



SPOKESPERSON V CONSTITUTIONAL GOVERNMENT



MEDIA RELEASE

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Timor-Leste takes steps towards establishing a National Development Bank

This year steps are being taken to establish a National Development Bank for Timor-Leste. Recognizing the challenges Timor-Leste's entrepreneurs face in accessing finance, and noting the importance of adequate access to build the private sector and raise economic growth, the Fourth Constitutional Government moved a resolution in 2010 to begin this process. The bank is discussed as an important facilitator for strategic economic development in the nation's *Strategic Development Plan 2011-2030 (SDP)* and factored into the Central Bank's Master Plan: *Spurring Growth: A Master Plan for Financial Sector Development 2014-2025 [Banco Central de Timor-Leste, 2013]*.

The Government Agency responsible for the establishment of the bank is SEAPRI, the Secretary of State for the Support and Promotion of the Private Sector, working in consultation with the Ministry of Finance and the Central Bank. By June this year an outline on the role and broad structure of the Bank is to be presented to the Council of Ministers for their consideration. Leading up to that presentation SEAPRI is analyzing all options and assessing the strengths and weakness of different models. The Pacific Private Sector Development Initiative is assisting in this analysis supported by the Asian Development Bank, Australian Aid and New Zealand Aid.

Recognizing that not all international experiences of Development Banks have been positive, key lessons are being taken onboard in the current deliberations including the importance of solid corporate governance, dispersed ownership, co financing and the need for a clear choice on which sectors to support. It is also a proviso of the Government that the National Development Bank must be run in a way that supports market competition in the financial sector and encourages, rather than inhibits, the growth of private banking.

Ágio Pereira, Spokesperson for the Fifth Constitutional Government noted "It is good to see movement in establishing Timor-Leste's National Development Bank which, as our SDP point out, will allow Timorese businesses to grow, employ labor and build the economic infrastructure of our nation." **ENDS**



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