



DEMOCRATIC REPUBLIC OF TIMOR-LESTE

**LECTURE BY
HIS EXCELLENCY THE PRIME MINISTER
KAY RALA XANANA GUSMÃO
AT THE UNIVERSITY OF INDONESIA**

**“STATEBUILDING – TIMOR-LESTE IN A REGIONAL AND GLOBAL
CONTEXT”**

**JAKARTA
22 MARCH 2011**

Ladies and Gentlemen,

First and foremost, I would like to convey my heartfelt thanks to the Chancellor, Mr Gumilar Rusliwa Somantri, for his kind invitation to speak today and for his generous hospitality.

I also wish to express my pleasure at speaking at this prestigious institution founded in 1849 – the University of Indonesia – in the presence of its distinguished teaching staff and its enthusiastic students.

Ladies and Gentlemen,

I must say how truly pleased I am to be visiting Indonesia again. Indonesia is both a neighbour and a friend to Timor-Leste. Our friendship is growing stronger and stronger, and as another tangible result of this, our two Governments held a bilateral meeting this morning in which we signed cooperation agreements covering several important policy areas.

This outcome is a result of our shared vision for the future.

We see an even more globalized future. This is a future where the internal actions of one country can transform not only its own society but can, increasingly, have direct implications for international communities, as well as international relations.

And we seek a future that reflects the noblest values of peace, non-violence and tolerance and, most of all, a future that recognises the direct relationship between democracy and development.

This is the vision for the future that Indonesia has been promoting to the world.

Under the leadership of my dear friend, President Susilo Bambang Yudhoyono, the Indonesian Government has been holding the successful Bali Democracy Forum.

This Forum is contributing to discussion and reflection on the development of democracy in Asia, and throughout the world, and I am happy to see that each year more and more nations are participating.

These are nations that have achieved or practice democracy, in its many forms, while sharing a common ideal of a non-violent, free and developed world, regardless of their stages of Statebuilding or State consolidation.

At a time when we are witnessing the people of several nations demanding freedom of expression and advocating for their fundamental rights, we cannot but praise the same ‘popular revolution’ that took place in Indonesia little more than a decade ago. I bow before the Indonesian people! My only regret is that the people of some other nations have waited so long.

Regrettably, there is a negative tendency in many developing nations to underplay the significance, and limit the recognition, of their own achievements, which are often great, in respect to the consolidation of the processes of their State.

But Indonesia is clearly a nation that has stood its ground with firmness and with conviction. Indonesia has left behind its legacy of autocratic governance and now provides peace, stability and opportunity to its people, while at the same time growing in international significance and assuming a central role in the global economy.

I would like to note that it was at the same time that Indonesia started its unique democratic transformation, that Timor-Leste began its path as a sovereign and independent country. In 1999, the people of Indonesia and the people Timor-Leste voted for democracy and for the principles of democratic rule of law, and in doing so opened a new chapter in the history of South East Asia.

These developments are evidence that when people decide to safeguard their dignity, they do so without hesitation. They are evidence that when people decide to preserve their sovereignty, they are willing to accept all sacrifices.

And this is what we are witnessing throughout the world! More and more, people are becoming aware that they must be sovereign in their decisions, and that they cannot, anymore, continue as mere subjects in arrangements designed and imposed by others, especially when the circumstances of their governance does not serve the interests of the people.

It is because of this dynamic that democracy should never be an abstract concept. It must be something tangible and something that is real to the daily lives of people. The democratic principle must incorporate housing and food for families and health care for all. And it must include access to knowledge, education and training for the young, so that they may have the skills to adapt to an ever-changing world and become active players in their own societies. In short, there can be no democracy without development.

Since there is no one model, or one universal template, to achieve development, each society must invest in its own search for its model which accounts for the lived experience, culture and circumstances of its people, and their nation.

The Indonesian leaders, therefore, held on to this premise and, in the diversity of languages, cultures, religions and ethnicities featured in its thousands of islands, they managed to unite a great Nation and inspire its people towards economic development, transforming Indonesia into one of the world's great emerging economies.

In view of this all, ladies and gentlemen, and considering that Timor-Leste is still building its State, we are looking closely at the lessons that our neighbour has been giving to the region, and to the world.

We are not looking for a replica model to follow, but rather a reference that can inspire us.

From the time that Indonesia began its journey of democratic consolidation and economic growth, Timor-Leste also began taking its first steps towards the building of its young State.

Through a common process of internal and mutual reconciliation, the more painful memories of the past have made way for new hopes for the future, and provided an example

for the region, and for the world. In this process and in our State building endeavour, Indonesia has become a strategic partner in the development of Timor-Leste.

This is why we chose, for joint reflection, the topic “Statebuilding - Timor-Leste in a Regional and Global Context”. Therefore, I will be discussing with you the nuances of our Statebuilding history. I will be discussing with you how a young nation looks forward to becoming fully integrated in the region, with solidarity, and to contributing to a future of progress, peace and stability in today’s troubled world.

Ladies and Gentlemen,
Dear Students,

As you all know, Timor-Leste is half of a small island, with an enclave in the other half, being part of the great archipelago of around 17,000 large and small islands that makes up Indonesia. Further south we have Australia and the Pacific Islands.

Timor-Leste has a land area of 15,000km² and a population of little over one million. Precisely because of its limited size and population, Timor-Leste is well placed for successful national integration and has every condition, including valuable resources such as oil and natural gas, for accelerating its economic growth.

Timor-Leste also has a very young population. Although this causes big challenges to the State, it also provides great opportunities for the future. Thus, we have the potential of a young population, able to transform the social and economic fabric of Timor-Leste and, by being proactive, with a sense of innovation and access to new technologies, create a better life for its country.

Looking to the audience, which includes so many young students, I am sure that this is, also, what you are asked to give to your Nation. The various generations of the past have created the history of humanity, which sadly is often filled with tales of conflict and oppression, which has propagated poverty to a third of the world’s population.

It is your generation that is now being called upon, to take part in building an alternative future. This mission must start in each of our countries.

Ladies and Gentlemen
Dear Students,

The history of Timor-Leste is also characterised by a large ethnic, cultural and linguistic diversity, associated with centuries of administration by foreign countries and a long conflicting co-existence.

Our Statebuilding challenge began with overcoming the scars of conflict, which resulted in the development of a challenging character in our People, a character which can move easily from peace to violence.

We have started from scratch, laying the foundations for our democratic institutions and, even with the assistance of the International Community, we soon realised that a Country cannot be built in a day.

On 20 May 2002, on finally becoming an independent and sovereign State, the expectations were that we, Timorese, as masters of our destiny, might decide the future of our Nation. Naturally we believed that this future, in freedom, was promising.

However, we lacked trained and skilled human resources to achieve this goal. We didn't have any experience at all in terms of governance under a democratic system and there was no basic infrastructure to jumpstart the economy. Obviously, we also had no financial resources and, for the first few years, we had to rely solely on the assistance and solidarity of the international community to fund our public expenditure.

Although the Timorese people were striving with dignity for a new life and for the better conditions they dreamt about, society, both in terms of individuals and of social groups, was demanding immediate results, as if they should simply appear as the logical consequence of emancipation.

Unfortunately, and as we all know, democracy does not triumph easily in a country where the majority of people are poor and psychologically scarred.

In our first 8 years of independence, Timor-Leste was frequently shaken by sporadic conflicts, which became a vicious cycle of violence.

With this entire crisis, we learned our first major lesson: the priority was to learn how to deal with the frailty of our State, starting by trying to understand and solve the root causes of problems, which were often political in nature.

We soon realised that we would not be able to overcome this cycle of crisis without will, consensus and commitment by all leaders and the main actors of the Timorese Civil Society.

This new approach, adopted by all State agencies, and the cooperation and involvement of all, in the building of the pillars of our State, enabled us to see more clearly the steps that had to be taken.

Here, I would like to underline once more that this consensus, and this dialogue, cannot come from outside, imposed by so called developed societies which hold the power to make decisions. No, it cannot! It must be up to every Nation to find their own way and to learn to walk on their own feet.

On the other hand, in this nation-building stage, the State has the obligation to invest what is necessary to reduce poverty among its people. In the case of Timor-Leste, this was and still is the only way to give value to independence and to the sacrifices made by everyone.

Thus one can ask: what is the State? The State is all legal components, able and competent to take decisions on the future of the Nation.

The State must be visionary, but it must also establish checks and balances across every part of the Nation. The State must be able to measure the impact of its policies and to look after its citizens, while political and social groups of the Nation must be able to guide the people to allow them to achieve human fulfilment.

And this is the difficult challenge we face in this State building and Nation building process in Timor-Leste. I often call it the need to change mindsets.

We all know that the State has obligations towards the People, but it is the People who make the State stronger or weaker, more democratic or less democratic, more humanist or less humanist.

Ladies and Gentlemen,

Timor-Leste is currently enjoying a new atmosphere of stability and confidence. After solving the main issues threatening national stability, namely social and political divisions, the State is now focusing on public investment, so as to produce more immediate results.

Most of all, and despite being under permanent international scrutiny, Timor-Leste realised that it wants to build the Timor-Leste of the Timorese.

And the Timor-Leste of the Timorese is a country that knows it must invest in human capital as the main asset of the Nation. When building our young Nation and State, it is the People who must be at the centre of the policies... of the plans, of the programs and of the actions. Therefore, we carried out the following measures:

- In the social area, for ethical reasons the State has the obligation to recognise and assist, with efficiency and a sense of justice, the national liberation combatants, now living in economically vulnerable conditions. The State is also morally bound to support the elderly and the disabled, as well as widows and orphans.

- For the same reasons, and still concerning human dignity, the State does not forget that in September 2000, the General Assembly of the United Nations adopted the Millennium Development Goals, setting for 2015 the reduction by half of the poverty in the world. Therefore, we drafted measures for protecting human life, defining the concept of 'poverty' in accordance with a Timorese perspective. Starting this year, we have plans to build decent housing in every hamlet of the country, focusing on underprivileged populations, while we start the rural urbanisation plan, which will provide better access to transportation, health, education and information. By 2015 we will have built over 55,000 new houses, with water and sanitation.

- We also know that in this stage of our young State, Public Servants are the ones responsible for providing services to the people, to contribute to improving their living conditions. We introduced reforms to our management and administration in all State agencies, so as to professionalise the public sector. We also initiated important reforms in the security sector, including promoting better cooperation and harmony between the police and the armed forces and in doing so regained the trust of the population in these institutions.

- From our reforms, I would like to highlight the effort in promoting transparency and good governance, namely through the creation of the Civil Service Commission, the creation of the Anti-Corruption Commission and the reform of Public Financial Management, including the creation of a website – the Transparency Portal – that provides

real time data on State Expenditure which can be accessed by the People, whether in Timor-Leste or abroad.

- Finally, investing in people also means investing in the creation of opportunities that diversify the economy and create employment. Therefore, we began the capacity building of our private sector, taking into consideration that in the medium to long term the national private sector should become the strategic partner for the development of the country. As such, we are instilling values that reflect the spirit of citizenship and professional honesty, while at the same time, promoting criteria of competence and technical capacity.

Step by step we are seeing greater participation and confidence in the Timorese People in avoiding conflicts and in consolidating National Unity and Stability. This awareness underpins the new motto adopted for our Nation in 2009, the 10th Anniversary of the Referendum. This new motto is: “Goodbye Conflict, Welcome Development”.

Ladies and Gentlemen
Dear Students,

This is the motto that we want to share with you. We want to be more active in our region and in the world, proving that it is possible to leave behind or close a period of conflict, even if it is a long one, in order to focus energies into a much more humanistic ideal of political and social tolerance, for the dignity and development of all.

This is why we are keen to join ASEAN. Timor-Leste shares the ideal of peace and the common spirit that led to the creation of this Regional Organisation.

And what does it mean for Timor-Leste to be a member of ASEAN?

We are aware that from a geopolitical and geostrategic perspective our membership could contribute to ensuring regional security and stability. More than economic benefits, ASEAN membership represents for Timor-Leste an opportunity to become an active agent in the promotion of regional Peace and Stability.

Timor-Leste, an exposed island located in the crossroads of Asia and the Pacific, cannot be isolated from its regional partners. As such, ASEAN membership also serves our national interests.

States are being increasingly confronted with a type of criminality that starts outside their land and sea borders, but the effects of which are felt inside the country: criminal organisations, money laundering, weapons, human and drug trafficking, piracy, smuggling of commodities, illegal immigration, illegal fishing and the decay of the maritime fauna. Timor-Leste faces these same problems, which are common to most countries in this region.

Because of all of this, Timor-Leste desires to become an integrated part of the region, by joining organisations such as ASEAN that contribute to a new world order, where conflicts and discord are replaced by dialogue, where democracy is used to give voice to the weak and the vulnerable and where assistance and solidarity are used properly to alleviate the suffering of people.

Ladies and Gentlemen,

Timor-Leste is one of the 50 States classified as Least Developed Countries, or LDCs for short, located in Africa, Asia, the Caribbean and the Pacific. We are also called ‘Fragile States’, due to various institutional, political, economical and social factors.

In April 2010 we had the pleasure of hosting, together with the UK, the Dili International Dialogue on ‘Peacebuilding and Statebuilding’, in which several LDCs had the opportunity to share experiences and to report on the challenges that each one faces.

The group, to which we gave the trendy name of ‘g7+’, consists of Timor-Leste, Afghanistan, Central African Republic, Democratic Republic of Congo, Haiti, Ivory Coast, Sierra Leone, Burundi, Chad, Southern Sudan, Liberia, Nepal and Solomon Islands.

The ‘g7+’ gives us a platform for dialogue where fragile and conflict-affected countries convey their concerns, looking within themselves, and express their commitment to improve the situations they face. The ‘g7+’ respects the constraints experienced in each country, and seeks a common ground based on the principle of process ownership.

Consequently, through this Forum we can also work better to demand transparency and efficiency in external assistance. The ‘g7+’ is therefore a mechanism for dialogue with the international community, in terms of aid programs and the efficiency of that aid. The aim is to prevent programs from weakening the internal processes of each country and ensuring the aid does result in expensive systems, such as Project management Units, where the money goes back to the donor country or to others, without benefiting local populations.

It is essential that the international community understands that all fragile States require a transition period, with greater flexibility of action, and that a one size fits all policy only hurts the individual processes of each country.

The ‘g7+’ is also a forum for us to try to understand the lessons of China’s growth, of living in a world where the largest poverty-reduction project in history was achieved, mostly without external assistance and the global speculation of financial markets.

As a result, Timor-Leste had the honour to be invited to preside over the ‘g7+’, which now includes 17 countries representing 350 million people.

A High Level Meeting with the partners is scheduled for Busan, South Korea, next November.

Ladies and Gentlemen,
Dear Students,

Timor-Leste made considerable progress, while respecting its specific circumstances.

Even with the global financial crisis, Timor-Leste has had a two-digit growth rate for the past three years. In 2009 we grew by 13% – one of the ten highest rates in the world.

This growth resulted in a 9% reduction of poverty, enabling around 96,000 people to get out of a situation of extreme poverty. The United Nations Human Development Index had Timor-Leste moving up 14 places, while the Millennium Development Indicators were met in terms of child mortality rates and other health indicators.

Currently Timor-Leste is debt-free and has \$7.4 billion invested through our Petroleum Fund. It is estimated that in the Bayu Undan field alone we will have over \$20 billion during the next ten years. Timor-Leste was the third country in the entire world to be granted full compliance with the Extractive Industries Transparency Initiative. The Revenue Watch Institute and Transparency International ranked Timor-Leste in 2010 in the group of countries with the most transparency in terms of revenue.

We are aware that there is still much more to be done in terms of State building, but we believe that we are on the right track. We have succeeded in strengthening the promise of development. In July, following the approval by our Parliament, we will be launching the Strategic Development Plan for the next 20 years.

The main goal is to boost our economy, so that we can leave our present situation of dependence from oil revenues and become a non-oil economy.

As such, we believe that through a stronger integration in the region and in the world, we will be able to improve the living situation of the Timorese People and to contribute towards the common cause for democracy, development and world peace.

Thank you very much!

22 March 2011

Kay Rala Xanana Gusmão