needs of people
emerging from conflict and fragility?

The New Deal for Engagement in Fragile States was released on 30 November 2011
at the Fourth High Level Forum on Aid Effectiveness in Busan, South Korea. The
New Deal had been developed and endorsed by the g7+ through the International
Dialogue Forum.

The g7+ countries are Afghanistan, Burundi, Central African Republic, Chad,
Comoros, Côte d’Ivoire, The Democratic Republic of the Congo, Guinea, Guinea
Bissau, Haiti, Liberia, Papua New Guinea, Sierra Leone, The Solomon Islands,
Somalia, South Sudan, Timor-Leste, and Togo.

When we gang up we are a formidable force, and the New Deal is our call to the rest
of the world for a new way of engagement. It is an architecture shaped by the g7+
to increase aid effectiveness and country ownership. We advocated for three
independent and inter-reliant principles which make up the New Deal:

1. Five Peace-building and State-building Goals;
2. FOCUS, an acronym for the new pillars of engagement; and
3. TRUST, an acronym for mutual commitments.

**The New Deal’s peace-building and state-building goals**

The first goal is security first; normalisation second. Our people must feel safe.
They must find a routine again in which they no longer feel threatened. You cannot
build schools that children are afraid to attend, and you cannot combat disease if
your life, and that of your family, is under threat.

The second goal is legitimate politics, or as I like to say, “peoples’ participation”.
This does not infringe on sovereignty: it strengthens it and establishes the
necessary avenues for people to feel included in nation-building. This includes a
free media, a strong civil society and the socialisation and education of the people
about their rights and freedoms, as well as their duties and responsibilities. As we
saw with the Arab Spring, it is in the State’s interest to embrace the voice of the
people.

The third goal is justice. For Timor-Leste this meant equity for all with a forward-
looking approach to implementing best practice, social justice, economic justice,
and legislative justice.
Reconciliation with Indonesia was at the heart of our success. Despite the massive trauma and pain of the past, we had to look forward. We knew the best result for us was to create a peaceful future for our people. To do this we needed strong economic foundations and good governors in terms of our resource and revenue management. We thought this was our pathway to preventing conflict, that this was state-building at its core.

The fourth goal was to build strong economic foundations, which means generating employment and improving livelihoods. The engine room for any government is Public Financial Management. It can be very challenging in developing countries that have so many other pressing economic challenges, but without proper financial management you cannot build institutions and create the economic conditions needed to serve the needs of your people.

The final peace-building and state-building goal concerns revenue and services. We need to manage revenue and build capacity for accountable and fair service delivery.

Let’s not forget that many of the g7+ countries are enormously rich in resources, but they reap very little benefit. In Timor–Leste, we have a best practice model where every oil receipt is put in our petroleum fund. That money is then invested wisely and then we take each year as an Estimated Sustainable Income.

When I first became Minister of Finance we had US $1.65 billion in the petroleum fund. Today we have a little over US $11 billion. We have only just begun to explore our resources: 100 percent of our onshore and 50 percent of our offshore potential resources has yet to be explored or exploited. So our horizon is bright. But we must have the human capacity to equalise the investment otherwise it will be lost for our people.

These are the five peace-building and state-building goals. In Timor we began with these challenges and have come a long way since 2007. I know we still have a long way to go, but the key to our success was acting and acting fast, which meant money had to be spent and spent quickly. We took the risk, and thus far the investment has paid off in peace and citizen engagement. There is no price tag you can put on this. In Timor–Leste we never asked a donor to take a risk we ourselves would not be prepared to take.

These goals were our own national priorities. They have been tried and tested and the results speak for themselves. We have not had a crisis since 2007. We have had average double-digit economic growth rates year on year. We have been one of the top ten to 20 fastest growing economies in the world since 2008. Our institutions are improving and our service delivery is becoming more relevant to the needs of our people. All our key human, social and economic indicators are improving. To be honest, when we started I didn’t think we had a chance: we were building a State and its institutions from scratch.
The FOCUS principles

Equally important to the New Deal and the peace-building and state-building goals were the principles of FOCUS, which is a new and progressive way of engaging in our States that supports country-owned and country-led pathways, and a set of mutual commitments to results. Let me explain the FOCUS principles.

F stands for Fragility Assessment; by us, for us, on our own countries, by our own people. We need to analyse and understand our own problems so that we can implement our own solutions.

I think many who have worked in development will know that very often everybody comes to a country and does their own assessment. They know how fragile we are, they have their own little criteria. Then they go home and design the programs. We only learn about the programs when they begin. When they are then implemented, we don’t know where the project came from because we don’t really understand the problem, as we didn’t do the analysis. And then we cry when it fails.

We need to analyse and understand our own problems so that we can implement our own solutions.

O stands for One Plan and One Vision. In the case of Timor-Leste we had 46 donors and 320 NGOs at one time. Everyone had their own plans and projects. We had fragmentation, duplication, little alignment, and zero cost savings. There can be only ONE plan, and it must be country-led and country-owned and agreed with all stakeholders for the benefit of the State and its people.

In July 2011, after two years of national consultations, the Prime Minister launched our first Timor-Leste Strategic Development Plan. This was developed by us and is now being implemented by us with the support of our development partners.

C is for a Compact, to agree that everyone will stick to the plan. In Timor-Leste, Australia is one of our major partners and was the first to align with the Timor-Leste Strategic Development Plan.

U is to Use the peace-building and state-building goals and indicators to monitor country-level progress. This is important because most of the time programs are designed by development partners against the framework of the MDGs and, as I have already said, we can’t get there. We have to do other things first if we are going to get to the MDGs. If you design a program against the MDG framework of indicators and you can’t effectively measure it, the program will be rated as unsuccessful or a failure.

S is to Support continuing dialogue among ourselves and our partners. This will include support for global, regional and national initiatives to build the capacity of government and civil society leaders and institutions to lead peace-building and state-building efforts and to ensure that our plan is on course.
The TRUST principles

T is for Transparency. We need to know from donors and NGOs, and anybody in our country, how much is being spent, where and on what, so that when we do our budget we are not duplicating. We need to harmonise efforts to implement the plan. Without full transparency you can often make mistakes.

R is for Risk sharing. If you want to engage in fragile states you need to take risks. It is not business as usual. Sitting on the sidelines can be a conduit to crisis. There is a need to act and act fast in a fragile and conflict-affected context, and sometimes that means taking risks and not waiting for a feasibility study or a risk management plan.

I remember when we were going to resettle the 150,000 IDPs and were negotiating housing allocations per family. I went to the Prime Minister, thinking as a Minister of Finance does, and said that we needed a control process under which we could disperse money in small tranches based on given benchmarks. The Prime Minister turned to me and said, “We need peace. Give them the money to build the houses and they will make a home.” So I took a risk and did it, and he was right. I had become compartmentalised by my own systems and procedures and lost the vision for our nation.

U is to Use our country’s systems. Some countries in the g7+ have up to 65 parallel units running, all doing the same thing. The usual reason for not using a country’s systems is that they are not up to standard. But it’s like trying to fix a pipe that you never use. How in the world do you know where the leak is if you never use it? And how can you fix it? You have to use it, then fix it, in order to strengthen the country’s systems.

S is to Strengthen capacity. A common misconception is that donors give us, the fragile state, money, and that we do with it as we please. That is not the case in the fragile and conflict-affected context. Help usually comes in in the form of technical assistance to pay people from donor countries who are supposed to tell our people how to do the job. But the job itself is sometimes so demanding that there is little capacity-building. Knowledge transfer is also limited by the fact that most advisers cannot speak the local language.

T is for Timely and predictable aid. We cannot plan without knowing what will and will not be supported. Recipient countries need consistency and a trajectory of what they will have to spend so that planning can take place.

Timor-Leste has lived and experienced the peace-building and state-building goals and the TRUST and FOCUS principles. They have been tried and they have been tested. However, we continue to have major challenges. One of the biggest challenges is getting baseline data so that we can draw our initial fragility assessment. I believe we do not have the data to measure fragile states, and we, the international community, have not figured out a formula to retrieve the data within this context.
It took Timor-Leste many years to do a comprehensive census on 1 million people. We now have the data we need to plan and prioritise. Without the right data you cannot measure, you cannot plan, you cannot prioritise. It’s like shooting darts blindfolded. And this is why I believe we have been largely unsuccessful in meeting the MDGs.

The New Deal is a proposal for a change in how we engage, and that change must be measured for its success or failure. It is a change in how we do business, a change in procedures and a change in mindset. This last change, I believe to be the most difficult.

At the beginning of my mandate I recall the failure of a major donor project to increase the institutional capacity of my Ministry, the Ministry of Finance. I realised that the project was orientated toward its own success, rather than the success of building the Ministry as an institution. When I attended project meetings, the presentation would start with the project and at the end there would be a mention of the Ministry of Finance. The Project Managers used to beg me to chair the meeting so that they could show the donors that there was ownership by the Minister. I felt like a rubber stamp. I was spending days wondering how I was supposed to reform the Ministry, and I used to spend a long time talking intensively to my Timorese staff on the importance of putting the institution first, explaining the role of the institution in the building of our nation and how the whole thing would affect our lives and those of our children and future generations if we didn’t do the right thing.

Then we would go into meetings with the donors to be shown a presentation of the project that was supposed to help me reform the Ministry. The first slides would be about the project and what international advisers would be doing and, if you were lucky, one slide would be about the Ministry.

It was like living in two different worlds: there was such a disconnect. The advisers were more concerned about reporting to the donors than they were to the Minister. If we are not careful the same may happen with the New Deal.

I reacted by refusing to attend any further meetings and refusing any of the donor projects offered until I could gain some control and understanding. They needed to completely change their mindset by placing the Ministry above all else. It took another 12 months for a change of behaviour to occur. It was hard. I kept reminding the Project Manager that I was Minister in the Ministry of Finance: that there was only one boss and it happened to be me.

The next presentation started with The Ministry of Finance, its aims and objectives, weaknesses and strengths, and its current status. This was when I knew we were on the right track. I asked for the Project Implementation Unit to be immediately transferred into my Ministry and to be led by someone from my office. No more sitting outside the Ministry and writing long reports that nobody ever reads. Country-owned, country-led: this is local action.

Ironically, I am now globally seeing a parallel. In reports coming out through donor organisations, I see the donor organisation’s name first, then the New Deal and
then the country. There is still a disconnect: it should be the country first, the New Deal second, and the organisation that supports it third.

As I said, it’s all to do with mindset. When you do achieve a change in mindset, you can see a huge behavioural change. Slowly, slowly in Timor-Leste there was a major shift in donor behaviour. It was very painful, as it will be with the New Deal, but if it’s done properly, it will be good.

I reject the notion that it takes 20 to 40 years for basic government transformations. I believe it can be done much quicker if we keep our eyes solidly on the end game, which is to build the state.

But at the same time, do not underestimate fragility. In our meetings of international dialogue, our partners are talking about concepts and indicators that are sometimes so complicated that the donors on the ground do not understand them. Now, how can they implement something they don’t understand? I often tell the donors to go back to the basics.

The implementation of the New Deal will take time, and if it is not truly country-owned it will fail. If we give the pilot countries the time, the space and the support to broaden local and global consensus, we have a chance to get it right, just like we did in Timor-Leste. We have a chance to get some things right. It cannot be in your timeframe. It must be in ours. I know how frustrating that must be, but trust me—it is the only way.

Australia has been a remarkable donor in supporting the New Deal and a strong supporter of the g7+. This will help ensure the implementation of the New Deal and I believe it will have a positive impact on the development of many countries.

I would like to say thank you again to Harold Mitchell and to The Development Policy Centre at The Crawford School of Public Policy for hosting me and holding this event.

I would like to close with the words of my counterpart, Minister Kosti from South Sudan, who coined a phrase that resonates with all the g7+ members, “nothing about us, without us.” Thank you.
Q&A

Q: Thank you Minister for that inspiring presentation. Two very quick questions. First, you highlighted the urgency and the need to move very quickly in spite of the fact that the donors were suggesting things like needing to do a true feasibility study and an implementation plan, so I guess there are tradeoffs. So one of the questions I’d greatly like to hear your views on are in retrospect you would have done differently.

The second quick question concerns scale. And the question is to what extent do you think Timor-Leste’s experience applies to the other fragile states that you’ve mentioned. There are broad lessons and then there are specific lessons given Timor-Leste’s unique situation relative to small population, geographic size of the country, the oil revenue and so on. It would be great to hear to the extent you think the lessons, the more specific lessons apply to other countries. Thank you very much.

Minister: Yes. Thank you for the questions.

What could we have done differently? Really when I look back I don’t think there was anything I could have done differently. However, what I am now promoting is that the people that are helping us need to know our own experiences as developing nations so that they can be there as a safety net for us.

Each country has to go through their own process to build their own experience. But you who have experience already, you who have the luxury, sitting here thinking, learning all these things already know.

It’s like you are looking at the child performing. They may fall, but you have to be there to ensure that they don’t fall, because you already know what’s going to happen.

I benefit a lot because I went to the London School of Economics and I wanted to know about all these things in Africa, why were things not working. So I learned a lot of stuff there. And then I thought this is very similar to my country. And I wish the leaders could have got this knowledge that I received.

And this is the problem. They don’t get that because they are fighting. They were fighting a revolution. And then they form government and then everybody immediately assumes that they know everything, just because they are sitting there as the Prime Minister, as a President, as a Minister. It doesn’t work that way.

So what could you do? You could try and educate these leaders when possible, they can attend quick and small information sessions. But you need to make it available, not that they need to go all the way to London to learn. There’s no way a Prime Minister is going to go there, you have to come here. Now to your second question. Many people are saying that we should not use the expression “One size fits all”. But it is very interesting that when we were sitting there together in the g7 and we started to speak about our challenges, they were very similar, very similar.
How to co-ordinate the donors, it’s an impossible task. They say yes you can, but I haven’t seen it. It’s very hard.

I want to share with you this experience. I closed the door, but even with a closed door people cannot speak truthfully. It’s embarrassing. You are a Minister in some fragile state, but you don’t know how to handle the things in your country. Then I said Okay. Listen. I’m no longer the Minister of Finance. I’m just going to be Emilia Pires, an individual. And I’m going to tell you I am struggling. I have all these problems. I have this, this, this and that. And then we went around the table again and everything came out. What’s sad is that this never really happens with anyone else because we’re all intimidated by our donors.

I was recently in Haiti and some donors came and they all wanted to fund us and pay for the Secretariat of the g7+, and said to them, You’re going to take away our voice; once you pay you take away. So we need to find alternative money. There are a lot of things that can be applied and, while we don’t have the formula yet, we are looking for it and we are helping each other out.

Chair: Let’s take two questions at a time now.

Q: Minister thanks. My question is based on the premise that Timor-Leste has got a young population. I wanted to know your thinking on how fragile states similar to yours could make progress on those two fronts, access to services and livelihood opportunities. Thank you.

Q: Minister Pires thank you very much for your talk today and also for the inspiration that you’ve given many of us in academia at universities to work on fragile states. I wanted to ask you specifically about the g7+ rather than the New Deal. If you could wish for one thing for this g7+, what would it be? And what’s your chief concern about its future? What do you think the next steps are? And in particular what’s the real obstacle you think for this model, g7+?

Minister: It may be a simple question, but the answer is complicated. Right now, I already told you how it came about. As we expanded beyond the g7 we thought oh my gosh we need a Secretariat, so we created a Secretariat and I have to thank AusAID for funding that because they gave me an advisor who was a Timorese who I then seconded it to the Secretariat. And we now have to keep growing the Secretariat to provide support for all of our members.

So we have to do a lot of work, but we do not have the resources to do it at the moment. And we have had offers like I said before, most from donors. They are good, but if we do accept funding from them all we will lose ourselves. So in Haiti I shared this with my colleagues. I said, what are we going to do? Because the moment we let these institutions in they will step on us. I know they will. I cannot be everywhere. They may not do it to me because I’m the Minister of Finance and a big mouth lives there I guess. But they will do it to my staff, who may never pass it back to me because they know I will get angry and confront the donor.

So I said, Okay, and I’m looking for means and ways to see how we can strengthen the Secretariat so that we can give the help to these other countries. Sometimes
the trust is not there between the donor and the country. So the main challenge is sustaining the Secretariat independently of the donor community and convincing donors to embrace us and work with us.

The other question – young people. This is the case not only in Timor–Leste. If you look at the statistics, many of us fragile states, one of the biggest challenges is youth bulge. What I notice in Timor–Leste is that we are doing a lot of work. We have a lot of projects in the infrastructure. We are building the nation. We are building roads. We are doing this, we are doing that.

And the problem is that these youth, they cannot participate. Why? They have no skills. I first raised the issue of donors financing vocational training a decade ago.

Twelve years down the track and I’m still talking. We need to do it. And today I spoke to Peter Bracks about this issue. I said, I’m sorry. We need to do it because where will these people learn their skills so that they can participate in the project that we’ve created? We’ve created so many projects, but they can’t do it because they have no skills. The carpenter doesn’t know how to do the carpentry. The electrician, every time he does something he gets an electric shock.

So we need to invest on that whether we like it or not. In Timor–Leste we still have a lot of work to do on this issue.

Now, how could we have done better on this one? Again, this is a message to the donors, because normally donors don’t like to invest in specialist schools, but they like to invest in primary education. Primary school is important yes, but the teachers are not primary. The teachers are either tertiary or vocational at the minimum. So we needed to invest in both, but at the same time so that we have an alternative.

A good example is from the Timor–Leste health sector where we had a visionary Minister in the first government. He sent about 1,000 students to Cuba for training and now we have all these doctors coming back. They may not be the best doctors yet, but the minimum standard is there. So, we can build on examples like that.

Unfortunately we didn’t do the same with education. Now we’re going to have to catch up. We have to produce really good teachers that others can learn off to become good themselves.

Q: Thanks very much Minister. It was a very interesting presentation. Connecting to one of your themes of conflict and post conflict, One of the major achievements is the fact that Timor–Leste and Indonesia now have a harmonious bilateral relationship. Could you comment on that?

Minister: Yes. This is very interesting. I’m not an expert in the field. However, one of the most important aspects of our development is of course the reconciliation process. Indonesia is a big neighbour. We are a small nation. They are also a primary trading partner.

Now there was also that other concern about the serious crimes that had been committed against us. We think that people who have committed serious crimes
need to be held accountable etc., but again, you need to prioritize. What comes first? There are 250,000 of our people on the other side of the border. First we needed to bring them home. And not everybody is home yet, but the Prime Minister had a very good vision and priorities. Spending time on hatred and revenge takes a lot of your energy. Just to build the nation and to move forward takes any energy that you have. It’s a luxury to spend time on hatred.

And I had a personal experience on that when I was helping the Prime Minister out in Jakarta and he asked me to bring someone onto our small advisory team. Then I looked at the name. This is a pro-integration person, why would I call him? No. No. No, because I had red eyes. I could only see our differences.

So I went to the Prime Minister and I said, Do you know that this person is not one of ours? He was pro-integration! And he said to me, I asked you to make a phone call Emilia. I didn’t ask you to hug him.

And so I went back and then I made a phone call and the voice on the other side of the line was so surprised that I invited me to become part of our small group that was doing this plan for Timor-Leste. And then I could hear his voice shaking. He said, Are you going to be there? I said, Yes. Are you sure you’re going to be there? Yes. Okay, I’ll go there but I’ll only go in the room with you. So I became his mum.

I thought then, everybody has a story. That day I understood the person as a person. And so all this hatred that I carried for 24 years just kind of went and then I became a better person because I put it to the back and this person became a very good friend and worked for our nation.

Circumstances make people do what they have to do, and we need to look beyond those differences. So, all along Timor-Leste prioritized our relationship with Indonesia and other countries so that we could create better conditions for our people. But that does not mean that we violate human lives or we promote impunity.

Each must be addressed in their own time.
ABOUT US

The Development Policy Centre (Devpolicy) is a think tank for aid and development serving Australia, the region, and the global development community. We undertake independent research and promote practical initiatives to improve the effectiveness of Australian aid, to support the development of Papua New Guinea and the Pacific island region, and to contribute to better global development policy.

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Harold Mitchell AC is the founder of Mitchell & Partners and the former Executive Chairman of Aegis Media Pacific. In December 2000, he launched the Harold Mitchell Foundation. Among other initiatives, the Harold Mitchell Foundation generously supports the Development Policy Centre’s research and public engagement on issues of Australian aid effectiveness, the Pacific and PNG, and global development policy.