



**P R I M E
M I N I S T E R**

**ADDRESS BY HIS EXCELLENCY THE PRIME MINISTER OF THE
DEMOCRATIC REPUBLIC OF TIMOR-LESTE,
DR RUI MARIA DE ARAÚJO, AT THE OPENING SESSION OF THE 10TH
ANNIVERSARY OF THE EUROPEAN DEVELOPMENT DAY**

“The practice of peace and supporting people to prosperity in Timor-Leste”

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Palácio do Governo,
Avenida Presidente Nicolau Lobato,
Dili, Timor-Leste

Vice-President of EC, Madam Mogherini

Excelencies Heads of States and Heads of Governments,

President of the World Bank

Distinguished guests

Ladies and gentlemen

I am honored to have the opportunity to address the European Development Day on the tenth anniversary of this prestigious forum. On behalf of my government, I want to start by expressing gratitude for the enduring partnership of the EU, in many projects over the years that have greatly benefited the people of Timor-Leste.

In reflecting on the possible contribution that Timor-Leste may offer this distinguished gathering of global experts, I am mindful of the fact that we are a small country, with just over a million people, and our experience as a people and nation may not be so relevant to humanity's gigantic challenges and arduous pathways to prosperity.

I start with the practice of peace given that peace is a pre-condition to development and prosperity.

Timor-Leste emerged from 5 centuries of foreign occupation, became one of the newest states in the world, and is been classified as "fragile", and "a least developed country". However, in tread in gits pathway to peace, the people of Timor-Leste have a long and eventful history. In learning to practice peace, our nation is growing ever more experienced, wise and resourceful. Our story can be useful in generating learning in the *practice* of peace building.

As a Portuguese colony for 500 years, over the centuries, our people agitated and attempted to throw off colonial rule. Timor-Leste also resisted in the period of Japanese occupation during the Second World War. Then, in 1974, a revolution in Portugal rocked the status quo. The right to self-determination was granted to Portugal's colonies and we immediately seized the opportunity to self determine by declaring our independence.

Nine days after declared independence, Indonesia our biggest neighbour, invaded and ostensibly took control of the country.

For 24 years, the people of Timor-Leste fought a war without any external military support. Around one third of our population died during the occupation as victims of violence, starvation and disease.

However, in 1999 our people were given the chance to vote in a referendum on independence, supervised by the United Nations.

Despite violent threats and inducements, the people overwhelmingly voted for independence. Although this should have been the final step that confirmed our statehood, it was not to be. Terrible militia violence ensued and our country was burnt to the ground. This time, however, the international community was watching. The United Nations intervened and supervised a transition to peace and sovereignty that came to fruition with our restoration of independence in May 2002.

The challenges in our practice of peace did not end with our independence in 2002. We had to practice reconciliation and forgiveness with our former foes as an essential determinant of peace. For example, our first President, His Excellency, Xanana Gusmão, in his first State visit after independence, went to Indonesia where he laid a wreath to honour Indonesian soldiers fallen in their own independence struggle. This gesture of reconciliation was made despite the trauma and tension of the recent past. Timor-Leste and Indonesia are increasingly being recognised as one model for peace and reconciliation among conflicting parties.

Ladies and gentlemen,

Throughout this last decade, our country also learned more hard lessons in the peace-building process. After we finally restored independence we wanted to bring prosperity to our people. Like many in the development community, we had faith in democracy and the free market, and so we went through multi-party elections and adopted an open market economy. Nevertheless, these sophisticated institutions were implanted into a 'post-conflict' environment, where historically there had been no opportunity for conscious and mature civil participation. Unsurprisingly, political instability ensued culminating in a crisis in 2006. There were violent confrontations between the police and the military, causing thousands of people to be displaced. There was fear in the international community that the 'Timor-Leste experiment' had failed.

Nonetheless, our leaders recalled how we were conciled with our external rivals and decided to bring peace into our relationships with each other. We realised that we needed to practice conflict resolution in each of our daily interactions. We needed more public examples of sharing and mutual respect in our leadership and in each of our decisions. So, we set about healing old political rivalries, worked together to address the root causes of our conflict, and adjust ourselves to the universal values of democracy (including avoiding traditionally divisive, adversarial and bipartisan parliamentary politics), while finding ways to maximise the country's limited pool of political and technical talents.

During our 14 years of independence, we also learned that peace can only be sustained if in peace we strive for development. Without concrete results in the socio-economic development the nation can fall back into violence. Timor-Leste was fortunate to have generous support from so many friends in the world, and to have been blessed with the

existence of some natural resources. Since the very beginning our leadership was conscious that there would be no development without a roadmap. Hence, in 2002 we established the Vision 2020 and the National Development Plan for Timor-Leste, which was harmonized to the Millennium Development Goals. More recently we adopted the country's Strategic Development Plan 2011-2030, which in conjunction with sectorial strategic plans, became the guide for the resource mobilization and the focus of the socio-economic development of our country. These plans are now being aligned with the UN Sustainable Development Goals, through a process of multi-stakeholder consultations, and these SDGs are being integrated into our annual planning and budgeting exercise for 2017.

Similar to many other countries in the world, Timor-Leste lagged behind in relation to achieving MDGs targets. However, in 14 years of independence we managed to achieve substantial results in education enrollment, infant and child mortality as well as in combating some of the infectious diseases like tuberculosis and malaria. In addition to that

- Our first government established the Petroleum Fund in 2005, with transparent investment goals for the benefit of current and future generations. The fund currently holds over \$US 16 billion. This money will be invested sustainably in the socio-economic development.
- Our economy has recorded an average annual growth rate of 12.5% between 2007 and 2011, and 7% over the last three years.
- We have provided basic income support for veterans and our most vulnerable citizens, such as mothers, widows, the elderly, the disabled and children.
- We are implementing an integrated plan for developing basic infrastructure, which will enable the development of all sectors.
- We have decentralised government process and established municipalities to develop, engage and mobilise community leaders.
- We have committed energy and effort to establishing friendships with virtually every country in the world, including through international forums like this one, and through regional organizations such as the Portuguese Speaking Countries, ASEAN, g7 Plus and other multilateral forums.
- And finally, in our own small way, we have contributed with our limited financial resources and limited expertise to help other fragile countries getting back on their own feet.

We have an ambitious plan for the future development of Timor-Leste that aligns with the UN Goals for Sustainable Development.

For us to achieve those plans, we need access to resources – our own resources, the revenue we can devote to the sustainable development for our people, as well as supplementary resources from development, philanthropic and private sector institutions.

As part of the efforts to mobilize domestic resources for the implementation of the Strategic Development Plan 2011-2030 and the SDGs, we became increasingly conscious of the fact that we could neither be forever dependent on development partners nor on our oil and gas resources. As such, since last year we have embarked on a series of reforms,

namely the fiscal, economic, public administration and legislative reforms, aiming at diversifying our economy through the attraction of more national and foreign private investment.

Despite this, we are also cognizant that it is not easy to attract private sector investment to post-conflict and fragile states due to the perceived risks associated to political and governance instability. I believe that all distinguished dignitaries and experts gathered here are sensitive to these challenges, faced not only by Timor-Leste, but also by so many countries around the world. The contemporary initiative on “Blended finance” can be a promising remedy for this, and Timor-Leste is keen to learn more about this and be engaged in discussions regarding this resource mobilization modality.

In summary, ladies and gentlemen, from Timor-Leste’s experience allow me to highlight the following: (a) Firstly, peace and prosperity are mutually dependent on each other, and “development” is the glue between them. No peace, no development, and if there is no development there will be no prosperity. The opposite is also true. (b) Secondly, development is better achieved with a clear roadmap. The UN Sustainable Development Goals, National Development Plans, Sectorial Plans and Annual action plans are necessary instruments to guide the efforts of all stakeholders, including development partners. (c) Finally, nations cannot rely forever on development partner’s resources, and on non-renewable resources such as oil and gas. There should be increasing efforts from national authorities to mobilize domestic resources to leverage the attraction of additional resources from development and philanthropic institutions, as well as from private investment. But for this to happen, peace, political and governance stability are the irreplaceable ingredients.

Thank you.

15 June 2016
Dr Rui Maria de Araújo