PRIME
MINISTER

ADDRESS BY HIS EXCELLENCY THE PRIME MINISTER OF THE DEMOCRATIC REPUBLIC OF TIMOR-LESTE KAY RALA XANANA GUSMÃO TO THE 2014 TIMOR-LESTE DEVELOPMENT PARTNERS' MEETING

Dili Convention Centre
Díli, Timor-Leste
25 July 2014

Excellencies,
Ladies and Gentlemen

Welcome to the 2014 Timor-Leste Development Partners' Meeting.

I particularly want to welcome our brothers and sisters from the Community of Portuguese Language Countries, the CPLP.

We deliberately scheduled the Development Partners' Meeting to immediately follow the CPLP Summit so we could benefit from the contributions of our friends from Portuguese speaking nations around the globe.

Portugal, of course, has a long and proud history of participation in our Development Partners' Meetings, but this is the first time that representatives from many of the CPLP members have participated in our annual meeting with our development partners.

We are honoured to have you here and look forward to broadening our perspectives and our development potential as a result.

Ladies and Gentlemen,

Two days ago, we hosted the Heads of State and Government Summit of the CPLP.

That event marked two other historic milestones.

It was the first time the CPLP Summit has been held in the Asia Pacific region and it saw Timor-Leste assume the Presidency of the CPLP for the first time.

Next year, in 2015, we will celebrate the 500 year anniversary of the arrival of the first Portuguese to Lifau, in our enclave of Oecusse. The Portuguese language has enormous significance for our people and our culture.

Portuguese was the language of our resistance struggle. Since independence, our shared familiarity, cultural heritage and language, have forged a pathway linking us to our CPLP friends across three continents. In a fractured world, our language has created strong links of fraternity and a strong sense of belonging.

During our CPLP Presidency we hope to deepen the economic cooperation between member States and open up trade opportunities in the Asia Pacific and across the globe.

Our main objectives will be to work together to achieve shared prosperity, to reduce poverty and bring progress and stability across the Portuguese speaking world.

Ladies and gentlemen,

The CPLP leaders' Summit and Development Partners' Meeting in Dili demonstrate the promise of international cooperation and friendship.

Regrettably, our camaraderie is not mirrored across the globe.

Last week we were all horrified to learn of the shooting down of Malaysian Airlines flight MH17 and the brutal death of so many innocent people. We have with us today representatives from countries that suffered loss from this awful event including our dear friends from Australia and New Zealand. On behalf of the people of Timor-Leste I extend to them our deepest condolences.

I have already written to the Malaysian Prime Minister to pass on our condolences to the people of Malaysia who are still dealing with loss of family and friends on missing flight MH146.

The tragedy of flight MH17 reflects the sad state of global affairs today. We all hoped the end of the Cold War would lead to a new world order of cooperation and progress, but we now have a world of disorder and distrust.

We watch helpless as the Middle East tears itself apart with unfathomable sectarian violence and centuries old disputes. We witness terror and death across Israel and Gaza, in Syria and Iraq and in Afghanistan and Libya. We see fragility and conflict across the region with the future unknown to all of us. The high hopes of the Arab Spring have long ago blown away in the dust.

Across parts of Africa we still witness conflict and fragility which bring with it entrenched poverty and famine. At last year's Timor-Leste Development Partners' Meeting we were pleased to welcome the Deputy Minister of Finance from South Sudan. Tragically, the proud people of this new but fragile nation have fallen back into conflict and face terrible violence and starvation.

And across the globe there are still 2.2 billion people, according to recent data from the United Nations, facing poverty, hunger, disease and exclusion. Even with the remarkable growth of the Asia Pacific this region is still home to nearly two–thirds of the world's poor people.

Next year marks the expiry of the Millennium Development Goals. While many goals are on target to be met globally, not one fragile or conflict affected nation is on track to achieve even one Millennium Development Goal.

The common factors, fragility and conflict, were not addressed in the Millennium Development Goals. You cannot have development if you do not first have peace. We witness with despair the sad reality of this in South Sudan right now.

In the West, the greed and corruption of the international financial system resulted in the Global Financial Crisis. Initial hopes that the global reaction would lead to a fairer system in which people were put before the profits of the powerful, have also ended in despair as we witness elite interests, with huge financial resources, capture and dominate governments.

The recovery from the financial crisis has benefited the global elite who are skilled at evading national laws and taxation systems to avoid making a contribution to the common good. This disturbing trend has resulted in rising inequality in the West, the entrenched economic segregation of the Least Developed Countries and even the richest of the world's nations ignoring international law.

This unrestrained self-interest threatens the very existence of some nations with climate change resulting in some countries of the Pacific slowly sinking into the vastness of the ocean.

Ladies and gentlemen,

Fortunately there are signs of hope. Our nearest neighbour Indonesia, and the world's third largest democracy, just held a successful election with around 190 million voters across thousands and thousands of islands. After ten years of inspired leadership by His Excellency Susilo Bambang Yudhoyono building a modern democracy of tolerance and progress, we will soon see another peaceful transition to a new President of this great nation.

We congratulate Mr. Joko Widodo for his victory in the presidential elections in Indonesia wishing him all the best and prosperity for his people.

Just as close to our hearts, but so much further away, we have seen successful elections held in Guinea-Bissau breaking a devastating cycle of coups d'etat. Timor-Leste is honoured to have supported the electoral process in Guinea-Bissau financially and with a technical team. The United Nations mission in Guinea-Bissau, until very recently, was also under the leadership of our former President, Dr José Ramos-Horta, whom accompanied the efforts of the Guinea-Bissau people in the undertaking of their electoral process.

It was our brothers and sisters from Guinea-Bissau that inspired our struggle for liberation and that were the first to recognise our independence. As Guinea-Bissau restores constitutional government it will continue to have the support and solidarity of Timor-Leste and the CPLP.

We have also seen other signs of progress and promise. The Association of Southeast Asian Nations, ASEAN, has established a sub-regional zone of cooperation and peace between nations and Timor-Leste looks forward to joining this important regional forum. The incredible rise of Asia, which has been led by China, has also lifted hundreds of millions of people out of poverty and given hope to the people of a continent. This has led many in our region to claim that we are now living in the Asian Century, but I also see the great potential

of Africa, and of South America, and I think it is truer to say we are seeing the rise of the South.

Ladies and gentlemen,

To bring about a positive future we must all work together in friendship and with an attitude of tolerance and understanding. We must take the positive spirit of this Development Partners' Meeting to all our international relations.

Timor-Leste is a development success story thanks to the determination of our people and the support of our international friends. Since our crisis of 2006 we, as a people, have pulled together. In tackling the root causes of our fragility we were able to embark on a process of peace building and State building. We had learnt only too well that conflict can wipe out years of development progress. And today, we enjoy peace and stability, which you can all witness from the vibrancy and positive energy on our streets and in our towns.

We were fortunate that income started to flow from oil reserves in the Timor Sea and we made sure we had systems in place, to be able to provide for the urgent needs of today, while protecting income for future generations. We established a Petroleum Fund, which has grown from its opening balance of $205 million in September 2005 to almost $16 billion today. In order to lower risk and increase returns, we also made a decision to diversify the investments of the Petroleum Fund beyond US Treasury Bonds to include international bonds and equities. This investment strategy has been a success and in 2013 the investment income generated by the Petroleum Fund was US$865 million.

Timor-Leste was also the first in Asia, and third in the world, to be compliant with the Extractive Industry Transparency Initiative (the EITI), so that every dollar that comes in, from petroleum revenue, is publicly disclosed and transparent.

We invested in capacity building in the security sector to improve professionalism in the Police and in the Military, bringing about a new stage of cooperation and solidarity among the two institutions. Timor-Leste continues to enjoy the support of our development partners in building this most critical foundation of our development future.

In the pursuit of social justice as well as stability we have established a strong system of social support and are providing pensions to our veterans, the elderly, the disabled, widows and orphans. We know that our growth must be shared and that without peace and internal reconciliation, there can be no inclusive development.

Having established a foundation of peace and security, we turned our attention to long term planning and entered a new phase of our development. At the Timor-Leste Development Partners' Meeting in 2011 our Strategic Development Plan 2011-2030 was released setting a framework to transform Timor-Leste from a low-income country to a medium-high income country by 2030, with a healthy, educated and safe population. We have begun to

implement our Plan and we are already achieving some outstanding results.

Our progress can be measured in many ways. One way is through economic growth, and since 2007 Timor-Leste has averaged double digit rates of economic growth with the International Monetary Fund predicting continued strong growth into the future.

But we also know that growth must be balanced and the benefits shared in an inclusive way. With the assistance of our development partners, we have established local development programs to create jobs and improve living conditions of the population in every village across our country, especially with assistance in health, power supply, water and sanitation and access to education and to markets. We are also moving towards the establishment of local government and have begun with pre-decentralisation reforms to build the administrative capacity of our regions.

Our economic growth also means an expanding private sector, which is creating more jobs for our people and paying more taxes to fund the provision of basic public services. We know that our future depends on a strong and diversified private sector to work in partnership with the government to build our country.

Our progress can also be measured by looking at health and education. Our child mortality rates have also seen a sharp decline from 83 to 64 per thousand live births, between 2003 and 2009/2010. Life expectancy at birth has also increased from 59.5 in 2006 to 64.6 in 2011. In the education sector we have worked to lift the number of children enrolled in school and we are strengthening our education institutions.

We have completed the largest infrastructure project in our people's history, by building a national electricity grid with generation and distribution across the country. We are embarking on an infrastructure program to provide a basis for a nation's sustainable economic future, which will include a new national port, a major airport upgrade, a national road network and the extensive development of our south coast to become a sub-regional centre for the petroleum industry. Just this week, I was pleased to officially open the CPLP bridge that joins Dili to our international airport and the west of our country.

Under the leadership of our former Prime Minister, Dr Mari Alkatiri, we are also establishing Special Economic Zones in Timor-Leste including our first which will be a Special Economic and Social Zone in the enclave of Oecusse.

Ladies and gentlemen,

Our domestic progress has also given us the opportunity to look beyond our own shores and allowed us to increase our international engagement. Just as the international community has done so much to support our people, now we want to be able to contribute something in return.

Part of our focus is working with other fragile countries around the world. An important part of this is working with the g7+ that now consists of 20 fragile and conflict affected States. It was under the framework of the g7+ that Timor-Leste began its support for Guinea-Bissau. The g7+ plays a global role as voice for fragile countries and to advocate for change in global development policies. This includes the g7+ nations working together to ensure that the post-2015 development agenda addresses the need for peace and stability, and that the perspectives of fragile States are central to the global dialogue.

While Timor-Leste continues to pursue membership of ASEAN we are also deepening our relations with the great island nations of the Pacific. We make sure Timor-Leste is always represented at the highest levels at the Pacific Islands Forum and I was pleased to participate in the 2011 Forum in New Zealand. In 2013 I was also honoured to attend the inaugural Summit of the Pacific Islands Development Forum in Fiji. Since 2013, Timor-Leste has also held the chair of the Economic and Social Commission for Asia and the Pacific and, of course, this week we have assumed the Presidency of the CPLP for the next two years.

Ladies and gentlemen,

While we have made great progress from the time of the Restoration of our Independence in 2002, we know that so much more needs to be done and we must stay on track in implementing the Strategic Development Plan.

At the 2013 Development Partners' Meeting the Government announced the establishment of a Development Policy Coordination Mechanism to facilitate the implementation of the Strategic Development Plan. This Mechanism consists of four Strategic Sectors that are directly aligned with the four pillars of the Strategic Development Plan.

To allow the Development Policy Coordination Mechanism to be effective a tool has been developed to drive delivery and ensure policy implementation. This tool is the SDP Matrix and it provides a structure and process to achieve accountability for results. With the New Deal for Engagement in Fragile States the g7+ demands accountability from development partners for the results that are achieved through development assistance. Consistent with this approach, it is also important that Timor-Leste requires accountability for results from ministries that spend public money.

The work of the Development Policy Coordination Mechanism in using the SDP Matrix will be vital to the successful realisation of the Strategic Development Plan. The development of the SDP Matrix was a highly inclusive and collaborative process with the intensive involvement of ministries as well as development partners. Later today we will release the SDP Matrix and this document will help guide our discussions during this 2014 Development Partners' Meeting.

Ladies and gentlemen,

Despite our turbulent past, Timor-Leste has established a vibrant and free democracy, a tolerant and peaceful society and the foundations for sustained economic growth and development progress.

We thank all of you here today, our development partners, who have been such an important part of our success story to date. We look forward to continuing to work together so that we can achieve sustained development, positive international cooperation and a better future for the Timorese people.

Thank you very much.

25 July 2014
Kay Rala Xanana Gusmão