



DEMOCRATIC REPUBLIC OF TIMOR-LESTE

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

Dili

12 July 2011

Your Excellencies

Ladies and gentlemen,

First and foremost, I want to salute all of you who have come a long way to take part once more in this important meeting, the main purpose of which is to strengthen strategic partnerships to develop our Nation.

We all know that the future of the Timorese and of Timor-Leste is closely associated with the relationships that we have established through these meetings. As such, in my name and also on behalf of the Government and the People of Timor-Leste, I would like to welcome you and to thank you all for coming.

Ladies and gentlemen,

Everyone knows that, since the first donors meeting held in Tokyo in 1999, we have had the good fortune to be able to rely on international aid to build our State under the rule of law and to mitigate extreme poverty of our People.

Therefore, and despite the difficulties, we have already walked a long path since 1999.

We are proud to have established a structure of democratic governance, setting as an initial priority the consolidation of our State agencies and the promotion of a fair and participative political system.

Aware that the triumph of democracy is not easy in a country that is mostly poor and deeply traumatised, the perseverance of our young, our men and our women, enabled us to walk a path full of aspiration and achievement, and to break with the curse of cyclical violence and crisis that affected Timor-Leste.

Taking inspiration from our difficulties, and from the experiences of other frail nations that take around 10-15 years to recover stability, we focused on a strong investment in initiatives with direct impact on the lives of the people, earning greater participation and trust by the population in regard to the solving of conflicts and consolidating unity and national stability.

It was under this spirit of union, and celebrating the safety we began to feel throughout the country, that in 2009, on the occasion of the 10th Anniversary of the Referendum, we chose as a motto for our Nation: **“Goodbye Conflict, Welcome Development”**.

On 31 December 2010 all people celebrated with joy and enthusiasm the new environment of security and stability and our trust in the future. Finally we stopped our cycle of conflict and violence that was occurring every two years.

The various setbacks and serious crises we faced during these years became important lessons for our future, of learning how to deal with the fragility of our State.

And it was with your help that we have been working together to align our national priorities every year to achieve progress.

Consequently, Timor-Leste managed to become a safe country in less than a decade, benefitting from peace, stability and a clearly growing economy.

Your Excellencies

Ladies and gentlemen,

As such, today we witness another landmark towards our future, launching in this Timor-Leste Development Partners Meeting the **Strategic Development Plan**, which was endorsed only yesterday by the National Parliament.

And for those of you who recall last year’s Synopsis, the Strategic Development Plan sets a vision for the next two decades and starts a new stage of bold national development.

Setting of the Strategic Development Plan

In view of this, allow me to start by explaining the **setting of this Plan**, that mobilised every knowledge, resource and effort available to substantiate the will of the Timorese People and set the path we want our country to head.

In May 2002, I and the Government of RDTL launched the National Development Plan, as a response to the aspirations of the People of Timor-Leste and their 20-year development expectations.

In this document the Timorese People set, in a simple but multifaceted vision, the challenges to nation building and the development needs of the country.

The National Development Plan of 2002 was designed for a period of five years with a special focus on actions for the establishment of institutions that previously did not exist, with the recruitment of civil servants, including in the justice sector, and managed to define strategies, identify goals and adopt guidelines for its period of execution, including with performance indicators.

In view of this, many political leaders, and even some international agencies asked: 'If there is already a National Development Plan, why make another?'

Well, as for the need for a new Plan, the 2002 NDP stated that: *'This is Timor-Leste's first Plan and, consequently, 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.'*

Indeed it is recommended that *'because the Plan is Timor-Leste's first, it should be subject to a full review after its first year of operation.'* This review never took place, despite the warning that planning for the future should be an ongoing concern and that the planning process itself should evolve, change, mature and improve systematically.

More than enough time has passed to justify a new Plan, for the good of our People. This Plan must be duly adapted to the new circumstances of a country that is changing and growing, responding to actual needs through a coordinated development framework that enables harmony and sustainability at all levels: economic, social, cultural, political and institutional.

This was undoubtedly the ideal moment to undertake this mission!

At the time we drafted this Strategic Development Plan we benefitted from the recent political and social stability and, proceeded without instability and conflict.

Additionally, we were able to make use of the institutional and structural reforms being implemented, which resulted in a period of unprecedented economic growth.

The Strategic Development Plan is informed by:

First – The outcomes of the **2010 Census**, which updated reference statistical information on demographic, economic and social aspects of the nation – allowing us to ‘take a real and objective picture’ of the population. As such, the SDP was informed by accurate data in order to substantiate real progress and to define the necessary policies and programs, without being based on wrong assumptions.

Second – The outcomes of the **Public Consultation** in the 65 sub-districts, including villages in sucos throughout the entire national territory.

Therefore, in addition to the exhaustive technical work by all those who contributed to the drafting of this project, including the active participation of the Ministries and Timorese civil servants, this Plan relies on the participation of an entire People.

This Plan gives voice to our women, our young and our elders. This Plan gives voice to our farmers, our health professionals, our businesspeople and our teachers. This Plan gives voice to consumers, patients and students. This Plan gives voice not only to those who live in the capital Dili, but also to those who live in remote villages, from the Oecusse enclave to the eastern tip of Lospalos.

The philosophy of the Strategic Development Plan

I believe that planning and development are not ends in themselves. Planning is just a method for structuring ideas and ideals, containing a socio-economic political philosophy that all leaders of the country must assume.

The philosophy guiding these ideals is translated in the **provision of better living conditions** to the entire Timorese population, within a feasible and tangible period of time.

Under the country’s current conditions of poverty, needs are still many and large. As such, responses must themselves be multi-dimensional and integrative, in order for present actions to have continuity and more importantly to have the necessary positive impact in households, communities, areas, regions and ultimately all the territory.

This Plan's main underlying premise, ladies and gentlemen, is that the current situation of the nation requires the leaders of this country to assume their historical responsibilities, without hesitation, and to be brave when making the decisions that will enable a brighter future for the People of Timor-Leste!

The Strategic Development Plan seeks integrated growth

There is no doubt that the country needs to grow its economy, so that society obtains and retains benefits. **Only continuous economic growth can support social and human development:**

- in terms of creating jobs,
- in terms of improving service delivery,
- in terms of equity in the distribution of national wealth,
- in terms of improving knowledge,
- in terms of changing attitudes and behaviours, and
- in terms of national confidence and stability.

As such, we present an integrated package of policies to be implemented in the short term (1-5 years), medium term (5-10 years) and long term (10-20 years), serving as guides for an inclusive, sustainable and long term development.

The Strategic Development Plan is enabled by four determinant qualities of the Nation:

Despite the complexity of its history and the fact that it is a Least Developed Country (LDC), Timor-Leste has four essential attributes that make development possible:

- (a) **Political Will** – The centuries of colonial domination never destroyed the Timorese dream of autonomy and emancipation. In the same manner that this national cause united the People around a common ideal, so now does is the present fight for prosperity nurtured by all with conviction, courage and determination.
- (b) **Economic Potential** – Thanks to the petroleum wealth and Timor-Leste's position in East Asia, a coherent and strategic plan will enable us to boost our economy by using oil revenues to invest in productive sectors, infrastructure, education and health, turning an economy that presently is fully dependent on oil into a non-oil economy.

- (c) **National Integration** – Timor-Leste has a land area of around 15,000km² and a population of little over one million. Timor-Leste has every requirement for successful national integration, through the establishment of effective connections among its population, between rural and urban areas and between the Government and the People. In a relatively short period of time, we can change our “economic distance” in terms of suppliers and markets by improving the road system, telecommunications and transportation and power distribution, without neglecting planned urbanisation that enables us to achieve balance between rural and urban areas.
- (d) **Dynamism** – Timor-Leste also has a very young population. Although this causes some challenges to the State, it also opens great perspectives for the future. Therefore, we have the potential of a young population able to transform the social and economic fabric of Timor-Leste and that, with initiative, innovation and access to new technologies, can create a better life for the country.

Your Excellencies

Ladies and gentlemen,

Every strategy and action considered in this Plan seeks to transform Timor-Leste from a low income country to a medium-high income country by 2030. This is intrinsically associated with a healthy, educated and safe population and a society that is prosperous and food self-sufficient. This is the yearning of our People, to which we must respond.

But now we must ask ourselves: how are we going to achieve this? How will the SDP respond to these aspirations?

Ladies and gentlemen,

The Strategic Development Plan covers three key areas: **social capital, infrastructure and economic development.**

While the goals of the Strategic Development Plan are consistent with the Millennium Development Goals, they are tailored to reflect the unique history, culture and heritage of Timor-Leste - our goals recognise that nation building and peace building, must first be

addressed in order to achieve other social and economic objectives.

Education and training are crucial to improving the life opportunities of our young and to Timor-Leste's economic development and growth.

Our Plan will ensure that all Timorese children have the opportunity to attend school and receive quality education. It is our aim to give all our children the knowledge and skills necessary for their future and for our nation's development.

A training and vocational education system will be developed to build the capacity of our people to take on new challenges and to provide Timor-Leste with the skilled people we need.

Our Plan also addresses our desire for a healthy population and our aim is to ensure that by 2030 we will have comprehensive, high quality health services accessible to all Timorese people.

Our Plan will provide quality primary health care services for all, focuses on the needs of children, women and other vulnerable groups, and the development of hospital services that are able to respond to our people's need for specialist care.

Ladies and gentlemen,

Since independence in 2002, successive governments in Timor-Leste have made assisting the poor and vulnerable a national priority. While almost every second person in Timor-Leste still lives below the poverty line, modest subsidies and other in-kind support to our most vulnerable people have dramatically improved the lives of many families.

We must also continue to provide appropriate recognition and assistance to ensure our veterans and their families live with dignity.

Ladies and gentlemen,

For generations, our ancestors depended on the environment for food, clothing, building materials and everything else essential for life. But over our history there has been extensive

exploitation and destruction of our environment.

The Strategic Development Plan is based on the assumption that our social and economic development requires healthy forests, rivers, and marine and animal life. Our Plan therefore aims to renew the strong bond between Timorese people and the environment.

Our Plan also recognises Timor-Leste's incredibly rich and diverse cultural heritage. In each part of our country, there are languages, dances, music and other forms of social and artistic expression that cannot be found anywhere else in the world.

We have managed to maintain our traditions that date back thousands of years and we are proud of what makes us uniquely Timorese. By 2020 Timor-Leste will have a vibrant creative industries sector that is making a significant contribution to our economy and our sense of national identity.

Ladies and gentlemen,

After social capital, the next key focus of the Strategic Development Plan is the building and maintenance of core and productive infrastructure. We also need core infrastructure to connect our people and drive our emerging industries.

The Plan sets out strategies to improve the quality of our roads, build efficient commercial ports, improve water and sanitation, and provide affordable energy and a modern communications system to our people.

Roads will be improved and a national road network will be developed to connect our communities, provide access to markets and government services and support rural development, industry and tourism.

In summary our Plan for road infrastructure in Timor-Leste is to:

- rehabilitate all rural roads to a minimum standard by 2015; and
- fully rehabilitate all national and district roads to an international standard by 2020.

Another important element in the economic and social development of Timor-Leste – and in the health and wellbeing of our people – is access to safe drinking water, sanitation systems and improved drainage.

We will continue to take action to overcome the many challenges involved in improving access to clean water, sanitation and drainage across Timor-Leste so that by 2030, all citizens in Timor-Leste will have access to clean water and improved sanitation.

Ladies and gentlemen,

Access to electricity is a basic right and the foundation for our economic future. We are taking action to ensure that by 2015 everyone in Timor-Leste will have access to reliable electricity 24 hours a day.

This will be achieved through investment, already made, in new power plants and upgraded transmission and distribution systems, along with the rapid expansion of renewable energy systems.

The expansion of the Timor-Leste economy, and the increased demand created by the Strategic Development Plan infrastructure program, will generate an urgent need for greater sea port capacity on both the north and the south coasts.

The Plan provides for the establishment of new sea ports at Tibar on the north coast and Suai on the south coast to meet our future industry and freight demands. We will also embark on a regional ports construction program over the next ten years. Our plan also provides a much needed program of airport rehabilitation and construction.

Improved telecommunications are also essential to Timor-Leste's future development. The vision of the Strategic Development Plan is that by 2015 we will have a modern telecommunications network that will connect people in Timor-Leste to each other and to the world, and that will allow us to take full advantage of global telecommunications advances, in such areas as education, health, local governance, information technology, security, justice and vocational training.

Ladies and gentlemen,

Three quarters of our population live in rural areas. Over 50% of our rural population is under 19 years old.

The economic development section of our Plan therefore focuses on rural development and sets in place policies to ensure there will be jobs for these young.

To build our nation and grow our economy we will focus on three critical industries – agriculture, petroleum and tourism.

70% of families in Timor-Leste rely on some sort of farming activity for their survival which is why the Plan aims to increase productivity in our agriculture sector.

Increased agricultural productivity will also be essential to achieve the Strategic Development Plan goal of food security by 2020.

The petroleum sector is another key industry in the Strategic Development Plan. This sector is critical not only to our economic growth, but also to our future progress as a successful, stable nation.

While developing the sector, we must ensure that Timor-Leste's natural resource wealth is used to build our nation and support all our people.

We will make the most of our oil and gas wealth by establishing a National Petroleum Company, TIMOR GAP, developing the Tasi Mane project on the south coast and giving our people the skills and experience they need to lead and manage the development of our petroleum industry.

Ladies and gentlemen,

Tourism is the third key industry that will be developed to help build our nation and provide jobs for our young people. With Timor-Leste's natural beauty, rich history and cultural heritage there is great potential to develop tourism as a major industry to underpin our economic development.

A successful tourism industry will contribute income to the national and local economies, create jobs, build businesses and improve regional economic imbalances.

The Strategic Development Plan also sets new economic policy directions to support private sector development and build our finance industry in Timor-Leste.

This includes undertaking a reform program to improve our business environment and establishing a National Development Bank to support our entrepreneurs, a Timor-Leste Investment Agency and transforming the Timor-Leste Microfinance Institute to become a small commercial bank, which was launched yesterday at 5pm to support small companies and cooperatives in rural areas.

Ladies and gentlemen,

We know from experience, that stability and security are necessary preconditions to social and economic development. After many years of conflict, our people want to live in a stable and secure nation that recognises the rule of law and provides access to justice for all our citizens.

Our Plan aims to achieve this through the development of transparent, accountable and competent institutions across our civil service, our security sector and our justice system.

It also acknowledges the need for the development of a professional, respected defence force that has the capability to defend our nation and contribute to regional and global peace and stability.

Over the next twenty years we will adopt an outward looking, collaborative approach to foreign policy to encourage stronger cultural, economic, and trade relations with other countries and be an active, contributing member of the international community.

Ladies and gentlemen,

The strategies and guidelines presented here seek above all to alleviate agriculture and the public sector as the driving forces of our economy, by focusing on a growing private sector, on industries and on other services.

To start this new paradigm we require strong public investment and great dynamism by our private sector. It is comforting to know that, despite the serious economic crisis, many emerging economies have been consolidating.

Timor-Leste may be one of these economies, particularly if it knows how to use the fact that it is a part in Asia. Joining ASEAN gives us great market potential, while the good relationships with countries like China, Japan and Indonesia make this ambition even more promising.

On the other hand, counting with Bayu Undan, our main petroleum field, and Kitan, which should start generating revenues for the country soon, the conservative estimates indicate that we will generate around 22 billion dollars in oil by 2025. The Greater Sunrise field and other potential discoveries will also increase revenues substantially within the next 20 years.

As such, we are reviewing the Petroleum Fund Law, which we have already submitted to the National Parliament for consideration. 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.

We are also exploring new mechanisms to fund infrastructure programmes included in this SDP, such as Public-Private Partnerships and concessional loans. These will have the additional advantage of enabling the expansion of the private sector in Timor-Leste, namely in larger projects such as roads, bridges, seaports and airports.

Timor-Leste is also fortunate to have a vast number of generous development partners that continue to provide support and financial assistance to all sectors and line ministries. This assistance is vital in what concerns the development of our human resources, without which implementing this strategy to develop the Nation would be impossible.

Ladies and gentlemen,

Before I conclude, I must mention our recently established National Development Agency, which will transition into the Economic Policy and Investment Agency and which will be primarily responsible for the implementation of the Plan.

The Economic Policy and Investment Agency will plan, design and monitor the strategic programmes and projects and supervise the ministries responsible for the projects, ensuring the integrated coordination of the entire Government, the implementation of this Strategic Plan, good governance and quality and timely execution.

Additionally, we will be creating a National Procurement Commission, which will recruit an international firm of acknowledged competence to carry out the entire procurement competitive process, ensuring high quality and cost efficiency.

We will, of course, also rely on the excellent sector plans prepared by Ministers and Departments to aid implementation, and the annual budget process will continue its pivotal role.

Ladies and gentlemen,

We are aware that this is an ambitious plan and that the challenges that are inherent to its implementation are enormous. However, as leaders of this Nation and having extensive knowledge of the needs and yearnings of our People, we know that this is a feasible and timely plan.

We are inspired by the Monterrey Consensus on Financing for Development, which declared that *“effective partnerships among donors and recipients are based on the recognition of national leadership and ownership of development plans”*. All this was reaffirmed at the C8 Summit at Gleneagles, in 2005: *“Developing countries and their governments are responsible for leading development. They need to decide, plan and stage their economic policies in order to adjust them with their political strategies, for which they will be accountable to their peoples”*. This is the future that we will decide for ourselves.

Yes, because the People DESERVE IT and the People are waiting for actions! They have fought for 24 years because they believed independence would bring greater benefits. They have been waiting for 10 years to be rewarded for their sacrifices!

I believe that the Development Partners are supporting of our development decisions and that once again they will align their priorities with the priorities of the Timorese People.

As His Excellency the Prime Minister put so well in the preface of the document distributed today: “the drafting of our Strategic Development Plan was led by our people, belongs to our people and reflects the aspirations of our people”.

Consequently, we Timorese have no doubts that this is one more battle we can win. After all, the success in implementing the Plan will ultimately depend on the will of the Timorese People.

Thank you very much.

Kay Rala Xanana Gusmão

12 July 2011