



REPÚBLICA DEMOCRÁTICA DE TIMOR-LESTE

**SPEECH BY HIS EXCELLENCY
PRIME MINISTER KAY RALA XANANA GUSMÃO
ON THE PRESENTATION OF THE
STRATEGIC DEVELOPMENT PLAN 2011-2030
TO THE NATIONAL PARLIAMENT**

11 July 2011, Dili

Excellency, Acting Speaker of Parliament
Excellencies, Presidents of the Benches
Excellencies, Presidents of the Committees
Distinguished Members of Parliament

Dear colleagues Members of Government
Representatives of the Civil Society
Representatives of the Media

Distinguished guests

On behalf of the Government, I want to thank this Sovereign Body for its availability to provide us with this opportunity to present the Timor-Leste Strategic Development Plan for the next 20 years.

Today is a good day for reminding everyone that, in the 5-year Programme of the IV Constitutional Government, we made the commitment to present a Development Plan for the Country. As such, I have the honour to come before you today in order to present the guidelines that will lead our policies in the future, seeking to ensure the wellbeing and prosperity of our People.

We all remember that Parliament, in its I Legislature, approved a Resolution, the National Development Plan, also for 20 years, by 2020.

Excellency, Acting Speaker of Parliament
Distinguished Members of Parliament
Ladies and Gentlemen

In any evolution process, one would do well never to lose sight of the need for a permanent, realistic and current review of the conditions involved, the difficulties and constraints, and the large or small achievements made. No review is objective if it neglects these two sides of reality. Sometimes we are made to exaggerate only the good side of things, while other times we tend to assume a defeatist attitude and look only to the negative side of things.

Any process has the same potential: to either collapse upon itself or to bloom into something great.

A political and socio-economic process will obviously present complex factors that must always be taken into consideration, not only individually but more importantly in terms of their interconnection, as it is the latter that determines whether the process moves forward or not. And this is the challenge for the Timorese. Either we face the future with optimism or we just look at our indecisiveness.

That is why, I will present the presuppositions of the Strategic Development Plan.

Consequently, I will now explain the assumptions of the Strategic Development Plan.

This SDP results from a critical review following the National Development Plan launched in 2002; this review enabled us to understand the evolution of our State building and Nation building process.

The review highlighted the vision of the leaders of the time in the fight against poverty, but stated that since the NDP was *“Timor-Leste’s first Plan... it is important that it is reviewed at certain times to see if the overall strategic direction remains valid or if changes should be made.”*

Our review also considered the recommendation in the NDP that, *“because the Plan is Timor-Leste’s first, it should be subject to a full review after its first year of operation (meaning that the review would be in July-August, 2003)”*.

Indeed, in the aftermath of the destruction of 70% of our infrastructure, and starting an administration from scratch, the NDP reflected the current circumstances of the political moment, with activities focusing on the establishment of human resources and institutions, some of which did not yet exist. Another factor to be considered was the enormous shortage of financial resources, a *sine qua non* condition for effectively implementing any plan. Our review did not put aside our full dependence in terms of support funds from the international community, to which we are all deeply grateful.

Ladies and Gentlemen, this SDP is, as I have said, is also the result of the commitment made by the IV Constitutional Government, prescribed in its Program and presented to this National Parliament in September 2007. Consequently, and after dealing with the most pressing problems of the country, all ministries and secretariats of State, together with their directors and heads of department, were directly, actively and fully involved, in 2009, in drafting the sectors to which they all belonged.

In this participative exercise, the Government’s task was only to integrate the various sector plans in a single framework, highlighting the interdependence of the various components of the life of the State and the Nation.

This SDP is the outcome of a magnificent work done by dedicated Timorese citizens that went all over the country, to every home throughout the national territory, in order to accurately collect the data we required to learn about the actual living situation of our people and the state of our Nation.

The 2010 Census was of the utmost importance, and the National Statistics Directorate is to be praised for its outstanding work.

This SDP results from the collection of our people’s aspirations under a broad national consultation. This was the second one in which I took part, with the first being in 2001, to draft the NDP.

When we presented the Summary of the SDP, titled ‘From Conflict to Prosperity’, we understood that our people were waiting for more decisive actions that would mitigate their daily suffering and remove them from the miserable conditions in which they dwell.

We could also see joy in the eyes of children, hear sighs of hope from youngsters and note benevolent smiles in the wrinkled faces of the elders.

Excellency, Acting Speaker of Parliament

I am proud to say, and I believe that all of you in attendance share this feeling, that this Strategic Development Plan is 100% Timorese.

Distinguished Members of Parliament
Ladies and Gentlemen

Some might say that we do not require a SDP, since we already have a Plan and what we need now is to continue implementing the NDP. The answer to this is more 'no' than 'yes'. No, because of the grounds that supported the NDP, which no longer apply today – goals that were too vague and that contained macroeconomic uncertainties.

Any reality is in constant evolution and the rapid change of balances between challenges and skills is always reflected in new processes, in processes that start because of the inherent circumstances.

The ability to deal with processes comes from the clear notion of the changes made in the situations of those processes. And today our State and our Nation are in a new situation.

In this new situation, it is absolutely essential that our State defines, as clearly as possible, the stages and phases for our country's development. It is necessary for the State to define national priorities, to determine the vital sectors for solving the problems of our people. The State must determine the sector or sectors that are to become the driving engine of economic and social development.

We are a democratic country, but no State lives on freedom of expression or on physical development alone. Democracy is vital for the integrated and sustainable development of a country, but without development there is no democracy.

Both components are interlinked, supporting and consolidating one another. In our case we can even say that our people have waited too long. Together we have succeeded in breaking the cycle of violence and skirmishes of the last few years. Now we all have the duty to meet the aspirations of our People.

And the Nation already has the basic and essential conditions to provide the Country with the boost it requires.

Excellency, Acting Speaker of Parliament
Distinguished Members of Parliament
Ladies and Gentlemen

Timor-Leste is part of the 40 countries called 'LDCs', or least developed countries, as well as a member of the group of so-called 'fragile states'. The definition of 'fragile states' has connotations both political and socio-economic.

If we look at a Libya, an Egypt, a Syria or even a Yemen, the process we see in those countries is the demand for political democracy. In our case, what we need is economic democratisation, where our society must be able to participate in order to improve its living situation.

This is what the SDP wants to focus on. The Strategic Development Plan provides an accurate picture of the state of the Nation and an objective perception of the challenges ahead in the various spheres of life.

The Strategic Development Plan is a thorough and reliable instrument for identifying and assessing priorities and is a means we can use to understand the necessary strategies and the consequent actions deriving from the adoption of policies, both in global terms and in terms of each sector.

The Strategic Development Plan sets a special framework that protects the country from regional imbalances and that makes use of the entire potential of Timor-Leste, providing equal opportunities to all the people to benefit from the wealth of the country.

The 2020 vision of the NDP is as relevant today as it was back in 2001. And this is the vision that the Strategic Development Plan pursues for 2030, since all of us here want that:

- *“Timor-Leste will be a democratic and prosperous society with adequate food, shelter and clothing for all*
- *People will be literate, knowledgeable and skilled. They will be healthy, and live a long, productive life. They will actively participate in economic, social and political development, promoting social equality and national unity*
- *People will no longer be isolated, because there will be good roads, transport, electricity, and communications in the towns and villages, in all regions of the country*
- *Production and employment will increase in all sectors – agriculture, fisheries and forestry*
- *Living standards and services will improve for all Timorese”.*

After overcoming the economic circumstances that earlier Governments faced, during the difficult period when it was necessary to set the bases for a democratic State, the Strategic Development Plan today presents a safe path for us to achieve the goals set in 2002.

As such, I will now focus on the Strategic Development Plan.

The SDP, of which you have all received copies, is a document covering 3 essential areas – Social Capital, Infrastructure and Economic Development.

Excellency, Acting Speaker of Parliament
Distinguished Members of Parliament
Dear colleague Members of Government
Ladies and Gentlemen

The SDP places the person, the Timorese, as the central point around which all our considerations, strategies and actions revolve. A State can only exist if there are people living within a territory. Throughout the centuries our People have shown their strength and their

determination to achieve their goals. Consequently, the People should be the target of the policies made by the State. The People are the greatest wealth of any Nation. A Nation can only move forward if its people evolve in terms of practises and behaviour, evolve in knowledge, evolve in their adaptation to the new technology that they require for their development. Educated and healthy People, with strong principles and ideals, make a strong and dynamic State and make a prosperous and modern Nation.

Regarding Social Capital, we insist on educated people that are able to rise to the challenges and to handle their own problems.

The State must set the way to make this possible, and the SDP shows this way.

In the Education sector, the SDP sets benchmarks to achieve in the short (by 2015), medium (from 2016 to 2020) and long term (from 2021 to 2030).

In terms of Social Capital, we want to have healthy, energetic and dynamic people who are able to get actively involved in the development of their own country from the villages, sucos and municipalities. As is the case in the rest of the world, from America to Africa, from Asia to Europe, the State has the duty to look after the health of its citizens. The SDP presents a framework for the provision of health services.

In the Health sector, the SDP sets equally the benchmarks to achieve in the respective timeframes of implementation.

Concerning Social Capital, we advocate that an egalitarian society is the basis for a fairer society and the condition to raise the spirit of solidarity between people and communities, which constitutes of the stronger points of the character of our people. The State must look after everyone and the SDP provides the means to do so. The disabled, the elderly, the chronically sick, vulnerable people including women and children will be protected and receive support. The Veterans deserve a special place, in the sense that the State must continue to provide opportunities for them to participate in small projects and allow them to feel that they are contributing to the development of the Nation, for which they fought.

The State must look after everyone and the SDP provides the means to do this.

In the Social inclusion sector, the SDP sets equally the benchmarks to achieve in the respective timeframes of implementation.

Regarding Social Capital, we have expressed our concern as to the degradation of our environment. The birds, whose melancholic chirping announced the rainy season, and the swallows that flew low as to attract the heavy rain clouds, have disappeared from the annual ritual that sets the calendar for farmers. Gone too are our springs and our bushes, the hiding place of our guerrilla fighters. Enter floods and out-of-control erosions, causing immeasurable damages to every home, to every community.

The State must strive to correct this, and the SDP presents the guidelines.

In the Environment sector, the SDP sets equally the benchmarks to achieve in the respective timeframes of implementation.

In terms of Social Capital, we look inside our people, to their identity and culture. In short, we look at their soul. People do not live on bread alone, meaning that any social and economic progress counts for nothing if people cease to know themselves. The effects of globalization cannot make the Timorese citizen just one unit among billions. The effects of the new technology are a threat to the identity of our people if our children, wearing a suit and tie, will hesitate to say that they have a wealthy patrimony.

The State cannot minimise this danger. The SDP presents the solutions.

In the Culture and Heritage sector, the SDP sets equally the benchmarks to achieve in the respective timeframes of implementation.

To conclude my address on this area, I want to say that the primary investment of our State must be in human capital, in our Country's human resources.

Excellency, Acting Speaker of Parliament
Distinguished Members of Parliament
Dear colleague Members of Government
Ladies and Gentlemen

Another vital area is Infrastructure. Without schools, children cannot have classes. Without clinics, patients cannot receive treatment. Without roads, the people cannot have access to basic services and markets. Without power, we continue to need firewood for cooking. Without water, there is no hygiene and no agricultural production.

After the Second World War there were 13 countries that emerged from nothing or from nearly nothing and which developed quickly. They are known as 'economic miracles'. They had the courage to focus on infrastructure because they knew that without infrastructure the country could not move forward. Today we feel the same in Timor-Leste; we feel that infrastructure must accompany development. Today, in Timor-Leste, we have reached the conclusion that rehabilitation alone only makes costs higher and unsustainable.

If we want to accelerate economic development in our country, we have no other alternative but to stimulate construction on a larger scale, of necessary infrastructure to support the development of all other productive sectors in the country's economy.

Regarding Infrastructure, we have looked at the condition of our roads and bridges. We established a road network, defining its size and importance. We sought to understand the causes for its deterioration and the options in terms of its repair and safe maintenance. It is vital that the national road network provides access to the population in its daily needs. It is necessary to break the isolation of communities, while needing to deal with the growing volume of traffic, with safe roads. The State must make decisions, and the SDP drafts this strategy.

The State has to decide and the SDP develops this strategy.

In the Roads and Bridges sector, once more, the SDP sets the benchmarks to achieve in the respective timeframes of implementation.

Concerning Infrastructure, we took the care to look at our people's needs in terms of improving hygiene and the supply of safe water. The lack of latrines and sewage systems, even in urban centres, as well as the unreliable supply of water to the people, are among the main causes of child mortality and overall poor health condition of our people.

The State is clearly aware of this and the SDP points to an integrated solution.

The SDP sets equally the benchmarks to achieve in the respective timeframes of implementation for the Water and Sanitation sector.

In terms of Infrastructure, we acknowledge the great importance of electricity in the lives of people. Social benefits are huge. Energy will also promote the development of other industrial sectors. Studies have also been conducted regarding our alternative energy potential. More importantly, our people need their poor homes to have light at night, since this will make a huge difference in their lives.

The State must assume this priority and the SDP will provide the means.

The SDP sets the benchmarks and the respective timeframes for implementation to ensure electrical energy supply in the Country.

Regarding Infrastructure, we have also examined the Dili port, which can no longer respond to the increase in the cargo volume, along with the other constraints we all know. We also looked at the importance of other regional ports that can provide better sea connections for our country, making transportation easier and supporting the fish and meat industry for exportation.

The State is aware of this and the SDP has the planning.

The SDP presents the benchmarks and the timeframes of the building of Bridges sector.

In terms of Infrastructure, we noticed that the Dili international airport requires immediate attention, lest it becomes unable to respond to air traffic requirements. We cannot also imagine Timor-Leste without air connections that cover the Country. The development of our FFAA will also require an air base in Baucau, to support our sea control activities.

The State must assume this programme and the SDP can implement it.

In the Airports sector, the SDP expresses the benchmarks to achieve in the respective timeframes of implementation.

Finally, concerning Infrastructure, the subject of telecommunications has shown the urgent need to liberalise the sector, lest it hinder the development of the country. A small country such as ours, well served by an accessible, fast and affordable communications system, will enable the introduction of new methodologies in sectors such as education, local

government, health, vocational training, national and international markets, tourism, travelling agencies and other areas requiring the adoption of new technologies.

The State knows it must change this situation and the SDP provides access to this change.

In the Telecommunications sector, the SDP articulates the policies, the benchmarks in the respective timeframes of implementation to be considered in this sector.

In conclusion, without basic infrastructure providing easy access to the populations and opportunities for the sectors or services and industries to grow and to create employment, the country will not move forward.

Excellency, Acting Speaker of Parliament
Distinguished Members of Parliament
Dear colleague Members of Government
Ladies and Gentlemen

The third area that the Strategic Development Plan focuses on is Economic Development, that encompasses Rural Development, Agriculture, Petroleum, Tourism and Private Sector Investment.

There is no doubt that the Country needs economic growth so that society obtains and retains the consequent benefits. Only continuous economic growth can support the development of the social and human components:

- in terms of employment opportunities
- in terms of better service delivery
- in terms of equity in the distribution of national wealth
- in terms of improving knowledge
- in terms of changing attitudes and behaviours
- in terms of trust and national stability

Development is the gradual, consequent and tangible outcome of the efficient implementation of this way of thinking, this philosophy, for a relatively long ongoing period.

The philosophy is that Timor-Leste will build a modern and diversified economy based on agriculture, tourism and the petroleum industry, with an emergent private sector and with opportunities for all people.

Regarding Economic Development, we took into consideration the fact that 75% of our population lives in rural areas, which means that rural development must be a priority concern. It is in the rural areas that the millennium goals are to be achieved. However, this requires populations to have access to roads, water and sanitation, power, schools and health. The development of rural areas is directly associated with the improvement of infrastructures throughout the Country.

In rural areas, all efforts will focus on creating and developing micro, small and medium companies. While the PDD I and II are focusing on the area of construction, the ongoing creation of cooperatives will enable communities to conduct their own business activities.

In rural areas we must encourage the creation of agricultural companies, which will require vocational training. As such, we must also identify agricultural production and forest preservation areas. Additionally, the land law is vital for supporting farmers.

In order to project harmonious, integrated and sustainable development for Timor-Leste we drafted a National Spatial Planning Framework. This will enable each area of the country to know exactly what its potential is and to explore it, as well as to be informed regarding the potential of other areas, so that there can be an ongoing balance between regions. The National Strategic Areas set the context of specializations, which each one can develop.

Another factor that is not less important is Decentralisation to local governments. However, in preparing for this, the priority must be the training and preparation of human resources in the areas of administration, treasury and finance, planning, budgeting, execution and monitoring.

The State is aware of all of this and the SDP points towards implementation.

Regarding Economic Development, agriculture is the most important sector for reducing poverty, ensuring food security and promoting economic growth. In terms of subsistence agriculture, it is vital to continue assisting farmers concerning training and expansion of new cultivation and treatment techniques, since this is the only way we can increase the productivity of staple foods and improve our people's nutrition. It is essential to rehabilitate and expand irrigation systems.

An exhaustive survey was conducted on the conditions in which our staple foods such as rice, maize, cassava, potatoes, beans and vegetables are cultivated. This survey also included the potential of cash crops such as coffee, coconut, cashew nut, nutmeg, vanilla, peanut, etc. We did not neglect Timor-Leste's potential in terms of fruits, which we must improve in order to at least replace imports. This survey will serve as a guide for strategies and actions regarding the identification and expansion of production areas and the care to be provided, as well as support systems to farmers for using improved technologies, financial advices and trading assistance.

The sector of livestock has also received due attention. Radical changes are required in terms of breeding and training is needed on basic animal care. New practises must also be introduced. The goal is to replace the import of meat, eggs and poultry with productive employment.

The fisheries sector has also provided data on the potential regarding diversified and developed aquaculture, as well as the need to perfect coastal fishing and a training and capacity building strategy for deep sea fishing, so as to boost employment and exports.

Additionally, we considered the problems of our forests, which require a Management Plan to enable sustainable exploration of forestry products and wood. We will also be

implementing a program to plant 1 million trees per year, in order to save the country from ecological destruction. We also considered bamboo, not only to prevent soil erosion and degradation but also as a raw material that generates employment and income.

The State is aware of these needs and the SDP provides the proper answers.

Distinguished Members of Parliament
Ladies and Gentlemen

In terms of Economic Development, the petroleum sector appears today as a vital cornerstone of our future development. The petroleum sector is already the largest revenue source for the State General Budget. We must be able to use petroleum revenues wisely so as to invest in a petroleum industry and in that way nurture other economic, industry and service activities, as well as activities to support the sector. It is necessary to invert the State's dependence on petroleum revenues and to use petroleum to create other revenue sources and to generate productive employment for the Timorese.

Timor-Leste will be a country directed to the hydrocarbon industry. In order for this to be possible, Timor-Leste must invest in the human resources that will participate in, manage and work in that industry. We will create the National Petroleum Company to lead and manage this sector development process. We have established the South Coast corridor, with a highway linking Suai, where the Supply Platform will be located, to Betano, which will house the Oil Refinery and Petrochemical Industry, and to Beço, where the LPG facilities will be located.

All of this requires vocational training and the enhancement of agriculture and livestock, resulting in the creation of employment and income opportunities for our people.

The State is aware of the project's size, with the SDP setting the goals.

Regarding Economic Development, Tourism is a sector with enormous potential to contribute with income to the national and local economies through the creation of companies and employment, thus reducing regional economic imbalances.

We can explore various types of tourism, such as ecological, maritime, historical, cultural, religious and adventure tourism, as well as tourism in terms of conferences and conventions. Taking into account the diversity of landscapes, we have set three Tourism Areas, indicating the potential to be explored in each one.

As our economy grows and our tourism industry becomes stronger, it will be necessary to develop a marketing strategy promoting Timor-Leste as a choice destination.

The State is aware of this magnificent potential and the SDP sets the ways in which this potential will be explored.

In the Tourism sector, the SDP presents the benchmarks and the respective timeframes of implementation.

Still on the Economic Sector, the Private Sector will assume the role of creating employment in Timor-Leste. In order to build the Nation, we will have to attract investors to our main industrial sectors, establish partnerships with international companies for building our infrastructure, support the growth of national companies and boost the ongoing improvement of local companies.

This requires capacity building Timorese businesspeople and supporting those who need opportunities to start and expand their businesses. However, in order to succeed in business, many require financial support and training in good business practises.

Therefore, while Timor-Leste must provide a healthy business and investment environment, we must also create the National Development Bank to make long term loans to our private sector. Concurrently, the Microfinance Institute will be transformed into a Commercial Bank, so as to provide credit to citizens in rural areas wanting to create micro or small companies.

Special Economic Areas may be created to attract foreign investment, being ruled by laws and regulations that make them more attractive.

In all of this, the goal is to create more employment opportunities, to encourage the participation of the Timorese in the various economic activities and to diversify the economy, which will slowly move towards the country's production and service sector.

The State is aware of these challenges and the SDP sets the strategies to follow.

On the issue of the Private sector, the SDP presents the benchmarks and the respective timeframes of implementation.

Excellency, Acting Speaker of Parliament
Distinguished Members of Parliament
Dear colleague Members of Government
Ladies and Gentlemen

Chapter V gives particular and detailed attention to the subject of the Institutional Framework. The RDTL is a very young State. We are no longer the world's youngest state, and I invite you all to salute the new State of South Sudan, wishing great prosperity to their people.

In terms of the Institutional Framework, the sectors of Security, Defence, Foreign Affairs, Justice, Public Sector Management and Good Governance are seen as the pillars of this democratic State under the rule of law. A State without capable security and defence is vulnerable to all sorts of threats and pressures.

Stability and security are pre-requirements for social and economic development.

Thus, concerning the Institutional Framework, we focus on the sector of security, indicating the current challenges from the legal regime to human resources, from public safety and conflict prevention to the necessary infrastructure and logistics. The goal is to make the

PNTL a professional, non-partisan and competent security force, with respect for human rights, so that it can fulfil its mission to serve our people and ensure peace, security and stability of the Nation.

Under the Institutional Framework, we acknowledged the specific role of the F-FDTL, while giving due priority to geostrategic and maritime security, particularly in our Exclusive Economic Zone.

We also conducted a review from the legal framework to possible force engagement scenarios, from human resources to the development of infrastructures, from the setting of priorities to an integrated vision on national defence.

The State is aware that its sovereignty depends considerably on these two forces and the SDP ensures their development.

Regarding the Institutional Framework, we considered the fact that Timor-Leste is a young member of the community of nations, and as such the goal of our foreign policy is to protect and promote the vital interests of our people, while safeguarding and consolidating the independence of our Nation.

Foreign Affairs will lead a cooperation approach seeking to encourage strong cultural, economic and commercial relations with other countries. We consider multilateral relations, starting with the UN, regional organizations, including the CPLP, and bilateral relations.

In the world of 'LDCs' and 'fragile States', Timor-Leste is taking part in the dialogue forum promoted under the initiative of the OECD and with the support of Australia. After the Dili Forum in April 2010 on 'Peacebuilding and Statebuilding', Timor-Leste is co-presiding over the Dialogue and leading the 'g7+', which covers 17 nations and 350 million people. The purpose is to guide fragile countries so that they may discuss their own internal problems, set goals for solving them, and align the funding received by donors with the programmes created by those States, so as to ensure efficiency and a better use of foreign aid monies.

On the other hand, our foreign policy needs to look at strategic, economic and political developments for the next 5-10 years. If necessary, laws and regulations on the development of the diplomacy sector must be revised. Additionally, it is equally important to continue training qualified professionals.

Our choice is for economic diplomacy, at the same time we will continue participating and contributing to peace and stability in the region and in the world.

The State acknowledges the importance of diplomacy and the SDP ensures that the mission will be carried out.

In the Foreign Affairs sector, the SDP sets the benchmarks and the respective timeframes of implementation.

Concerning the Institutional Framework, we have set the goal, after many years of conflict, to make Timor-Leste a stable and safe nation, recognising the rule of Law and ensuring access to justice for all citizens.

Despite the efforts made in this sector, we must admit that we still have a long way ahead of us. Meanwhile, we will adopt a comprehensive strategy for building the justice system and improving its capability to fulfil its mandate and tasks.

We cover the development of Timorese legislation, the legal framework of which is still far from being complete. We require an integrated and coordinated system that can be strong, efficient and fair. The development of human resources is vital, which is why we call attention to the need of supporting private lawyers and of extending justice services to the Districts.

The State has the duty to look after the justice system and the SDP points the way to make that possible.

In the Justice sector, the SDP expresses the benchmarks to achieve.

Distinguished Members of Parliament
Ladies and Gentlemen

In order for our Nation to move towards a fair, cohesive and confident society, we need transparent, accountable and competent agencies in our public service, security sector and justice system.

The public sector will be essential to instil confidence in the government. At the start, the public sector will be the main drive of economic growth. It is necessary to develop a culture of responsibility in all levels of public agencies. We must continue to nurture a culture of commitment and good governance. We must continue to develop our human resources and the professional management mechanisms for programmes and activities.

We conducted an extensive review of the challenges faced by the State and the steps taken in order to reform mentalities and behaviours. We must acknowledge that we are still starting to establish the mechanisms we need to ensure good governance in our Country.

We have covered the tasks of the Civil Service Commission, the need for greater authority in the Office of the Inspector-General of the State and the continuous capacity building of the Anti-Corruption Commission.

In all areas, we highlight ongoing training and capacity building in the areas of leadership and management, in addition to the need to introduce information technologies. We also suggest creating management public entities with greater independence from the government, so as to ensure better commitment, greater professionalism and better management in some public areas, such as ports, electricity, airports, water and others.

The Institutional Framework also covers Public Finance Management, the Statistics Department and the Central Bank.

The Institutional Framework further explains the measures to be taken to ensure that the SDP and the infrastructure projects are duly implemented.

The National Development Agency, which is working hard to assess the efficiency and accuracy of costs, as well as being responsible for supervising projects, will become an Economic Planning and Investment Agency.

The Economic Planning and Investment Agency will plan, design and monitor strategic programmes and projects, supervise ministries responsible for projects and ensure integrated coordination within all the Government, among other tasks.

The most important task is ensuring good governance and good value for money, which entails having projects at proper costs, with good quality and in good time.

The Government has planned to create a National Procurement Commission, which will hire an international firm of acknowledged competency to carry out a complete procurement competitive process seeking to ensure quality and value for money.

The State knows that it must consolidate these agencies and the SDP presents the actions to be taken.

Regarding the Public Sector and Good Governance, the SDP presents the actions to be undertaken.

Excellency, Acting Speaker of Parliament
Distinguished Members of Parliament
Dear colleague Members of Government
Ladies and Gentlemen

The SDP, Ladies and Gentlemen, is defined as Strategic because it seeks to radically change the current structure of the country's economy, going from a petroleum-based economy to a non-petroleum based economy. In order to have more sustainable growth and to eradicate poverty by creating social income, we need effective national development strategies.

The SDP presents its paradigm, which is focused on:

- production;
- production capacities; and
- productive employment opportunities

As such, the strategies and guidelines presented in the previous chapters will enable us to stop overloading economy and the public sector as the driving forces of our economy, and to focus on an expanding private sector, on emerging industries and on an expanding service sector. Meanwhile, we will continue to work to create a more efficient and highly productive agriculture sector.

Public investment is essential to invert this situation, namely in the initial stages, so as to enable other areas to develop, particularly our private sector, from national to local level.

With a sustainable and diversified non-petroleum economy, the Vision of the Strategic Development Plan is that **by 2030 Timor-Leste will go from a low income country to a medium-high income country.**

The developed world is facing one of its most serious economic crises, while supporting wars in various parts of the globe. Meanwhile we are seeing emergent economies consolidate themselves and increasing in potential. It is said that this is the century of Asia, and Timor-Leste can profit from this since we are also part of this region. Joining ASEAN provides us with great market potential, in addition to already having good economic relations with giants such as China, Japan and Indonesia.

The main petroleum field is Bayu Undan, which will continue to generate revenues up until 2025. An additional field, Kitan, will soon start generating revenues for the country as well. Conservative estimates put the full revenues from Bayu Undan and Kitan, by 2025, at 22 billion dollars. The Greater Sunrise field and other potential discoveries will increase revenues substantially within the two decades.

What does our Country need the most? Does it not need to develop its human capital and its infrastructure, so as to boost the economy? Or will our people be content in living in misery while we keep our money in the banks of other countries?

We are aware of the danger other countries faced because of the wrong use of petroleum revenues. As such, we remain committed to having full transparency in our petroleum income, so that everyone can see the financial returns, the movements of public funds and the return of petroleum fund investments.

Timor-Leste is the third Nation in the world and the first in Asia to sign and to be granted full compliance with the international transparency mechanisms, having adhered to the Extractive Industries Transparency Initiative.

We will be diversifying Petroleum Fund investments, with greater balance between bonds and equities, so as to safely protect and produce more wealth for the country.

In order to promote the initial start we placed the various funding instruments, from grants to borrowing, under private funding and the financial assistance by development partners.

I know that I have raised an issue that is seen as sensitive, that of public debts. We cannot continue to be ruled by the current budgeting practices for the public expenses of the State. That is simply unsustainable, since it is not adjusted to the country's level of development!

The 2002 National Development Plan already considered the difficulties of implementing the plan, with the document reading: *"A plan that is forced into a budget is not a plan at all, but an 'allocation process"*, and ending with: *"The planning process should not be budget-driven nor subordinated to international financial mandates"*.

Thus we present the Public-Private Partnership mechanisms, including BOTs, as well as concessional loans as the more favourable public funding option to support infrastructure programs such as roads, bridges, seaports and airports.

Excellency, Acting Speaker of Parliament
Distinguished Members of Parliament
Ladies and Gentlemen

Lastly, I can understand the existence of doubts regarding our implementation capability.

Here I must list our strengths:

- the self-confidence, belief and determination of the Timorese in the pursuance of their goals, as we have proved to possess throughout our history
- the establishment of the systems created to enable ongoing control over programs, and their consequent execution
- the notion of the value of projects, based on their costs and their quality of execution
- the involvement of all citizens in the rebuilding of the Nation
- the revival of the spirit of determination and sacrifice towards a new participative, innovative and responsible nationalism

Excellency, Acting Speaker of Parliament
Distinguished Members of Parliament
Ladies and Gentlemen

We, here all united, are the children of this dear People that we represent, in one way or the other. We are the children of this Country and our political and moral responsibility is to think about the future of this Nation.

The current situation of the Nation requires the leaders of this Country to assume their historical responsibilities, without hesitation, and to be brave in making decisions towards a brighter future for the People of Timor-Leste!

That is all.

Kay Rala Xanana Gusmão
Prime Minister