

***Governance and Institution Building:
Lessons from fragile and conflict affected states
Monrovia HLP Post 2015 Meeting***

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I would like to thank the Liberian Government and the Liberian people for hosting this event, and in particular H.E. Madame President Ellen Johnson Sirleaf.

I would also like to thank the High Level Panel Secretariat for their support in our collective efforts to discuss and deliberate the many challenges and opportunities we face in establishing a post 2015 architecture.

Let me begin by adding my support to what Ministers Ngozi Okonjo-Iweala and Gunilla Carlsson have just outlined in their presentations. Improving the governance of natural resource management, establishing strong, transparent and accountable institutions, and strengthening the rule of law have been the central pillars of our peace building and state building efforts in Timor-Leste.

May I be clear that what I am about to outline on peace building and state building does not apply solely to conflict and fragile countries. Although equally, we should not forget that there are 1.5 billion people or 20% of humanity living in settings of conflict and fragility; and who are among the poorest, most vulnerable and most in need.

Whilst the MDGs give us a framework of indicators to aim for, we cannot achieve these targets if we as states do not have the tools to do so. When aid donors attempt to do it for us; it weakens any ability to establish sustainable systems of governance so that one day – we can do it alone. In order to build upon and accelerate the progress of the MDGs, we need in place the national building blocks for eradicating extreme poverty and bringing about sustainable development. Improving the management of natural resource revenues helps countries like ours to generate the finances to deliver the necessary services to our people. Strong institutions and a stable, peaceful environment are essential to ensure transparency and accountability in government, the private sector and civil society.

We know many countries including resource rich ones are struggling to meet the MDGs. We also know it is an undeniable truth that to reach any of these goals, eradicating extreme poverty and bringing about sustainable development, two things are required: Peace and effective state institutions.

This is what we mean by peace building and state building. Again, let me be clear, we are not talking about peacekeeping or security – both of which are the rightful domains of sovereign states, and are dealt with under the UN Security Council. I understand there has been some debate over what is actually meant when we use terms such as peace and security – to clarify, when I talk of security in this context, I am talking about safety – the safety of people.

When we talk about peace building and state building we are talking about inclusive politics, and having the necessary state apparatus to deliver basic services such as health and education, foster economic empowerment and promote sustainable development. We are talking about building and strengthening the social contract between governments and their people; so that the political and policy dialogue can include as many people as possible. This is what we mean by peace building; and it clearly benefits all countries, not just conflict affected or fragile states – indeed at times every country faces tensions and disenfranchised groups to some degree.

We are also talking about ensuring the institutions of the state can deliver services to the people. It means that we as States can manage our own resources and revenues; continue to improve service delivery, build or strengthen our institutions and enhance citizen/state confidence. If, for example, we want our children to have quality learning outcomes, and we do, then we need to ensure our education ministry has the resources and capacity to make this happen. This is what we mean by state building; and it clearly applies to all countries.

The pressures on states to deliver will only intensify as our populations become increasingly urbanised. Only the state has the apparatus to work on such large scales. NGOs and civil society have and will continue to play an important role in our development stories, but there is a vast difference, for example, between providing water tanks in individual rural communities, and providing a reliable and safe reticulated water supply and sanitation in our towns and cities.

There is no doubt in my mind that peace building and state building should be a headline goal as we set the post 2015 development agenda. It is both a precursor and a complement to the other development priorities we have been discussing across this panel, including: economic empowerment and job creation; sustainable development; improving health and education outcomes; ensuring accountability, transparency and the rule of law; and tackling inequality, especially gender inequality.

The reality for conflict affected and fragile countries in meeting any of these development goals is profound – parents will not send their children to school if they are not safe, teachers will not turn up to school if they are going to be attacked. What is the point of building the best hospitals, if our doctors and nurses can't work out of fear of persecution?

The risk of conflict and instability is highest in new and fragile states that already experience existing stresses around water supply; agricultural productivity; poor health and education systems; few employment and business opportunities; and demographic pressures. Climate change will further exasperate these issues.

As Minister of Finance, I have experienced first hand the dual efforts of peace building and state building. When my Government came into power in 2007; over eight billion dollars had been spent by the international community since 2001. But when the 2007 *Timor-Leste Standard of Living Survey* came out, we discovered that poverty had doubled in some areas; and overall poverty had increased to 15%. As we only have one million people, this made us all pause for reflection. Clearly money alone does not deliver results.

Our 2007 wake up call was followed by critical and expedient reforms to, and the establishment of, vital institutions that enabled us to begin to service the population. Strong social and fiscal policies combined with peace building efforts were accelerated by initiatives to improve accountability, transparency and the rule of law. Peace came hand in hand with state building; and economic resilience quickly followed. National ownership was key to these efforts. We were empowered, where previously the State was being by-passed by donors, which was further eroding our people's confidence in the State.

In 2010 the g7+, a group which now represents 18 countries that experience similar challenges of fragility and conflict was formed. The New Deal for engagement in fragile states identifies the key priorities for development in this context – what we have called the peace building and state building goals that cover: inclusive politics; safety for all; justice; jobs for all; and management of natural resources revenues and services.

But now we have the opportunity to grasp the learning from our experience, and the collective learning from the MDGs to broaden the scope; and universally apply these to create the enabling environment for sustained and sustainable development.

I believe we have a responsibility to make peace building and state building our headline goal. A goal that builds on the interlinked and mutually reinforcing principles of inclusive states, which are responsive, fair and accountable to their people. A goal that will ensure we can deliver a holistic post 2015 development agenda; in an integrated way to foster economic empowerment, social equality and environmental sustainability.

At the end of the day all of what we are talking about is about people, and making their lives better. Let us not leave the 1.5 billion people behind, again. That is the theme of our consultation on 26-28 February in Timor-Leste in which you are all invited to hear the voices of the g7+ and the Pacific countries.

Thankyou.