



**DEMOCRATIC REPUBLIC OF TIMOR-LESTE**

**SPEECH BY**  
**HIS EXCELLENCY THE PRIME MINISTER**  
**KAY RALA XANANA GUSMÃO**  
**AT THE START OF THE TIMOR-LESTE AND**  
**DEVELOPMENT PARTNERS MEETING**

**Dili**

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**Check against delivery of the original in Portuguese**

Excellencies

Ladies and Gentlemen,

It is with a mixed feeling of pride and satisfaction that I welcome you all, in my name and on behalf of the Government and people of Timor-Leste. Believe me when I say that these next four days mean a great deal to our Country which has the privilege of hosting you.

I thank all those who came from afar, crossing oceans to be here. May you have an enjoyable stay in Timor-Leste.

Ladies and Gentlemen,

First and foremost, I would like to take this opportunity to announce that today we have the pleasure to officially open the “Dili Convention Centre”. This site where we are today has been built to provide suitable facilities for national and international conferences and workshops, and is another example of the progress that Timor-Leste has been making, particularly in regard to new building and construction in Dili.

As you all know, in the coming days we will have three meetings that are separate, yet intertwined. Today we have the normal Development Partners’ Meeting, tomorrow will be the “g7-plus” and in the last two days we have the “Dili International Dialogue”.

The central theme that will guide these three important meetings is the “*Paris Declaration*”, which sets five principles: “ownership, harmonisation, alignment, results and mutual accountability”.

For Timor-Leste, the youngest of the LDCs (Least Developed Countries), this is a unique opportunity to look at ourselves as a people, to understand our failures as a country, to consider the weaknesses of other countries and, above all, to understand exactly what both parties - donors and receivers – should do.

In September of 2009 we had the privilege of hosting a delegation from the Democratic Republic of Congo, Southern Sudan and the African Development Bank and their interventions helped us to reflect... a great deal.

In December, I took part in the II Democracy Forum in Bali, an initiative of President Susilo Bambang Yudhoyono. There, participants emphasised four fundamental principles:

1. the best foundation for democracy is development, as without development there is no democracy;
2. there are no ‘old democracy’ standards to be exported to ‘new democracies’;
3. democracy should be applied to the reality of each country and be considered as an evolving process, rather than an end in itself; and
4. it is necessary to have good governance and transparency in public acts.

Ladies and Gentlemen,

Ten years after a political act – the 1999 referendum – sanctioned by the community of nations, which ended our long war for national liberation, I feel that my words today must include a historic retrospective of this country and its people.

Having lived in freedom for the past 10 years, and independently for the last 8, all Timorese have experienced an arduous period of State-building. Given this, I feel that I should say some words about what we were, what we are and what we want to be.

Allow me to start by speaking of ourselves as a people, maybe similar to many and maybe different from some in the society of nations.

In today’s world, where technology seeks the roots of the cosmos and knowledge of the start of everything from nothing, political sociology seeks explanations from our past and the reasons that make us a people.

## **1 – The Past**

### **1. Centuries of colonial domination and recent military occupation**

Timor-Leste, half a small island plus an enclave in the other half, is located in the southern arch of the great archipelago of 17 thousand large and small islands that make up Indonesia. Further south we have Australia and the Pacific Islands.

The various centuries of colonial occupation were filled with struggles for independence promoted by the different kingdoms. The last one was the Manufahi rebellion, in 1912.

Still reeling from the consequences of war, we had the Japanese occupation from 1941 to 1945. Although short-lived, this occupation covered the entire country and caused great

suffering to the Timorese, including the deaths of around 60,000 people. According to reliable opinions, this suffering could have been prevented if the Australian forces had not come to Timor-Leste in order to wage war here, so as to prevent the Japanese from invading Australia.

According to historians and researchers, the United States of America, England, Australia and New Zealand met in Washington D.C. in 1963 and secretly agreed to Timor-Leste's integration into Indonesia as the best solution for world peace. This was the time of the anti-colonial wars, and we got see the result of this agreement in 1975!

In this infamous year, Timor-Leste suffered another brutal invasion, this time by Indonesia, with the green light from the United States of America, which recommended to President Suharto that it be finished quickly. This military occupation and the resulting war would not have lasted 24 years if the United States, the United Kingdom, France and Germany had not provided Indonesia with weapons, tanks, fighters and training, so as to annihilate the resistance of our small guerrilla army.

Adding insult to injury, after recognising the integration – the only Western country to do so – Australia signed an agreement with Indonesia, in 1989, to share the wealth of the Timor Sea. Meanwhile, around 200 thousand Timorese died trying to protect their rights during the 24 years of war.

The conflicts in our past were not between kingdoms and ethnicities, but instead between the Timorese and all those who came from the other side of the sea, the foreigners.

## **2. A post-liberation war country – violence and reconciliation**

Ladies and gentlemen,

Having suffered and fought alone for over two long decades, without any military support from abroad, the Timorese people carry with them a character of dissent that can easily go from quietness to violence, without thought to the consequences of such actions.

If the preparation and the outcomes of the Referendum on 30 August 1999 had been accepted by all parties, thereby enabling a climate of greater tolerance between the opposing factions (the pro-integration and the resistance), there may not have been such moral, psychological and political destruction and such violence and physical destruction.

That destruction and that violence worsened the already weary psychological and political condition, as well as the already miserable living situation, of the people. On the brink of independence, the people of Timor-Leste were struggling to survive.

The Timorese people, however, once again showed their greatness of spirit, by forgiving their brothers and sisters and asking them to return, so that together we might build the nation. We also extended our hand to the Indonesian people, seeking more fraternal cooperation and solidarity, for the benefit of both nations.

## **2 – The Present**

### **a) From 2000 to 2007**

#### **1. – Expectations about independence – vision 2020**

In 2001, the Timorese people were invited to express their dreams about the independence of the country – the dreams that gave them strength and determination to accept all the sacrifices that were required of them. And the Timorese asked for the following:

- to be released from isolation
- access to schools for their children
- better health services
- improved agriculture
- better conditions for selling their products
- access to water and electricity
- better housing
- employment opportunities.

They asked for these outcomes legitimately and within a 20-year time frame, rather than in a mad dash towards a precipice. The objective of this consultation was to develop an ordered process of activities and alignment of effort to ease some of the difficulties the Timorese faced in ensuring the survival of their children.

Meanwhile, a poverty assessment review was taking place, which resulted in the 2001 State of the Nation Report. This showed that 36% of the Timorese population lived under the poverty line.

The first ever democratic elections in the quasi-State and the establishment of the Constituent Assembly further increased the hope of all that the leaders of this nation would be able to look after the interests of all people.

A National Development Plan was drafted, which included a strategy for reducing poverty. Still, the main priority was – as it had to be – the establishment of the necessary institutions and a legislative framework to enable the State to function.

## **2. State building – agencies, human resources and capability**

On 20 May 2002, the Constitution of the Republic ensured Timorese citizenship to all children of Timor-Leste who lived inside and outside the country. All Timorese citizens were provided the same rights and duties, with the Constitution condemning all types of political, religious, gender and racial discrimination.

Regrettably, in our society there are people who are wise and people who are not so wise. The latter delude themselves by waving the banner of resistance, as if they were different from other people, in a display of unacceptable political discrimination. This is, however, also part of the social and political process of a post-liberation war country.

The euphoria of independence, celebrated in an atmosphere of jubilation and hope, eventually dissipated and made way to the weaknesses that are characteristic of a young State.

The Government had to start public administration from scratch, in order to implement the necessary programs for the survival of the State. This required the utmost care in the selection and deployment of human resources, which unfortunately were scarce and ill-prepared.

The need to establish the various State institutions required great effort and a lot of energy. We did not, however, give sufficient consideration to the issues of capability and professionalism when staffing those agencies.

The prolonged struggle, the complete destruction of 1999, which subjected the people to dire conditions of survival, the sense of sacrifice for the liberation of the country and the scarcity of employment opportunities were taking their toll on the people.

Ladies and gentlemen, I will now address the topic:

### **3. State Frailty**

In a poor economy, fed mostly by the ‘consumption expenses’ of the large international presence, the lack of financial capability of Timor-Leste was a major factor preventing the first constitutional Government from improving the living situation of the people.

It was obvious that the country could not help being so dependent on the assistance of the international community. This assistance included the capacity building of human resources and some priority physical investments, particularly in education, health and road maintenance.

Six months after the euphoric celebrations of 20 May we experienced the first social disturbance, in December 2002, during which some houses were set on alight. The lack of emotional control, worsened by a division between those seen as having fought and those seen as not having fought, brought people to the edge.

With this issue of ‘State frailty’ there is another important element to be considered by State servants/agents or institutions: the inexperience in solving immediate problems. This resulted in problems piling up and revealed that many institutions were somewhat lost, subjected as they were to multiple pressures and unable to foresee in advance the possibility of another social disturbance.

Two years later, in February 2004, another serious incident occurred, which fortunately did not escalate into widespread disturbance.

In the following year, in July 2005, the inability of the State to assess the dangers that might emerge from the persistence of the root problems causing social and political restlessness resulted in organised demonstrations for 19 consecutive days.

In February and then in April 2006, we had the start of what would eventually be called the ‘2006 crisis’. Today people believe that the skirmishes between soldiers and police officers in May 2006, at the peak of the crisis, were its cause, and speak about ‘collapses’ in the Forces and in the Police. The truth, however, is that the events of February, April and May were but consequences of something larger than the two forces: the political frailty of the State itself.

The first factor of the State's frailty resided in its incapacity to address the real causes of the problems. This led to a tendency towards self-satisfaction in 'overcoming' the crisis and other problems, rather than developing a serious and concerted action plan to provide broader solutions.

The second factor, that followed the evolution of the problems, was the lack of political will by State institutions to cooperate in the search for solutions, with each agency competing with the next to see which one had final decision making power and which one did not.

Naturally this caused the re-emergence of situations of discontent, with the root causes remaining poorly managed and neglected, and which helped to further fragment the social fabric already fragile as a result of the long conflict. The disorientation caused by the latent social and political restlessness was used to create a climate of great political intolerance that pushed the country towards a new cycle of violence and destruction, and consequently of destabilisation.

The third factor of State frailty was the unrestrained tendency by leaders to spin the situation politically, which prevented them from having the necessary insight to meet the crisis.

Ladies and gentlemen,

On 11 February 2008 there were two simultaneous attacks against the President of the Republic and the Prime Minister, thereby providing the appearance of a dreaded cycle of crises every two years.

Being labelled a post-conflict country, we feel that many people believe that the Timorese never lived in peace, and that throughout the centuries we were killing each other another on account of ethnicity, possession of land or subsoil wealth.

Nevertheless, we must admit that currently there is a political divide among the Timorese which causes them to clash, sometimes violently.

As Timorese, we have been trying for the last ten years to understand how the world sees us, our past, our present and our future, how the world judges the ongoing process in Timor-Leste and how the world understands us.



And as for us, we agree with the general and common idea that internal disputes, regardless of their nature, create instability for the country and insecurity for the people. All the Timorese must realise this!

But we also see that people from outside only look at the present and expect efforts to be made to put an end to current problems – and we agree with this! It must be us Timorese who strive to be politically more mature, so that we never again engage our people in acts of violence and destruction!

We also, however, see that there are people outside our country that may benefit from the continuation of a situation of instability. What I mean is that if the situation of instability continues, this does not prejudice them, but on the contrary it benefits them.

There are also comments from people working in Timor-Leste, who unfortunately have already worked in many fragile States – leaving them in the same condition in which they found them – saying that our country will continue to be unstable. This is not surprising, as these persons want Timor-Leste to continue to be ranked as an unstable country, as they surely prefer working in Timor-Leste than in Afghanistan or in Iraq.

Other people are infiltrating NGOs who, in the name of democracy and human rights, only seek to misguide our people and to generate mistrust among the Timorese. To these freelancers, elections are an end in themselves, and they forget the many elections that took place in 2009 in countries which remain fragile and in which violence is commonplace.

If during the 24 years of resistance we had chosen to listen to and accept opinions and recommendations from freelancers or international agencies, today we would not be a post-conflict independent country, since up until May 1999 ‘the independence of Timor-Leste was already a lost cause’ for many such people, agencies and governments.

## **b) 10 years later**

- i) August 2007 to December 2009

While stained by some incidents of violence, the 2007 parliamentary elections were nevertheless a demonstration of the political maturity of our people, who took to the polls to judge the actions of the leaders or support the action programs of politicians.

The outcome was the need to set up a coalition to form Government, as the stability of any government would be dependent upon securing a parliamentary majority. AMP (Parliamentary Majority Alliance), initially with four parties and later with five, presented its 5-year Program.

The main issues identified were:

- the high level of insecurity and the complete social instability
- the intolerance or very low level of political and social tolerance

From August 2007 to January 2008 the Government did much to try to find a balanced solution for the problems of Alfredo Reinado's group, of the petitioners and of the IDPs, without neglecting the interests of the State.

Starting on 7 February the petitioners began arriving in groups at the site prepared for them in Aitarak Laran, which led us to envisage positive progress on our other issues.

Regrettably, on 11 February Alfredo Reinado and his group launched attacks on two heads of institutions of sovereignty, namely the Prime Minister and the President of the Republic. The latter was seriously injured and had to be evacuated to Darwin.

This time the State did not panic! The Government carried out all constitutional steps, seeking proper legal and political involvement of all parts of the State, from the Government to the National Parliament, and ultimately the Office of the President of the Republic, through an interim President.

We can say that this time we addressed one of the causes of State frailty, namely the inability to work in difficult situations. We managed to instil a culture of accountability, participation and debate, as well as a culture of checks and balances in policies and decisions made by the Government regarding critical situations faced by the Country. This may constitute a precedent for other situations the State may face in the future.

The joint operations that had the F-FD'TL and the PN'TL working in a true partnership, in the service of the national interest, protecting the safety of the people and the stability of the Country, were another vital factor that put an end to the refusal to work together towards common goals, which was apparent before the 2006 crisis.

Following the crisis, we also identified many needs. These were the need for:

- political reforms
- social policy to address inequalities and social injustices concerning elderly persons and veterans
- strengthening the capability of other State agencies
- reforms to public finance management
- a better system for fighting corruption given the existing lack of commitment
- guidance to the private sector towards its own development
- and the need to create confidence:
  - of the People in State institutions
  - among State institutions
  - among the civil service; and
  - among the police and the military.

Annual Action Plans, ladies and gentlemen, were the instrument best suited to address this situation.

In 2008 the national priorities were:

- Improving Public Safety
- Implementing Social Protection policies
- Needs of the Youth
- Employment and Income Creation
- Improving Service Delivery
- Setting Good Governance policies

In 2009 the national priorities became:

- Increasing food security
- Rural development
- Developing Human Resources
- Social Protection
- Public Safety
- Implementation of a Good Governance system
- Access to Justice

Meanwhile, all efforts were directed towards a radical change to State financial management in all State institutions, in order to have effective governance in regard to practical outcomes and good budget execution. I am proud to say that this reform was a success, although we are only at the beginning and we will require a good couple of years to complete it. But we are confident.

We are of confident of this outcome as we have already achieved superior economic growth – economic growth has increased by an average double digit amount since 2007. In 2008 it was 12.8% and in 2009 by 12.2%.

Ladies and gentlemen,

At the celebration in 2009 of the 10<sup>th</sup> anniversary of the Referendum that enabled our people to democratically choose independence, the Government decided to launch the motto ‘Goodbye Conflict, Welcome Development’. The policy intention was to inform citizens of the need to put an end to political intolerance, as well as to violence and destruction. And our people received this message, in recognition that the country requires stability in order to take the necessary steps towards social, economic and physical development.

Meanwhile we have seen that the expectations of the people have not been met, even in crucial areas such as a national road network and the general access to water and sanitation for the population.

For this year, 2010, the priorities are as follows:

- Infrastructure (roads, water and electricity)
- Food security, focusing on productivity
- Development of Human Capital
- Access to Justice
- increased decentralised service delivery
- Good Governance
- Public security

Our national priorities will not be altered significantly in 2011; instead they will only be strengthened and refined. In 2011, because we have more political and social stability the priorities will remain the same, we will be maintaining the listed priorities, focusing on certain areas within these guidelines in order to accelerate results leading to development.

The time has now come to put an end to the Annual Action Plans that sought to fill a gap in regard to long term planning. The ‘yellow road’ process, started by this Government, seeks only to implement the program of the IV Constitutional Government, which is mandated for 5 years.

A 5-year mandate by the Government cannot, however, cover medium and long term planning. And the country needs to develop, to grow economically.

If today we are living in a relatively more peaceful climate than in the last few years, that is not only because we succeeded in solving some of the major social and political problems, but also – and most importantly – because there was a greater focus on public investment, from infrastructure to social services.

This was all done with the assumption that a post-conflict society requires a different approach to that adopted in normal circumstances. Democracy does not run on an empty stomach. Hunger leads to frustration, unemployment promotes psychological weariness, and together they cause people to lose confidence.

Some of the necessary measures that the Government had to take included paying pensions to veterans and providing subsidies to the elderly, implementing the “bolsa de mãe” program, implementing the Economic Stabilization Fund to ensure food security and subsidising the sale of rice.

Unfortunately the Economic Stabilization Fund (ESF) was not approved by the Court, even though several countries were forced to adopt identical intervention approaches, in a manner suited to their circumstances, when the Global Recession hit.

The 2008 Report on the LDCs published by the United Nations said: *“The persistence of generalized poverty and the food price bubble indicate massive market failure. While Governments are not omnipotent, there is a need for creative solution based on public action which mobilizes key stakeholders, including in particular the private sector, to resolve common development problems and create development opportunities.”*

The creative solution of the Government was establishing the Economic Stabilization Fund, even though some international agencies tried to talk us out of it and told us to abide by only the laws of the market.

The same Report said: *“In 2005, 36% of the total population of the LDCs lived in extreme poverty — that is to say on less than \$1 a day – and 76% subsisted on less than \$2 a day. Although the incidence of poverty is falling slowly, the number of people living on less than \$1 a day or on less than \$2 a day was larger in 2005 than in 2000.”*

In a way we are relieved to learn that we were not the only LDC where the number of poor people increased. In Timor-Leste poverty went from 36% in 2001 to 49.7% in 2007!

The same report says: *“Within the LDCs in which GDP increased and poverty fell, many were unable to raise the rate of poverty reduction above 2% per year. At this rate it will take 34 years to halve the poverty rate”.*

This forces us to consider very carefully what we should and what we can do.

We also need to ask: who is responsible for questioning the efficiency of foreign aid to the LDCs? Is it the people of poor receiving countries? Or is it the tax-payers from the rich countries?

It is said throughout the world that the international community has already spent billions of American dollars in Timor-Leste. It is many billions... for a small country with a small population. We feel sad for the results... in building our State! A fragile State, in a post-conflict country that is the poorest in the region!

Ladies and gentlemen,

We recognise that two consecutive years of double-digit economic growth does not necessarily mean poverty reduction at the sustainable level we are seeking, however, at the very least, this economic growth resulted from employment creation, which has created stability. And it has also contributed to a very important social factor: the trust of the people in their Government.

- ii) January 2010 to June 2012

Already in 1999, James Wolfensohn, who at the time was President of the World Bank, said that: *“Countries must be in the driver’s seat and set the course. They must determine the goals, and the phasing, the timing and sequencing of programs”.*

In 2002, the *Monterrey Consensus on Financing for Development* stated that *‘effective partnerships among donors and recipients are based on the recognition of national leadership and ownership of development plans’*. All of this was reaffirmed at the G8 summit at Gleneagles in 2005, where it was agreed that: *“It is up to developing countries themselves and their governments to take the lead on development. They need to decide, plan and sequence their own economic policies to fit with their own development strategies, for which they should be held accountable to all their people”*.

Timor-Leste, ladies and gentlemen, is located at the crossroads between Asia and the Pacific. This provides the country with very specific circumstances that must be taken into consideration in its international relations.

For the lack of a better view, speaking of international relations in Timor-Leste means to speak mostly of politics, security and economics. These should be the foundations for setting all our relations with the outside world.

In the past, Timor-Leste experienced the influence of the world’s ideological divide. The two blocks in which international politics were divided also brought to Timor-Leste this state of antagonism, which only served to make our people suffer.

Today’s world is considerably different from the world we had in 1974 and 1975, when the Timorese people yearned for their independence. In today’s so-called globalised world, nations have turned from a focus on defending human rights towards the eradication of poverty.

And currently, climate change is also a big issue; with cooperation between developed and developing countries proving to be wanting in efficiency, since the number of poor people in our planet increased.

The new world order, which was so talked about in the late 70’s and throughout the 80’s, did not bring the necessary peace and understanding between peoples and nations. Even in today’s globalized world, intolerance, hatred, vengeance, violence and destruction constitute an unfortunate state of affairs with no apparent end in sight, even in the longer term.

The world is still divided into rich and poor people, and the world economy is struggling under the brutal dependency on the rules imposed by the powerful. The free market is dependent on the large multinationals, making international trade less competitive.

Quasi-conventional wars continue and there are no indications that they will end anytime soon. The billions of dollars spent in those wars could help poor people produce food in sufficient quantity and in a sustainable manner. Many wars in the world have taken and are taking place because of the natural resources of poor countries. This also occurred in the recent history of Timor-Leste, and we hope that it will not happen again!

This is all important to us because we also try to understand the world so that we may find our place. The world must, on the other hand, understand our feelings.

Today we continue receiving signals saying that we cannot exist without a protector. Starting on 28 March the United States of America imposed an embargo on us because our port does not have a security mechanism against terrorism. What do they want from us? This is the dilemma all Timorese citizens face – what does the world want from us?

With the embargo now placed on Timor-Leste, does the United States of America wish to put us in the list of countries exporting terrorism to the USA? Has the London airport also been the subject of an embargo?

Or do they want us to declare open war on terrorism, so as to become even more vulnerable to this world phenomenon? – a phenomenon which has not resulted from the poor conditions of the Dili port!

1997 marked the emergence of the monetary crisis in Southeast Asia, and two years later all the world commenting how the IMF prescribed the same medicine for different illnesses.

And globalisation has enabled developed countries to produce generic drugs for all different illnesses in the LDCs and in developing countries.

I know that by now some of you may be asking what is the purpose of all I am saying.

This all comes to me because of the reports that have been released regarding Timor-Leste.

In these two and a half years, if this Government has not done everything, at least it has done everything that is possible.

During these two years, and despite the success we have achieved, we have noted a peaceful silence and saw that opinions tended to direct to hand-picked issues such as ‘impunity’



concerning ‘serious crimes’, such as ‘child mortality’, ‘violation of human rights by the PNTL’ and ‘corruption’, with many of these issues concerning the period before this Government.

And, worst of all, reports that mention Timorese girls that have been attacked daily on their way to their primary and secondary schools make our blood boil.

And the justifications we hear is that the diplomats or representatives in our country cannot influence the decisions and opinions from above in their governments or their headquarters.

We have been seeing a certain disconnection between us and our partners.

This lack of understanding, I would say, is based on several factors:

- a) most only provide technical assistance and some insist that we should accept it in the areas of their choosing;
- b) others promise assistance but this assistance does not eventuate when we want to get things started;
- c) only a very small number agree to make physical investments, and when they do most of the money goes to their own consultants;
- d) yet others, due to strategies that only they know, want to impose action plans on us in areas where we disagree;
- e) and worst of all, if they are rejected by a ministry they just move on to the next ministry, and to the next one after that.

This is exactly why we, ladies and gentlemen, need to take into account the following considerations of the 2008 LDC Report:

- *“The fundamental priority for LDC Governments is to formulate and implement national development strategies that promote sustained development and poverty reduction.”*

- Unfortunately, the Report finds that there are still major constraints on the ability of LDC Governments to exercise effective leadership in the design and implementation of their national development strategies and policies. This is so because of very high levels of dependence on donor finance, weak technical capacities, the continuing “bark and bite” of political constraints imposed on countries, the slow progress in aligning donor aid with country budgets and plans, and the choice by donors to fund only what they want.

- The weak ownership in the country causes negative consequences to the Government. When politicians and decision-makers feel inhibited from saying and doing certain things because of the feeling of dependency from (foreign) assistance, the political qualities of a society that advocates free thinking are atrophied.

This is exactly it! An atrophied society, in a poor and hungry country, where it is easy to disorientate and confuse the people in relation to the problematic of democracy and human rights!

This brings to mind the Copenhagen Conference, where the most impressive thing was the brutality with which the Danish police charged on the people in the name of security! Such an action in Timor-Leste would have been called a 'gross human rights' violation by PNTL!

### **3 – The future – Vision 2020 expressed the desire by the people to see their living conditions improved by 2020.**

1. We are ten years away from that date – 2020, which the people took as a reference.

Until June 2007, the general insecurity prevented any process to fight poverty from advancing, as projected in the National Development Plan presented on 1 May 2002.

What does Timor-Leste want to be 20 years from now? Without a doubt, a country dedicated to the hydrocarbon industry. A country with urban expansion well distributed throughout the territory and with rural urbanisation enabling the populations to live in communities where the provision of basic services reach all citizens.

For this the country needs to accelerate the extension, diversification and modernisation of agriculture.

We also need to invest with haste in basic infrastructure such as roads, electricity, bridges, ports, airports and city urbanization in commercial or industrial centres.

Meanwhile, the country must take care of its children in health and education.

For this we need to invest. The people need us to create conditions to improve their lives. The people do not need 'cash' in American banks, to help pay American deficits. President

Obama does not need our 5 billion dollars, since the near 3 trillion dollars provided by China are enough for the United States to overcome their problems. The people of Timor-Leste need the money here, to be invested in human capital, in agriculture, in industry, in infrastructure and in social services such as education, health and assistance to the vulnerable.

We are completing the Strategic Development Plan, which will cover the period from 2011 to 2030! This SDP will set a short term (2011 to 2015), a medium term (up to 2020) and a long term (up to 2030).

Unlike the National Development Plan, which only covered the first 5 years (2002-2007) of the creation of State institutions, the SDP will be guiding the country towards well-defined stages of integrated activity, where the person, the citizen, the Timorese, is the centre of the development program.

In macroeconomic terms, the Strategic Development Plan focuses on this new paradigm:

- production
- productive capability; and
- productive employment opportunities.

And this means that the priorities will be:

- modernising agriculture
- enhancing industry
- providing social services; and
- developing human capital.

If the needs of the country require fast and sustainable growth, we need to invest in basic infrastructure. And for this to be possible we need to unblock the mistaken policy of 'savings', in order to invest those revenues in the best way.

Let us use those revenues, or that national wealth, to develop the nation! Let us do it with prudence, without waste and without Dutch illnesses, but also without the Norwegian virus! Let us use the revenues efficiently and responsibly!

The best return for the country is the happiness of the Timorese living in decent houses with electricity and water, close to schools for their children, clinics for the sick, good nutrition, good roads to the villages and productive activities that reward their efforts.

This is the only way Timor-Leste can escape the worst ‘disease’ there is: general poverty causing social discontent that can easily be used for political purposes – and which would in the end lead to the self-destruction of the people!

We are determined to take Timor-Leste out of the list of fragile and poor States and make it a medium income country in 15 to 20 years.

This is the future we will be deciding for ourselves. Beginning on 15 April, I will be travelling throughout all the territory of Timor-Leste to let the people know that we are committed to making their dreams true, their dreams expressed in Vision 2020.

In conclusion, I invite you all to read the Synopsis of the Strategic Development Plan that we are preparing. With this plan, I believe that the development partners will be justified in aligning their assistance, as we have always heard about the need for a long term plan

We Timorese are ready for this difficult battle! And we know that we will be victorious, because our people have always responded when the Homeland asks for our active participation!

In the past we have done it without hesitation. Today we will do it knowing that we are building the future for our children!

Thank you very much.

Kay Rala Xanana Gusmão

7 April 2010