



PRESIDÊNCIA DA REPÚBLICA

Timor-Leste: Reflections on the road to peace and prosperity

an address by

H. E. the President of the Republic

Nobel Peace Prize Laureate

Dr. José Ramos-Horta

to the National Parliament

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"I AM AN OPTIMIST BY NATURE BUT I AM FULLY AWARE OF THE CHALLENGES THAT LIE AHEAD.

THE WORLD IS FACING A GLOBAL CRISIS AND WE HAVE TO BE READY TO ADDRESS IT SUCCESSFULLY IN TIMOR-LESTE.

I APPEAL ONCE AGAIN TO YOU ALL. LET US STRIKE AN AGREEMENT BETWEEN THE PRESIDENT OF THE REPUBLIC, THE PARLIAMENTARY MAJORITY AND THE OPPOSITION, IF POSSIBLE BY THE END OF THIS MONTH, SO THAT A CONSENSUS MAY BE REACHED ON ALL MAJOR ISSUES OF NATIONAL INTEREST IN ORDER TO CONSOLIDATE STABILITY AND CREATE THE NECESSARY CONDITIONS FOR THE DEVELOPMENT OF OUR NATION"

Your Excellency, President of the National Parliament,
Your Excellency, Prime Minister,
Your Excellency, Acting President of the Court of Appeal,
Your Excellencies, Members of Parliament,
Your Excellencies, Members of the Government,
Your Excellency, Special Representative of the UN Secretary-General,
Your Excellencies, Members of the Diplomatic and Consular Corps,
Distinguished Civilian and Religious Dignitaries,
Excellencies,

Beloved People of Timor-Leste,

We have entered a new and positive stage in the development of our Nation and the elected representatives of the People should take on an important role in establishing the political conditions for the development of the country in this new stage. Thus, my best wishes to all of you for the work that lies ahead.

Over the past few months, I have met several world leaders and the heads of state and government of friendly countries. Those were important opportunities to give them a first-hand account of my views on the new situation in Timor-Leste, to inform them about the new conditions of peace and stability that we have achieved which will allow us to push ahead, once again, with our national development.

As you all know, I was in Thailand in January on a state visit. I also paid an official visit to the Philippines and was in Malaysia on a working visit. In August 2008, I had been in the Philippines on a state visit. And in June 2007, shortly after my election, I had visited Indonesia as Head of State.

My visits to Thailand, the Philippines and Malaysia were partially sponsored by the Vienna-based *International Peace Foundation*, which had invited me to deliver an address on the topic of "Is Real Peace an Attainable Dream?" at several universities.

I had scheduled visits to Mexico, France, Poland, Monaco and Hong Kong in October, November and December but I cancelled them all.

I have just returned from a state visit to New Zealand and a working visit to the USA. It was a very productive visit, as I had a chance to meet the Secretary-General of the United Nations as well as all the members of the Security Council. I spoke before the Security Council on February, 19 and on February, 25, the council agreed to extend the mandate of UNMIT for an additional year.

The Secretary-General of the United Nations, Mr. Ban Ki Moon, kindly accepted to attend the working dinner hosted by the Ambassador of Japan on February, 18. He also attended the

lunch hosted by myself on the 19th. Mr. Ban Ki Moon also honoured me personally by attending the Security Council meeting, thus showing his full commitment to Timor-Leste.

On February, 23 I traveled to Boston to deliver a speech at the *Ann Fletcher School of Law* of Tufts University.

Between 24 and 26 February, I was in Washington for a working visit.

A state visit to Australia had been scheduled to precede my state visit to New Zealand. The former visit was postponed upon my request, as the Australian authorities and people were at the time deeply concerned and distressed with the bush fires that had killed more than two hundred people and destroyed thousands of homes in the state of Victoria.

I would like to use this opportunity to express, once again, our feelings of friendship and solidarity with the Australian people and authorities and to convey our condolences, in particular, to the bereaved families.

Before entering into the topic that has brought me to the National Parliament today, I would like to share with you some further details of my travels to New Zealand and the United States.

As you know, New Zealand is a small country both in terms of its territory and population size, with only 4 million inhabitants. Over the years, and notwithstanding its limited human and economic resources, New Zealand has been extremely generous and has expressed exemplary solidarity towards our country as well as towards other nations in the South Pacific.

During my stay in New Zealand, I had meetings with the Governor-General, the Prime Minister, the Minister of Foreign Affairs, the Minister of Defence and Police. I was also invited to deliver a speech before an educational institution.

I am grateful to the authorities of New Zealand for their warm welcome and hospitality.

On my way to New York, I had a half-day stop-over in Los Angeles, where I was warmly greeted by several dozen actresses and actors, film directors and producers and by dozens of children from five Hollywood schools that had gathered at Ms Ann Archer's house.

It was an opportunity for me to talk to our friends in Hollywood about our country. And I have suggested to the Minister of Foreign Affairs the opening of an Honorary Consulate-General in Los Angeles, for which there is already a candidate. I am convinced that this would be a most valuable initiative to foster trade, tourism and cultural exchanges between Los Angeles and Timor-Leste.

In Washington, I had working meetings with Secretary of State Hillary Clinton, Admiral Denis Blair, who is currently Director of National Intelligence, the Under Secretary for Defence, as well as many members of the Senate and the House of Representatives, including its Speaker, Ms. Nancy Pelosi.

I also delivered a speech at the *Center for Strategic and International Studies* of the University of Georgetown.

I consider my visits to New Zealand, Los Angeles and New York, Boston and Washington to have been very positive, both from a political-diplomatic perspective and personally. I mention the personal dimension because we should never underestimate the human aspect in the relations between states, between peoples and generally speaking in our personal interactions where we should always strive to learn and better ourselves.

Those who govern countries and have the responsibility for guiding their destinies should seek to get to know one another. Many tensions, many diplomatic and political conflicts and even wars could have been avoided if only politicians and leaders would talk to one another and get to know one another better.

Your Excellencies.

The world is facing an unprecedented economic and financial crisis. A crisis that is far more serious and widespread than the financial crisis of 1996-97 which ruined the economies of many countries in our region but had a positive collateral effect in Indonesia where it brought down the Suharto regime. However, back then, the region's economies swiftly found a new stability and entered a new cycle of growth and prosperity.

The current crisis began in the USA, the world's large supermarket to which many countries export their goods.

The crisis that the world is facing was caused by the irresponsible management and greed of bankers and other business leaders in the developed (*corrected mistranslation*) world and, first and foremost, in the United States.

The negative impact of their greed and irresponsibility is now being felt in our region, as elsewhere in the world, because the dramatic drop in consumption in the USA and Europe is affecting Asia's exporting economies.

Economic growth is slowing down in China, India and in other countries that used to display high rates of growth. Millions of people are losing their jobs and there is a risk that social distress may generate social disturbances in many countries, making a bad situation even worse.

Great challenges bring with them great opportunities. The financial collapse in the United States and Europe could be an opportunity for President Barack Obama to enlarge an already obsolete G7 group and to work with a community of partners that represents more adequately the contemporary world, including countries such as China, India, Indonesia, Brazil, South Africa, Saudi Arabia.

At a time when the United States, Europe and Japan are pouring hundreds and hundreds of billions of dollars into their financial systems in an attempt to salvage banks that poor management has led to the brink of collapse, poverty in the world seems to be *increasingly* overlooked. However, the vast masses of poor people who live in great hardship and are seeing their plight further aggravated by the world crisis could represent a far more serious threat than the small band of extremists operating in Pakistan, Iraq and Afghanistan.

On behalf of the poor, I ask wealthy countries to give at least 10 cents for every dollar that they give out to banks and car manufacturers to alleviate poverty in those countries in Asia, Africa and Latin America that are being worst hit by the crisis.

Our world faces new global challenges that require new solutions based on new partnerships, not on old confrontational strategies typical of the Cold War period.

In Asia, the United States should seek to develop strategic partnerships *both with India and with China* and actively pursue initiatives aimed at restricting and eventually eliminating nuclear weapons from our region.

Asia is the region in the world with the largest number of nuclear powers and it is therefore its most dangerous. We are all aware of the legacy of mistrust and rivalries in the region and of unsolved border conflicts that are intensely felt by those involved – whether in India or Pakistan, China and North Korea – not to mention other countries that can develop nuclear capabilities if they so wish.

Some Asian leaders seem to perceive nuclear weapons as status-symbols, as tools that will grant their respective countries a status as regional or global powers. But they seem oblivious to the fact that the lessons from the past show quite the opposite: that the now defunct Soviet Union was unable to prevent its own collapse despite its huge nuclear and conventional arsenal; or that India and Pakistan have so far been unable to put down internal uprisings and other threats despite their nuclear weapons.

The United States have elected a new political leader that came to power under the banner of change. Only President John Kennedy before him had raised such high hopes throughout the world as President Barack Obama has. This is due, in part, to his eloquence, and partly to the fact that he is an African-American who embodies the possibility of bringing about real change in a world filled with disbelief, despair and anger.

That a black American, the son of a continent marred by slavery, should be elected president of the most powerful nation on Earth is perceived across the world as a reason for hope and renewed confidence.

President Barack Obama carries with him the heavy burden of living up to the heightened expectations that were created, of not disappointing the hopes generated and the promises of his election.

Distinguished Members of Parliament.

Excellencies.

As I said already, challenges bring with them new opportunities and the effects of the current international crisis for Timor-Leste need not be all negative.

The fall in oil prices is reducing our revenue, but the international financial crisis is also pulling down the price of many of the goods that we import. Thus, the money we spend on imports annually may be significantly reduced as long as the Government manages public funds meticulously.

On the other hand, the crisis is unfolding at a time when our society has recovered peace and stability. Stability is a fundamental factor if we want to give a significant push to our economic and social development.

Distinguished Members of Parliament.

Excellencies.

The new legislative year could be a very fruitful one when it comes to debates, in parliament as well as in society, regarding our priorities and our future. I leave you with a reminder and an appeal: it is important to strengthen political debate and to turn it into a tool for consensus-building and for uniting the country around the challenges that we face.

Our first and foremost challenge is to consolidate peace and alleviate poverty.

Timor-Leste is still a long way from achieving the Millenium Development Goals adopted by the United Nations and which are of great importance to our country, where half of the population lives below the poverty line, that is, with less than 88 cents/day.

Ever since my term of office began, I have considered the fight against poverty as my first priority, thus being true to the principle that has guided me throughout life – to liberate the people and to contribute to improving their living conditions .

Myself and all the other political leaders have worked all our lives to achieve our goal: ours dreams and commitments were the same, to liberate the people, to give it peace and tranquillity, to free the people from underdevelopment and from the poverty that humiliated and killed it.

We liberated ourselves in 1999 and we restored national sovereignty in 2002. Six years later, I repeat before you the same question I ask myself many times: what benefits has independence brought to our people? What advantages have resulted from independence, especially for the poorer amongst us?

If the reasons and the goals of our struggle were to give the people peace on the streets, tranquillity in homes and schools, freedom in the fields, well-being for all, food for the poor, books and education for the children, health for the diseased, we have to honestly acknowledge that over the past six years we haven't achieved those objectives, our sacred mission. We have to acknowledge that we have been unable to fulfill the very modest expectations of our suffering, humble and patient people.

The crisis of 2006 halted some of the modest progress that was already being made. In 2005-06, our economy was recovering steadily. After recording negative growth in 2002-03 and only very modest growth in 2004-5, it had been estimated that Timor-Leste's economy would display a 7% growth rate in 2006. But instead of growth we witnessed violence, instability and an economic downturn.

However, as I speak, the crisis has been overcome. We live once again in peace. Confidence is returning to the hearts of the people as well as to that of many entrepreneurs.

The city of Dili looks more lively than ever. There is a lot more economic activity going on, as well as commercial, social, cultural and sporting activities than in 2005. There is far greater investment in agriculture with more direct, visible support to farmers through the provision of tractors, hand-held tractors, buffaloes and seeds. The State is purchasing non-perishable goods from farmers, thus promoting a sector that is vital for our economy and the subsistence of thousands of Timorese households.

Our grandmothers and mothers, our fathers and grandfathers who live in poverty are getting a modest support from the State. Such support is very modest indeed. But it is nevertheless something for which they are grateful. They are grateful for the very little we provide them with. Assistance is also being provided to veterans. Children are getting a meal every day in every school across the country.

We had a good coffee harvest in 2008 and the price of coffee in international markets has gone up, to the benefit of the 30,000 households that live from growing and exporting coffee.

Our Nation is at present in a good phase and we should seize this opportunity to promote development in the country. Most importantly, we now enjoy financial conditions as never before since independence and we must ensure that State budgets support fundamental policies to improve the livelihoods of the poor and to develop the country.

Moreover, the State Budget should be designed to ensure that **we invest in our development** and in fulfilling people's basic needs. Alleviating poverty and investing in the future are the most important legacy we can pass on to the younger generations.

Investment in basic infrastructures such as water supply systems, sanitation, power supply, an improved and expanded road network and telecommunications are necessary and urgent investments that **reflect current needs and are also required for the future development of our Nation.**

Any decisions on the necessary investments in infrastructures will have a long-lasting impact on our society and should therefore be thought through carefully and be the object of a consensus that is as broad as possible .

In the State Budget for 2009 that you, Distinguished Members of Parliament, have recently adopted on a proposal from the Government, the **allocation of 30% of budgeted expenditure to capital development** is indeed very positive and encouraging.

But the largest project that was put forward was also the one that generated the most heated controversy. This shows how important it is to provide more information and to ensure greater transparency when debating and voting on projects of national importance.

I recall, in this regard, the purchase in 2008 of two vessels for the naval component of the F-FDTL. It was a significant investment that will have a significant impact in the future, and more information should have been provided and there should have been greater transparency to ensure as broad as possible a consensus around the decision.

Whenever essential investments for national development are at stake, we should seek to generate the broadest consensus possible.

I recall that the State Budget for 2009, which was adopted by this National Parliament, shows a clear commitment to investments in education and health. It also increases the funds allocated to agriculture (US\$34 million) and to infrastructures (US\$130 million). These are welcome developments and such investments are very much needed to improve living conditions in rural areas and to alleviate poverty in the districts as well as regional development imbalances.

That is why I said to you that the State Budget for 2009 has very positive aspects. But to develop our Nation and to turn Timor-Leste into a modern country we have to strive further to invest thoughtfully in the present to secure a better future.

If we really want to bring about change, the necessary investments will have to be pursued for many years to come, supported by steady policies and clear objectives – and not just be included in the budget for one or two years.

Over the next 10 years, the State will have to secure the funds to finance large projects which are essential for our development – such as the building of a new airport (at an estimated cost of US\$700 million), a new port (estimated cost US\$300 million) and a modern road network (estimated cost between US\$1 and US\$2 billion), as well as other national infrastructures such as energy supply and telecommunication networks.

Thankfully, our Nation has a reserve of about US\$5 billion that can and should be partially invested in developing infrastructures, modernizing our economy and improving the living conditions of the people in towns and villages across the country.

The necessary investments are huge and we should work towards building the broadest possible consensus around these major works of national interest. The larger and more important such projects are, the more vital it is to build and broaden a NATIONAL CONSENSUS around them.

ENVIRONMENT AND ENERGY POLICIES

The debate around the State Budget for 2009 was marked by the discussions around a new power plant and the environmental hazards that it could represent. Risks to public health and negative impacts on agriculture were mentioned.

The project of a new power plant drew the strongest criticisms from the opposition which raised some serious concerns that have to be addressed. The President of the Republic shares many of those concerns, including those that were expressed by civil society regarding the technology to be used, its environmental impact, the costs involved and the **reciprocal arrangements that were negotiated with the company to whom the contract was awarded.**

I heard the explanations from the Government and I have full confidence in their integrity. I know that environmental concerns were also on the mind of Government representatives as they negotiated with the chosen company.

One of the requirements that the company will have to meet is a plan with technical measures aimed at reducing and preventing negative environmental impacts.

Such plan is an integral part of the agreement signed and the company has vowed to respect World Bank standards as well as those of the Kyoto Protocol and the environmental legislation in force in Timor-Leste.

I congratulate the Government for having allocated a sum of US\$2 million to recruit a team of consultants that will supervise the works. The team will also include environmental experts.

However, and with the Government's support, I decided to request the assistance of an independent body that will carry out an environmental impact assessment and a technological evaluation to determine the risks that the project poses to the environment. The Prime Minister has given me assurances that he will accept whichever recommendations are produced by this independent body.

I have accepted the explanations and assurances provided by the Prime Minister that the Government will be meticulous and transparent in the management of the works. The Prime Minister has assured me that he will not hesitate and take the necessary measures to defend the interests of the people, should there be any infringements to the terms of the contract.

I would also like to draw your attention that we are already in mid-March and the works haven't started yet, despite the urgency of the project and the Government's commitment to have the plant up and running to supply the districts by the end of the year.

NEGOTIATION AND CONSENSUS ON MAJOR PROJECTS OF NATIONAL INTEREST

After several meetings with the Government and the FRETILIN leadership, as the party with the largest share of the votes, we have agreed that it would be useful to set up a formal mechanism to discuss major issues of national development.

Besides the debates in the National Parliament, it is highly desirable that broader consultations take place and that participation is expanded for debates around major national issues such as the ones mentioned before, namely the management of the Petroleum Fund and investments in large infrastructural projects.

Such consultations and participation should take place through a formal mechanism involving the democratically-elected bodies, who legitimately hold the responsibility to decide, together with the opposition and civil society. Such a mechanism should involve personalities whose dedication to serve the country is publicly acknowledged and that are therefore widely respected.

Such mechanism should have the ability to look into large-scale projects and into issues pertaining to the management of the Petroleum Fund, as well as other important topics such as the reform of the security sector, public administration, justice system and others where a broad consensus should be built, thus contributing to the transparency and the strict management of State affairs.

Hence, I WOULD LIKE TO DRAW YOUR ATTENTION TO THE URGENT NEED TO ESTABLISH SUCH A MECHANISM

POLICIES FOR THE POOR

I have to return to the theme of POVERTY in order to stress that we require a broad consensus on this matter: the alleviation of Poverty is a national cause. Therefore, in 2009 and in years to come we will have to work together to achieve this major objective.

At its present growth rate, the population of Timor-Leste will double in size within 17 years.

To cut the number of people who live in extreme poverty will require the allocation of 80 to 90 million dollars to policies aimed at supporting their revenue. With such allocation of money it will be possible to reduce poverty in the country by 3% annually.

Meanwhile,

- The policy aimed at providing all schoolchildren with one hot meal a day should be considered a national priority. The Government has budgeted 1.5 million dollars for the programme this year. It is a fundamental programme to ensure that our children and youngsters grow more healthily;
- Literacy programmes for adults are a debt that our generation owes towards those who, for whatever reason, never had a chance to learn how to read and write. The Ministry of Education is currently running two literacy programmes that will benefit some 15,000 people: they are fundamental programmes and should be strengthened. I am grateful to the Cuban experts and the government of the Republic of Cuba for the experience that they are sharing with us and the commitment they are putting into our development.

I eagerly await the Government's strategic plan for investments which, like everybody else, I will read very attentively. I sincerely hope that, by the time it is disclosed, a **mechanism for a national dialogue on fundamental development issues will have been established and that those participating in such mechanism will have a chance to contribute to the plan.**

One of the goals of the State Budget for 2009 is to improve the livelihoods of the Timorese living in the districts. Transfers from the State Budget and plans to undertake public works in the districts are positive measures to bring about the development of rural areas and could represent an estimated 5-7% economic growth in the districts.

We have to pay attention to our ability to execute the budget, as the absorptive capacity in rural areas is still very limited.

The State Budget for 2009 should contribute to alter and improve the situation in a **poverty corridor** that we must transform into a **development corridor**: it is a corridor that includes the poorer districts – from Aileu (with 70% of poor people), to Manufahi (87%), Ainaro (80%) and Manatuto (73-74%). These districts have to get more support, without overlooking the need to fight poverty in other districts also.

We have to move towards **financial deconcentration** to the districts. As I mentioned before when referring to the working conditions of our forces, it is equally painful to see how most district and sub-district administrators live and work.

The Government must show that it trusts its agents in the districts and sub-districts, that it does not view them as incompetent and corrupt. And the Government has to grant them financial autonomy and adequate budgets. We have to show that we do not always have negative views about others.

We have to give them a chance to succeed, even at the risk of seeing them fail, and we have to trust them and allow them to take on their responsibilities. The development of a local economy in the districts will only come about if the State transfers the necessary means to district authorities.

The Government must design strategies to ensure that investments in local development will benefit local communities.

And the Government has to make sure that there is the capacity to execute the budgeted investments. Otherwise, we will not attain the 5-7% growth rates that are estimated to be viable for the development of rural areas.

For that to happen, we also need an active and committed private sector, which should therefore be stimulated.

The **policy of social transfers** that began in 2008 with the payment of pensions to combatants of national liberation and the relatives of martyrs, the allowances for the elderly and the disabled and the *Bolsa-Mãe* programme, **did have** a direct impact on the purchasing power of many households.

In 2009, US\$96 million were inscribed in the budget for **social transfers**. These funds will continue to have a positive impact in reducing the numbers of the poor. But we have to assess the impact of such measures objectively and look into ways of enlarging the range of those benefitting from such allowances.

We should design measures aimed at ensuring that the most vulnerable of all, whatever the reason, can benefit from such programmes. **Proposals such as the establishment of a Basic Revenue should be seriously considered.**

It is important to undertake a new survey on living standards, similar to the one produced in 2007, to assess the impact of the transfers made since then and of the transfers included in the 2009 budget .

But transfers have to become a more sustainable process. We should start thinking about a pension fund that would allow us to capitalize on their income. The State has been generously increasing the pay of civil servants – who have a steady job in a country with a very high rate of unemployment. It is now necessary and urgent that civil servants start contributing to their own social assistance and support, as they too expect the State to support them in old age or when ill by means of a pension.

The policy of subsidizing rice has made sure that people had food available. It is now time to think about replacement strategies – that will support the food production by Timorese farmers .

Only with policies aimed at supporting local production will we contribute to the sustainable growth of our economy. Strategies aimed at supporting production should value the role of women in the economy: there is a large number of women who head their households and their role in agriculture should not be overlooked.

The promotion of equality should take place across the board and be present in all sectors of social life, for experiences in many countries in local development initiatives show that programmes aimed at promoting equality also contribute to alleviate poverty.

The programmes aimed at supporting farmers' income are very important to ensure that there is greater social justice. I recall that one topic that also caused significant controversy during the debate of the 2009 budget was that of salary increases. Some mentioned the risk of a spiraling inflation and a widening gap in inequalities, because inflation always hits hardest the poorest people.

The law defining pay increases should be carefully pondered. Allow me to give a word of advice to both the Government and the opposition: in such an important and complex matter, you should seek a practical platform of understanding.

With regard to Public Administration, we have to fine-tune the measures aimed at administrative reform that were launched in 2008. The Government should pay more attention to the growing number of senior positions in some ministries and to the large number of temporary staff in many departments.

JUSTICE

The Reform of the Justice Sector is one of the most important reforms for consolidating our State. Without justice there can be no democratic State. Justice is an area of the utmost importance for the Nation and hence it is important to achieve the broadest possible consensus around the central issues of the reform process.

I take note of the Government's proposal to establish an Anti-Corruption Commission and the allocation of a sum in the budget for its establishment.

The setting up of such a commission will require amendments to the powers of the Ombudsman for Human Rights and Justice and may imply significant changes to our system. Thus, such amendments should be discussed and agreed with the opposition and with civil society.

The Government was granted a legislative authorization by the National Parliament and is currently putting the finishing touches to the country's first Penal Code, which should be adopted soon.

A penal code is one of the most important pieces of legislation in any country and I am happy to see that Timor-Leste will soon have a law that will consolidate our independent and sovereign system of law.

Therefore, the Government should be attentive and adapt to our Nation and culture the new rules that will come into force with the new Penal Code. By drafting laws that are suited to the circumstances and the culture of Timor-Leste, it will strengthen the respect of citizens for the law and consolidate the rule of law .

I am of the opinion that Timor-Leste can benefit from *making adequate use* of examples borrowed from other democratic countries to perfect its own system of law. But to *make adequate use* of such examples, the new laws have to be *adequately adapted* to Timorese society. This principle should guide us at all times and in all domains of the law.

Our State highlights the fundamental right to life and prioritizes it over other values and rights. Thus, I am certain that the Government was mindful of the letter subscribed by our bishops, which reflects the universal values of the Catholic Church. The letter of our Revered Bishops does not convey solely the views of the Timorese Church, it reflects the stand taken by the Catholic Church throughout the world.

In complex issues such as the debate on life and death, my attitude to *take the best decision* is to seek guidance from the Catholic Church, which has centuries of experience and wisdom. On such sensitive and complex issues, decisions should not be left to members of government or transient politicians only.

The President of the Court of Appeal's prolonged illness saddens me and highlights the fragile nature of our Justice system.

The human resources at the disposal of our Courts, the Office of the Prosecutor-General and the Public Defender's Office are as yet insufficient for our needs.

We have to enhance the training of human resources for the Justice sector. We have to bolster the Legal Training Center to address the needs of more staff, including for the Court of Appeal and the other courts to be established: the Supreme Court of Justice and the High Administrative, Tax and Audit Court.

We have to create the necessary conditions so that Judges, Prosecutors and Public Defenders can regularly perform their duties in the districts. We are presently building homes for Magistrates and Defenders in the districts so that they may settle in places outside Dili on a permanent basis. This is a positive development but we have to speed up the process.

It is important that International Judges, Prosecutors and Defenders be involved in the training and in assisting our national staff and that they always work together with them.

But we also have to look into the oversight mechanisms. The Inspection Services are not performing adequately to reward the best and to make those that are not fulfilling their professional duties answerable for their performance. The mechanisms within every institution have to be strengthened.

An important issue for our Justice system is that of the large number of pending cases at the Office of the Prosecutor-General. There are currently about 3,000 pending cases although we lack a reliable system to determine the exact number of such cases. With such a huge backlog of cases, Justice is not being served. We urgently require mechanisms to address the backlog

of pending cases, to proceed with the inquiries whose nature so requires, or to close them pursuant to the law.

Distinguished Members of Parliament.

Excellencies.

The quality of economic growth will determine how stable our country will be. The State Budget has to be the basis for a national strategy aimed at securing solid economic growth and job generation, to ensure social cohesion and peace and the pursuit of the common good.

The State Budget is a tool to improve the circumstances of the poorer amongst us and we should be pleased with that.

Thus, as President of the Republic, I ask you to achieve the broadest possible consensus when drafting and adopting laws to implement State Budgets, as well as the Anti-Corruption Authority, increases in civil servants pay as well as in other relevant matters. That will be an important contribution to national stability and will ensure that sound policies are adopted and implemented.

The stability of our Nation depends to a large extent on the consensus that we have to build around issues of national interest: investment in large-scale development projects, how to fund such projects, the reforms in the Security Sector, Public Administration or the Justice Sector.

It is incumbent upon the National Parliament to oversee the work undertaken by the Government. It is a parliamentary power that should be safeguarded and promoted as it strengthens the overall democratic system.

I am an optimist by nature but I am fully aware of the challenges that lie ahead. The world is facing a global crisis and we have to be ready to address it successfully in Timor-Leste. To address the crisis we will have to seek a national consensus that will pave the way for the measures that will be required to avoid the worst effects of the crisis.

My God help us and help TIMOR-LESTE.