

**The Secretary of State for the Council of Ministers and  
Official Spokesperson for the Government of Timor-Leste  
Ágio Pereira**



**November 15, 2010  
Dili, Timor-Leste**

**A new Timor-Leste emerges after three years of skilled leadership.**

When the new Government led by Prime Minister H.E. Kay Rala Xanana Gusmão took office in August of 2007, Timor-Leste was widely considered as being on the brink of becoming a failed state. In three years, Gusmão's aggressive reformist agenda has transformed the small half island nation. The economic and social indicators in 2010 benchmarked against global measurements reflect an upwardly mobile and stable nation emerging from poverty through progressive policies and reforms.

US\$1.6<sup>i</sup> billion of targetted public spending has delivered a 9%<sup>ii</sup> decrease in poverty, the equivalent of raising some 96,000 people out of extreme poverty; this after a collective eight billion was spent in less than a decade prior to the Government's mandate and poverty had doubled in some regions.

Timor-Leste's economic growth in 2009 was 13%<sup>iii</sup>, the highest growth rate in the region. Benchmarked against global growth rates in 2009 of countries and regions such as Latin America -1.7%, the Euro Area -4.1% and the US at -2.6%<sup>iv</sup>, Timor-Leste's growth is impressive leading to a citation as one of the top ten fastest growing economies in the world for both 2008 and 2009.<sup>v</sup>

Good economic management has been a hallmark of the Government with the World Bank Doing Business Report recognizing reforms to the taxation system increasing the global rank from 75 to 19. Timor-Leste's ranking in the Doing Business Report 2010 improved by 7 places. Under the new taxation environment domestic taxation revenues have increased 41% since 2006<sup>vi</sup>; an increase demonstrating that institutions are increasing capacity of collection, easing levels for compliance and creating a more accessible regulatory environment. Company registrations increased from 1,695 (2007) to 2,118 (2008) and to 3,781 (2009). Micro business registration increased from 505 in 2007 to 849 in 2008 and 1,262 in 2009<sup>vii</sup>. Timor-Leste's Gross National Income (GNI) per capita increased by 228% between 2005 and 2010<sup>viii</sup>, and given 2006 registered a negative (-5.9)<sup>ix</sup> growth rate; the success can be attributed to the Gusmão Government initiatives.

Measured against the Millennium Development Goals the country has made significant progress. The rate of child mortality has fallen from 92 per 1,000 live births in 2007 to 64 per 1,000 live births in 2009, the incidence rate related to malaria has dropped from 203 per 1,000 in 2007 to 113 per 1,000 in 2009 and the incidence rate related to tuberculosis has dropped from 250 per 100,000 in 2007 to 145 per 100,000 in 2009. The net enrollement ratio of children in primary education has risen from 65.6% in 2007 to 82.7% in 2009.<sup>x</sup> Simply put, the use of quality measurement instruments is showing many more children are living past their fifth birthday, many less people are afflicted by disease and many more children are participating in the education system today compared to when this Government first began its mandate.

This year Timor-Leste achieved full compliance status with the Extractive Industries Transparency Initiative, the third country in the world to have achieved this status. The Revenue Watch Institute and Transparency International, in this years first Revenue Watch Index, ranked Timor-Leste as being in the top group of countries with "comprehensive transparency" in regards to natural resources.<sup>xi</sup>

The just released 2010 United Nations Human Development Index records an increase in rank for Timor-Leste of 14 places and the recent 2010 Corruption Percpetion Index from Transparency International shows an increase in rank of 19 places. The Human Rights report of the United Nations released last month cites "major progress in human rights" in the period

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July 2009 to June 2010 and cited Timor-Leste now as having the potential to be a regional and global human rights leader.<sup>xii</sup>

Timor-Leste has become a global case study for post conflict and fragile nations. From 167 episodes of conflict in 81 countries the average growth rate achieved five years after conflict was 5%<sup>xiii</sup>, Timor-Leste experienced approximate 15% growth rate in a relatively shorter time frame benchmarked from 2006.

Timor-Leste is now recognized as a global leader in emerging from conflict and fragility through in-country innovation. In April of 2010, Timor-Leste was nominated to lead the G7+, seventeen fragile and post conflict States and territories from across the globe, united for the first time in history to share their common experience and influence global policy.

Secretary of State for the Council of Ministers Ágio Pereira noted “The progress we have witnessed in the country since August 2007 is the product of sheer national will, and the unity of our people. Improvement is a result of astute leadership and good governance along with the assistance of international partners and has evolved because of policy reforms, legislation, planning, effective implementation and better global relations.’

‘Now, as we move into the next crucial stages of our national growth, we should reflect from where we have come in such a short period of time, consider the facts, review the measured improvements in our nation and be under no illusion that the effective leadership of our Prime Minister, His Excellency Xanana Gusmão, supported by a dedicated team, has brought Timor-Leste back from the precipice and into this moment in our history. This leadership and team will continue with the same skill and courage to take us further down the path of peace and development which we are now able to walk together holding a strong sense of both hope and realism.” **ENDS**

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<sup>i</sup> Ministry of Finance, Macro Directorate, a sum of the “Executed Actual” from the 2008 and 2009 budgets plus 2010 to November.

<sup>ii</sup> World Bank, A 2009 Update of Poverty Incidence in Timor-Leste using the Survey-to-Survey Imputation Method, <http://siteresources.worldbank.org/INTTIMORLESTE/Resources/tlpovertynote.pdf>

<sup>iii</sup> Ministry of Finance, Macro Directorate, November 2010

<sup>iv</sup> International Monetary Fund, World Economic Outlook 2010, page 182

<sup>v</sup> CIA World Factbook

<sup>vi</sup> Ministry of Finance, 2005/2006 Fiscal Year compared to 2009 Calendar Year.

<sup>vii</sup> MTCI March 2010

<sup>viii</sup> UNDP, 2010 Human Development Report: Asian countries lead development progress over 40 years <http://www.tl.undp.org/undp>

<sup>ix</sup> International Monetary Fund, World Economic Outlook 2010, page 182

<sup>x</sup> Sources: UNFPA, MoH, TLSLS 2007, MoE EMIS and Preliminary Report DHS 2009-2010

<sup>xi</sup> The Revenue Watch Index 2010 - Transparency, Governments, and the Oil, Gas and Mining Industries

<sup>xii</sup> UN News Centre, October 5, 2010

<sup>xiii</sup> Victor A. B. Davies, The Macro Economics of Post-Conflict Economic Recovery, UNDP, 2008, page 5