



Democratic Republic of Timor-Leste

ADDRESS BY

HIS EXCELLENCY THE PRIME MINISTER

KAY RALA XANANA GUSMÃO

ON THE OCCASION OF THE

OPENING OF THE FORUM ON INCLUSIVE GROWTH

DILI CONVENTION CENTRE

6 FEBRUARY 2012

Your Excellencies
Illustrious guests
Ladies and Gentlemen,

It is with great satisfaction that I take part in the opening of the Forum on Inclusive Growth, which is the result of a close partnership between the Ministry of Economy and Development and the United Nations Development Programme, as well as other development partners and donors.

As the Minister of Economy and Development has just stated, this Forum represents a remarkable effort to bring together the cooperative sector, local private sector agents, businesspeople, national legislators, civil society representatives and development partners, enabling a productive exchange of knowledge and experience. This stimulates entrepreneurship and increases productivity, making way for inclusive economic growth.

This Forum has significant international importance and could not have come at a better time, since it coincides with the International Year of Cooperatives. This sector, which has an important role in terms of poverty reduction, employment creation and social integration, is also acknowledged by our Constitution as being vital to the economic organisation of the State, along with the private and public sectors.

I see today representatives from countries as far as Brazil, but also from neighbours such as Malaysia, the Philippines and Indonesia. I see as well representatives from micro, small and medium companies and cooperatives that manage their economic activities according to best practises.

We are very happy to receive you all in our country and to be able to share with you what we have already achieved. We are also looking forward to learning from your experience.

Ladies and Gentlemen,

Last year we presented our Strategic Development Plan, which seeks to create a strong and prosperous economy that enables our citizens to continually improve their living situation.

This can only be done if we succeed in involving the entire Timorese community in the development process and if its benefits are shared equally by all. In other words, our Nation's growth must be inclusive.

I do believe we are on the right path!

Our motto "*Goodbye Conflict, Welcome Development*" has been met by an atmosphere of trust and optimism – a result of the "unprecedented economic growth" in the past four years.

The reforms we introduced, along with an increase in public investment, enabled Timor-Leste to present in 2008 and 2009 the highest economic growth rates not only in the region but in the entire world, at around 12.7% and 12.9% respectively, despite the serious global financial crisis.

2011 has just ended, and as we start 2012 I can say that we have a clear perspective of what we can become in 20 years – a Nation that is strong and prosperous, in accordance with the Strategic Development Plan, that belongs to and was accepted by our people.

Ladies and Gentlemen,

The Strategic Development Plan provides an accurate picture of the state of the Nation, as well as an objective understanding of the challenges ahead of us in the various areas of the country. As such, I am certain that this Plan is one of the key tools that will enable us to grow. I do believe that today the Timorese Nation meets the basic requirements to build the momentum we require.

We have a credible document to identify challenges, assess priorities and understand the necessary strategies and the consequent actions resulting from the adoption of policies, both at global and sector level.

In the centre of the Strategic Development Plan stand the Timorese men and women. It is around them that all our considerations, strategies and actions revolve. The People are the greatest wealth of our Nation, which is why we must invest in them in order for Timor-Leste to move forward. This means that we must provide the People with conditions to evolve in terms of their practises and behaviours, their knowledge and their adaptation to the new technologies needed for their development. Learned and healthy People, with strong principles and ideals, make up a strong and dynamic State and a prosperous and modern Nation.

Ladies and Gentlemen,

Over two days we will be discussing the importance of inclusive growth – in other words, the importance of a type of growth that implies the participation by all in the growth process and the participation by all in the sharing of the benefits resulting from that growth.

Chapter 4 of the Strategic Development Plan concerns Economic Development and stresses that modernising and diversifying a mostly agriculture-based economy is essential for creating economic opportunities for all the people in Timor-Leste, particularly those residing in rural areas.

There is no doubt that the country must grow economically in order for society to enjoy those benefits. My question then is this: what is the best way for our country to grow without having to deal with the excesses, deviations and constraints felt by other countries?

I believe that the answer to this is focusing on a sustainable development model that is based on inclusive economic growth. This must necessarily entail giving priority to the development of rural areas.

70% of the Timorese population live in rural areas! It is in rural areas that people take the longest to feel the benefits of growth! It is in rural areas that people have the most difficulty in terms of having access to education, drinkable water, basic health care, food and power.

It is also in rural areas that it is the most difficult to implement the Millennium Development Goals, as the wants at several levels are obstacles to development.

However, Timor-Leste has the means to correct this situation!

As is public, the First and Second Development Programmes are already being applied, along with Local Development Programmes focusing on the construction of core infrastructure, on supporting

the development of micro, small and medium companies and on the ongoing creation of cooperatives. This has enabled communities to conduct their own business activities, generating employment and vitality within them.

Around \$44.3 million were invested in 2011 to fund small infrastructures and to encourage the growth of several construction companies in the districts, sub-districts, sucos and villages of the country, thereby benefiting a significant percentage of the population.

However, sustainable rural development must also take into consideration commercial and subsistence agriculture, continuing to assist farmers with training and extension of new cultivation and treatment techniques, as well as in the rehabilitation and expansion of irrigation systems.

As several studies show, family agriculture is vital to the nutrition of rural communities and is determinant to reduce poverty in the districts.

Ladies and Gentlemen,

It is also necessary to identify agricultural production and forest conservation areas, in parallel with the approval of policies encouraging agricultural exploitation within a commercial perspective. These policies must focus on activities that are adapted to the natural conditions of the district, developing activities that add value and generate employment.

These policies must also promote vocational and specialised training, so as to respond to the needs of our companies represented here today at this forum.

In terms of agricultural production, we conducted an exhaustive survey on the cultivation conditions of staple foods such as rice, corn, cassava, potatoes, beans and vegetables, as well as on the potential of cash crops such as coffee, coconuts, cashew nuts, nutmeg, vanilla, peanuts, etc. We did not neglect Timor-Leste's potential regarding the production of fruit, namely for internal consumption, which will enable us to substitute imports.

This study will serve as a guide for future strategies and actions, both in the identification and expansion of production zones as in what regards systems to support farmers in the use of improve technologies, financial advisory and produce trading assistance.

The sector of livestock has also deserved and continues to deserve due attention. Radical changes are required in terms of breeding habits and training actions are required in order to implement basic animal care and to introduce new practices enabling domestic production of meat and its derivatives, thereby reducing importing needs.

As an island State, Timor-Leste must seize the fishing potential and the wealth provided by the sea. The need to perfect coastal fisheries and the definition of a training and capacity building strategy for offshore fishing will therefore be determinant to nurture the industry, create employment and diversify eating habits.

It is also important to take into account ecological, marine, historical and cultural tourism, as Timor-Leste is one of the most attractive nations of Southeast Asia in terms of enjoying nature untouched by human hands.

In order to have food security, to reduce unemployment and poverty and to achieve harmonious and balanced development in both urban and rural areas it is necessary to involve rural communities in the sectors of agriculture, livestock, fisheries and tourism, where we have great potential.

Involving rural communities is consequently essential for implementing inclusive and sustainable economic development in our Nation.

Ladies and Gentlemen,

The economic growth we want for our country can only be achieved by strengthening micro, small and medium companies and by making our social companies and cooperatives sounder.

The growth we need can only be achieved if we have a sound private sector that complies with the good business practises and that is able to generate wealth outside the structures of the State, thereby nurturing and diversifying the economy and promoting the capacity building of the Timorese citizens.

Consequently the Government has been carrying out several promising activities to support the private sector of the economy. For instance, the National Directorate of Cooperatives, in collaboration with the Institute for Business Support, the Secretariat of State for Professional Training, the Ministry of Agriculture and Fisheries and the Ministry of Tourism, Trade and Industry, has conducted different specialised training, actions to promote and develop the market and diversified business training to micro, small and medium companies.

The microfinance programmes that are vital to the success of any private initiative are becoming increasingly available, not only through credit companies but also through nongovernmental organizations like *Moris Rasik* and *Tuba Rai Metin*, both of which are close to becoming financial agencies.

The former Microfinance Institute of Timor-Leste has recently become the National Commercial Bank of Timor-Leste. This agency is directly dedicated to funding micro, small and medium companies.

In view of all this, I believe that the efforts we have been making in the past few years enable us to look to the future with confidence.

We are sowing seeds! We are watering the land! And very soon we will be collecting the fruits of our labour, which will benefit all Timorese citizens!

I now declare the Forum on Inclusive Growth to be open, trusting that it will give us the opportunity to further learn from the experiences of other countries.

Thank you very much.

Kay Rala Xanana Gusmão
6 February 2012