



DEMOCRATIC REPUBLIC OF TIMOR-LESTE

**ADDRESS BY
HIS EXCELLENCY THE PRIME MINISTER
KAY RALA XANANA GUSMÃO
ON THE OCCASION OF THE TIMOR-LESTE AND DEVELOPMENT
PARTNERS MEETING**

“State building 10 Years On: A Reflection on Timor-Leste”

Dili Convention Centre

15 May 2012

Your Excellencies
Ladies and Gentlemen,

It is with great satisfaction that the Government once more hosts the Timor-Leste Development Partners Meeting.

I salute all those who have travelled from far away and who have honoured this meeting with their presence, which will be the last that will be presided by the IV Constitutional Government. This meeting is also important as it represents the handover of our governance process. Further, it gives us the opportunity to reflect on the progress we have made and on our future challenges and opportunities.

The future of Timor-Leste was determined, in practice, when under the auspices of the international community we restored our sovereignty and assumed, before representatives from many countries, our determination to build the democratic foundation for developing Timorese society and our commitment towards peace.

In this political process of self-determination we once again received representatives from several countries who will be celebrating with us the 10th anniversary of our independence, which will take place this weekend. As such, you will be able to witness that we are now the people who wanted to be free and independent, able to take care of our own destinies.

Despite the obstacles and challenges that characterised these first ten years of State building, I am sure that there is not a single Timorese citizen who thinks or feels inside that the sacrifices they made for their Homeland were in vain, so that today we could stand proudly as one people and one nation.

These first ten years represent, in truth, yet another act of sacrifice and abnegation of our people to build a united nation, tolerant and peaceful.

Ladies and Gentlemen,

Our people had, naturally, many expectations about the future, when in the important ceremony of 20 May 2002 we became masters of our own destinies.

And so we had a demanding society, both individually and collectively, hoping for immediate outcomes that ought to have appeared as the natural consequence of having just won a long and hard battle.

At our starting point we could not escape from a post-conflict context. As such, the first step was to promote reconciliation in order to return to the Timorese that for which they longed the most: to live in peace, to live in harmony, to live reconciled with others and, most of all, with themselves.

In our hearts, we all knew that if hatred and distrust were kept alive in our society we would not have the strength required to face the enormous task of nation building

From the beginning, in addition to seeking to build State agencies from the ashes, we wanted to create a new dynamic that would bring the people together around nation building. If not for the greatness of our people, this would not have been possible.

The reconciliation and capacity building of our communities were key elements for this process.

When I speak of capacity building I am also speaking of understanding the magnitude of this construction task. The implementation of democratic processes and the active participation in the integral development of the nation were completely new concepts for our society, which because of their social and political nature are not, and never will be, a simple application of formulas, providing instant results.

Democracy must be lived and felt every day by the people in solving problems, in implementing programs and in the very ability to think and to act. Essentially, democracy must be adapted to the specific circumstances of each culture and each society.

This is a rather complex and, therefore, requires determination, firmness, patience and time. To demand from People, who always gave their blood and tears in the fight for independence, to sit and reflect on their rights and duties in a responsible manner, placing the whole above the individual at all times, is no simple task. What is more, we must also ask the people not to become passive or to lose their nerve in this new struggle, which is now one of national development.

The genuine participation expected from the Timorese in their own development, which is no more than the exercise of their democratic right, is not easy in a country where most people are poor and psychologically tired of sacrificing so much for the nation.

Our first eight years of sovereign existence were characterised by cycles of violence and crises – occurring almost every two years. This shook the trust and confidence of the people in the institutions of the State and led the international community to wonder if we were on our way to becoming a failed State.

As such, we felt that more than ever we needed to turn this situation around and contain the defeatist spirits that were undermining the morale of the Timorese. For this, we developed efforts to change mentalities, turning our mistakes into important lessons for the future, learning to deal with the weaknesses of the State and most of all handling their root causes responsibly.

Within this context, in the year 2009, on the 10th anniversary of the Referendum, we launched the motto for our Nation: “Goodbye Conflict, Welcome Development”. And we are now happy to see that during the past three years we have started living in a new atmosphere of security, stability and confidence in the future. We have finally broken the cycle of violence and conflict.

Your Excellencies
Ladies and Gentlemen,

Despite the constraints threatening a smooth transition to development, such as the shortage of skilled human capital, the political inexperience of democratic governance, the lack of core infrastructures and even the lack of financial resources, we looked to the future with determination.

These first 10 years of independence relate the history of this process. The political crisis of 2006 was a reflection of the exasperation of those who, tired of continuing to overcome obstacle after obstacle, lost sight of their duties and focused only on their rights.

We had a climate of insecurity in the country resulting in hundreds of thousands of internally displaced people and as a consequence, countless damages, political and financial, to the State.

Following this crisis we learned our major lesson: we had to be able to deal with the frailty of our State, which resided in the inability to handle the root causes of problems, leading to temporary fixes rather than permanent solutions.

We also had to grow politically, taking good care of our young State and imposing political will so that agencies would cooperate between themselves in the search for solutions, rather than giving political perspectives to situations, which obscures the necessary judgement for handling and solving crises.

Further, we learnt that we had to give priority to restoring collective accountability in terms of rights and duties, so as to grow the desire to build the nation with solidarity, cooperation and tolerance.

We started to realise that the victory of democracy is not an easy one and in the same way that there is no freedom for people who cannot attain it by their own means; there is no true development if it is not a result of the effort made by that same society. The path is always long and difficult to transform the mentality of a society so that they become agents of development and to overcome obstacles together.

The permanent and genuine dialogue and cooperation between all Bodies of Sovereignty and the civil society were vital to break this vicious cycle of conflict.

I take this opportunity to express my gratitude and recognition for the wise leadership of the His Excellency, the President Jose Ramos-Horta.

This Government is proud to have been an active part in this process.

Your Excellencies,
Ladies and Gentlemen,

The progress we are celebrating together today is the result of a decade-long process of advances and setbacks; of learning while making errors and corrections; of aligning wills and priorities and, evidently, of growth. It has also been a process of transformation and even adaptation, as circumstances throughout the world have constantly changed and our country, while small and rather young, is not indifferent to these changes.

And it is also important to recognise here that the assistance provided by many countries, most of which are represented here today, has been invaluable in order for us to achieve our goals. It has been and still continues to be!

Since 1999, when we had the first development partners meeting in Tokyo, international aid has come together to contribute to the reconstruction and development of Timor-Leste. It is with emotion and respect that I acknowledge this vital contribution to peace, stability and the construction of our democratic State under the rule of law.

In 2008 we held the first meeting with the development partners in our mandate. The meeting took place in a somewhat troubled atmosphere, as the President of the Republic was still recovering from the attack he had suffered the month before. At that time we were also facing serious problems resulting from the crisis of 2006, such as the thousands of IDPs living in camps in the centre of Dili.

I have a vivid memory of speaking to you at the time on the need to have the courage to implement a reforming program and to set priorities.

In a country where there is a lack of everything, it is common for everyone to demand everything. However, ruling responsibly means making choices. Ruling responsibly means being open to criticisms about the difficult choices that must be made.

And so, we chose to reform that which enables the development of everything else. We decided to start by ensuring stability and security, by reforming public administration and by implementing social justice measures, protecting the most vulnerable groups in our society.

In 2009 we met again, this time with a different mindset in our society. The reforms we had implemented were producing results. Not only had we closed almost all of the IDP camps, we had also started a new stage in the relationship between our police force and our military. We had also given back dignity to our elderly people, combatants, orphans, mothers and women living in precarious conditions, and more importantly we had restored the trust and confidence of the people in State agencies.

Timor-Leste initiated a period of unprecedented peace and harmony.

We continued to receive criticism in a positive way, we continued to make priorities and we continued to make key decisions for the development of the Country.

Around this time we started to create the regulatory frameworks for key agencies in terms of good governance, such as the Civil Service Commission and the Anti-Corruption Commission. We also continued improving public financial management and to build the capacity of our public administration to provide better services throughout the territory.

In addition, we developed an integrated plan concerning core infrastructure essential to the sustainable development and to the wellbeing of the Timorese.

Knowing that the development of infrastructure is the key to creating employment and to ensuring access to knowledge, markets, products and businesses, we considered that investing in infrastructure also meant investing in progress. As such, in 2009 Timor-Leste started on the irreversible path towards progress.

Already in 2010, the atmosphere was so stable that we began to take a more active participation in international dialogues on “Peace-building and State-building”, hosting an international conference on this theme in Dili.

In 2010, and in addition to this International Dialogue in which we became co-chairs, we started to lead a ‘g7+’ forum, in which fragile States can share their experiences. This has enabled the group to be heard as one at a global level, in a joint attempt to build States, democracy and peace.

This group has since expanded to 19 countries representing over 350 million people, from Africa to Asia and the Pacific. In the Caribbean, Haiti has already stated its willingness to join and to hold a Conference. For Timor-Leste, the leadership and institutionalisation of the ‘g7+’ as a permanent forum is a source of pride, as we are expressing the wish for world peace and democracy.

Our economy has also continued to grow, with Timor-Leste recording one of the fastest growth rates in the world. These growth rates are even more remarkable as they occur at a time when the Government was also managing the impact of the world food price crisis and the Global Financial Crisis.

In 2010 we were already able to announce several successes achieved in little over two years of governance. If the Government did not do everything that was required, we surely did all that was in our power to do.

It was also in that year that we started focusing on two vital aspects for the growth of Timor-Leste, which were yet to be given due attention: the development of our fledgling private sector and rural development.

Timor-Leste has a population of over 1.1 million people, with around 75% residing in rural areas. These people have to deal with serious daily challenges, since in addition to having less access to education, health services and economic and professional training opportunities, they often have to subsist with a severe shortage of food.

Consequently, one of the key targets for this Government was to develop crosscutting reforms in the various areas of governance, so as to enable wider service delivery decentralisation and the creation of opportunities so that communities can lead their own development.

In a completely innovative way, we also started thorough reforms in the private sector, promoting criteria of competence, technical ability and professional honesty.

The Referendum Package, which included the execution of over 800 infrastructure projects, particularly in rural areas, involving over 720 companies, enabled the start of the capacity building and decentralisation of the private sector.

The Decentralized Development Programmes I and II, which followed the Referendum Package, strengthened the economy in the districts and encouraged the creation of local companies, while building and rehabilitating the infrastructure that were so necessary in the districts, sub-districts, *sucos* and villages of the country.

With over 1,100 DDP projects, we also managed to create employment in rural areas and to develop roads, irrigation systems for agriculture, basic sanitation works and public works in education and health, which are vital to communities.

Under the Local Development Programme we supported the *sucos* and villages throughout the Country in relation to their basic needs, namely small public works according to the very plans they presented. We started pilot projects for building the housing specified in the MDG-Sucos Program, in accordance with the Millennium Goals which encompass decent housing, water, sanitation, electricity and access to health, education and markets.

Your Excellencies,
Ladies and Gentlemen,

Last year we met in this same venue, and I had the pleasure to launch the Strategic Development Plan for 2011-2030.

This plan built on the outcome of the 2010 Census and on a broad consultation throughout every sub-district in the country. It also benefitted from an atmosphere of stability, which is vital for the implementation of the plan.

Before 2011, with the pressing problems we had to solve little by little, and with ever-changing circumstances, it was not possible to plan beyond the next year.

With the Strategic Development Plan we are planning the future responsibly, covering three key areas: human capital, infrastructure and economic development.

This Plan was presented within a climate of complete confidence in our future, with an economy almost double the size in late 2011 that it was back in 2006. This growing economy means that more jobs are being created and that there are more economic opportunities for the Timorese.

Also in 2011 we launched the largest-ever infrastructure project in our country. The regular supply of electricity through the National Electrical Grid could not be deferred. It was needed to enable all Timorese, even those living in the most remote areas, to have access to this essential good.

For most of those in attendance here today, this project may mean little, as they probably do not recall or never have had to deal with living without electricity. For the Timorese, this is a very recent reality. In fact, only by the end of the year it should truly be a reality for all.

Also in 2011 we created the Infrastructure Fund and the Human Capital Development Fund for medium to long term multiyear projects.

There could not be a stronger consensus on the need to develop our human resources, particularly in strategic sectors such as natural resources, agriculture, tourism, infrastructure, education and health. We are talking about a significant investment in over 3,800 scholarships, in addition to other professional training programs.

Ladies and Gentlemen,

If you ask me to make a balance of these five years of governance, I must say in all honesty that my balance is a positive one.

Currently our major commitment towards the future is reducing Timor-Leste's dependence on petroleum revenues. Although they have been growing constantly, which results in increasing Petroleum Fund balances, we want to build an economy that is strong and competitive in non-oil sectors.

With the strategies set in the Strategic Development Plan for 2011-2030, and with the continuation of the current economy policy direction, Timor-Leste can look forward to a much stronger economy which will result in a prosperous Nation.

Your Excellencies
Ladies and Gentlemen,

Despite all the improvements we have implemented in our Country, I must state that we still have many challenges ahead of us.

The implementation of a Strategic Development Plan to develop the country will not be enough to ensure the strong State we need, unless we continue to give priority to the implementation of checks and balances and to well-thought medium and long-term programs. These programs must be clear and provide guarantees of implementation, but also every condition enabling their good performance.

The State must legislate on the transparency of its acts and on the accountability of public accounts, which must be accessible by all. This is the only way for citizens to have confidence in the future of the nation.

For this reason, we have launched in Timor-Leste the Transparency Portal, which enables citizens to monitor Government acts at any time, including public spending execution, procurement processes, project implementation outcomes and even financial aid by donors.

This is an important measure to ensure good governance and to enable civil society to have an overall understanding of the challenges for the country and of the effort made by the State, to encourage a constructive participation in the building process.

Ladies and Gentlemen,

Throughout the world there are 1.5 billion people living in fragile States and States affected by conflict. Over 70% of these fragile States have been living in conflict since 1989.

30% of the Official Development Assistance (ODA) is directed to fragile States, which unfortunately are very far away from meeting the Millennium Development Goals by 2015.

As a result of the international retreat in Juba last October, the 'g7+' presented the "New Deal" or the "New Agreement for Engagement in Fragile States", with 34 countries and international organisations immediately endorsing that New Deal.

The United Nations Secretary-General himself, speaking on the opening session of the Fourth High-Level Forum on Aid Effectiveness in Busan, South Korea, said that international aid is not charity but rather a good investment in security and prosperity.

This is an important landmark in the relationship between fragile States and partner organisations. It is an honest attempt to better understand the challenges inherent to post-conflict and fragile countries in the pursuit of development goals.

Under the New Deal there is new hope for progress in the implementation of MDGs. The New Deal entails a new way to approach sustainable development for these fragile countries, with development being owned and led by the countries themselves, so as to have greater transparency, greater internal capacity and better outcomes.

Your Excellencies
Ladies and Gentlemen,

The presidential elections held last April were peaceful. I believe that the parliamentary elections to be held in July will also go smoothly, which in turn will enable the withdrawal of the United Nations Integrated Mission in Timor-Leste and of the International Stability Forces by the end of the year, as planned.

This also marks the closing of a chapter we have been writing with the international community, as well as another steps towards our consolidation as a stable State deserving of the respect of our society and of the world in general.

In view of the invaluable contribution provided by the international community throughout the past years, we must now respond with our commitment to ensure internal stability and security. We must also continue with our national development, honouring the friendship and solidarity of the countries that are our partners and friends.

Additionally, we must seize the opportunity of being part of a region that is presently the most promising region in the world.

We are witnessing a shift of overall economic and strategic weight towards our region. Asia has been and will continue to be the powerhouse of global economic growth.

Should we be accepted as a fully-fledged member of ASEAN, we will be part of this global geopolitical transition. This is a great challenge that lies ahead for Timor-Leste.

According to the experts, the financial centre of the world will slowly change from New York to Shanghai, from London to Mumbai.

The largest economies in the world are in our region – including China, Japan, India and Indonesia – and will continue to grow and to bring great promise to our Nation.

Timor-Leste must be able to seize these opportunities, benefitting from the huge numbers of new Asian tourists, as well as to build our industries, our fisheries, our agriculture and our markets, in order to meet the demand by the great emerging economies.

Once again, the implementation of the long term Strategic Plan, the pursuit for peace and stability and the assurance of good governance are the conditions we required in order that we not miss out on this unique chance of growth in our Country.

Your Excellencies
Ladies and Gentlemen
Dearest Friends,

I would now like to end by speaking to you about the latest reform implemented by this Government.

For the first time, the IV Constitutional Government will provide an extensive and comprehensive handover to the new government to ensure that there is a smooth transition to a new administration.

By embedding this reform in the processes of government at the end of each mandate, the Government has made sure that the State and the civil service can continue to operate effectively regardless of who forms a government.

The Handover Reports will provide information on the organisational and staffing structure of Ministries, the programs and projects that they are undertaking, budget information, relevant legal frameworks and the capacity to support the program of the incoming government. In this way, the civil service will not have to start from scratch with each new administration but can support any incoming government from day one with the all the information and advice that is required to ensure the effective transition from one government to the next.

Along with this transition we have also drafted a summary of the key reforms implemented by the Government, which will be distributed in this meeting.

These documents represent a significant effort by our staff and public administration and are part of the broader reform to changing the mindsets in our public sector. It is not enough to execute the State budgets approved every year by Parliament; we must also be able to report on and to assume responsibility for the good or bad performance in the execution of public money, which of course belongs to the entire People.

I thank all our Development Partners for their continuous and unconditional support.

Thank you very much.

Kay Rala Xanana Gusmão
15 May 2012