

*Prepared text – may differ from what was actually presented.*

**Investing in an Inclusive and Dynamic Timor-Leste**  
**by**  
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**2014 Timor-Leste and Development Partners Meeting (TLDPM)**  
**25 July 2014, Dili**

Your Excellency, Mr. Kay Rala Xanana Gusmão, Prime Minister of the Democratic Republic of Timor-Leste

Your Excellency, Mr. Jose Luis Guterres, Minister of Foreign Affairs and Cooperation of the Democratic Republic of Timor-Leste

Your Excellency, Ms. Emilia Pires, Minister of Finance of the Democratic Republic of Timor-Leste

Excellencies,  
Development Colleagues,  
Ladies and Gentlemen,

Many thanks for inviting me to this very important deliberation. It is my great privilege to address you today, when we are meeting to reflect on our successes and challenges, in supporting the people of Timor-Leste in the path to sustainable and inclusive development.

A year has passed since I first addressed you in my role as Special Adviser of the United Nations Secretary-General for Timor-Leste, in the 2013 Development Partners Meeting. Throughout the year in this capacity I had the privilege to contribute and to witness the achievements of Timor-Leste in its development journey.

Despite being one of the youngest nations, Timor-Leste has already made impressive contributions to regional and global development. As the Chair of the g7+, you have championed peace-building and state-building not only in your own country but in fragile states around the world, moving countries from fragility to resilience. This is now part of the Sustainable Development Goals and I congratulate the Minister of Foreign Affairs for this achievement as well.

I am especially pleased that Prime Minister Xanana Gusmão was unanimously elected as chair to the 69th ESCAP Commission Session during my term as the Executive Secretary of ESCAP. I witnessed him promoting Timor-Leste at regional and global levels ensuring the country benefits from international cooperation initiatives. He played a prominent role at the ESCAP Ministerial Conference on Regional Economic Co-operation and Integration in December 2013. He worked with 53 Asia-Pacific member States and the United Nations to shape an agenda of sustainable and shared prosperity in Asia-Pacific. He led the region to accelerate the achievement of the MDGs, spearheading the regional campaign on Zero Hunger. I congratulate Timor-Leste for being the first country to have a comprehensive action plan to implement the United Nations Secretary-General's Zero Hunger Challenge at the country and district levels.

As observers in the Pacific Islands Forum, and organizers of the Pacific Consultation on post-2015 development, in Dili, you have deepened your relationship with the Pacific island nations, supporting ocean economies, and their call for more people- and climate-centered development, becoming a bridge between Asia and the Pacific. With Minister Pires as a member of the United Nations Secretary-General's High Level Panel on the Post-2015 Development

Agenda, you have made sure that the voices of fragile states are heard through the Dili Consensus and that nobody will be left behind. Let me also congratulate Timor-Leste as the new Chair for CPLP and for the very successful hosting of the CPLP Summit.

Simply put, Timor-Leste is already a valuable part of the fabric of South-East Asia, the Asia-Pacific region, and the international community as a whole. In the next phase of its development journey, it will be even more important for Timor-Leste to get as much sustained support as possible, from ASEAN, from our region and beyond, to help ensure its continued contributions to regional and global development. In addition, the country has achieved consistent double digit economic growth – which has clearly been no easy transformation. More impressive is how this growth has improved human development as indicated by the 2014 Human Development Report. Timor-Leste is now ranked at 128 up from 134 in 2013. Timor-Leste is now above the average of countries in the Medium Human Development group.

To sustain progress, it is particularly important to consolidate and further invest in three specific elements as you work towards building a stronger and more -resilient nation: (i) inclusive development and citizen's engagement so that development is not just "for the people" but "with the people" and "by the people"; (ii) institution-building anchored in social justice, accountable governance and the rule of law; (iii) and sustained partnership and appropriate bilateral and multilateral support to implement the Strategic Development Plan 2011-2030, which could transform Timor-Leste from a Least Developed Country (LDC) to an upper-middle income country by 2030.

Currently, Timor-Leste maybe one of most petroleum-reliant nations in our region but one that has wisely established systems to use the financial revenues from the oil reserves to support development across generation. It has used its petroleum resource revenue which now stands at USD 16 billion to fund its development budget. Every year about three per cent of the oil wealth has been used for addressing the country's development deficits. Timor-Leste has made remarkable progress in 12 years. But the journey has just begun. It now has to go beyond being Dili-centric. It now has to focus on addressing rising inequalities, developing and unlocking its human talents, build quality social and economic infrastructure, such as roads and ports, and IT for better connectivity, good healthcare centers, and quality education, especially in rural and remote areas. The country has to build on both its current and future economic strengths, to diversify its economy - investing in sustainable community tourism, agriculture, Social Economic Zones, and petroleum industries, in ways that create a peaceful, inclusive, and dynamic Timor-Leste and its neighborhood.

What can development partners do to help Timor-Leste in the next phase of its development journey? For one, we can be more concrete in proposing the types of economic and social investments the country can make to provide real dividends for future generations. Some examples could include better quality control for rural infrastructure projects, provisions in contracts concluded with foreign companies to train Timorese workers in new skills, investing in more balanced social protection systems in the country, and helping Timor-Leste set up a stable domestic financial sector which is inclusive, serves the needs of SMEs, agriculture and remote areas.

To my development colleagues here today, let me therefore say that together with the United Nations, we can all invest in real development - improving people's lives by closing development gaps and achieving the MDGs; exploring all possible economic and social linkages, by skilling-up the rapidly growing workforce, especially youth; developing viable local businesses, including women's enterprises; encouraging domestic processing and value-addition; and integrating natural resource wealth into the country's economic structure in sustainable ways. We have to provide food and nutrition security, water and sanitation, supporting the health, productivity and well-being of all.

In my role as Special Adviser of the United Nations Secretary-General for Timor-Leste, I have initiated ESCAP's programme of work on inclusive growth and economic diversification and advised the Government on job generation, ICT, statistics and capacity building. We are pleased to provide technical assistance to the Ministry of Finance of Timor-Leste in preparation of a report to identify practical policies that the government could implement to diversify the country's economy. Lessons were drawn from other petroleum dependent economies in terms of property rights reforms (land law), multi-sectorial economic development as well as industrial and agricultural policies, and macroeconomics. The second area, on "Opportunities for inclusive growth through broadband infrastructure and ICT-enabled special economic zones in Timor-Leste" makes recommendations on ICTs and the opportunities for diversification, employment and capacity building.

My work on capacity-building focuses mainly on youth as Timor-Leste has one of Asia's youngest population, with 70% under the age of 30 years old. Youth unemployment can be the "new fragility" for the country and can easily lead to instability. I am working, for example, with the Singapore Management University to start a programme for Timor-Leste that will improve the quality and relevance of leadership and skill training courses.

There is still much that needs to be done in very practical ways to achieve shared prosperity and inclusive development in Timor-Leste. For example, currently, Timor-Leste imports most goods. Some of these could be produced locally if there is stronger business support to micro and small enterprises including those run by women. We need to develop key labour market information systems and match this with emerging jobs in both the public and private sector. This must be complemented by quickly training youth in basic vocational skills and aligning these with emerging jobs including in the infrastructure and construction sector. The private sector must be encouraged so that it can provide job training for youth and women accompanied by an employment scheme.

In moving forward, I know that development partners would like to see the merging of the Development Policy Coordination Mechanism (DPCM) matrix and line ministry planning and budgeting processes into a single process, with realistic targets, clear lines of accountability and mechanisms for intra-sectoral and inter-sectoral coordination. This will constitute a major step for the implementation of the Strategic Development Plan, while also strengthening Timor-Leste's commitment to the flagship 'One Vision, One Plan of the New Deal.

In conclusion, our shared responsibility is to improve human well-being, to build human capabilities for development and to ensure, that for Timor-Leste, the benefits of its natural resource wealth are directly harnessed to ensure dynamic and inclusive development for the people, with the people, and by the people. In this way, Timor-Leste will achieve its development aspirations, as outlined in its Strategic Development Plan (2011-2030).

Let us use this meeting to support Timor-Leste in its development journey, in becoming a dynamic economy and a more peaceful, inclusive, and sustainable society for its present and future generations, for region, and for the world.

I thank you.