

Speech by His Excellency the Minister Mentor and Minister of Planning and Strategic Investment, Kay Rala Xanana Gusmão, on the occasion of the Timor-Leste and Development Partners Meeting

“Moving from Peace building to State building: Past, Present and Future Challenges”

Dili Convention Centre,

6 June 2015

Your Excellency, President of National Parliament, Mr. Vicente Guterres

Honourable Members of National Parliament;

Your Excellency, Prime Minister, Dr. Rui Maria de Araújo;

Excellencies Fellow Members of the Sixth Constitutional Government;

Your Excellency, Dr. Mari Alkatiri, President of the Authority of Oecusse;

Excellencies, the Representatives of the Diplomatic Corps, Ambassadors and Heads of the International Agencies;

Your Excellency, Madam Florence Limbio, Minister of Planning and International Cooperation of the Central African Republic, and Representatives of g7+ Member States;

Distinguished Delegates of Civil Society and Private Sector;

Ladies and Gentlemen,

It is a great honour to be here today in my capacity as a Minister Mentor and Minister of Planning and Strategic Investment, to address Timor-Leste’s development trajectory **from Peace building to State building**.

Timor-Leste has claimed its place in the world, emerging from a past marred by suffering, but also marked by international solidarity. We are presently writing the pages of a better future for the upcoming generations – a future where all Timorese live in a stable and safe country, within a prosperous and just society.

Timor-Leste’s governments, of which I was honoured to be one of the leaders, have been constituted of men and women committed to convert the country’s challenges into peace and development opportunities.

This commitment to development is based on three fundamental elements of governance:

Dialogue, Trust and Strategic Vision.

In order to ensure the constructive participation of all in the development of Timor-Leste, the Government must engage in **Dialogue** with the political parties, economic agents, civil society, citizens and other organs of sovereignty.

In order to build **Trust**, the Government must base its actions on the values of tolerance, respect, and civic and human rights; on the principles of good governance and transparency; and on the obedience of all to the rule of law. It must, on the one hand, consolidate its democratic institutions, allowing for the fulfilment of their missions, and, on the other hand, ensure national stability and unity.

In order to govern with **Strategic Vision**, the Government must invest in human resources, infrastructure, agricultural and rural development, private sector development and the promotion of external investment. It must develop an economic policy that favours the creation of job opportunities, increased incomes and reduced dependency on external essential goods, and it must improve basic service delivery and the management of our natural resources.

Ladies and Gentlemen,

Timor-Leste, as you all know, won its independence after a difficult 24-year struggle for freedom. As a country recently emerged from prolonged conflict – with Indonesia and, then, internally – we decided that the peaceful resolution of our differences would be our first and foremost priority.

We understood that peace is not just the absence of war within our borders but also the absence of fear in the mind of each Timorese, the absence of conflict between our communities and the absence of animosity with our neighbours. So, over the past decade, we reconciled with Indonesia and, today, the two neighbouring countries enjoy strong ties of friendship and cooperation. We also put in place mechanisms to heal our internal wounds and to avoid crises such as the one that occurred in 2006.

In 2009, on the 10th anniversary of the Popular Consultation that led to the devastation of our country, we launched an appeal to our people to move forward with the motto “**Goodbye Conflict, Welcome Development**”.

Since then, the people of Timor-Leste have lived in a climate of peace, stability and democracy, and are now focused on fostering inclusive and integrated development. To that effect, in 2011, a 20-year **Strategic Development Plan** was set out to guide our journey toward becoming an upper-middle income country – a country in which all Timorese are educated, healthy, secure and prosperous.

Ladies and gentlemen,

Since 2007, Timor-Leste has averaged double-digit rates of economic growth, with the International Monetary Fund predicting continued strong growth into the future. We were fortunate that income started to flow from oil reserves in the Timor Sea and we made sure that we had systems in place to provide for the urgent needs of the present. We established a Petroleum Fund, which has grown from its opening balance of 205 million USD, in September 2005, to nearly 16.5 billion USD today. In order to lower risk and increase returns, we diversified the investments of the Petroleum Fund beyond US

Treasury bonds, to include international bonds and equities. This investment strategy has proven successful: in 2013, the investment income generated by the Petroleum Fund was 865 million USD.

Timor-Leste was also the first country in Asia and the third in the world to be compliant with the Extractive Industry Transparency Initiative, so that every dollar of petroleum revenue is publicly disclosed.

In the pursuit of stability and social justice, we invested in capacity building in the security sector to improve professionalism in the Police and in the Military, which brought about a new stage of cooperation and solidarity between the two institutions. We created a strong system of social support for our veterans, the elderly, the disabled, widows and orphans. We have undertaken local development programs to create jobs and improve conditions in every village across the country, especially through power supply, water and sanitation, access to markets and access to health and education services.

We are also moving towards the establishment of local government, through the implementation of pre-decentralisation reforms, to build the administrative capacity of our regions.

By creating mechanisms that foster a transparent regulatory environment for business, we will attract and retain domestic and foreign direct investment. By diversifying and strengthening the private sector, and by developing small and medium enterprises, we will create more jobs for our people and collect higher tax revenues that can fund basic public services.

We have completed the largest infrastructure project in our history by building a national electricity grid, with generation and distribution across the country, and we are now embarking on an infrastructure program that will provide a basis for the nation's sustainable economic future: a new port, an improved airport, a national road network and the transformation of the south coast into a sub-regional centre for the petroleum industry.

Earlier this year, I was pleased to officially hand over the Special Economic and Social Market Zone and the Oecusse Special Administrative Region Authority to former Prime Minister, Dr. Mari Alkatiri, which marked the beginning of the accelerated implementation of our Strategic Development Plan in that region.

On 16th February 2015, the VI Constitutional Government was sworn-in, under the new Prime Minister, Dr. Rui Maria de Araújo, and, with it, a new chapter of governance and democratic transition to the younger Timorese generation began.

I myself, as Minister of Planning and Strategic Investment, will contribute to the implementation of the Strategic Development Plan by coordinating the work of the various line ministries responsible for the economic development of Timor-Leste. From infrastructure to human resources, from private sector investment to natural resource management, from rural development to urban planning, the new Ministry will streamline the Government's efforts towards a more focused, integrated and sustainable

development.

Ladies and Gentlemen,

As a young State, we are learning from the errors and setbacks inherent to State building, by addressing **the root causes of our fragility**. We have learnt only too well that conflict can wipe out years of development progress.

As we embarked upon the process of consolidating peace and building our institutions, we discovered that our experience was not unique, that the common factors in many of the nations that have been left behind are **conflict and fragility**.

The crises in South Sudan and Central African Republic are the most recent examples of development progress being stymied by conflict. Likewise, the Ebola epidemic highlights the critical need for institutions that can tackle potential global health crises.

We have experienced in Timor-Leste, and witnessed in other countries, the failures of respectable and well-meaning institutions to effectively reduce poverty, due to the use of standard approaches that do not consider the realities of each country – **one size does not fit all**.

In order to address this challenge, Timor-Leste has taken up a leadership role within the g7+, a group of 20 fragile and conflict-affected countries that represents over 350 million people. Since its establishment in Dili, in April 2010, the g7+ has been advocating for the adoption of **new mechanisms of solidarity and cooperation** that enable the **building of pathways from fragility to resilience**.

The **New Deal for Engagement in Fragile States**, launched in Busan, in 2011, promised to change the way national and international partners work together to promote peace building and state building in countries affected by conflict and fragility. It has since been endorsed by 43 countries and organisations, and implemented in 7 countries.

The main thrust of the New Deal is that progress can only stem from **country ownership and leadership**, underpinned by inclusive and transparent dialogue, and by strong country systems.

In the context of promoting peer learning in peace building and state building, the g7+ has been contributing to this goal by implementing 'Fragile to Fragile Cooperation'. For example, in the face of the Ebola epidemic, the g7+ made financial contributions to the response efforts in three of our member states (Sierra Leone, Liberia and Guinea). In another example, at the height of the crisis in the Central African Republic, the government turned to its g7+ family, which responded with support for the reconciliation process that ultimately led to the signing of a peace agreement by the two factions involved. And in a final example, at a time when Guinea-Bissau was facing international aid sanctions, the g7+ supported the holding of successful elections, which were essential to setting the country on a

peaceful, democratic path.

The g7+ will progressively improve the formula of its engagement, as well as expand the scope of the New Deal to address some of the global challenges that have emerged since its inception, such as the Ebola outbreak of 2014.

Ladies and Gentlemen,

We are here today, in this Development Partners' Meeting, because we share a commitment to advance human development, eradicate poverty and secure a sustainable future.

A great step forward was taken, in 2000, when the United Nations agreed on the Millennium Development Goals. Since their adoption, we have experienced unprecedented human progress: we have seen hundreds of millions of people lifted from poverty and improved health and education outcomes across many countries, including Timor-Leste.

However, it is important to note that much of this progress is due to the rise of Asia, and in particular China. It is even more important to note that there are still 1.5 billion people living in poverty in fragile and conflict-affected nations that have been unable to achieve a single Millennium Development Goal.

Unfortunately, there was no Millennium Development Goal that addressed the fundamental truth: that, without peace, there can be no progress.

If we are serious about setting sustainable development goals that will have a transformative impact on human development and on global peace and security, we need a stand-alone goal that addresses peace building and effective, accountable and inclusive institutions.

Therefore, I am very pleased to note that one of the 17 Sustainable Development Goals, proposed by the Open Working Group in New York and recommended by UN Secretary General Ban Ki Moon, is ***"to promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels."***

Ladies and Gentlemen,

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

Timor-Leste's development progress to date is nothing but the result of the determination of our people, supported by our international friends.

And so, as we look into the future, I hope that we, Timor-Leste, together with other g7+ members, can

move away from the vicious cycle of conflict and instability and enter the virtuous cycle of peace, stability and, ultimately, development.

Thank you very much.