



DEMOCRATIC REPUBLIC OF TIMOR-LESTE

ADDRESS

**BY HIS EXCELLENCY THE PRIME MINISTER
KAY RALA XANANA GUSMÃO
ON THE OCCASION OF THE OPENING SESSION
OF THE TIMOR-LESTE DEVELOPMENT
PARTNERS MEETING
2-4 APRIL 2009**

Your Excellency the President of the Republic
Your Excellency the Special Representative of the UN Secretary General
Your Excellency the National Director of the World Bank
Your Excellencies the Members of Parliament
Your Excellencies the Members of Government, dear colleagues
Your Excellencies the Representatives of the Diplomatic Corps
Honourable Representatives of the International Agencies
Honourable Representatives of the NGOs
Honourable Delegates
Members of the Press
Ladies and Gentlemen,

First and foremost, I would like to welcome all of you and to thank you, especially those of you who come from abroad, for participating in this meeting in which we will be reviewing the challenges and priorities for Timor-Leste.

It is our honour and our privilege to receive 10 Dill our dear friends, representing countries, agencies and organizations from various parts of the world.

I trust you have had an enjoyable stay in our Country, and that on returning to your homes you will take with you not only fond memories of our hospitality, climate and natural beauty, but also an appreciation that today it is safe to walk through our streets, and that this is also thanks to you that this is so.

Ladies and gentlemen,

On this year we celebrate the 10th anniversary of the courageous decision our People made on 30 August, when they voted for National Independence and rejected any and all foreign submission and occupation.

It was also ten years ago that the first donor conference took place, in Japan. At that time the international community, most generously, offered to support the reconstruction and development of our young and fragile Nation.

Ten years on from so much expectation, as well as fear, of what we would become as a Nation, we are now heralding a new landmark for the future, saying: **Goodbye Conflict, Welcome Development!**

The conditions have finally been achieved to make this a reality!

We have learned from our mistakes and from the cycles of instability that, every 2 years, arose in our Country: the riot of 4 December 2002; the Lospalos incident in 2004; the unfortunate crisis in 2006; and the attacks of 2008, which prevented our President of the Republic from taking part in the Development Partners meeting last year.

Reviewing these cycles and their consequences made us regroup in a more coordinated and consensual manner, looking for the right model for Timor-Leste while revising our national policies.

Ladies and gentlemen.

It has been only one year since we assembled in this very place. At that time we were all rather shaken following the hard blow that had been struck against our young democracy. Back then, there was the concern that Timor-Leste, despite all expectations, might be doomed to become a "failed State".

Fortunately, we are here today to prove otherwise. Frailty and failure are not the same thing!

A State that is fragile like ours, but which has a Government that is committed and working hard, that benefits from the determination and wisdom our President of the Republic displays in his leadership, and that relies on the spirit of institutional collaboration by all our Sovereign Bodies, as well as the commitment by all political and social groups in the most critical issues for our sovereignty, may prove to be a surprise.

And the results are there for anyone to see. Even in the most unlikely context, our economy grew instead of contracting. The activity we see today on the streets, the commerce, the people enjoying themselves at the beach - both in Dili and in the districts - seemed impossible just a year ago.

Ladies and gentlemen,

The return of all petitioners to civilian life and the closing of 51 internally displaced persons camps, which were problems that some thought Timor-Leste would need many more years to solve, have been dealt with peacefully in around a year, making the population trust once more in the cohesive and peaceful nature of the Timorese society.

The introduction of deep reforms in the sector of defense and security, and the bringing together of the two essential institutions for national security and stability - that is the PNTL and the F-FDTL - have enabled the start of a new stage in the history of the relationship between these two Forces, which up until now operated under models that were not in tune with the Timorese reality.

The immediate relief from poverty that we have provided to elderly persons, orphans, national liberation combatants and heroes, mothers and women living in vulnerable conditions was considered to be, more than a matter of social justice, a matter of national dignity.

The use of public resources to advance pro-poor policies and the administrative, legislative and financial reforms undertaken by the AMP Government, have made the population trust the institutions of State again.

On the other hand, the increase in investment by the public sector, which is funding new construction, improvements in public services and public transfer programs, has increased the purchasing power of the population and benefited the private sector.

All these actions contribute a great deal towards national stability. Presently our Country lives in a climate of Peace and Safety such as we had never seen during the ten years from the Referendum up until now.

Ladies and gentlemen,

Throughout these years, we have been investing in the consolidation of our democracy. With the help of the Development Partners, we have been developing our institutions according to the principles of a State under the Rule of Law, ensuring the existence of checks and balances and institutional cooperation between Sovereign Bodies.

We have been promoting a cultural of a democratic society, with room for different ideas and dialogue, since we know that democracy is the cornerstone of a stable and transparent Government.

To this end, the Government started to reform the public sector and to fight corruption, developing the regulatory framework for establishing the Civil Service Commission and the Anti-Corruption Commission.

We have also developed and implemented mechanisms to enable greater efficiency, accountability and transparency in the management of public monies in Timor-Leste as well as money donated by your countries.

By defending our Country's democratic processes we are defending peace and promoting political stability, which are essential conditions for nurturing economic growth.

Honourable delegates,
Ladies and gentlemen,

I said last year, at this same meeting with our Development Partners, that we were striving to improve our budget execution capacity. Today I can tell you that we did it!

We have had a cash execution of 552.8 million dollars, **a landmark for our Country**, which contributed to a 12% economic growth rate in 2008.

The foundations are in place for Timor-Leste to make a qualitative leap to reach a new stage, the stage of sustainable development. Of course, we hope once more to rely on our Partners to also take this "leap".

The period of social and political stability in which we are living, together with the reforms we are implementing to correct inefficient systems, which are not yet fully embedded in our society, is an opportunity to make international assistance more effective and to collect the greatest dividends from the solidarity shown to us by our international friends.

Ladies and gentlemen,

Despite all the international assistance that has been channeled into our Country for the past ten years, the recent World Bank report showed that 500 thousand Timorese live under the poverty threshold, with half of them being children who suffer from hunger and malnourishment.

These figures are appalling. This report tells us that we are poorer now than we were 5 years ago. **Up to 2007 poverty increased, rather than decreased!**

The cyclical situations of instability, the lack of tangible measures towards economic development and the lack of vision to use our natural resources strategically for investment opportunities are, most likely, the reasons for the plight that is poverty.

Ladies and gentlemen,

The first obstacle to development has already been removed. We cannot implement an effective economic policy without first addressing the causes of instability that lead to our internal conflicts.

Now the time has come to talk about the future.

The future of Timor-Leste began 10 years ago. A better future for our Nation starts today, by saying goodbye to conflict and by welcoming development.

Honourable delegates,
Dearest friends,

The national priorities set by the Government in 2009 seek to fight poverty and reduce the distance between where we are now and the achievement of the Millennium Development Goals in Timor-Leste.

Therefore we argue, more than ever, that the funds provided by the Development Partners to assist Timor-Leste must be translated into more focused and productive projects, becoming true instruments of development.

How can we, by working alone, do better?

We must start by recognizing the mutual responsibility of managing international assistance in a coherent, coordinated and complementary manner.

Secondly, we must recognize that the challenges ahead of us are demanding and that our weakness in regard to the lack of basic infrastructure and qualified human resources will not be solved overnight. Therefore, we need perseverance and medium to long-term commitments.

Finally, we must accept that the development of Timor-Leste must respect the Timorese consensus and take into consideration the steps and times needed given our reality. With so many priorities, we must remember that making everything a priority is having no priorities!

Ladies and gentlemen,

Because of this, the priorities for 2009 are based on our national strategy to accelerate progress on two fronts. The first is to strengthen the ongoing efforts towards increased and better **security**, provide a better **social protection** system and better **social services**, especially in the area of health, and to continue strengthening **good governance** mechanisms, which are essential for national stability.

The second is to accelerate our step towards the Timor-Leste described in Vision 2020: a Country with **developed human resources**, access to **justice**, investment in b, that identifies and addresses infrastructural barriers that constrain growth, that promotes participation by the private sector, invests in **agriculture** as a way to ensure **food security**, reduces uncertainty surrounding hunger and reduces dependence on foreign foodstuffs.

These seven national priorities will be supported by **crucial decisions for the development of infrastructure**, which will support all the above areas.

The development of infrastructure is essential to enable our Country's sustainable development. If better water, sanitation and electricity services contribute to improving the living conditions of our People, others such as roads, ports, airports and telecommunications have a direct impact on rural development and the private sector.

The development of infrastructure is the key to creating employment and – no less important - the key to having access: to knowledge, to markets, to products, to business. In a word, to progress!

The power generation and distribution project for the entire Country, funded from our State Budget, to enable all districts to have electricity 24 hours a day, is already a first step towards the development of other sectors and is part of a broad strategy to implement programs integrated in a national plan.

Ladies and gentlemen,

These challenges are not challenges that one can overcome with an annual priority plan. National strategic planning is a medium to long-term exercise that sets priorities and strategies, articulates the various sectors and macroeconomic scenarios, and considers the available financial resources.

The establishment of a Strategic Planning Unit, dedicated exclusively to these matters and calling upon the relevant national agents to take part in the Plan development process, is the best model for gradually achieving "Our National Vision".

The challenge of development is not in identifying what the Country requires in order to develop, but rather in identifying what needs to be done first and undertaking the cost-benefit analysis of every set priority.

For instance, we know that we need to improve our road and port networks, since without those people cannot have access to markets and sell their produce, thereby compromising improvements in agriculture. In this way, deciding where roads and ports are to be placed, what their dimensions must be, and what development sector we will be supporting when we pick place x over place y is the true challenge we have to deal with.

The Strategic Development Plan will take from all these variables the necessary elements for deciding strategically on the construction of basic infrastructure that will ensure the development of sectors such as agriculture, industry and tourism throughout the entire territory, as these sectors present the best opportunities in terms of economic growth.

This Plan will be presented to the Council of Ministers during the month of July, and it will be subject to a broad public consultation prior to being submitted for the approval of the National Parliament. The participation of all Timorese citizens in this national project is, therefore, indispensable for its success.

Ladies and gentlemen,

Improving our human resources is vital to accompany this development process. The Government wants to invest more in access to knowledge and in technical and professional training in key areas such as agriculture, tourism, infrastructure and construction.

We are also implementing the Base Law on Education and we have started the accreditation process in relation to our higher education, in order to ensure that its quality is in conformity with international standards. Training and educating our youth are essential for the future, since sectors as important as justice and health depend to a great degree on these resources.

In no way detracting from the importance of technical assistance to our Country, the current reality is that at most times our human resources are still unable to absorb the knowledge brought by international advisors. As such, we risk perpetuating this dependence on foreign human resources, instead of taking advantage of learning opportunities that should be complementary.

Therefore, I ask our Development Partners to channel your investment into fulfilling this goal, especially through providing scholarships in your countries. I trust that the technical assistance we receive will be much more effective as a result of such support.

Ladies and gentlemen,

The international financial crisis alerts us to the importance of prudence and accuracy in establishing our tax structure, especially in view of the recent drop in oil prices. Still, so far the crisis has had little ill effects on our economy.

The 2009 budget has been calculated, as always, according to prudent assumptions and reflecting the best international practices, knowing that our wealth is not unlimited but that, if well used, may boost other sustainable sectors.

In this situation of global economic crisis, it is for us Timorese a moral imperative to use the generous donations of the international community in a responsible and systematic manner, so as to reduce poverty in our Country.

Each dollar spent on Timor-Leste is also precious to your economies and to mitigate this time of uncertainty and anguish that citizens in your countries are enduring, and so I cannot but thank our Development Partners who, even in this time of global crisis, have not abandoned our national development cause.

Ladies and gentlemen,

We are committed to closing the chapter of Timor-Leste's history where we are seen as a Country that is too fragile and in a post-conflict situation. Today we want to start a new chapter, capitalizing on our People's courage and determination, in order to put Timor-Leste on a safe path towards development, the path we chose ten years ago.

And I see that we do not walk alone! Therefore, our success is also your success, and we can all work together so that during the next decade we may say: "Timor-Leste, with the support of the international community, has managed to escape poverty!"

Thank you very much.

Kay Rala Xanana Gusmao
3 April 2009