



Review of Development Cooperation in Timor Leste

Final Report

Norad
Norwegian Agency for Development Cooperation

Pb. 8034 Dep, 0030 OSLO
Ruseløkkveien 26, Oslo, Norway
Telefon: +47 22 24 20 30 Fax: +47 22 24 20 31

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Scanteam

Task Team:

Ms. Susan Soux (Team Leader)

Mr. David Gairdner

Mr. Sigurd Marstein (Security Sector)

Ms. Rebecca Engels (Field Research in Dili)

Quality Assurance:

Mr. Arne Disch

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Acronyms and Abbreviations

ADB	Asian Development Bank
CAS	Country Assistance Strategy (World Bank)
CAVR	Commission for Reception, Truth and Reconciliation in East Timor
CCA	Common Country Assessment (United Nations)
CDA	Collaborative for Development Action
CFET	Consolidated Fund for Timor-Leste
CIVPOL	UN Civilian Police
CNRM	National Council of Maubere Resistance
CNRT	National Council of Timorese Resistance
CPR	Conflict Prevention and Post-conflict Reconstruction Network
CSP	Consolidated Support Program
DDR	Disarmament, Demobilisation and Reintegration
DAC	Development Assistance Committee of the OECD
F-FDTL	Defence Force of Timor-Leste
FALINTIL	Armed Forces for the National Liberation of Timor Leste
FRELIMO	Liberation Front of Mozambique
FRETILIN	Revolutionary Front of Independent East Timor
GoT-L	Government of Timor-Leste
IDA	International Development Association (World Bank)
IDP	Internally Displaced Person
ICG	International Crisis Group
IMF	International Monetary Fund
INTERFET	International Force for East Timor
IOM	International Organisation for Migration
JAM	Joint Assessment Mission
MDG	Millennium Development Goals
MDTF	Multi-Donor Trust Fund
Norad	Norwegian Agency for Development Cooperation
OECD	Organization for Economic Development and Cooperation
PNTL	National Police of Timor-Leste
MoPF	Ministry of Planning and Finance (Timor-Leste)
REA	Registry of External Assistance (Ministry of Planning and Finance)

SCU	Special Crimes Unit
SIP	Sector Investment Plan
SRSG	Special Representative of the Secretary General (United Nations)
SSR	Security Sector Reform
TFET	Trust Fund for Timor-Leste
TSP	Transitional Support Program
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNDPKO	United Nations Department of Peacekeeping Operations
UNMISSET	United Nations Support Mission in East Timor
UNMIT	United Nations Mission in Timor-Leste
UNOTIL	United Nations Office in Timor-Leste
UNSC	United Nations Security Council
UNAMET	United Nations Mission in East Timor
UNTAET	United Nations Transitional Administration in East Timor

1 Executive Summary

Timor-Leste experienced a political crisis in April and May of 2006, the consequences of which are not resolved a year later. The Government's dismissal of one third of the armed forces triggered the breakdown of Timor-Leste's security institutions, followed by extensive violence and physical destruction. The 2006 crisis occurred in sharp contrast to the international perceptions of Timor-Leste. The Timorese process has been held up as an example of a country successfully making the transition to peace from conflict. For the international community, it raised questions about the impact of international assistance on conflict transformation, as Timor-Leste has received significant support.

In response, the Royal Norwegian Embassy in Jakarta initiated a dialogue with the Timorese Government, bilateral donors, multilateral organizations and others about the need to review the impact of international assistance. Terms of Reference were developed in consultation between the Embassy and Norad, and Norad commissioned Scanteam to undertake the review. The goal was to improve international development cooperation with Timor-Leste, and to other countries affected by violent conflict. The review was asked to assess the impact of Norwegian and international development assistance on conflict transformation during the period from Independence in 2002 until the crisis in April 2006, and to make recommendations for improving present and future international cooperation.

The review process used a four-part methodology adapted from draft OECD DAC tools:

- Develop a composite of the conflict analysis done by the international community, which served as the baseline for programme development.
- Identify the main characteristics of the international assistance portfolio
- Map the relationship between the conflict analysis and the characteristics of assistance, to identify whether they were consistent.
- With the benefit of hindsight, conduct a new conflict analysis for the same period, to make observations on the original conflict analysis and on the impact that assistance has had on conflict dynamics.

Initial Conflict Analysis Done by International Stakeholders

All stakeholders, national and international, were working in a context where the Timorese nation and state had to be constructed from scratch, without a clear roadmap or historical foundations and while reconciling multiple and often competing priorities, humanitarian and developmental. The Timorese leadership was assessed as being strongly pro-development, but with little experience or capacity to realise development goals without international assistance. The complexity of this challenge should not be understated.

There was a significant body of *context* analysis and internal reporting, much of which included conflict-related issues. However, most Development Partners did not undertake specific *conflict* analysis between 2002 and 2006. Contextual analysis focused largely on the potential *external* conflict threat from Indonesia. Little emphasis was placed on analysis of *internal* conflict risk factors. Rather, it was assumed that Timorese society was unified after 25 years of resistance to the Indonesian occupation. Where occurring, analysis focused on tensions between political groups and within Timor-Leste's elite. The understanding of

Timorese society, its diversity and the historical basis for tensions between different political, social or ethnic groups was limited.

By Independence in 2002, the Development Partners concluded that the risk of renewed external conflict was minimal, and that internal tensions also did not pose a significant risk. Where identified, there was an assumption that internal tensions could be managed within the democratic process and legal system. The orientation of Government, Development Partners and the UN Mission moved from relief, recovery and peacekeeping activities into long-term development. Timorese authorities and the Development Partners agreed on a state-building development model, focusing on establishing the institutions of state and the policy, legal and regulatory frameworks needed to deliver public services and enable growth in the private sector.

Concerns emerged soon after Independence over *internal* political tensions within the Timorese elite, slow progress towards development targets and growing frustration among the Timorese population, who felt few tangible economic benefits from Independence. Publicly, the analysis of Development Partners remained optimistic. However, internal reporting within the OECD-affiliated bilateral donors and the multilateral organisations became increasingly critical over the 2002 to 2006 period. These concerns were most strongly noted in the reports of the UN Missions. The reporting identified many of the elements leading to the 2006 breakdown, particularly in the security sector. However, concerns were not fully reflected in the Partners' public positions.

Characteristics of the International Assistance Portfolio

International assistance to Timor-Leste for the period 2002-2006 was focused on state-building; strengthening the capacity of state institutions and the delivery of core public services:

- 82% of total assistance was delivered through bilateral cooperation and 16% through the Multi-donor Trust Funds managed by the World Bank. While only a small portion of assistance moved through multilateral mechanisms, they had a high *valued-added* for donor coordination, the sharing of information and analysis, and as a forum for policy dialogue with Government.
- Most assistance was focused on strengthening the state, particularly line ministries and the Executive Branch of government. Other elements of political governance architecture and state institutions received limited support: Parliament, local government and civil society.
- Capacity development was the single largest activity item, responding to the serious human resource shortage and need for organisational development.
- Assistance was highly centralised in Dili and state institutions at national level, which reflected the structure of Government and the pattern of state expenditures.
- A growing presence of non-OECD donors, but who accounted for 1.9% of the registered assistance. The largest of these appeared to be China. Non-OECD donors offered an alternative source of funds and technical support, and served to integrate Timor-Leste into regional processes.

- Important governance and economic priorities initially identified in Government and international strategies as important received limited attention. These included agriculture, rural development, decentralisation, livelihood activities, economic development (private sector development or cooperatives, job creation and youth opportunities), civil society, media (communications), youth and reconciliation.

Donor alignment with Government priorities was satisfactory, with the 1999 *Joint Needs Assessment*, the 2002 *National Development Strategy* and the 2003 roadmap serving as an effective planning framework. Alignment was also consistent with emerging international best practices on support to fragile and post-conflict states, which emphasised state-building. However, the allocation of assistance was not wholly consistent with the initially established priorities, in that there were only small investments in the agriculture sector, rural development, youth and reconciliation, among others activities.

The Development Partners' performance on harmonisation was mixed. Coordination was important to aid effectiveness, given the donor's strong preference for delivering through bilateral channels. The annual Development Partners Meeting and multi-donor modalities made a contribution in this regard, with World Bank playing a central convening and policy role. Sectoral Investment Plans and related Sector Working Groups were established, although the coordination potential of these mechanisms has not yet been realised. Regardless, early assistance to Timor-Leste was characterised by fragmentation. Government appeared overwhelmed and did not have the capacity to exert strong leadership until the period 2004 to 2005, at which point overall coordination appears to improve. In this environment, the available coordination mechanisms did not capture the majority of donor activity.

The Review's Conflict Analysis

The Development Partners correctly anticipated that there were no external threats to Timor-Leste after Independence. However, the Partners have under-estimated the significance of internal conflicts. Collectively, they had a limited understanding of the country during the initial phase: its history, social dynamics, culture and the political intricacies of its people, and had difficulty profiling the Timorese and their relationships. What guided actions was the perception that Timor-Leste was a small homogeneous country, politically unified in its opposition to the Indonesian occupation; a perception that has proven to be incorrect.

Six factors related to internal conflict combined to provoke the 2006 crisis:

- **Historical ideological and political tensions and personal rivalries within Timor-Leste's political elite were not resolved at Independence.** Rather, they were carried forward into the post-Independence era, and embedded into state institutions, political and governance processes and the behaviour of important actors and their support bases.
- **There was growing alienation between the Timorese political elite and major sectors in Timorese society.** This appears to have affected the credibility of much of the traditional elite, not just the Government. Frustrations resulted from the perception held by many Timorese that they had been excluded from political participation and processes of nation and state-building.

- **Independence did not deliver tangible material benefits for the majority**, due to slow progress towards development objectives and stagnation of the economy. Instead, poverty actually increased, although there were improvements in some human development indicators. There was also exclusion, therefore, from economic opportunity, with no clear indication of when the situation would improve.
- **New issues, actors, and organisations emerged during the review period, driven by the frustration and exclusion.** While there were linkages into the historical political rivalries, the new issues and actors had their own motive and dynamics.
- **The sense of “nation”, or common identity and purpose that unified the Timorese population during their liberation struggle broke down.** It was replaced by competing narratives about Timor-Leste’s history and identity that emphasised division rather than unity. No new Timorese identity emerged, and a sense of nation has not developed.
- **Timor-Leste’s state institutions and political process were either too weak or were themselves implicated in the conflict.** They did not have the capacity or the independence to mediate tensions and to prevent them from escalating into violence.

The 2006 crisis occurred at the point where the pre-Independence divisions and rivalries collided with the new dynamic of post-Independence frustration, exclusion, and the breakdown of the Timorese “nation” and identity. The crisis was triggered by historically-based political conflict and competition for power within the leadership. State institutions were too weak or politicised to manage the competition, leading to a political crisis and the collapse of parts of the security institutions. The crisis created a vacuum, triggering a larger breakdown in Timorese society. The dynamic was driven largely by the sense of exclusion (political and economic) that has grown since Independence, and the fact that there was no common identity for groups to gather around in the search for solutions.

The 2006 crisis revealed the failure of the Timorese political elite to resolve their own differences, and to provide the leadership needed to unify their country. In front of these personal failures, institutions were not strong enough to compensate. The elite, including both Government and other political figures bear a large responsibility for not resolving the political elements of the crisis. At the same time, assistance provided by the international community influenced the dynamics leading to the breakdown, with both positive and negative outcomes.

The design of the assistance portfolio to Timor-Leste reveals a fundamental tension in post-conflict countries; how to simultaneously meet the long-term challenge of strengthening state institutions while in the short-term delivering core services and meeting popular expectations for improvements in daily life. There was an assumption that by delivering through the state, the Development Partners would strengthen the state’s ability to deliver core services and promote growth in the private sector. Also, the development process itself would provide a sense of “nation”. However, the state’s capacity developed more slowly than anticipated. It was not able to play these roles in such a short time, and the credibility of institutions and political figures began to erode.

By focusing almost exclusively on state-building, the assistance portfolio:

- **Did not address many of the key issues that eventually led to the 2006 crisis**, particularly as these related to political exclusion and the lack of economic opportunity.

- **Contributed to the centralisation of political power in the Executive Branch of Government** and at the national level, and restricted economic opportunity to the capital Dili.
- **Contributed, therefore, to imbalances that will be difficult to correct**, as they require a re-allocation of power and resources within the governance system.

Working through the state, assistance largely followed the Government's own tendency to centralise. The planned 'timeframe' to build the Timorese state was unrealistic, as has also been demonstrated by other post-conflict experiences in other countries. In retrospect, a much longer commitment was required. The commitment begins with member states of the United Nations, and the necessary joint efforts to plan and support peacekeeping and peacebuilding missions. These efforts proved inadequate in Timor-Leste.

The UN Missions to Timor-Leste provided assistance critical to internal stability, and in discouraging further Indonesian intervention. However, the Security Council did not give UNTAET the time to fulfil its mandate of establishing viable state institutions before Independence. Some members of the Security Council, and allied countries, who were also Development Partners in Timor-Leste pushed for a quick UN withdrawal, against the advice of the Secretary General, the Missions and the request of some in the Timorese leadership. As a result, the capacity of UN missions was significantly reduced over time.

UN Mission reporting to the Security Council noted many of the tensions in Timorese politics and society that lead to the 2006 crisis. However, these warnings were not acted on, either by the Government or the Development Partners. The political role of the Missions was minimised as the UN drew down and the Development Partners became the primary interlocutors with Government. The UN Mission (UNOTIL) was in the process of phasing out when the crisis broke. With its mandate nearing completion, UNOTIL's facilities were in liquidation and the staffing component was reduced. UNOTIL appeared not to have been in a position to provide the good offices required, or to coordinate an international response. It should be noted that the decision of member states to reduce the Mission was also a decision to remove it from these roles.

There is clear evidence that Development Partners based in Timor-Leste were aware of the deteriorating situation and the potential for a political breakdown. By 2006 the UN and the Partners had a common understanding of political rivalries and deteriorating economic conditions. Knowledge of the new dynamics was weaker. However, reporting within Embassy systems and analysis in the public domain all indicated that the situation was deteriorating. **The surprise was not that a political crisis would occur, but rather that violence could escalate through interaction with the other dynamics emerging after Independence.** In this situation, the Development Partners did not appear to change their overall programme strategy. There were disconnects, therefore, between what the Development Partners knew and were reporting internally, the overall public discussion and action. The UN Missions played an early warning role, repeatedly expressing concern about growing tensions. Regardless, the Missions' concerns do not appear to have been picked up by the broader international community.

Tensions and vested interests within the donor community itself may have exacerbated conflict dynamics and contributed to the isolation of the Government. Over time, some donors aligned themselves with different elements of the political elite, in fact or in

perception. In so doing, they altered the dynamics of power between the Timorese and may have played into the growing tensions, rather than diminishing them.

Impact of International Assistance on Conflict Dynamics in Timor-Leste

International Assistance made an important contribution to the creation and the building of the Timorese state. However, the pattern of allocation and primary focus on state-building at the national level contributed to imbalances in the governance system, inclusion in the political process and in economic development. Many of these factors were related to producing the conflict dynamics that precipitated, and then escalated the 2006 crisis. The design of future assistance programmes will need to address these imbalances:

- **Language; a MIXED impact.** Language policy would have been complicated, regardless of the choices made. The actions of some Development Partners undermined implementation of official language policy. Investment was insufficient to overcome the challenges, affecting all sectors.
- **Capacity Development; a MIXED impact. International assistance provided critical support for establishing the Timorese state.** However, the quality of the assistance was mixed and it produced uneven results. The effect was to slow progress in the overall state-building effort.
- **Gender; a POSTIVE impact.** Assistance played an important role transferring international norms and practices into the Timorese context. It supported the creation of Timor-Leste's legal and institutional framework. The focus must now shift to enabling long-term changes in attitude and behaviour.
- **Governance; a MIXED impact.** Important support was provided to establishing the institutions, processes and principles of governance. However, the pattern of allocating assistance reinforced the centralisation of power in the Executive Branch. There was limited support to development of other elements of political governance (local government, Parliament, civil society), resulting in imbalance in the governance system.
- **Decentralisation; an indirect and NEGATIVE impact.** There was limited investment directed towards decentralisation, which contributed to marginalisation of local government. They were established in name, but without the authority or resources to respond to local needs.
- **Youth; a direct and NEGATIVE impact.** Limited effort and investment was directed to youth, despite the full knowledge of all stakeholders about the youth demographic bulge. This lack of attention and marginalisation from political or economic opportunity contributed to youth alienation.
- **Security Sector; a direct and NEGATIVE impact.** UNTAET did not leave viable security institutions. Technical assistance after Independence was implemented without clear institutional frameworks or a vision for the sector in the larger governance system. There was a lack of coordination between bilateral donors.
- **Justice; a MIXED impact.** While recognising the complexity of the Justice system, the mixed quality of international assistance has slowed development. Large international investment showed limited results.

- **Reconciliation: a MIXED impact.** Initial support to Truth Commission and Serious Crimes Unit was positive. However, there has been limited political or financial support to the CAVR recommendations or follow-up, leaving reconciliation process incomplete. Prosecution of most serious crimes is still pending.
- **Economic Development and Employment: a MIXED impact.** International Assistance provided essential support to establishing legal and regulatory framework for private sector development. Support to establishing the Petroleum Fund was critical to future economic development and good governance. However, there was little investment in productive activity (employment, livelihood or credit schemes), agriculture and the rural sector. The state does not have the capacity to transform oil revenues into broad-based development or to stimulate growth.

Summary of Recommendations

Conflict Analysis and Aid Effectiveness

1. International assistance provided in conflict-affected situations should be supported by conflict analysis. Programme officials should be given appropriate training; Development Partners should be encouraged to do joint analysis as a means of building common understanding; and should contract external skills – research institutes, private organisations or similar – where necessary to ensure the quality, timeliness and relevance of the conflict analyses.
2. International assistance must balance the long-term requirements of state-building with the short-term requirements of creating a peace dividend and sustaining the momentum of the transition process. This may require finding alternative modalities to delivering through state institutions, until such time as these institutions can effectively assume responsibility. Programmes must still be framed within national development priorities or a needs assessment, and undertaken with the approval of the relevant national authorities.
3. Policy dialogue should be broad and inclusive, including relevant national stakeholders. Care should be taken to avoid a situation where the Development Partners become the main interlocutor with the Government on policy issues.
4. Efforts should be made to strengthen relations between OECD and non OECD-affiliated donors, to improve coordination and share information on international norms and best practices. China merits special attention in this regard, given its status as an emerging power and growth in the size of its assistance portfolio.

Support to the UN Mission

5. UN Missions must have the appropriate mandate and resources to complete peacekeeping and peacebuilding tasks. UN member states have direct responsibility for ensuring that this occurs. Norway and like-minded countries could support the organisation of a group of “friends” to the new UN Mission to Timor-Leste:

- The objective of the “friends” would be to support the UN Mission in the field and to coordinate with decision- making at UN HQ.
- This group would be in regular consultation with the SRSG, monitoring the process. In the event of problems, the SRSG would be able to call upon the group for support.
- The same group would coordinate with their missions at UN HQ to support the UN Mission, in consultation with UN DPKO/DPA, to influence UNSC or UNGA decisions. The Peace Commission may also be a relevant forum.

Support to Language Policy

6. Development Partners should support the Timorese Government’s language policy, including the standardisation of Tetum. Where they are unable to work within the framework of official language policy for practical reasons, the actions of Development Partners should not undermine that policy.

Support to Capacity Development

7. Development Partners should support the Government's efforts to realise a coherent Capacity Development strategy that addresses both organizational and skills development that is realistic in terms of longer-term sustainability;
8. Donors should finance Government contracting of technical assistance personnel rather than provide personnel directly, to ensure: (i) government ownership and more coherence in job descriptions and technical approaches; and (ii) the ability of government to monitor job performance and sanction unsatisfactory performance.

Support to Gender Equality

9. The Development Partners and United Nations should continue to ensure that gender equality is integrated into their programmes as a cross-cutting theme. They should also continue to support organisations working in the area of gender equality, including for policy advocacy.
10. The Development Partners and United Nations should work with the Government to strengthen the state’s capacity to gather and disaggregate data on gender equality issues.
11. New strategies are required to focus support on changes to attitudes and behaviour towards gender equality in Timorese society, recognising that this will be a long-term process.

Support Youth

12. Youth must be viewed as a priority, deserving of urgent action from the Government and Development Partners. The importance of youth should be reflected in a significant increase in resources and effort to improving their situation.

13. The international community should support the adoption and full implementation of the Government's *Draft National Youth Policy*.
14. The leadership role of the Secretariat of State for Youth and Sport should be strengthened in relationship to both the Development Partners and other Ministries whose programmes affect youth.
15. A National Conference on Youth and Nation-building should be convened. Terms of reference for the conference should be developed by the appropriate offices in Government and Presidency, in broad consultation with relevant national and international stakeholders. Planning should feature strong involvement from youth, including Martial Arts groups. Proposals for a conference should receive priority consideration and support from the Development Partners.
16. Innovative ways must be found to integrate youth into the Timorese economy and the process of building the Timorese nation. Examples from other contexts include youth cooperatives for rural development, tourism, and youth brigades to promote conflict prevention and community development, or a youth parliament with linkages in all districts.
17. Youth organisations should be supported and integrated into national initiatives on conflict resolution and development. Youth organisations should also be included in the annual Development Partners meetings and in relevant consultations between the government and civil society.
18. Initiatives are required to redirect and rehabilitate those young people involved in violent criminal and/or political activity, enabling them to find alternatives to violence and find positive roles in their communities.

Support to Parliament and Local Government

19. Governance should be approached as an integrated system, in both its political and institutional dimensions. Assistance should avoid creating imbalances between the different parts of the system. In particular, the Executive Branch should not be strengthened at the expense of other parts of the system.
20. International financial and technical assistance to the Timorese Parliament should be increased, to strengthen Parliament's core oversight, legislative and debate functions.
21. Efforts should be made to re-invigorate the decentralisation process. Decentralisation should be under-taken to empower local communities in managing their own development, and set in the context of an integrated rural development strategy.

Support to the Security Sector

22. All stakeholders should consider the security sector as a crucial branch of government, and coordinate assistance with broader good governance structures.
23. UN missions tasked with the responsibility to strengthen security institutions must be given achievable mandates, and the resources and time to accomplish them. Member

states must act responsibly to ensure that this occurs, to provide qualified personnel in a timely manner.

24. UNMIT has been mandated to assist the Government of Timor-Leste in conducting a review of the overall security sector. The international community should support the review process, including Parliamentary debate and the participation of Timorese civil society in related discussions, and commit itself to assisting in the implementation of the recommendations.
25. Technical assistance to the institutional development in the security sector (mandate, legal framework, management and civilian oversight of security institutions) must be integrated. Technical assistance should not be provided where security policy and institutional frameworks are not clear.
26. Donor coordination to the security sector must be strengthened, possibly through revitalising the Sector Working Group under Government leadership. Bilateral initiatives in the security sector should be closely coordinated with the UN Mission.
27. There must be better integration between support to the security sector and development assistance, which are often treated as separate activities.
28. All stakeholders should consider their support to the recommendations of the Assessment Team which is currently reviewing the UNDP Justice Sector programme.

Reconciliation

29. The Development Partners should renew their commitment to the reconciliation process of Timor-Leste, including support to the implementation of recommendations presented in the CAVR report.

2 Introduction and Background

On 11 January 2006, 126 soldiers from the Timorese Defence Force (F-FDTL) submitted a petition to Brigadier General Taur Matan Ruak and President Xanana Gusmão complaining of mismanagement and discrimination¹. With no response from the government, the Petitioners left their barracks on 3 February 2006 and began a series of protests. These resulted in the dismissal of 594 members of the F-FDTL by General Ruak on 16 March 2006, almost 40% of the military's strength. Ruak's action was supported by Prime Minister Mari Alkatiri, but publicly criticized in a national address by President Gusmão as "incorrect and unjust".²

Dismissal of the Petitioners provoked further protests during the months of March and April 2006, culminating in four days of demonstrations in front of the Government Palace in Dili between 24 and 28 April 2006. Violence erupted on the last morning, with a total of five persons killed and 40 others injured in related incidents. At least 37 persons are thought to have died during the ensuing weeks, including nine members of the National Police of Timor-Leste (PNTL) who were killed while under UN escort by F-FDTL. An estimated 155,000 persons, 15% of the Timorese population, fled their homes.

In response, President Gusmão, Prime Minister Alkatiri and the President of the Parliament wrote to UN Secretary General Kofi Annan advising that Timor-Leste had "urgently requested military and police assistance from the governments of Australia, New Zealand, Malaysia and Portugal" (S/2006/251). The Secretary General asked the Security Council to support deployment of an international force, which began to arrive on 25 May 2006.³ While resisted by Alkatiri, the force was already under discussion between the President and the Australian Government. The political standoff between President Gusmão and Prime Minister Alkatiri continued until 25 June 2007, when Alkatiri resigned. Foreign Minister, Jose Ramos-Horta accepted the office of Prime Minister and formed an interim government to serve until the 2007 elections.

Installation of an interim government left the underlying causes of the 2006 violence unresolved, including the grievances of the Petitioners. Ongoing tensions between the key political actors and their support bases created a power vacuum, leaving the interim Government without the consensus or the legitimacy needed to act. New conflict issues and actors have also emerged, which have their own dynamic. In this context, sporadic violence was still occurring in advance of the elections in June 2007 and the security situation

¹ Three widely cited sources with a chronology of the events are *UN Independent Special Commission of Inquiry for Timor-Leste* (2006), the International Crisis Group report *Resolving Timor-Leste's Crisis* (2006a) and the *Report of the UN Secretary General to the Security Council* of August 8, 2006 (S/2006/628).

² Speech given by President Gusmão on 23 March 2006. Gusmão warned that failure to resolve the Petitioners complaints would lead to further divisions.

³ The four troop contributing countries deployed on invitation from the President of Timor-Leste and within the framework of bilateral agreements. While not authorised by the UN Security Council, Resolution 1690 (2006) expressed the Council's "appreciation and full support for the deployment of international security forces by the Governments of Portugal, Australia, New Zealand and Malaysia in response to the request of the Government of Timor-Leste..." (para 2).

remained fragile. The task of resolving the causes of the violence, and Timor-Leste's recovery from its physical and social consequences will be left to the next Government.

2.1 Internal Conflict Dynamics

Ongoing instability highlighted the fragility of efforts to build both the Timorese *state* and *nation*, separate but interdependent tasks that characterise many post-conflict transitions. State-building refers to the construction of the institutions and processes of the state system, including the expansion of basic public services. Nation-building is the process of constructing a shared identity, ideology and/or values around which people can gather and affiliate. It speaks to a common sense of belonging, based on which people agree to co-exist with the neighbours and live within the rules of the state.

Timor-Leste was described as a "Nation without a State" in 1999 (Borgerhoff 2006: 102). Twenty-five years of resistance to the Indonesian occupation unified the country's diverse population, where social cohesion had not previously existed. This sense of unity in struggle and being historically distinct from Indonesia contributed to achieving Independence. However, Timor-Leste had little state capacity to support the "nation". Institutions and processes had to be built from scratch in a context where Timor-Leste had no experience governing itself. The concept of the "nation" itself also needed to evolve for the Timorese people to maintain their unity after the Indonesian withdrawal.

Timor-Leste has made uneven progress against both these tasks. As of 2006, it appeared the country had a "State without a Nation", the opposite of what existed in 1999. The Timorese sense of "nation" was fragmented, replaced by competing narratives about the past and a strong sense of exclusion, frustration and unresolved grievance. Rather than contributing to Timorese nation-building, key groups in society felt excluded and were looking for a sense of identity, belonging and security outside of the state.

The actions of Timor-Leste's political leadership aggravated political and social cleavages rather than creating unity. Ideological and personal conflicts originating during the resistance period continued to define Timor-Leste's political landscape, with tensions focused around the rivalry between the President, the Prime Minister and their "mutually antagonistic" support bases (ICG 2006: 1). These conflicts were carried forward into the post-Independence polity as the resistance leadership assumed key roles in the new Government and state institutions, including in the security sector. Suppressed under the presence of the United Nations Transitional Administration for East Timor (UNTAET), old rivalries re-emerged after Independence and could not be managed effectively or otherwise contained within the political process.

At the same time, establishing the institutions and processes of state has taken longer than anticipated and the initial objectives and timeframe for building its capacity have proved unrealistic. Progress towards development objectives has been slow, and the expectations for modest material gains and opportunity held by many Timorese have not been fulfilled. Human development indicators show limited improvement and poverty actually increased between 2002 and 2006. The Government had significant and growing income from Timor-Leste's petroleum resources, but the state still lacked the capacity to translate that income into broad-based development. Meanwhile, the non-petroleum economy has stagnated and a private sector has not yet emerged. The youth population and persons living in rural areas

have been particularly disadvantaged, as the benefits of development were centralised in Dili, and then only within a small segment of the population.⁴

Old political conflicts interacted with new tensions appearing after Independence. Mounting frustration over political exclusion combined with the frustrations over limited economic opportunity. Decades of resistance also created a high expectation in the Timorese that they would be involved in the process of nation-building. Indeed, the expectation of participation appeared to be at the heart of the compact between the people and the new Government and state. Four years later, there was strongly held perception that the governing FRETILIN party used its absolute majority in Parliament to centralise power and limit that participation. The choice of Portuguese as the language of Government further contributed to the sense of exclusion, particularly among youth educated in Indonesian.

Set in this interaction between historical and new dynamics, the dismissal of the Petitioners escalated from a security crisis, to becoming a governance and long-term social and economic crisis. The vacuum of authority left in the wake of the breakdown was filled by inter-communal violence, looting and house burning. Fuelled by the mix of old and new tensions, motives ranged from political (party affiliation and partisan political gain) to identity (east vs. west, pro-Indonesian integration vs. independence), revenge, jealousy and criminality. According to one donor official, “the crisis created an opportunity for anyone with a grievance to attack their neighbours. Some of [the violence] was political, but a lot was just anger that a neighbour had a better house or a government job.” Another reflected “there certainly was political manipulation [of ethnic groups in Dili], but what happened was also an explosion of frustration with the fact that people believe their lives have not improved.”

Internal displacement was a good indicator of the extent of the instability and its impact. Residents of Dili fled their homes in massive numbers that appeared out of proportion to the real threat, itself an indicator of deep and unresolved social trauma from the Indonesian occupation.⁵ As of July 2006, the UN reported 72,000 Internally Displaced Persons (IDP) receiving food in 62 makeshift camps scattered throughout Dili.⁶ Fifty camps remained in Dili as of May 2007, with the majority of IDPs feeling too insecure to return to their homes.⁷ The interim Government did not have a clear policy on managing the IDP issue and the IDP camps themselves have become a source of instability; a social problem whose resolution

⁴ The ongoing violence of 2006 will itself become a source of poverty, as the IMF forecasted instability would result in negative non-oil GDP growth for 2006 (IMF 2007a: para 1).

⁵ The Commission for Reception, Truth and Reconciliation (CAVR) estimated that up to 180,000 persons, or one third of Timor-Leste’s population, died during the 24 years of Indonesian occupation, either directly in the fighting or as result of occupation-related hunger and illness. 55% of the population was estimated to have been displaced at some point during the occupation, and the CAVR found high incidence of non-fatal human rights violations, including torture, rape and detention.

⁶ This figure represents 41% of Dili’s population of 175,000, as estimated in the 2004 Census.

⁷ As of June 2007, the International Crisis Group estimated that there were still 60,000 IDPs in Dili, Baucau and Metinaro (ICG 2007).

will have implications for the demographic composition of Dili's urban plan and conflict dynamics into the future.

2.2 International Assistance to Timor-Leste

The 2006 crisis occurred despite significant international support. The international community moved quickly in 1999 to assist the country in achieving independence and starting the state-building process. **Timor-Leste received USD 3.6 billion of international assistance between 1999 and 2006.** Included were USD 1.7 billion as assessed and voluntary contributions from UN member states for the UNTAET and UMISET missions, and USD 1.9 billion in humanitarian and development assistance from 28 bilateral donors and multilateral organisations (UN agencies, the World Bank, the Asian Development Bank and the International Monetary Fund). Few, if any, other post-conflict countries have received this level of support on a per capita basis.

Financial assistance is only one aspect of the overall assistance portfolio to Timor-Leste. Focusing on it alone understates the real value of what the international community has provided. As a combined package, Timor-Leste also received:

- **Political good offices in support of Independence.** Timorese independence was kept on the international agenda after 1975 at the United Nations.⁸ Unified international action had to wait until the end of the Cold War, at which point the UN played a central role in marshalling world public opinion for Indonesia's withdrawal and acceptance of an international peacekeeping force.
- **Military peacekeeping and civilian police (CIVPOL),** to stabilise the internal situation and to discourage further Indonesian intervention. UN peacekeeping and peacebuilding support continued through three Security Council mandated missions; the 1999 INTERFET force, which transitioned to UNTAET (1999-2002), UNMISET (2002-2005) and UNOTIL (2005-2006). Furthermore, a new mission (UNMIT) was established in August 2006 in response to the crisis to "promote stability, national reconciliation, and democratic governance" (RES/1704/2006).
- **Support for the 1999 Independence referendum (UNAMET) and a UN Transitional Administration (UNTAET),** which were critical to establishing the Timorese state and provided short-term stimulation to the Timorese economy.
- **Humanitarian and technical assistance** focused on relieving the post-referendum emergency and strengthening the institutions of state and processes of governance.
- Significant international investments in **technical assistance, capacity development and policy advice,** given in the context of Timor-Leste's structural problem of a human resource deficit.

The combined assistance package was an important factor behind Timor-Leste becoming independent and sustaining itself in the early years. This does not diminish the accomplishment of the Timorese people, made through a 25-year resistance struggle. Rather,

⁸ The first UN Resolution (RES/384/1975) called for member states to "recognise the inalienable right of the Timorese people to self determination and autonomy..."

it acknowledges that Independence was the result of a partnership between the Timorese and the international community. That partnership was necessary to address Indonesian power, the absence of a functioning state apparatus and the country's development challenges. Timor-Leste's dependence on international financial assistance declined between 2002 and 2006, as oil revenues began to accrue to the national budget. However, it will continue to have a structural dependence on international human resources, policy advice and technical expertise. The Timorese-international partnership, therefore, will be important into the foreseeable future.

The Timorese process has been held up as a successful example of international support to a country in transition from conflict to peace, and for avoiding the relapse into violence that characterises many post-conflict situations.⁹ International reporting between 2002 and 2006 was optimistic about the gradual consolidation of state institutions and capacity, the Government's pro-poor development orientation, growth in state revenues and the creation of Timor-Leste's Petroleum Fund (2005), which linked the expenditure of state oil revenues to national development objectives. As late as April 3, 2006 background documents to the annual Government and Development Partners meeting concluded that Timor-Leste had taken "impressive strides in building the foundations of the state and implementing the National Development Plan" (World Bank 2006: 1).

Over time, these same reports and others expressed growing concern about issues that ultimately contributed to the 2006 breakdown, including reporting being done by the Timorese Government, the UN Missions and Development Partners, and from independent sources. Development Partners with representation in Dili had good access to information. Although the actual understanding of the conflict dynamics appeared mixed, the Partners were clearly aware of frustrations with the FRETILIN Government, and of broader issues. Many were signalling concerns about the deteriorating situation within their own systems; through their cabling to headquarters and critical programme evaluations. Concerns were being discussed openly between persons in the Timorese State system (members of the Government, Parliament and civil servants) and the Partners, on a bilateral basis.

In this regard, the fact that a crisis occurred was not a surprise. On the contrary, many observers had anticipated it. However, the knowledge of conflict dynamics appeared to become suspended within Embassies and organisations. It did not alter the public perception or discourse that Timor-Leste was a stable, unified country or result in a re-orientation of international assistance. Critical analysis appearing in the reporting did not translate into revisions of the international assistance portfolio needed to prevent the crisis. Furthermore, the Development Partners and the UN mission had four months between the dismissal of the Petitioners in January 2006 and the outbreak of violence in April 2006. Yet they did not act in a collective and decisive manner to assist Timor-Leste in avoiding the

⁹ The Timor-Leste process occurred when the UN was recovering from setbacks in Rwanda and the Balkans. The process of reform to the UN's peacekeeping operations had begun and the Secretary General had laid out the principles for a more robust international response to humanitarian crisis and crimes against humanity, the doctrine of the *Responsibility to Protect*. Set in this historical moment, Timor-Leste and the UN mission in Kosovo were test cases for the UN is a more assertive role (Traub 2006).

crisis. Concerns raised with the Government at the April 2006 Development Partners' meeting were described as "simply too little, too late".

2.3 Review of Norwegian and International Development Cooperation

The events of April and May 2006 left Norway and others with questions about the impact of international assistance on conflict transformation in Timor-Leste. In response, the Royal Norwegian Embassy in Jakarta initiated a dialogue with the Timorese Government, bilateral donors, multilateral organizations and others about the need to review the impact of international assistance. Terms of reference were developed in consultation between the Embassy and Norad, and Norad commissioned Scanteam to undertake the review.¹⁰ The goal of the review was to contribute to improving international development cooperation with Timor-Leste, and to other countries affected by violent conflict. The Review Team was asked to:

- Assess the impact of Norwegian and international development cooperation on conflict transformation in Timor-Leste during the period from Independence in 2002 until the crisis in April 2006.
- Make recommendations for improving present and future international cooperation with Timor-Leste, in terms of its composition, the modalities used for delivery, processes for harmonization and alignment, and dialogue with the Government of Timor-Leste;
- Contribute to policy discussion with the Government of Timor-Leste on the means to improve the conflict sensitivity of international development cooperation with Timor-Leste;¹¹

The review was asked to take note of Norway's contributions to Multi-Donor Trust Funds (MDTF) managed by the World Bank, and to agencies of the United Nations. Almost half of Norway's assistance has been channelled through the multilateral system. This reflects:

- A Norwegian policy choice to work through and strengthen the multilateral system
- The fact that Norway had limited field capacity in Timor-Leste. There was an advantage to pooling management and oversight responsibilities with other donors, using the installed capacity of multilateral organisations.

Norway's commitment to working through the multilateral system meant that its portfolio could not be assessed in isolation. Beyond making a financial contribution, Norway has been involved in oversight of these modalities, and in various aspects of their management, programming, policy dialogue and related donor coordination processes. It should also have made an intellectual contribution to overall programme strategy. Norway, therefore, shares responsibility for the performance of these modalities with other donors and the managing organisation. As a practical consequence, the review process depended extensively on input

¹⁰The Norwegian Embassy in Jakarta is accredited to Timor-Leste. A Norwegian Embassy Section will open in Dili during 2007.

¹¹ The full Terms of Reference for the *Review of Norwegian and International Assistance to Timor-Leste* (March 2007) are included as Annex A to this report.

from various stakeholders, which the Embassy in Jakarta requested in advance of the Terms of Reference being finalised.¹²

As a sectoral or thematic focus, the Review Team was asked to give consideration to the effects of international cooperation on:

- The institutions and processes of governance, including strengthening the rule of law and security sector reform, economic development and reconciliation.
- Employment creation and social sector service provision, with a focus on education, training and access to other social services for young people, as well as mechanisms for coping with social trauma.
- Government polices and donor assistance in the security sector. Norwegian assistance has focused on the justice sector and civilian police. Other aspects of security sector reform may be considered, depending on relevance and collaboration from donors.

The review was bounded within the period between independence in May 2002 and the events of April and May 2006. These four years correspond to the implementation of Norwegian and international assistance programmes with an independent Timorese state. However, the 2002- 2006 time frame was not intended to be restrictive. The review considered events outside of these dates, particularly those occurring during the UNTAET mandate (1999- 2002), when these were found to be important in understanding the process leading towards the 2006 crisis. The packaging of some statistics also required using a broader time frame.

2.4 Methodology Framework

The review used a four-step methodology, adapted from tools being developed by the OECD DAC. The methodology was in draft form and untested version, requiring that the review improvise on many aspects. A full description of the methodology and resources are included in Annex B.

Step One: Summary of the conflict analysis done by the international community

The review began by creating a baseline of how stakeholders analysed conflict dynamics in Timor-Leste when programmes were in the design phase. The analysis was drawn primarily from World Bank, United Nations and bilateral donor documentation, focusing on the period between 2002 and 2006 but also going back to the *Joint Assessment Mission* (World Bank 1999). It provided the framework from which the Government and Development Partners identified needs and responded to them. Particular attention was paid to the change theory underlying international interventions, and the development model(s) used to achieve the objectives of transition.¹³

Step Two: Overview of the international assistance portfolio to Timor Leste

¹² Drafts of the Terms of Reference were circulated to the Government of Timor-Leste and members of the international community for comment between January and March 2007.

¹³ How the programme designers believed that positive change could be brought about in the Timorese context. Change theories are often expressed implicitly rather than explicitly; X action will produce Y result.

The review developed an overview of the international assistance portfolio to Timor-Leste. The overview summarised the main characteristics of international assistance to Timor Leste for the period 2002- 2006, including:

- The value and sources of support
- The composition of the assistance portfolio, including its different political, security, financial and technical components.
- Modalities through which assistance has been delivered, including through multilateral channels (MDTFs and UN agencies), and the relative importance of those modalities to the overall international portfolio.
- Changes in the composition and allocation of assistance over time, and how those changes responded to the evolving situation.
- The respective roles of national and international stakeholders in defining development priorities and subsequent implementation of assistance.

Step Three: Mapping the potential for conflict impact

The review correlated the assistance portfolio (Step Two) with the Development Partners' analysis of conflict dynamics (Step One) to identify:

- The relationship between the conflict analysis and the design of the overall Norwegian and international portfolios, noting whether Development Partners operationalised their analysis in the design of assistance portfolios.
- The conflict relevance of the overall portfolio. Did the assistance portfolios address conflict dynamics, as they were perceived in the analysis? Which aspects of conflict dynamics, therefore, did the portfolios have the potential to influence?

Step Four: Assessing the conflict impact of international assistance

Using the information gathered through the first three steps, the review assessed the impact of international assistance on conflict dynamics in Timor-Leste. The assessment included two components. First, the review developed its own analysis of conflict dynamics in Timor-Leste; a synthesis drawn from the document review and interview process, with particular attention on information coming from Timorese sources. The review's analysis was contrasted with that done by Government and international stakeholders to determine how the situation had evolved and whether, with the benefit of retrospection, there were any gaps or inconsistencies.

Second, the Norwegian and international assistance portfolio was contrasted with the overall analysis, for a determination on whether assistance had an impact on conflict dynamics; direct or indirect, positive or negative. The review followed the results chain as far as available information permitted. However, the short time period that international assistance has been operational in Timor-Leste placed limits on understanding long-term impacts.

2.5 Acknowledgements and Disclaimer

The Review Team would like to acknowledge the contribution of all informants, in Norway, Timor-Leste and elsewhere. The team received full cooperation from the bilateral donor community, multilateral organisations, NGOs and organisations in civil society, and from the Government of Timor-Leste. Almost without exception, informants openly shared information and observations on their experiences. Interviews were characterised by a genuine sense of reflection and searching on how to improve international assistance.

While the Review Team appreciates the contribution of all informants, it wanted to mention in particular:

- Norwegian informants who participated in the Oslo inception workshop, and who gave a full day of their time to provide insights on the review's design and initial findings.
- Norad staff, who provided substantive and logistical support throughout the review process.
- The Norwegian Embassy in Jakarta, which provided extensive information and substantive and logistical support.
- Management of the World Bank and United Nations system in Timor-Leste, who gave generously of their time and facilitated interviews within their respective organisations. As well, the many UN and World Bank staff that participated.
- Rebecca Engels, who provided expert analysis and research support from Dili, before, during and after the field mission.
- Kendra Dupuy, who conducted an independent literature review from Oslo

Most importantly, the Review Team would like to acknowledge the contribution and patience of Timorese informants, from Government, the civil service and civil society. As one informant put it "the Timorese are suffering from *recipient* fatigue". Many spend a good portion of their time responding to the needs of the international community, such as this review, at the same time as meeting their other responsibilities. A good number of Timorese informants were still living in IDP camps and working, therefore, under difficult professional and personal circumstances. Regardless, they displayed dedication, generosity and humour in all of the meetings. The Review Team is grateful for their contribution.

Despite the high quality of the inputs, the Review Team is solely responsible for any errors or omissions. The views and recommendations expressed in the report are solely those of the authors, and are not necessarily those of Norad or the Norwegian Foreign Ministry.

3 Assessments of Conflict Dynamics in Timor-Leste

This section presents a *composite* of the conflict analysis held by the Development Partners¹⁴ and the UN Missions to Timor-Leste. The composite identifies trends in the overall portfolio, noting that there were exceptions in the case of each international stakeholder. The review found that only limited *conflict* analysis was done by Development Partners. Regardless, there was a significant body of *context* analysis, much of which integrated conflict dynamics. Beyond the interviews, the review relied on five primary sources:

- The report of *the Joint Assessment Mission* (1999), which served as the baseline for planning by the Government, United Nations and Development Partners.
- Reports of the Secretary General to the United Nations Security Council (1999-2006), as well as other reporting from the UN missions and agencies.
- Background documents to the annual Development Partners meetings, and for the various Multi-Donor Trust Funds. The documents were compiled by the World Bank, which was mandated by the Development Partners and Government into management and convening roles. The reports were written with the intellectual input from these stakeholders, and were taken to represent a consensus position.
- Limited documentation from bilateral donors
- The large body of literature on Timor-Leste in the public domain.

Norway did not conduct specific *conflict* analysis during the period 2002-2006. There were reviews of Norwegian participation in the MDTF modalities, and a significant body of analysis and information held by Norwegians working in Timor-Leste in capacity building assignments. However, Norway appears to have relied largely on technical analysis provided through the MDTFs, and political and technical analysis from the United Nations system.

3.1 The United Nations Missions

Timor-Leste has been supported by six successive UN missions between 1999 and 2007. Security Council resolutions 1246 and 1262 (1999), created the United Nations Assistance Mission in East Timor (UNAMET), established on 11 June 1999 and ending on 30 November 1999. UNAMET was mandated to “to organize and conduct a popular consultation”, and then it was extended to oversee a transition period pending implementation of the decision of the East Timorese people. Following the August 1999 referendum, the ensuing violence and negotiated Indonesian withdrawal, the Security Council authorized a multinational force, INTERFET under Australian command to restore peace and security in East Timor, to

¹⁴ The term “Development Partners” is used generically to include all bilateral donors and multilateral agencies that have assisted Timor-Leste, including UN agencies. The term is taken from the Development Partners Meetings organised by the World Bank. In using it, the review recognised that the donor community is not homogeneous, and there are important distinctions between the donors and multilateral agencies. The UN Missions were set outside of the definition, given their unique international standing.

protect and support UNAMET in carrying out its tasks and, to facilitate humanitarian assistance operations (S/RES/1264/1999).

UNAMET and INTERFET were replaced by the UN Transitional Administration for East Timor, UNTAET, under Chapter 7 of the UN Charter, to provide security, maintain law and order, to establish an effective administration and to assist in the development of civil and social services (S/RES/1272/1999). UNTAET was also to ensure the coordination and delivery of humanitarian assistance, rehabilitation and development assistance, support capacity building for self-government, and to assist in the establishment of conditions for sustainable development. These were described as peacekeeping and peacebuilding tasks.

The UN presence was planned on the concept of transitional phases leading to the establishment of a sustainable sovereign state, which would receive international assistance within a traditional development model. UNTAET had a two-year mandate, which was extended by six months and ended at independence. Once the sovereign Timorese government assumed responsibility on 20 May 2002, the UN Mission of Support in Timor-Leste, UNMISSET was directed by the Security Council to minimise peacekeeping activities, and to continue with peacebuilding with the objective of devolving all operational responsibilities to the Timorese authorities, in order to leave the UN agencies and bilateral donors with the task of development assistance (S/RES/1410/2002).

UNMISSET's original one year mandate (S/RES/1410/2002) was extended for two additional one year periods (S/RES/1480/2003; S/RES/1580/2004) before expiring on 20 May 2005. The mandate identified the continuation of assistance to core administrative structures, the provision of interim law enforcement and public security activities and assistance to develop the new law enforcement agency in East Timor, the East Timor Police Service (ETPS), established by UNTAET in 2001 as well as to contribute to the maintenance of external and internal security of Timor-Leste. These activities continued to be defined as peacebuilding responsibilities.

UNMISSET was replaced in 2005 by a political mission that was to last for one year, the UN Office in Timor-Leste (UNOTIL), with a mandate to monitor and provide support to government institutions, the police, and training in governance and human rights (S/RES/1599/2005). UNOTIL was in service at the time of the 2006 breakdown. Expressing its concern over the still fragile security, political and humanitarian situation in Timor-Leste, the Security Council retracted its decision to withdraw and established a new, expanded United Nations Integrated Mission in Timor-Leste (UNMIT). The mandate is to support the Government in "consolidating stability, enhancing a culture of democratic governance, and facilitating political dialogue among Timorese stakeholders, in their efforts to bring about a process of national reconciliation and to foster social cohesion" (S/RES/1704/2006).

As clarification, UN Department of Peacekeeping Operations (DPKO) missions report and are accountable to the Security Council, where their mandate is determined. UN agencies and bilateral donors negotiate and make agreements directly with the governing state. They have different levels of accountability to partner states, contributing donors and their governing bodies. Consequently, a DPKO mission is well placed to provide good offices, political guidance and advice while respecting the sovereignty of the host nation.

It is also important to note that as UNTAET was laying the foundations for a sovereign democratic state, it determined that some key decisions would have to be made by the

Timorese; “While Security Council resolution 1272 (1999) gives the United Nations exclusive authority, my Special Representative has chosen to proceed only in the closest possible consultation with the East Timorese and with their full consent” (SG Report 2000/738). UNTAET worked closely with Timorese politicians in the National Council, the Cabinet and the Constituent Assembly, and fully supported the writing of the Constitution and drafting of the National Development Plan.

3.2 UN Agencies

Much of the UN agency community established itself in Timor-Leste early in the transition process. While the emergency humanitarian agencies had largely withdrawn by 2005, 14 other agencies reported having a field presence, providing a range of humanitarian, peacebuilding, development and capacity building services. Priority areas for the country team included poverty reduction, generating employment, addressing critical health and education needs, enhancing accountability and transparency in public administration as well as deepening respect for human rights and the rule of law. Agencies tend to have limited core funding, and depend largely on support from the bilateral donors. For example, UNDP reports that an estimated 90 per cent of funding was derived from donor contributors.¹⁵ Funding dependence links the agencies closely to implementation of donor programmes.

3.3 The World Bank

The World Bank entered Timor-Leste in 1999, with the purpose of helping to “rebuild the fledgling country’s infrastructure, stabilize the economy, and build up strong government institutions”. Informants identified the World Bank as playing a central role in convening and coordinating the Development Partners, facilitating policy dialogue with the Timorese Government and providing advisory services. During the initial period, the Bank:

- Led the 1999 *Joint Assessment Mission*, which was evaluated as “highly participatory” and involved Timorese experts, the Asian Development Bank, UN agencies and representatives from five donor countries (Scanteam 2007).
- Developed a *Transitional Support Strategy* (2000), focusing on building the institutional capacity of the Timorese state prior to independence, including in the areas of macro-economic policy, delivery of core public services and private sector development.
- Served as trustee for the Trust Fund for East Timor (TFET), launched in 2000 and estimated at that time to fund 45% of the country’s three year reconstruction needs (2000: para ii).
- Informants identified the Bank as playing an influential role in defining the overall development model that would be implemented, given the centrality of its position between the different stakeholders and convening authority.

¹⁵ <http://www.unmit.org/>

3.4 Norway and the Bilateral Donors

The Government of Timor-Leste lists 28 bilateral agencies as contributing funds to Timor-Leste between 1999 and 2006. These included OECD-affiliated donors, who were the largest contributors, as well as at least seven other countries, of which China was the largest. Among the Development Partners, Norway has signed two Memoranda of Understanding with the Government of Timor-Leste for development cooperation; the first covering the period 2002-2005 and the second for 2005-2008.

The MOU for 2002- 2005 affirms that Norway would subscribe to the same objectives of the *National Development Plan*, and use the same indicators for monitoring achievement. Focus areas for cooperation were identified as: good governance; democracy and human rights; sustainable management of natural resources and; social sector (health and education). The second MOU for 2005- 2008 was also tied to the NDP and covered Norwegian contributions to the areas of:

- Good governance, democracy and human rights, with special focus on strengthening the judicial sector and the role of the Parliament.
- Sustainable management of natural resources, focusing on Norwegian support to the energy sector with emphasis on the sustainable management of resources.
- Macro-economic stabilisation, through World Bank managed budget support modalities.
- Capacity building is a main component in all three areas of development cooperation.

Norway preferred to channel most of its assistance through multilateral organisations, with the exception of support to the natural resource sector. As of 2005, Norway had signed agreements with four UN agencies. It was also a contributor to several generations of Multi-Donor Trust Funds managed by the World Bank.

3.5 External versus Internal Conflict Analysis

Development Partners and the UN Missions considered two broad conflict dimensions in their programme analysis:

- An *external conflict dimension*, which they concluded ended with the Indonesian withdrawal in 1999, and the arrival of an international peacekeeping force. Indonesian support for pro-integration militias and political groups operating inside Timor-Leste was assessed within this context.
- An *internal conflict dimension*, focusing on cleavages within and between Timorese organisations, political and resistance groups, as well as those favouring Independence and others affiliated in some way with the Indonesians.

3.5.1 External Conflict: End of Indonesian Occupation

The initial reporting from Development Partners focused primarily on the *external* conflict dimension and its repercussions. As a composite, the reporting was consistent with the following narrative:

- The external threat to Timor-Leste was assessed as coming from Indonesia, a determination reinforced by Indonesia's support for pro-integration militias.

- Violent conflict in Timor-Leste ended with the withdrawal of Indonesian forces in 1999 and the subjugation of Indonesian-backed militias, first by INTERFET and then United Nations peacekeeping troops. The security situation was generally considered as stabilised early into the UN mandate.
- The risk of external intervention from Indonesia was assessed as low. The assessment was based, in part, on the change of Government in Indonesia following the ouster of President Suharto in 1998.
- Bilateral relations between Indonesia and Timor-Leste were considered to be good, particularly considering the circumstances. Improvements were facilitated by regime change in Indonesia, and were noted in the Secretary General's reporting between 2002 and 2006. No bilateral disagreements were assessed as having the potential to escalate and threaten the stability of the relationship.
- There was no other evidence of a systematic and state-sponsored effort from Indonesia to destabilise Timor-Leste after Independence. Indonesia played no apparent role in the events of 2006, instigating or otherwise supporting any of the factions. Commercial relations have been maintained.

The exception to this assessment was concern over repeated incursions by Indonesian-backed militias based in the border region of East and West Timor. The on-going potential for violence was noted in the Secretary General's report of 2001 (SG Report 2001/42)¹⁶ and continued until 2005 (SG Report, Feb 2005/99). They included the lack of border delineation between the two countries, which become part of the rationale for creating the FDTL and the border guard. USAID (2004) and the International Crisis Group (2006) also assessed cross-boarder incursions as a potential source of conflict. However, by 2006 the ICG and others had concluded "sporadic incidents of violence do occur on the border but they are rarer than one might expect" (2006), and that the incursions did not pose a serious threat to the Timorese state.

Following arrival of the United Nations mission in 1999, the Development Partners focused on resolving the emergency situation created by the post-referendum violence, and stabilising the country for eventual independence. Activity was closely aligned with the report of the *Joint Assessment Mission* (World Bank 1999). Timor-Leste moved into a series of transition phases, as laid out in both the UN mission mandates and the Joint Assessment Mission recommendations. The phases were not designed as sequential, rather occurring simultaneously as the need dictated:

- Military peacekeeping operations were to control post-referendum violence and stabilize the security situation, secure Timor-Leste's national territory, disarm the pro-Indonesian militias and disarm, demobilize and reintegrate Timorese resistance fighters (DDR). Civilian police were also deployed as part of the overall effort to stabilize Timor-Leste and restore public order. They remained until the end of UNMISSET and returned with UNMIT.

¹⁶ SG Report 2001/42 noted a high level of militia activity, resulting in the death of two international Peacekeepers and the temporary displacement of 3000 Timorese

- Emergency humanitarian assistance, recovery and peacebuilding activities were central. The later two often referred to construction of government institutions, reconstruction of damaged physical infrastructure and support to reconciliation, after the Indonesian occupation and between opposing groups involved in the referendum violence. The JAM referred to this as the process of moving from relief to reconstruction and development.

The international community generally considered the situation in Timor-Leste to be stable by independence and at the end of UNTAET's mission in 2002. The *Background Paper* for the 2006 Development Partners' Meeting opened that "Timor-Leste has taken impressive strides in building the foundations of state. In the four years since the restoration of independence in 2002, the country and its leadership have successfully maintained peace and stability..." (World Bank 2006: 1). Papers for the annual Development Partners meetings 2002 through to 2006 do not raise further concerns regarding external threats.

On this basis, the Development Partners and the UN concluded that Timor-Leste had entered a *development* phase by Independence. Their conclusion was based on the absence of external threats as well as progress towards meeting humanitarian and recovery needs and establishing a state apparatus. UNMISSET continued to have a peacebuilding mandate and maintained some peacekeeping activities. However, the Government, Development Partners and the UN began shifting their focus to long-term development initiatives.

Emphasis in the planning documentation focused on goals of the *National Development Plan*, specifically targeting reconstruction of Timor-Leste's physical capital, strengthening state institutions and public administration at the national level, strengthening the security and justice sectors, delivering the basic public services needed to meet MDG targets and developing Timor-Leste's human capital. These were all effectively state-building activities. From the outset, the Development Partners appeared to have a clear understanding of the complexity of these challenges. According to the JAM report "years of non-participatory governance have created an urgent need for poverty reduction and social development initiatives... East Timor... lacks the institutional capital needed to create a nation state [and needs] a major investment and reform program (JAM 1999: para 50).

3.5.2 *Internal Cleavages*

In Timor-Leste, the Development Partners found a unified *nation* ready to begin the process of state-building. Their approach was framed by perceptions of Timorese society, as well as international experience in post-conflict situations. There was a consensus that the country had a small and homogeneous population, unified through 25 years of resistance against a common enemy. The Indonesian occupation energised the rapid development of Timorese nationalism, which became the ideological foundation for the nation (Bergerhoff 2006). It promoted a sense of solidarity across pre-existing geographic, tribal and ethnic divides, in a context where the Portuguese colonial administration had used these divisions to maintain its power over hundreds of years. The people legitimised the nation-building process with their overwhelming vote for independence in the 1999 referendum. The Joint Assessment Mission noted the unity of purpose with which the Timorese began their reconstruction process (1999: para 3).

The early documentation does not identify cleavages based on ethnicity, local political organisation or economic relations as a threat to stability. There was a limited discussion of

the composition of Timorese society, historically based divisions or the conflict dynamics these might generate. For example, related issues were not picked up in the baseline *Joint Assessment Mission* report (1999) or the early Development Partner background documents (World Bank 2001; 2002; 2003). Where noted, cleavages were discussed largely in their political rather than social context, as tensions:

- Within Timorese opposition factions that dated to 1975 at the end of the colonial period. Particularly cited were political and ideological splits within FRETILIN that occurred in the mid-1980s and separated the resistance movement within Timor from the resistance community in exile.
- Between opposition groups supporting different arrangements for managing relations with Portugal, and then Indonesia.
- Between resistance fighters and members of the former Indonesian-backed militias.

From the perception of national unity, Timor-Leste was assessed as avoiding the internal fragmentation and power struggles characteristic of many post-conflict countries. A Norad study found that “Timor-Leste has maintained peace internally and with its neighbour and previous occupier Indonesia, despite smaller incidents. This is a major positive achievement (Ofstad and Bakke 2006: 5)”. The successful election of a Constituent Assembly to write the Constitution was considered an important indicator of success and stability in this regard.

The analysis of Development Partners, therefore, discounted internal tensions and determined that these were not a serious conflict threat. In the early period, neither the composition of Timorese society nor historically based cleavages were the subject of extensive analysis linked to conflict potential. Several other assumptions about internal conflict dynamics also emerged through the field interview process:

- Tensions between Timor-Leste’s political elite could be managed within the democratic process; open public debate, electoral competition between political parties, the institution of Parliament and with mediation through the legal system where necessary.
- The concept of a Timorese nation was not generally discussed, beyond the assumption of “unity through struggle”. Where noted, there was an assumption that the development process itself would be a source of identity for the new nation, replacing the “anti-Indonesian” nationalism. However, the documentation does not explain how the linkage would be made or promoted through assistance programmes.
- Development would also promote reconciliation among opposing groups, reinforcing the work of the CAVR. According to the *Joint Assessment Mission* report, “the greatest contribution to reconciliation is likely to be the rapid involvement of the population in positive activities to reconstruct their communities” (1999: para 21).

The exception to this narrative was some of the reporting coming from the UN Missions, which expressed growing concerns about tensions in Timorese society beginning as early as 2000. As an early example, SG Report 2001/42 notes that the CNRT Congress in August of 2000 brought to light political divisions between the leadership of the CNRT and the FRETILIN Party. Analysis of these areas was consistent with the Missions’ peacekeeping/peacebuilding mandates, responsibility for following political developments and providing early warning of potential conflict risks.

The Development Partners' reporting strikes a more technical tone. Political analysis in the documentation is limited. The primary concern throughout is progress towards development targets, against which the reporting presents an optimistic if not balanced assessment. Informants and other documentation indicated that more critical internal political reporting was occurring within Embassies. However, analysis on conflict issues generally did not appear to enter public discourse, but rather was held within individual donor systems.

3.6 The Development Model

By Independence in 2002, the Development Partners concluded that Timor-Leste had entered a *development* phase, although some peacekeeping, recovery and humanitarian work was still ongoing. The Partners based this conclusion on their assessment that the security situation was stable, there were no significant internal or external threats and a relapse to violence was improbable.

The Partners were clear about the scope of the challenges facing Timor-Leste at Independence. One UN official present in 2000 said "you need to understand there was nothing here. The Timorese leadership seemed committed to the development process, but they had no institutions or capacity to realise those ambitions. We did not have a road map that told us where to begin. Everything was important; all at the same time." A donor official noted "the point can't be over-emphasised that we didn't know what a state looked like [in Timor-Leste]. The Portuguese did not leave a 'state' and the Indonesian state was rejected and dismantled. Most Timorese had no experience with a state, and little concept of what it would do for them. They had different kinds of loyalties and relationships."

Into this vacuum, the major Development Partners and the Government arrived at a consensus on the development model to be implemented in the new state. The model focused on state-building as the central objective of international assistance. The model was consistent with emerging best practices for working with in fragile state situations (OECD 2007) and was consistent with the 2002 Constitution and the *National Development Plan*. Informants noted that the interim Timorese authority and then the post-Independent elected Government played an increasingly assertive role in defining policy. However, the Development Partners, particularly the World Bank, played an important role, with both policy advice and resources. Their influence was enhanced by the Timorese official's lack of experience, low human resource capacity and financial and technical dependence on assistance. The UN missions appeared to contribute on the basis of its normative role, governed by international law and democratic principle, rather than offering policy input.

Aspects of the development model included:

- Strengthening the Timorese leadership to take a lead role identifying national development priorities, in consultation with Timorese society. The focus largely tied the implementation and performance of the overall assistance portfolio to the new state's capacity to deliver services.
- Focusing international assistance on strengthening the institutions and processes of the Timorese state. The concept of state include both its political dimensions (promoting good governance) and strengthening the capacity of the state to deliver on its core functions (supporting the political process, establishing and expanding public services,

developing the state's policy, legal and regulatory framework, ensuring security and justice, and creating an enabling environment for private sector growth).

- Taking a “whole of government” approach beginning at the national level, implying an attempt to build Timor-Leste's entire national state infrastructure in an integrated manner. There were also initial efforts made towards strengthening local level governance and decentralisation, which were integral parts of the Constitution and the National Development Plan.
- Emphasising on public finance management to avoid corruption, ensure good management of international assistance and anticipated petroleum resources.
- Enabling civil society participation and other forms of public participation in the policy and political process, as central to reinforcing the legitimacy of the state and political stability. Best practices indicate support to civil society is essential to avoiding pockets of exclusion in society (OECD 2007).

Being state-focused, there was no specific strategy for supporting development of the nation, although assistance was based on the assumption of broad-based consultation and participation. Specific issues from the Joint Assessment Mission were also carried forward into the model:

- The mission's report identified recovery in the agriculture sector as the first development priority, with reconstituting the capacity of the state as the second (1999: para 51-52).¹⁷
- “Jump-starting the economy” was seen as critical, principally through private sector growth and creating livelihood and employment opportunities.

Within the model, the private sector was to be the engine of economic growth, responsible for creating jobs and opportunity. The role of the state was to establish a stable macro-economic framework, set the legal and regulatory frameworks and provide physical infrastructure. The size of the state was to be limited, reflected in capping the civil service at less than 2000 employees. As an example of the latter, an informant involved in the creation of the Ministry of Agriculture recalled “we set out to create a minimalist structure [in the Ministry of Agriculture], with regulatory and infrastructure functions. The model assumed that the private sector would be the main source of investment in agriculture. This meant that we didn't set up a field support structure, extension services or worry about infrastructure.”

3.7 Changes in Conflict Analysis, 2002-2006

Over the 2002 to 2006 period, the Development Partners publicly rated overall Government progress towards implementation of the *National Development Plan* as “satisfactory” (World Bank 2006: 1). However, the tone of the background documentation from Development Partners meetings, agency reporting and UN Mission reports shifts over time to express growing concern over slow progress towards development objectives and, in some cases,

¹⁷ The JAM reported that “without agricultural recovery, East Timor will remain dependent on food aid for some time to come... this may produce long term economic distortions in the shape of irreversible urban/rural migration...” (1999: para 51).

political tensions. Issues related to governance, the fragility of state institutions, poverty reduction, problems in the security sector and slow growth in the non-petroleum economy.

Concerns from the Development Partners did not translate into public statements that the risk of conflict was increasing. However, many informants from the OECD-affiliated donors and multilateral organisations advised there was extensive internal discussion within their systems. Inputs included internal programme evaluations and political reporting to headquarters, to which the review had limited direct access. According to one donor representative “we started telling [our headquarters] about the [political] problems in the government and in the military and police several years ago. There were so many unresolved issues, and the tensions were getting worse.” Another cited “several very critical evaluations of our work in the security sector. There were warnings about the political situation going back several years in our cables [to headquarters]. However, we didn’t get a response back”. A further donor official said “we started to get worried about issues like unemployment about two years ago, because nothing was happening on the ground”.

In the same light, Norwegian participants to the Oslo inception meeting reported “all the indicators [of a conflict] were there long before [the events of] 2006. The divisions between the political leadership were well known and the people were clearly dissatisfied with a government that was hoarding political power and focusing on benefits for its own members. [People] were in a serious crisis before independence and their lives were not getting better; not only were basic needs not met but the issues of trauma and impunity were never resolved. We all knew this.”

These kinds of comments were heard repeatedly during the interview process. As a composite from the documentation and informants, the main concerns related to the fragility of state institutions. Given the Government’s primary responsibility for leadership and delivering on *National Development Plan* objectives, the documentation reports mixed progress towards achieving critical targets. Progress was being undermined by the lack of performance of certain Ministries, delays in the creation of legal and regulatory frameworks, overly centralised political decision-making and serious bottlenecks in the public finance management system. Capacity development efforts were perceived as yielding results, but not at the rate or quality that had been anticipated. This left the state without the human resources needed for critical tasks.

Additional issues emerging through the interview process included:

- A perception of growing tensions within Timor-Leste’s political elite; between certain individuals and the political parties. These were well known and publicly stated by the Timorese in political speeches over the review period.
- Accompanying the tensions was evidence of the manipulation of para-state groups for political purposes, including the use of violence and intimidation for political purposes. Allegations often took on a conspiratorial tone and were difficult to substantiate, although some were documented in the UN Independent Commission report (2006) and a study on Timorese gangs (Scambary 2006). The linkages, therefore, were commonly suspected or known and the subject of wide speculation.
- Low economic growth outside of the oil sector was undermining the poverty reduction efforts. Independence was not perceived by the Timorese as delivering a “peace dividend”, expressed simply as a better life, a job and opportunity. Popular frustration

over the lack of progress was perceived as generating the potential for localised unrest, and as undermining the political credibility of the FRETILIN government.

- Demographic trends and data on employment and migration from rural to urban areas highlighted the problems faced by youth; the lack of economic opportunity and perceptions of exclusion as the result of language policy.
- Little progress was being made outside of the capital city, particularly on decentralisation, strengthening local level governance and service delivery capacity and in the agriculture sector, which the JAM report identified as the first development priority.
- Issues related to truth-finding, justice and reconciliation were unresolved. These were channelled into the CAVR. However, the commission's objectives were only partially fulfilled, and social trauma was still an issue defining relationships. There was a strong perception among the population of impunity for past crimes.

From the outset, the tone of UNTAET and UNMISSET documentation was more cautious about development progress, and focused on the deteriorating political relationships. UNTAET expressed concern that the goal of reaching independence by 2002 was ambitious (SG Report 2001/42), an analysis consistent with the request of some Timorese that the mission have a longer mandate and transition period. The deadlines left no room for technical or political delays, and assumed key institutions could be established and sustainable over a very short period. Internal conflict was noted as early as the December 2002 riots, when police could not control the crowds and ensuing violence (SG Report March 2003/243). The Secretary General reported on at least two occasions on the growing tensions and outbreaks of violence between the martial arts groups (SG Report Jan 2002/80, SG Report Nov 2004/888) and warned about the unresolved issues of the ex-combatants (SG Report Nov. 2002/1223).

However, early warning provided by the Missions did not appear to be picked up by the broader international community. The warnings may have influenced the extension and drafting of UN Mission mandates, but did not appear to alter the drawing down of Mission capacity nor the analysis and action of Development Partners.

3.8 Findings and Conclusions

All stakeholders, national and international, were working in a context where the Timorese *Nation* and *State* had to be constructed from scratch, without a clear roadmap or historical foundations and while reconciling multiple and often competing priorities; security, humanitarian and developmental. The Timorese leadership was assessed as being strongly pro-development, but with almost no capacity to realise development goals without international assistance. The complexity of this challenge should not be underestimated. International best practices for working in conflict-affected countries were still being defined.

There was a significant body of *context* analysis and internal reporting, much of which included conflict-related issues. However, most Development Partners did not undertake specific *conflict* analysis between 2002 and 2006. Contextual analysis focused largely on the potential *external* conflict threat from Indonesia. Little emphasis was placed on analysis of *internal* conflict risk factors. Rather, it was assumed that Timorese society was unified after 25 years of resistance to the Indonesian occupation. Where occurring, analysis focused on tensions between political groups and within Timor-Leste's small elite. Understanding of Timorese society, its diversity and the historical basis for tensions between different social or ethnic groups was limited.

By Independence in 2002, the Development Partners concluded that the risk of renewed external conflict was minimal, and that internal tensions also did not pose a significant risk. Where identified, there was an assumption that internal tensions could be managed within the democratic process and legal system. The orientation of Government, Development Partners and the UN Mission moved from relief, recovery and peacekeeping activities into long-term development. Timorese authorities and the Development Partners agreed on a state-building development model, focusing on establishing the institutions of state and the policy, legal and regulatory frameworks needed to deliver public services and enable growth in the private sector.

Concerns emerged soon after Independence over *internal* political tensions within the Timorese elite, slow progress towards development targets and growing frustration among the Timorese population who felt few tangible economic benefits from Independence. Publicly, the analysis of Development Partners remained optimistic. However, internal reporting within the OECD-affiliated bilateral donors and multilateral organisations became increasingly critical over the 2002 to 2006 period. These concerns were most strongly noted in the reports of the UN Missions. The reporting identified many of the elements leading to the 2006 breakdown, particularly in the security sector. These concerns were not reflected in the Partners' public positions on the situation in Timor-Leste.

Recommendations

- International assistance provided in conflict-affected situations should be supported by conflict analysis. Programme officials should be given appropriate training; Development Partners should be encouraged to do joint analysis as a means of building common understanding; and should contract external skills – research institutes, private organisations or similar – where necessary to ensure the quality, timeliness and relevance of the conflict analyses.

4 Assistance to Timor-Leste

The data supporting the analysis of the allocation of international assistance to Timor-Leste is placed in Annex Four. This chapter is a summary of the findings, with additional analysis on donor coordination. The primary data source was the Registry of External Assistance (REA), compiled by the National Directorate for Planning and External Assistance Coordination of the Ministry of Planning and Finance. The REA data for 1999-2006 is incomplete and represents the minimum reported flow of assistance. Data from multilateral organisations tends to be stronger than from bilateral donors. In this context, the data analysis also included:

- The Government of Timor-Leste's annual budget document, which integrates national revenues and donor assistance into combined source estimates.
- Reports from multilateral financial institutions (the World Bank and the International Monetary Fund) and the OECD DAC's annual *Development Cooperation Report*. Also, the IMF's *Timor-Leste Fiscal Data* and 2007 *Selected Issues and Statistical Appendix* have data summaries.
- The UN Department of Peacekeeping Operations' *Economic Impact of Peacekeeping Operations* initiative, which includes a Timor-Leste case study.
- The Embassy of Norway in Jakarta, which provided complete data on Norway's cooperation for the period 2005-2007. Prior to 2005, cooperation with Timor-Leste was managed by Norad from Oslo.¹⁸

4.1 International Portfolio

Timor-Leste received significant international assistance between 2002 and 2006, one of the highest on a per capita basis of any post-conflict state. Its dependence on financial assistance has declined. As oil revenues began accruing to the state, the gap between financing requirements and revenues narrowed. However, Timor-Leste will have a structural dependence on international technical assistance into the foreseeable future. The quality of assistance and the patterns of its allocation, therefore, had a significant potential to influence the country's development process, and to influence conflict dynamics. Timor-Leste's dependence also gave the Development Partners leverage to influence the Government's position in matters of policy.

Total international assistance to Timor-Leste was estimated at USD 3.65 billion for the period 1999 to 2006. UNTAET and UNMISSET had a combined budget of USD1.75 billion for the period December 1999 to June 2004.¹⁹ The source was assessed and voluntary contributions from UN member states, as approved by the UN General Assembly. Assistance from all bilateral and multilateral sources for the period 1999-2006 totalled

¹⁸ Norwegian development cooperation was restructured in 2005. Primary responsibility for delivery of cooperation was transferred to the Ministry of Foreign Affairs from Norad with responsibility for direct management decentralized to Embassies. Norad retains a technical support role.

¹⁹ UNMISSET's mandate was extended by the UN Security Council until May 2005.

USD1.88 billion. Of this amount, Norway contributed over USD 52 million, making it the seventh largest bilateral donor.

Assistance comprised the largest component of resources available to the Timorese State during the review period. It was a key source of finance and technical expertise to the government and, at its highest point 2002, accounted for 66% of the country's non-oil GDP. That figure rises to more than 100% of non-oil GDP if financing for UN missions is included. The financial importance of assistance increases when taken in the context of low State budget execution rates, as assistance has been expended at a higher rate than national resources. Focusing on the monetary aspect of assistance also understates its real value, as the international community provided other forms of political, security and technical support that were essential to the initial state-building process.

The international assistance portfolio to Timor-Leste between 2002 and 2006 had the following characteristics:

- **82% of development and technical assistance was delivered through bilateral cooperation**, based on agreements between the Government and individual donors. Donors, therefore, have shown a strong preference for bilateral initiatives.
- **16% of assistance was channelled through Multi-donor Trust fund managed by the World Bank**. These funds have been well evaluated for their management and effectiveness as forum for policy dialogue and donor coordination. Regardless, only a small portion of assistance moves through them. Mechanisms for donor coordination assume greater importance in this context, given low allocations to multilateral funds.
- **Most assistance has been focused on strengthening the Timorese state**, its institutions, mechanisms and processes, and to the delivery of basic social services through those institutions. Within this context, assistance has focused on the delivery of key social services relevant to achieving the Millennium Development Goals and National Development Plan objectives, particularly in primary education and health. The orientation of donors towards strengthening the Timorese state was consistent with the concept of alignment and emerging best practices in fragile state environments.
- **Assistance has focused on strengthening public administration and the Executive Branch of government**. Other elements of political governance or state institutions have received limited support: Parliament, local government and civil society, among others.
- **Capacity development was the single largest activity item within the international assistance portfolio**, and cut across most of the portfolio. Responding to Timor-Leste's structural human resource shortage, many if not most projects had capacity development as a specific objective, either on its own or in the context of achieving other objectives. Projects were intended to create capacity by retaining international advisors in line functions, and/or using expatriate advisors to build national skills in the workplace rather than through formal training programs.
- **The distribution of assistance was been highly centralised in the capital city of Dili, as well as in state institutions at the national level**. Only a small portion of assistance escaped Dili to other urban centres, or for rural development. The financial data on the geographic allocation of expenditures is weak. However, the UN estimated that 80% of economic benefit of UNTAET and UNMISSET were felt in Dili (UNDPKO 2005: iii).

Centralisation of assistance in Dili reflected the structure of Government and the pattern of state expenditures, which were also highly centralised.

- **A growing presence of non-OECD donors, who accounted for 1.9% of the total assistance portfolio.** The largest of these donors appeared to be China. They offer an alternative source of services and technical support, and serve to integrate Timor-Leste into regional and other international processes.

Given the state-building focus, **only a small portion of assistance was channelled into productive activities**, including stimulating economic growth and private sector development. As well, a number of governance and economic priorities initially identified in Government and international strategies as important received limited attention. These include **agriculture, rural development, decentralisation, livelihood activities, economic development (private sector development, job creation and youth opportunities), civil society, media (communications), youth and reconciliation.**

The allocation of assistance, therefore, was only partially consistent with the original analysis conducted by many donors. The focus on strengthening the institutions and processes of state was certainly in line with both the Development Partner's conclusion that Timor-Leste had moved into a stable "development" phase, and with best practice in fragile state environments. However, activities related to economic, rural and livelihood development and reconciliation were also identified as priorities, and were repeatedly identified in the programme documents. At the outset, the 1999 JAM determined that recovery in the agriculture sector should be the first priority, and was critical to Timor-Leste's development prospects. These themes were identified throughout the literature as priority areas, particularly in the context of:

- Strengthening the private sector as the engine of economic growth.
- Creating economic opportunity for the large numbers of Timorese youth entering the labour force.
- Poverty reduction for the 75% of Timorese who work in subsistence agriculture.

Some were addressed in the creation of ministries and relevant legal and regulatory frameworks. However, in reality little assistance was actually given to developing productive capacity or other priorities outside of state-building. This led one informant to observe "we were so focused on building the best possible Government that we forgot about the people".

4.1.1 Norway's Portfolio

The characteristics of Norwegian assistance differed from the overall pattern. Norway allocated almost 50% of its portfolio to multilateral activities, well above the 16% average. Norway, therefore, showed a strong preference for multilateral action. This was both a matter of policy, and recognition that Norway's limited field presence and management capacity required it to work through multilateral modalities. Bilateral cooperation in the energy sector grew over the review period relative to multilateral allocations. The programme was initiated in direct response to a 2001 request from Timorese officials, in an area of proven Norwegian competence. Norway also allocated an important part of its

portfolio to activities that did not receive significant support from other donors, including support to strengthening Parliament.

In supporting the World Bank-administered MDTFs and UN agency programmes, Norway also became co-responsible for their strategy and programme orientation. It had an obligation to make an intellectual and political contribution, beyond the allocation of financial resources. However, Norway's capacity in this regard appeared limited. Without a permanent presence in Timor-Leste, Norway was described as an "absentee" donor. The transfer of responsibility for assistance to Timor-Leste from Norad to the Embassy in Jakarta appeared to be accompanied by a short-term reduction of capacity. Norway, therefore, reduced its low project management and monitoring capacity at the moment when conflict-risk in Timor-Leste was increasing. Embassy informants noted that they had requested additional resources that were granted a year later.

As a consequence Norway:

- Did not have adequate capacity to monitor events in Timor-Leste, or conduct independent conflict analysis that would influence its positions within multilateral forums.
- Made a high quality but limited intellectual contribution to the development of multilateral programmes. In this regard, it transferred much of the risk and responsibility to the MDTF Administrator and the implementing UN agencies.
- Did not play a significant role in coordination or ongoing policy dialogue with Government. The exception was in the energy sector, where Norway had a large number of personnel in the field as advisors.

4.2 Donor Coordination Mechanisms

The OECD-affiliated donors have committed to the Paris Declaration principles of national ownership, harmonization and alignment: Partner countries should exercise leadership over their development policies and programmes (*ownership*); donors should base their support on those strategies and systems (*alignment*); donors should coordinate their activity to reduce the cost of delivering assistance, and to increase its effectiveness (*harmonization*) (OECD DAC 2005). While the declaration was ratified in 2005, its principles were already understood as good practice in 2002. In particular, managing assistance delivered from multiple donors, each with their own priorities and systems, can have high transaction cost for partner countries. These costs are magnified when government systems are weak and aid is being scaled up with new donors and resources.

The literature makes limited reference to donor performance towards harmonisation and alignment target.²⁰ Regardless, there were five mechanisms with the potential to promote these principles in Timor-Leste between 1999 and 2006:

²⁰ Timor-Leste is not among the 34 countries included in the 2006 *Survey on Monitoring the Paris Declaration; Overview of the Results*. The report notes slow global progress towards Paris Declaration targets. The review did not find another evaluation of the Paris Declaration implementation in Timor-Leste.

- (i) **East Timor Donors Meetings**, five of which were convened outside of Timor-Leste between 1999 and 2001. These included the December 1999 Tokyo pledging conference. The purpose of the meetings was to review humanitarian and development requirements, coordinate funding to meet those needs, and support drafting of the constitution and national development plan.
- (ii) **The annual Development Partners Meeting** has been the principle mechanism for alignment with Government. The Development Partners followed the East Timor Donors Meetings, with the first being held in May 2002 shortly before Independence. The meetings have provided a forum for Government to present its policy framework, and to build consensus with the donor community around policy, priorities and external financing requirements. The initial meeting was convened by UNTAET, the East Timor Transitional Administration and the World Bank days prior to independence, to consider the first draft of the National Development Plan and external financing requirements. Subsequent meetings have been convened on an annual basis by the World Bank and the Government.

The review did not encounter an evaluation of the Development Partner process. There was a consensus among informants that the meetings have been of positive value for exchange between stakeholders. Participation is broad-based. The last meeting in April 2006 was attended by 145 delegates from over 50 countries, international financial institutions, UN agencies, NGOs/Civil Society and non-OECD bilateral donors. Informants described the quality of the policy dialogue as high, a perception supported by the background documentation. They also reported some success in building consensus around Government initiatives, and aligning international financial support.

The Development Partners Meetings, therefore, were considered effective as a forum for alignment between the international partners and the Government. In its monitoring and information sharing roles, the meeting also provided transparency and an opportunity for peer oversight within the international community. However, the meeting is an annual event providing macro-level guidance. It is not designed as a mechanism for ongoing coordination across the donor community, nor is there another process designed for this purpose. The meeting, therefore, appeared to have less potential to promote donor harmonisation.

- (iii) **Three multi-donor trust fund modalities** are under the trusteeship of the World Bank (TFET/TSP/CSP). The MDTF modalities have been positively evaluated as mechanisms for coordination and policy dialogue (Scanteam 2007; EC 2004), as has the performance of the World Bank as Trustee. Dialogue between Government and donors has been supported with bi-annual joint assessment missions led by the World Bank. The missions monitor progress against a results matrix, on which the budget support agreement is based.

MDTFs have been evaluated as having a “spill over” effect by working with government to clarify its policy agenda (Scanteam 2007: 66; World Bank 2006), including feeding into the Development Partners Meeting. Government noted these benefits when it asked for the TSP programme to be extended as the CSP. Participating bilateral donors include those who are the largest contributors, which

together with the World Bank enhance the political relevance of MDTFs. However, the harmonisation and alignment potential of MDTFs is undermined by the preference of donors for bilateral action. Only 16% of the overall assistance portfolio has been channelled through MDTF modalities, with only a third of the bilateral donors participating. Their actual financial value has decreased as a portion of overall assistance with the scaling down of budget support to USD 10 million by FY 2006/07.

- (iv) **Sector Investment Plans and Sector Working Groups.** The objective of the SIPs is to align national and external resources with National Development Plan targets on a sectoral basis (MoPF 2005: 13). Fifteen SIPs were launched in 2005, and integrated into the state budgeting process. Their number increased to 17 by April 2007, with SIPs being supported by 11 Sector Working Groups. Government has requested that donors channel resources through the SIPs and participate in the working groups relevant to their contributions (MoPF 2005: 13-14). Working through the SIP mechanism also appears as a core element of the 2006 Development Partners Background Document, with the document noting that Sector Working Groups are expected to play a “major role in ramping up the nation-wide fight against poverty” (World Bank 2006: vi).

The Sector Investments Programmes are a more recent innovation. While informants advised that SIPs existed prior to 2004, they only became central to the Government’s strategy at the end of the review period. Informants viewed SIPs as an important step towards improving harmonisation and alignment. However, they also noted that only a few of the Sector Working Groups have met on a regular basis. The events of 2006 have undermined their consolidation. Also, donors have not yet shown a preference for channelling financing and technical assistance through the SIP mechanism. Prior to the SIP mechanism being created, there appears to have been little effective donor coordination at the sector level.

- (v) **The World Bank** has played an important role in donor coordination. It has served as trustee of the MDTFs and co-convener of the Development Partners Meetings. The bank has been assigned these roles by the Government and donor community, as a demonstration of their confidence in its ability. From its position as a convener, the bank has also been key stakeholder shaping overall policy dialogue and providing analytical and advisory assistance (AAA). Informants stressed that the bank played a significant role in this regard during the early period after Independence, despite the fact that the Government has not taken any IDA loans and its grant portfolio is limited.

4.2.1 *Observations on Coordination*

Observations made by informants regarding donor coordination included:

- There was no consensus on the overall effectiveness of donor coordination. OECD donors rated coordination anywhere from satisfactory to poor. Most described sectoral-level coordination as being weak. Non-OECD donors were generally unfamiliar with the concept, and did not have an opinion.

- Informants generally perceived coordination was weakest during the initial years after Independence. Coordination improved in the period between 2004 and 2006, as Government capacity strengthened to the point that it was able to play a more assertive leadership role.
- Donor and Government informants both noted that the weakness of the new Government between 2002 and 2005 resulted in difficulties defining priorities and implementing plans at the sectoral level. In contrast, the technical capacity of the donor community was much stronger. Informants said assistance was often “supply rather than demand driven, based on the interest and priorities of individual donors”. The effect was to distort priorities.
- Several informants characterised this period as one of “donor frenzy” when some programmes were actually financed by two different donors before the situation was identified and remedied.
- During the 2002 to 2006 period, the Government was able to introduce other donors than the OECD-affiliates; donors that complemented their political goals while providing an alternative source of funding and technical assistance. These donors typically did not coordinate with the other donors.
- Weak coordination and the large numbers of modalities and donors resulted in some fragmentation within the overall assistance portfolio. Government informants stated that managing the donor relationship has implied significant transaction costs levied against their limited capacity. Some Government officials also emphasised their frustration with what they perceived as the interest-driven behaviour of several of the larger donors.

4.3 Findings and Conclusions

International assistance to Timor-Leste for the period 2002-2006 was focused on state-building; strengthening the capacity of state institutions and the delivery of core public services:

- 82% of total assistance was delivered through bilateral cooperation and 16% through the Multi-donor Trust Funds managed by the World Bank. While only a small portion of assistance moved through multilateral mechanisms, they had a high *valued-added* for donor coordination, the sharing of information and analysis and as a forum for policy dialogue with Government.
- Most assistance was focused on strengthening the state, strengthening public administration and the Executive Branch of government. Other elements of political governance or state institutions have received limited support; Parliament, local government and civil society. Very little was channelled into productive activities, including private sector development.
- Capacity development was the single largest activity item, responding to the serious human resource shortage and need for organisational development.
- Assistance was highly centralised in Dili and state institutions at the national level, which reflected the structure of Government, its priorities and the pattern of state expenditures.

- A growing presence of non-OECD donors, but who only accounted for 1.9% of the registered assistance. The largest of these appeared to be China. They offer an alternative source of services and technical support, and served to integrate Timor-Leste into regional and other international processes.
- Important governance and economic priorities initially identified in Government and international strategies as important received limited attention. These included agriculture, rural development, decentralisation, livelihood activities, economic development (private sector development or cooperatives, job creation and youth opportunities), civil society, media (communications), youth and reconciliation.

Donor alignment with Government priorities was good, with the 1999 *Joint Needs Assessment*, the 2002 *National Development Strategy* and the 2003 roadmap serving as an effective framework. It was also consistent with emerging international best practices on support to fragile and post-conflict states, which emphasised state-building. However, the allocation of assistance was not wholly consistent with the initial priorities established by Government and the international community, in that there were only small investments in the agriculture sector, rural development, youth and reconciliation, among others.

Development Partner performance on harmonisation has been mixed. Coordination was important given donor preference for delivering through bilateral channels. The annual Development Partners Meeting and multi-donor modalities made a contribution in this regard, with World Bank playing a central convening and policy role. Sectoral Investment Plans and related Sector Working Groups were established, although the coordination potential of these mechanisms has not been realised. Regardless, early assistance to Timor-Leste was characterised by fragmentation. Contributing factors included the number of Development Partners and modalities for delivery, as well as the strong preference of donors to use bilateral channels. The Government appeared overwhelmed and did not have the capacity to exert strong leadership until the period 2004 to 2005, at which point overall coordination appears to improve. In this environment, the available coordination mechanism did not capture the majority of donor activity.

Recommendations

- Norway should ensure that its programmes in conflict-affected environments have the robust field capacity needed to manage high-risk programmes and monitor conflict trends.

5 Analysis of Conflict Dynamics in Timor-Leste

The review conducted its own analysis of conflict dynamics in Timor-Leste between 2002 and 2006. It found that there was no *external* threat to the Timorese state, although tension on the border with West Timor was a legitimate cause for concern and is still pending a final resolution. Rather, the review concluded that the 2006 crisis was the consequence of *internal* conflict dynamics; the combining of political, ideological and personal rivalries brought forward from the occupation period and new conflict issues emerging after Independence. International assistance played an important role in shaping those dynamics, with both positive and negative outcomes.

5.1 Old Conflicts in the New Nation

The roots of the 2006 crisis are found in the history of Timor-Leste's liberation struggle. Old political cleavages and rivalries were brought forward, shaped the behaviour of political actors and were manipulated for partisan or personal interests. These differences have never been reconciled, which constitutes a failure on the part of Timor-Leste's political class. Despite broad-based participation in the resistance struggle, political life remained the domain of Timor-Leste's small elite who had "30 years of shared history" (ICG 2006a: 1-3). The opportunity to exercise power in the newly independent country heightened the rivalry between them, with the weak state apparatus unable to act as a check on their behaviour.

The splits dated back to the civil conflict that occurred between the end of Portuguese colonial rule and the Indonesian occupation. Portugal's sudden withdraw from its colonies after the 1974 Carnation Revolution left Timor-Leste without a clear line of political succession.²¹ Several parties contested power, with their positions differentiated by Cold War-related ideology and their preference for relations with Portugal. FRETILIN took over the government in August 1975 after its armed wing, the FALINTIL, won a military victory over other parties. An estimated 1500 to 3000 Timorese were killed in this civil conflict (CAVR 2005).

The Indonesian invasion of December 1975 further divided the Timorese leadership. One group, under duress and forced across the border to West Timor by the conflict with the FALINTIL, petitioned for integration with Indonesia. Debate within FRETILIN over how to respond resulted in splits over military tactics and ideology. Some of the FRETILIN leadership was caught outside of Timor-Leste or chose exile, many in Portugal or its former African colony, Mozambique. For its part, the FALINTIL lost all but 700 of its 15,000 fighters during the first six years of the Indonesian occupation (ICG 2006a: 3).

The surviving political and military leadership met in 1981 to regroup, with Mari Alkatiri, Jose Ramos-Horta and Xanana Gusmão among those present. In the internal disagreements that followed over the guerrilla movement's revolutionary ideological orientation, hard-line elements within FRETILIN staged a coup to oust Gusmão.²² While failing, the coup resulted

²¹ In addition to Timor-Leste, Portugal withdrew from its African colonies; Mozambique, Angola, Guinea-Bissau, São Tomé and Príncipe, and Cape Verde.

²² Political splits are outlined in the CAVR report, Chapter Five (2004).

in political fragmentation between the hard-line and reformist elements of FRETILIN.²³ Gusmão and others left FRETILIN to establish the National Council of Maubere Resistance (CNRM) and subsequently the National Council of Timorese Resistance (CNRT). The result was a split between the political and military elements of the resistance movement, with the political leadership largely in exile and the military wing within the country and associated with Gusmão.²⁴ This split was central to future tensions.

Gusmão remained in Timor-Leste as a military commander until his capture in 1992. He spent the next eight years in an Indonesian jail and under house arrest, until his return to Timor-Leste in October 1999. Alkatiri was elected to the Central Committee of FRETILIN and passed the occupation exiled in Mozambique, where he became a lawyer with close ties to the FRELIMO Government. From this position, Alkatiri came to lead the “Maputo Group” of militants. Many of these exiles returned to Timor-Leste soon after the occupation ended to take up leadership positions in the Government and civil service.

Following Independence, political cleavages remained focused on the rivalry between Alkatiri and Gusmão” and their mutually antagonistic power bases” (ICG 2006:3). As Prime Minister, Alkatiri was the constitutional head of the Government. Alkatiri’s position was enhanced by the FRETILIN’s majority control over first the Constituent Assembly that wrote the 2002 Constitution, and then the Parliament. In contrast to his formal political power, Alkatiri’s personal credibility declined over the review period, tracking the growing popular frustration with his government. Alkatiri retained his position as leader of FRETILIN after resigning as Prime Minister, and remains politically active for his party. As President, Gusmão had limited constitutional powers. His personal authority as a hero of the resistance greatly exceeded the Constitutional authority of his office, and Gusmão exerted a strong influence in Timorese society and politics.

The relationship between Gusmão, Alkatiri and their affiliates deteriorated over the review period. Informants described it as “confrontational” and based on different visions of the country. The President was critical of the Government’s slow progress implementing its development agenda, both in public statements and in private conversations with the international community. The extent of tensions was revealed in Gusmão’s speech of 22 June 2006, in which he accused FRETILIN of launching a coup “to kill the democracy which they themselves created in the constitution”. He characterised the leadership of FRETILIN as “a small group who came from abroad [and] repeated the actions we experienced in 1975 until 1978”. Gusmão was particularly critical of Alkatiri and others in the “Maputo Group” that “lived in tranquillity, studying to be doctors for the past twenty-four years in Mozambique” while Timor-Leste was under the Indonesian occupation.

The initial violence of April and May 2006 occurred within this political conflict between Alkatiri, Gusmão and their support bases. The ICG, the UN Special Commission and informants concluded that a decision was made by Gusmão and/or his supporters to use the Petitioners, many of whom were aligned with the President, in that conflict. The protests

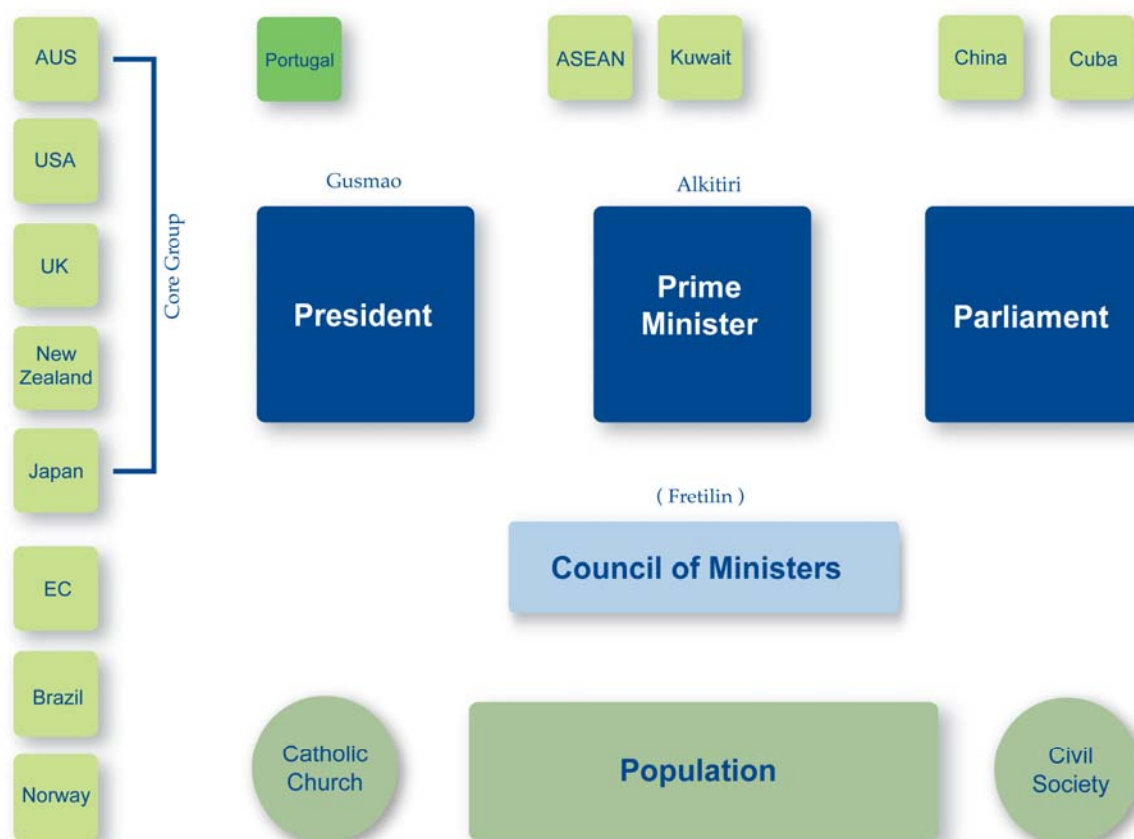
²³ See President Gusmão’s speech of 22 June 2006.

²⁴ See ICG 2006 3-4. These splits were never resolved.

were perceived to become more about political control and less about discrimination in the military (ICG 2006a; 8). Over the next month, they were interpreted by FRETILIN as a challenge to the party's control of the Government, a claim that appears to be accurate. Joining in the initial protests were frustrated youths, some affiliated with gangs, who were responsible for the initial violence on 28 April 2006.

At this point, the old politics of ideology and betrayal collided with the new dynamic of post-Independence frustration, exclusion, and the breakdown of a Timorese "nation". The violence escalated quickly to produce a level of destruction that was not anticipated by observers. While precipitated by political conflict and the weakness of state institutions, it was precisely the wider breakdown in Timorese society, including between the political leadership and the people that allowed the violence to escalate. It also accounts for the fear that keeps persons in IDP camps one year later.

Figure 5.1: Overview of key actors, Timor-Leste



5.2 FRETILIN Government Relations to Key Stakeholders

While relations between old political rivals deteriorated, the FRETILIN Government also alienated other major national and international stakeholders. As one informant noted "Alkatiri and FRETILIN had all the power, but they also made all the enemies." There were strong perceptions that the Government was arrogant and centralising power and opportunity within the FRETILIN party. The Government's base of support gradually eroded between Independence and 2006. As a result, it was not able to build the alliances or

broad-based political consensus that would have been needed to quell the 2006 violence, if it had been so inclined. Rather, some parties appeared to play on the frustration to escalate the violence and provoke the resignation of Alkatiri, for their own political gain.

5.2.1 Government and the Catholic Church

The Catholic Church was described as the central social institution in Timor-Leste. 90% of Timorese identified themselves as being Catholic in the 2004 census. Affiliation with the Church grew significantly during the occupation, when it was seen as a symbol of cultural resistance to Indonesia. The Church remains a key provider of social services, including education and training in agriculture and the trades. It retains, therefore, a high level of moral authority and influence, although some informants noted the Church's authority is decreasing among the younger generation.

Informants stated that the relationship between the Catholic Church and FRETILIN had always been difficult, particularly with the Maputo Group who were, or had been perceived as Marxists. Tensions increased during 2005 over proposed legislation to designate religious education as an optional subject in Primary School. Timor-Leste's two Bishops issued a letter criticising the Council of Ministers. Twenty days of protests ensued, before an agreement between the Government and the Bishops was mediated by the President (SG Report May 2005/310).

Informants stated that the experience left an already suspicious church in opposition to the Government. When the 2006 crisis occurred, the Church was not perceived as neutral and was unable to serve in its traditional role as an arbiter. Informants stated that the Church also believed the parties were attempting to manipulate its credibility for their own political objectives. It was cautious, therefore, of any political alliances or other involvement that could be manipulated for partisan ends.

5.2.2 Government and Civil Society

Civil society struggled to find its role and identity between 2002 and 2006 in the nation-building process. According to informants, there is no clear definition as to who constituted civil society. With some notable exceptions, non-governmental/civil society organizations did not play significant advocacy roles or participate in public debate at the national level. In part, organisations are limited by the same human and financial resource constraints that affect the Government and private sector. However, informants also described the political space for their participation as being gradually restricted over time.

Timor-Leste has a history of civil involvement in political life. Civil society organisations played an important role in support of the resistance movement. They participated in the 1999 referendum, assisted in the recovery from the post-referendum devastation and in subsequent elections since independence. Based on this history, there appeared to be high expectations of continued involvement in the political process. However, the main dynamic of policy discussion was between the Development Partners and the Executive Branch of Government, bypassing Parliament and civil society. In addition Government:

- Began its term using broad-based consultations, such as those that accompanied the National Development Plan and CAVR processes. However, it was perceived as less interested in consultation over time. Public meetings were perceived as "an opportunity to inform the population, but not listen to them".

- Appeared increasingly unsupportive of civil society/NGO participation in policy debate, although it accepted their role in service delivery.
- Was not responsive to the proposals coming from civil society that made it to the Executive Branch.

The “demand function” in Timorese society, therefore, was weak.²⁵ Civil society did not generally have the capacity, access or opportunity to advocate for policy, hold the Government accountable or to channel ideas or popular sentiments into political debate. There were two consequences. First, there was a strong sense of exclusion from the political process, where the Timorese had an expectation that the nation-state-building process would be inclusive. Second, the Government was deprived of an important feedback mechanism, a source of policy ideas and communication with society that could have reduced its isolation.

5.2.3 The Private Sector

No informant identified the private sector as an important stakeholder in the political or policy development process.²⁶ Rather, the private sector was noted for its absence. While there has been some limited growth in the service sector related to the international presence, Timor-Leste has almost no industry. According to the 2004 census, of the 314,422 persons who were economically active only 9832 were employed in private industry, about one third of the 17,412 persons employed in the government, 3121 with the UN system and 6509 employed by NGOs. Informants noted that foreign investment is not likely to increase until the current situation stabilises, and the Government passes legislation regulating private property.

5.2.4 The Development Partners

Timor-Leste was highly dependent on international support during the review period, not only for financial assistance, but also on support in the technical, political and security dimensions of establishing a nation state. The UN Missions and Development Partners were closely engaged in the national development process. They were the Government’s most important policy interlocutor with more capabilities to influence decisions than Parliament and civil society, a dynamic reinforced by the FRETILIN’s disposition to govern through Executive Order. The Partners, therefore, had the opportunity, the resources and, in some cases, the interest to influence Government decisions and the related development outcomes. There was significant scope for bilateral action in this regard, as 82% of assistance was delivered through bilateral agreements. The influence of the UN missions appeared to decline over time as they drew down their presence.

The relationship between the Development Partners and Government was shaped by disappointed expectations. Informants described the early mood as “euphoric”, and it was shared between the Timorese and the international community. Those present during this

²⁵ See Hodges and Tibana for a discussion of concept “internal demand” and its role (2004). It refers to the ability of actors outside of the Executive Branch to influence the Government’s policy agenda.

²⁶ No reference was made to the potential influence of foreign oil companies.

early period explained there was an honest belief that Timor-Leste would become a modern, democratic and viable state in a short period of time. One UN representative reflected “maybe the excitement of the moment blinded us to the difficulty. We wanted East Timor to be a success, as a country and as an example of international collaboration. We wanted to help build the best possible Government and the best institutions.” Expectations soared prior to Independence, on the hope of quick gains towards these objectives. However, those expectations far exceeded the ability of the Government, the Development Partners and the UN system to deliver.

The relationship was also shaped by interests. Development Partners displayed the best of humanitarian motives in the delivery of assistance. Regardless, the decision to engage in any peacebuilding and development process remains political. The original group of donors engaged within their own conceptual frameworks for peacekeeping, peacebuilding and development model. Their specific national interests and preferences on the development model were not homogeneous, including between some larger OECD-affiliated donors. Differences produced tensions within the Development Partner community, and between them and the Government. An additional source of tension was the introduction of non-OECD donors, some of whom are considered to be strategic competitors with the West.

The primary impact on conflict dynamics, positive or negative, occurred through the allocation and quality of assistance. At the political level, two other aspects of the Development Partner’s influence require consideration. The first was regarding the choice of a state-building focus for assistance, around which there appeared to be consensus between the Partners and the Timorese political elite. The Partners played an important role in the early period influencing the policy choices of the future Government, particularly as the latter’s technical capacity was weak. For that matter, the framework of governance and the development model was largely set prior to and during the UNTAET period. Informants were careful to stress that international influence had limits, particularly after a sovereign government was in place. Noted one, “the Government was free to ignore any advice we gave, and it often did”.

Despite allegations of FRETILIN’s Marxist orientation, the Development Partners considered the Government to be fiscally conservative and gave it high marks for macro-economic policy (World Bank 2006). Where tensions increased was not on the choice of model, but rather on its implementation. There were frequently cited concerns over slow progress towards development objectives. Among them:

- The Government showed a growing sensitivity to policy advice and criticism
- Decision-making in the Council of Ministers and the line Ministries was slow and ineffective. It was also selective and attended to the Government’s priorities which were not always the same as the Development Partners or the population.
- Capacity in line ministries did not grow as quickly as expected, resulting in lower levels of service delivery and concerns about the actual results being achieved by assistance.
- The centralisation of the financial system, low budget execution and procurement problems emerged as significant obstacles, including translating oil revenue into development in other sectors

- Nepotism began to emerge as serious issue for the donors, particularly in centralising the benefits of political power within the FRETILIN party and its associates.²⁷

Also affecting the overall political dynamic was as the growing tensions among the Development Partners themselves. Informants described the interests of the larger OECD-affiliated donors as creating regional stability and promoting a private enterprise-based economy that would be allied or at least compatible with the western world. There appeared to be a consensus among the major donors on these objectives. However, the review encountered repeated references to competition for strategic influence:

- Portugal, the largest donor considered itself as having a special historical relationship and linguistic/cultural ties with Timor-Leste. It was interested in Timor-Leste remaining within the Portuguese-speaking group of countries. While there were growing trade links, these interests appeared largely political; and
- Australia, the second largest donor and regional power. It had an interest in a stable Timor-Leste, with a sympathetic Government placed within its sphere of regional influence. Australia was also cited as having an interest in Timor-Leste's petroleum reserves, found along their disputed maritime boundary.

The competition played out at the larger level of Development Partner coordination, as well as down to the project level, particularly in the security sector. The two countries and their affiliates in the international community also had relationships with different sectors of the political elite. These appeared to shift on the basis of issues and, therefore, were difficult to describe in absolute terms. However, Australia was perceived as being close to President Gusmão and Foreign Minister Ramos-Horta, at the same time as its relationship with the FRETILIN Government was described as tense.²⁸ Portugal was described as being closer to Prime Minister Alkatiri and FRETILIN, although it has longstanding relations with Gusmão and Ramos Horta. These relationships shifted dynamics of power between the Timorese stakeholders, influenced by the old cleavages. They affected the power capabilities of Timorese stakeholders, a process that appeared to contribute to the isolation of Alkatiri and the Government by 2006.

The review encountered opinion and speculation, through the interview process and the literature, that these relationships affected the political dynamics leading to the Prime Minister's resignation in June 2006. There was repeated speculation, including in an ICG report (2007) that Australia "conspired with sympathetic Timorese actors to launch a coup against Alkatiri's democratically elected government" (ICG 2007). It was beyond the review's mandate and ability to make any conclusion on these kinds of allegations, other than to note that they were pervasive and being openly discussed by national and

²⁷ Nepotism was perceived differently than corruption. The review did not encounter serious allegations of large scale and systematic financial corruption on the part of the Government or its agents. Rather, the Development Partners have praised the Government for its financial management. The Petroleum Fund was considered an effective mechanism for preventing misuse of State oil revenues.

²⁸ Informants perceived that an important source of tension was the difficult negotiations over oil rights in the Timor Sea, in which the Government achieved a much better settlement than was first anticipated. Alkatiri was noted as playing an important and positive role for Timor-Leste in the negotiation strategy.

international stakeholders. FRETILIN officials have publicly voiced their suspicion of Australian interference, and there is growing antagonism within their membership base and other organisations which had the potential for targeted violence.

While not a serious tension, the dynamics within the donor community appear to have shifted with the Government's invitation to non-OECD donors, including China, Cuba, Brazil and some ASEAN countries. There were specific needs that each of these donors could fill: China is a growing international power, offering quick assistance to public works projects and a counter balance to western interests and economic models; Cuba, also with a different political model offered doctors willing to live and work at the village level, where western doctors were not willing to go; Indonesia, Malaysia and Thailand helped Timor-Leste develop contacts with ASEAN countries, while Brazil represented a strengthening of relationships with the Lusophone group of countries. It was a source of Portuguese language technical assistance. In this context:

- Cuba and China were seen as sympathetic to the Alkatiri government, using the relationship to further their own international agendas.
- There was speculation that the Government could leverage the presence of non-OECD donors with the other Development Partners to maintain a level of independence.
- There was a "discomfort" among some OECD-affiliated donors with the growing Chinese and Cuban presence, which created an additional source of tension with the Alkatiri Government.
- Some western donors approached the Chinese presence in the context of global strategic competition for resources and influence.
- There appeared to be limited interaction or communication between China, Cuba, and the other Development Partners, which could only heighten any misunderstandings.

5.3 The United Nations

The Security Council (S/RES/1272, 1999) mandated UNTAET to provide security, maintain law and order, to establish an effective administration and to assist in the development of civil and social services. It was also to ensure the coordination and delivery of humanitarian assistance, rehabilitation and development assistance, support capacity building for self-government, and to assist in the establishment of conditions for sustainable development. UNTAET was to accomplish these tasks in two years, and then hand over viable institutions. However, there was a consensus among informants and in the literature that two years was not sufficient to establish solid foundations for state institutions. At Independence, therefore, the state-building process remained largely incomplete.

Timor-Leste in 1999 was without infrastructure, professional or technical human resources and the population was displaced and traumatized from 24 years of conflict. The Joint Assessment Mission (1999) headed by the World Bank set out a blueprint for how to proceed and plans were put into action. In the focus on establishing governmental systems, mechanisms and processes, activity quickly became centralized in Dili with decreasing outreach into the Districts. It became evident that there was a huge deficit of trained people to take on the jobs of public administration, justice and security, and the capacity building by the UN system and the donor community was not managing to train people sufficiently

to take over tasks. Outside of health care and education which progressed well (SG Report April 2002/432) few services were being provided to the population, rural development was not occurring as hoped, jobs were not created and the large numbers of young people migrating into Dili joined the already high levels of unemployed in the capital.

The UNTAET and UNMISSET missions understood the scope of the challenge early in their mandates. They reported on the need for legislation on private property for the private sector to develop (SG Report 2000/738), the emerging security threat posed by gangs (SG Report Jan 2002/80, SG Report Nov 2004/888), the fragility of security institutions and the legislation to regulate their respective roles (SG Report March 2003/243). The missions also identified political tensions between the CNRT and Alkatiri (SG Report 2001/42), the confrontation between the FRETILIN Government and the Church (SG Report May 2005/310), the high unemployment figures (SG Report 2001/42) and the need to resolve the problems of the former combatants (SG Report Nov. 2002/1223).

Although UNTAET consulted first with Gusmão and the CNRT, then with the National Commission and later with FRETILIN when they won the majority in the Constituent Assembly, the SRSG had mandated absolute power and could veto decisions of the Commission. UNTAET was to create a state with a decentralised democracy, but was not elected and not therefore legally accountable to a popular base. There was not adequate consultation at the district and local levels, and the UN bureaucracy did not permit decentralization of financial resources. The result was one of absolute centralized power which did not set precedent or demonstrate the desired decentralized structure and participatory model that the UN was trying to promote (Chopra 2005). When the FRETILIN Government took office, they inherited this structure which they were never able, or did not have the political will to change.

While significant progress was being made, it was not as extensive as people had anticipated. The Missions were hampered by technical problems and took longer to establish than anticipated. In particular, UNTAET had difficulty recruiting staff, and the performance of personnel was mixed (Martin and Mayer-Rieckh 2004). The UN also moved too quickly from peacekeeping and peacebuilding into development. These phases were not given sufficient time to consolidate the objectives, resulting in failures to shepherd the political and development process. The UN understood and reported the gap between its tasks and resources. SG Report 738 of July 2000 stated “the last six months have also made clearer how daunting the task is that the United Nations has undertaken in East Timor. The Organization had never before attempted to build and manage a state. Nor did it have an opportunity to prepare for this assignment; the team in East Timor had to be assembled ad hoc and still lacks important expertise in a number of fields.”

Neither UNTAET nor UNMISSET, therefore, was adequately resourced to address these issues. The Security Council had mandated a task that was not possible to fulfil within the time allotted to UNTAET.²⁹ As a member-based organisation, the Council’s decisions also

²⁹ In hindsight, it was not plausible that the institutions of government could be established in such a short period. For example, there were few professionals who could work within the justice system. Training requires anywhere from four to eight years for lawyers and more for judges.

reflect on the Development Partners, who play a role in UN at the global level. According to the Secretary General, “we are in the hands of our member states... some governments were quite keen to scale back as quickly as possible. [However] we have learned that building institutions ... is not a simple task that can be completed within a few short years”.³⁰ The position of some Development Partners, therefore, appeared inconsistent.

By 2006, UNOTIL was not in a position to offer political mediation or good offices due to its imminent withdrawal. The UN had provided early warning and analysis since the UNTAET period. However, as the crisis approached, UNOTIL was in the process of phasing out. With its mandate nearing completion, UNOTIL’s facilities were in liquidation and the staffing component was reduced. The Mission was directed to “enhance coordination and integration of activities between UNOTIL and United Nations agencies, funds and programmes in order to facilitate the transition to a sustainable development assistance framework” (SG Report April 2006/251). Due to its imminent withdraw, the Mission may have distanced itself from the internal political dynamics, did not see the coming crisis and, therefore, was not in a position to take preventative action. Neither of the UNSG Reports of January nor April 2006 expressed alarm at conditions in Timor-Leste, indicating that the UN underestimated the severity of the tensions.

5.4 Popular Frustration

Independence came with high expectations of political participation and opportunity. The latter was described in modest terms. According to one informant, “people expected to see improvements in their lives that were tangible and felt, and they wanted to rule themselves. After so many years of suffering, they wanted jobs, roads and better services. The Government and the donors promised to deliver these things, but they still have not reached people. No system will survive under these conditions.”

The effect of low development rates and frustrated expectations has been to create a new conflict dynamic. Important segments of the population have concluded that Independence has not brought them material benefits. The effect has been to create social instability at the same time as undermining the credibility of the newly forming state. In their exclusion from the development process, people have sought other forms of livelihood and security in their communities, ethnic or peer groups or in other forms of social organisation. Some of these formations had ties into the old political dynamics, such as the gangs responsible for much of the destruction. However, other organisations have their own affiliations and issues, which are independent of what went before. These groups are having their own affect on conflict dynamics, positive and negative, that has a significant potential for greater long-term instability. Informants made repeated reference to:

- The emergence of ethnicity (East vs. West) as a fault line in the 2006 violence, where these differences had not previously been a problem. Some of the rationale lay in competition for economic resources, but there were also deep historical roots.

³⁰ UN News Centre, *Timor- Leste: Annan appeals to Security Council for renewed UN action*, 13 June 2006. See link to “Off the Cuff remarks to the press and public”

- An increase in youth organisation, including positive community organisations as well as gang affiliation and violence.

5.5 Breakdown of "the Nation"

Most national identities are “imagined” or constructed.³¹ Prior to Independence, the Timorese leadership and people created an identity based on resistance to occupation. Cultural heritage and history from the colonial period served to differentiate the Timorese population from the Indonesians, and to create a sense of “nation” where social coherence had never existed. On the contrary, the Portuguese colonial administration had never sought to unify East Timor, and was noted for exploiting ethnic, tribal and linguistic differences to maintain power.

The achievement of Independence was based largely on the ability of Timorese people to maintain their unity through struggle, which was also projected by the leadership to rally international support. However, when a struggle ends the polarization also dissipates and new identities must be formed. The concept of the Timorese nation was not given the opportunity to evolve as large sectors of the society felt marginalised and distant from their leaders. Rather than a new sense of “nation” to confront the challenges of development, what emerged were diverse and competing narratives. Many of these were based on the old rivalries, ideological cleavages and recalled betrayals: Who were the “true” resistance fighters? Who collaborated with the Indonesians? Who deserved the spoils of war and benefits of peace? Who sat out the war in exile, and did not suffer?

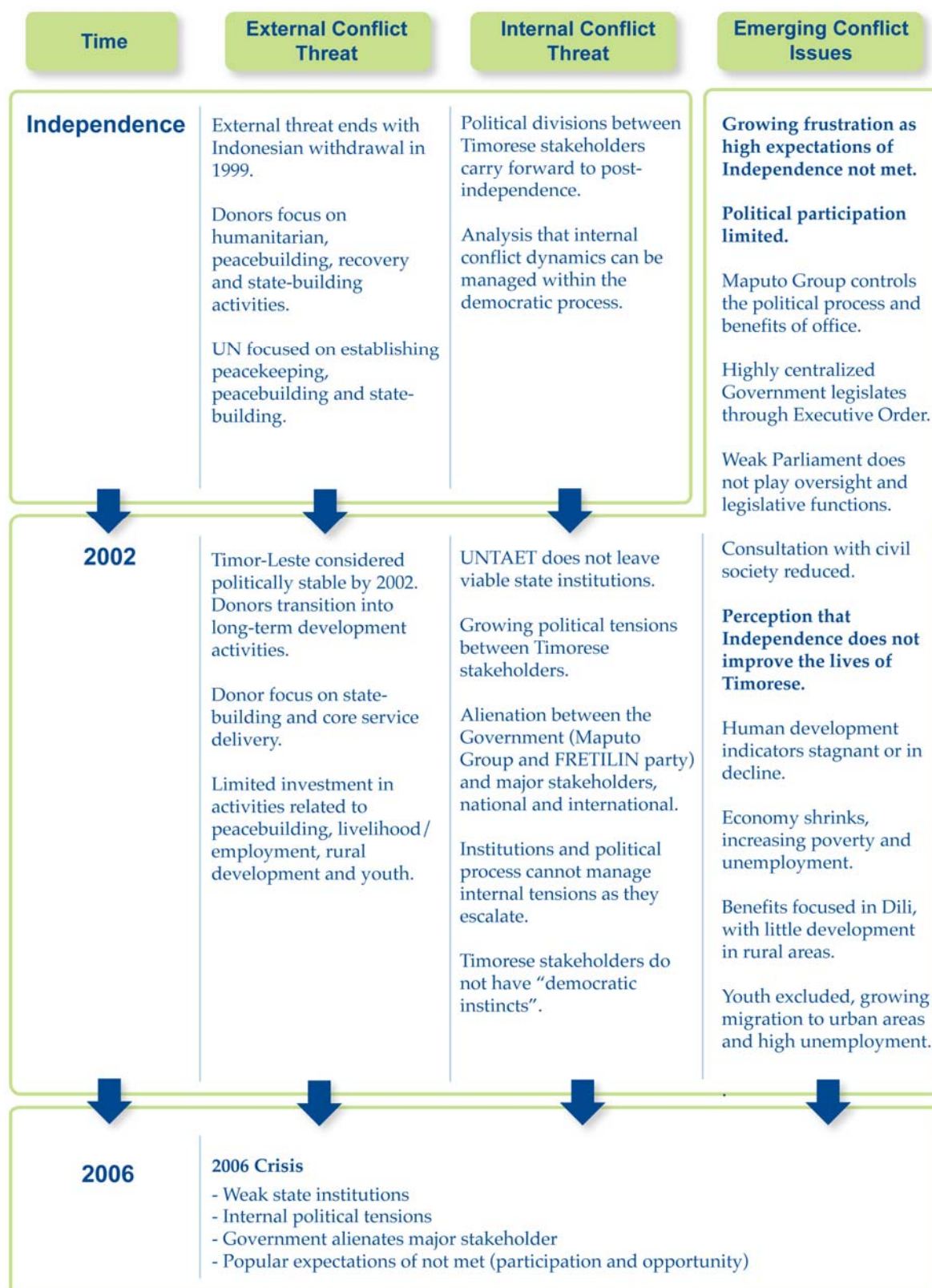
The narratives highlighted old cleavages and divisions. They diminished the contributions of the “other” and, therefore, the right of opposing groups to be full participants in building the new nation. This was a key element in the East-West divisions. Efforts by the political elite to develop a Lusophone identity were often seen as an imposition, particularly among youth who had no affiliation with the colonial past and Portuguese language or culture.³² Historically-based concepts of identity did not incorporate the experience of the youth population, further alienating them from the older leadership.

As a consequence, Timor-Leste looked like a state in search of a nation by 2006. The CAVR process might have played a unifying role, creating a commonly accepted “people’s history” with the possibility of social reconciliation. However, the report was played down by the political leadership. It went to Parliament, but has received limited discussion. The report’s follow-up also received little support from the Development Partners. Its role in “imagining” the new Timorese nation appeared to be neither understood nor appreciated.

Figure 5.2: Summary of Conflict Dynamics in Timor-Leste

³¹ See Benedict Anderson’s *Imagined Communities*, Verso, 1991

³² Despite their rivalry, there appeared to be a consensus among the older political elite, including the President and the Prime Minister on the choice of Portuguese.



5.6 Findings and Conclusions

The Development Partners correctly anticipated that there were no external threats to Timor-Leste after Independence. However, the Partners underestimated the significance of internal conflict between the Timorese themselves. Collectively, they had a limited understanding of the country during the initial phase: its history, social dynamics, culture and the political intricacies of its people. As a result, the Partners had difficulty profiling the Timorese and their relationships. What guided actions was the perception that Timor-Leste was a small homogeneous country, politically unified in its opposition to the Indonesian occupation. This perception proved to be incorrect.

Six factors related to internal conflict combined to provoke the 2006 crisis:

- a. **Historical ideological and political tensions and personal rivalries within Timor-Leste's political elite were not resolved at Independence.** Rather, they were carried forward into the post-Independence era, and embedded in the political institutions and processes and behaviour of political actors and their support bases.
- b. **There was growing alienation between the Timorese political elite and major sectors in Timorese society.** Frustrations resulted, in part, from the perception held by many Timorese that they had been excluded from political participation and process of nation and state-building.
- c. **Independence did not deliver tangible material benefits for the majority,** due to slow progress towards development objectives and stagnation of the economy. Instead, real poverty actually increased, although there were improvements in some human development indicators. There was also exclusion, therefore, from economic opportunity, with no indication that the situation would improve.
- d. **New issues, actors, and organisations emerged during the review period, driven by the frustration and exclusion.** While there were linkages into the historical political rivalries, the new issues and actors had their own motive and dynamics.
- e. **The sense of "nation", or common identity and purpose that unified the Timorese population during their liberation struggle broke down.** It was replaced by competing narratives about Timor-Leste's history and identity that emphasised division rather than unity. No new Timorese identity emerged, and a sense of nation has not developed.
- f. **Timor-Leste's state institutions and political process were either too weak or were themselves implicated in the conflict.** They did not have the capacity or the independence to mediate differences and to prevent them from escalating into violence.

The 2006 crisis occurred at the point where the historically-based divisions and rivalries collided with the new dynamics of post-Independence frustration, exclusion, and the breakdown of the Timorese "nation" and identity. The crisis was triggered by historically-based political conflict and competition for power within the leadership. State institutions were too weak or politicised to manage the competition, leading to a political crisis and the collapse of parts of the security institutions. The political crisis created a vacuum, and triggered a larger breakdown in Timorese society that resulted from the post-Independence dynamics of frustration and exclusion. There was no sense of unity in an identity to slow the escalation.

The 2006 crisis revealed the failure of the Timorese political elite to resolve their own differences, and to provide the leadership needed to unify their country. In front of these personal failures, institutions were not strong enough to compensate. The elite, including both Government and other political figures bear a large responsibility for not resolving the political elements of the crisis. At the same time, assistance provided by the international community played a role in the dynamics leading to the breakdown. The design of the assistance portfolio to Timor-Leste reveals a fundamental tension in post-conflict countries; how to simultaneously meet the long-term challenge of strengthening state institutions while in the short-term delivering core services and meeting popular expectations for improvements in daily life.

There was an assumption that by delivering through the state, the Development Partners would also strengthen the state's ability to deliver core services and promote growth in the private sector. Also, the development process itself would provide a sense of "nation". However, the state's capacity developed more slowly than anticipated, and it was not able to play these roles in such a short time. By focusing almost exclusively on state-building, the assistance portfolio:

- **Did not address directly many of the key issues that eventually led to 2006 crisis**, particularly as these related to political exclusion and the lack of economic opportunity.
- **Contributed to the centralisation of political power in the Executive Branch of Government** and at the national level, and restricted economic opportunity to the capital Dili.
- **Contributed, therefore, to imbalances that will be difficult to correct**, as they require a re-allocation of power and resources within the governance system.

Working through the state, assistance largely followed the Government's own tendency to centralise. The planned 'timeframe' to build the Timorese state was unrealistic, as has also been demonstrated by other post-conflict experiences in other countries. In retrospect, a much longer commitment was required. The commitment begins with member states of the United Nations, and the necessary joint efforts to plan and support peacekeeping and peacebuilding missions. These efforts proved inadequate in Timor-Leste.

The UN Missions to Timor-Leste provided assistance critical to internal stability, and in discouraging further Indonesian intervention. However, the Security Council did not give UNTAET the time to fulfil its mandate of establishing viable state institutions before Independence. Some members of the Security Council, and allied countries, who were also Development Partners in Timor-Leste pushed for a quick UN withdrawal, against the advice of the Secretary General, the Missions and the request of some in the Timorese leadership. As a result, the capacity of UN missions was significantly reduced over time.

UN Mission reporting to the Security Council noted many of the tensions in Timorese politics and society that lead to the 2006 crisis. However, these warnings were not acted on, either by the Government or the Development Partners. The political role of the Missions was minimised as the UN drew down and the Development Partners became the primary interlocutors with Government. The UN Mission (UNOTIL) was in the process of phasing out when the crisis broke. With its mandate nearing completion, UNOTIL's facilities were in liquidation and the staffing component was much reduced. UNOTIL appeared not to be in a position to provide the good offices required, or to coordinate an international response. It

should be noted that the decision of member states to reduce the Mission was also a decision to remove it from these roles.

There is clear evidence that Development Partners based in Timor-Leste were aware of the deteriorating situation and the potential for a political breakdown. By 2006 the UN and the Partners had a common understanding of political rivalries and deteriorating economic conditions. Knowledge of the new dynamics was weaker. However, reporting within Embassy systems and analysis in the public domain all indicated that the situation was deteriorating. The surprise was not that a political crisis would occur, but rather that violence could escalate through interaction with the other dynamics emerging after Independence. In this situation, the Development Partners did not appear to change their overall programme strategy. There were disconnects between what the Partners knew and were reporting internally, the overall public discussion and action. The UN Missions played an early warning role, repeatedly expressing concern about growing tensions. Regardless, the Missions' concerns do not appear to have been picked up by the broader international community.

Tensions and vested interests within the donor community itself may have exacerbated conflict dynamics and contributed to the isolation of the Government. Over time, donors aligned themselves with different elements of the political elite, in fact or in perception. In so doing, they altered the dynamics of power between the Timorese and may have played into the growing tensions, rather than diminishing them.

Recommendations

- International assistance must balance the long-term requirements of state-building with the short-term requirements of creating a peace dividend and sustaining the momentum of the transition process. This may require finding alternative modalities to delivering through state institutions, until such time as these institutions can effectively assume responsibility. Programmes should still be framed within national development priorities and undertaken with the consent and approval of the relevant national authorities.
- UN Missions must have the appropriate mandate and resources to complete peacekeeping and peacebuilding tasks. UN member states have direct responsibility for ensuring that this occurs.
- Norway and like-minded countries support the organisation of a group of “friends” to the new UN Mission to Timor-Leste:
 - The objective of the “friends” would be to support the UN Mission in the field and to coordinate with decision-making at UN HQ.
 - This group would be in regular consultation with the SRSG, monitoring the process. In the event of problems, the SRSG would be able to call upon the group for support.
 - The same group would coordinate with their missions at UN HQ to support the UN Mission, in consultation with UN DPKO/DPA, to influence UNSC or UNGA decisions. The Peace Commission may also be a relevant forum.

- Policy dialogue should be broadened, to include relevant national stakeholders. Care should be taken to avoid a situation where the Development Partners become the main interlocutor with the Government on policy issues.
- Efforts should be made to strengthen relations between OECD and non OECD-affiliated donors, to improve coordination and share information on international norms and best practices. China merits special attention in this regard, given its status as an emerging power and growth in the size of its assistance portfolio.

6 International Assistance and Conflict Dynamics

This chapter assesses the impact of international assistance on conflict dynamics in Timor Leste. The review found that an impact had occurred in at least:

- Four cross-cutting issues affecting many aspects of building and administering the Timorese state: i) language policy and its implementation; ii) capacity development; iii) youth; and iv) gender.
- Five thematic issues: i) governance; ii) decentralization; iii) security sector; iv) justice; and v) reconciliation.

Significant progress was made in building the new state of Timor-Leste between 2002 and 2006. However, the crisis served to clarify problems that must be addressed during the next phase of Timor-Leste's development, and how international support should be designed in response. In support of this effort, Chapter Five outlines a selection of the positive and negative contributions of assistance, as well as gaps. The review used a four-tier rating system for assessing the impact of international assistance on conflict dynamics. While subjective, the model is based on data and analysis. Four ratings were used:

- Positive: a clearly demonstrated positive impact on conflict dynamics
- Mixed: both positive and negative consequences that make a clear determination difficult
- Negative (direct): a clearly demonstrated negative impact
- Negative (indirect): a secondary negative impact

6.1 Cross-cutting Issues

6.1.1 Language

Language in Timor-Leste is a complex issue that has created both technical challenges and political dissension. There are 16 languages and numerous dialects spoken throughout the country. Tetum is used by between 50 to 80% of the population. However, Tetum does not have the appropriate terminology to serve as the language of government, the legal system or for international relations. Indonesian is the second language, and is spoken by about 30% of Timorese. It was imposed as the language of Government and education during the Indonesian occupation. Portuguese was identified as the language of resistance, but is spoken by only 5% of Timorese. An estimated 3-5% speaks English³³.

Independence created a need to choose official languages that could support unity and could meet the institutional requirements of Government. The decision was made to

³³ There is a lack of consistency in the reporting of language statistics. Language research and statistics are produced by the Instituto Nacional de Lingüística, Universidade Nacional Timor Lorosa'e, <http://www.asianlang.mq.edu.au/INL/>, UNDP reports 30 languages and dialects being spoken (UNDP, *Human Development Report, Timor-Leste, Path Out of Poverty*, 2006), whereas the 2004 Census (<http://dne.mopf.gov.tl/census/index.htm>) collected data on 14 languages and an "other" category. Most international informants contest the census finding that 80% of the population is fluent in Tetum, placing the figure closer to 50-60%.

designate Tetum and Portuguese as official languages, which were enshrined in the Constitution. Indonesian and English were given the status of “working languages” within the civil service.³⁴ The *National Development Plan* (2002) and *Road Map for Implementation of NDP Objectives* (2003) outline the Government’s goals for introducing Tetum and Portuguese into the civil service, and the justice and education systems. However, there is no comprehensive enabling legislation for the Government’s language policy.

Any choice of official languages would create challenges for Timorese that do not speak one of the languages chosen. Language requirements have aggravated Timor-Leste’s shortage of human resource, and are having a negative impact on the delivery of public services and communication between the Government and society. They have also produced a demand for Portuguese language training, which is proving difficult to meet. However, the strongest grievance expressed by informants was that language and the Lusophone identity were imposed by the political elite without prior consultation with the population.

Portuguese, English and Indonesian are all foreign languages that shape Timor-Leste’s external relationships. By choosing Portuguese, Timor-Leste strengthened its ties with Portugal and the Lusophone countries. At the same time, the decision has the potential to create distance with Timor-Leste’s closest neighbours, Australia and Indonesia. Most Development Partners have also experienced technical difficulties working with Timor-Leste’s official languages, some of which negatively affected the overall quality of assistance:

- Many, including the UN missions, reported difficulty in recruiting personnel with Portuguese language skills, resulting in programme delays or incomplete delivery.
- Lacking the necessary language skills, much technical assistance is simply delivered in English. The Government has shown flexibility in dealing with this reality.
- Language proficiency has sometimes been more important than professional qualifications, meaning that less skilled persons have taken positions.
- Assistance delivered in Portuguese or English has not always been effective, as few Civil Servants have the proficiency to absorb what is being delivered.

In this context, some Partners have expressed strong criticism of language policy, including resistance to the implementation of that policy in their programmes.³⁵ Language has also become a point of tension between those supporting and critiquing the policy. The effect has been to contribute toward the confusion and political tension surrounding language issues, slow progress towards the implementation of language policy and to have a negative impact on the assistance being provided.

Regardless of national and international criticism, states have the sovereign right to choose their official languages. Having made that decision, the Government should be accountable to its electorate and not the Development Partners, and all parties should focus on resolution

³⁴ Section 13, *Official Languages and National Languages* Section 159, *Working Languages*

³⁵ Informants spoke openly of their disagreement with the language policy and were often strongly critical. Many Development Partner missions had limited or no Portuguese language capacity. This also appeared to be the case with the UN mission and agencies.

of the practical challenges it creates. Development Partners have a responsibility to be supportive, to the extent practical and possible. It should be noted that choosing English would not have made the short-term problems of transition easier, as it is spoken by fewer people and has less historical roots.

Recommendation

- Development Partners should support the Timorese Government's language policy, including the standardisation of Tetum. Where they are unable to work within the framework of official language policy for practical reasons, the actions of Development Partners should not undermine that policy.

6.1.2 Capacity Development

Capacity development is a major challenge. Independence transferred responsibilities for management of the state to the Timorese people. However, few Timorese held management positions in the civil service during the Indonesian occupation or colonial period, or had an opportunity for advanced education. Timor-Leste, therefore, had few skilled staff and virtually no state structures. The same challenge is felt across the private sector and civil society. The UNDP estimated "at least one generation of civil servants will have to pass through a serious capacity development process before the ... civil service is effective in service delivery to the population (2005: 8).

Timor-Leste will rely on international technical assistance well into the future, even as the need for financial assistance declines. Capacity development is likely to remain the single largest area of activity within the overall international portfolio. Responding to the human resource shortage, many if not most projects have capacity development as a specific objective, either on its own or in the context of achieving other objectives. Current training requirements were estimated in the Capacity Development Coordinating Unit (CDCU) 2005 strategy. Assessing the training needs of over 15,000 civil servants:

- 66% needed Portuguese language training, often provided by Lusophone countries;
- 4,351 of 11,904 civil servants had training requirements, to be met through on-the-job training, provided mainly by international advisors in the workplace by mentoring and one-on-one skills training;
- An additional 2,629 of those civil servants required training in attitudes and behaviour;
- 766 were identified as needing formal and specialised training, in-country or through foreign study (CDCU 2005:6-22).

The state's capacity development strategy depends largely on foreign technical assistance, in the form of advisors and financing to cover related costs. On-the-job training requires the placement of foreign advisors into ministries, where they mentor and provide one-on-one skills transfer in the workplace. Advisors also deliver formal training, and contribute to capacity through performing line functions. The actual number of advisors present, including in Project Management Units and short-term consultancies was not known. However, as indicators of their importance:

- The formation of the Timorese state initially rested with UNTAET. At its peak, UNTAET had 9,000 civilian and uniformed personnel in civil service functions. This number was reduced to 900 advisors during the UNMISSET mandate and 120 advisors for UNOTIL.

Regardless, support to critical state functions was central to the mandate of missions following UNTAET. After Independence, the civil service included a large component of international advisors in critical functions.

- A 2001 UNDP “skills audit” identified over 300 international advisory positions to be placed in the civil service. As there were about a 1,000 management positions in the public administration, it meant that “almost one in three civil servants were expected to be equipped with an international advisor” (UNDP 2005: 9-11).”
- A study by the Government’s Capacity Development Coordination Unit (CPCU) estimated there were 379 foreign advisors placed in Ministries as of 2004. An estimated 117 additional advisors were required for the period 2004 and 2007.

Informants and the literature outlined concern over the mixed quality of capacity development support. As a summary of those concerns:

- Initial targets for developing state capacity were overly ambitious. In part, this was because planning and design was done by international consultants that did not have an accurate picture of capacity levels within Timorese society. Systems were designed with overly complex management systems and standards, which exceeded local capacity (UNDP 2005). Noted one informant “we were trying to build the best of all systems. But instead of good government, we should have gone for ‘good enough government’”.
- Language has been a key challenge. Most Timorese with degrees were educated in Indonesian, at Indonesian institutions, and do not speak Portuguese. The pool of Portuguese-speaking international advisors is also limited, meaning that language proficiency was sometimes placed ahead of other areas of professional competence.
- The quality and competence of advisors was assessed as mixed, by UN, CDCU/Government and donors informants. Even where professional skills are strong, advisors may not have the mentoring ability to be effective with skills transfer. UN and bilateral donor recruitments systems were noted as deficient, and not geared towards human resource management.
- Advisors placed most of their effort into fulfilling their line functions, given weak Timorese capacity. There was little time or resource remaining for mentoring.
- Only in 2004/2005 did the Government begin to assert stronger leadership with a capacity development strategy, through the CDCU and SIPs. Before this, many donors were acting on a bilateral basis, leading to fragmentation in the overall effort. Some donor and Government informants also noted that assistance was often supply driven, based on what donors could provide within their priority areas rather than what was actually needed.
- Several hundred Timorese have received grants to study abroad. However, few have actually returned after their studies.
- Government must compete with international organisations, which pay much higher salaries and attract qualified persons.

Recommendations

- Development Partners should support the Timorese Government in realizing a coherent Capacity Development Strategy that addresses both organizational and skills development that is realistic in terms of longer-term sustainability;
- Donors should also finance Government contracting of technical assistance personnel rather than provide personnel directly, to ensure (i) government ownership and more coherence in job descriptions and technical approaches, (ii) ability of government to monitor job performance and sanction unsatisfactory performance.

6.1.3 Gender

International assistance has had a significant and positive impact on supporting the promotion of gender equality and changes in the role of women. Assistance has been consistent with the aspirations of Timorese during the public consultations for the *National Development Plan*. Noted one participant “we all want women to be educated and healthy. We want women to be economically, socially and politically empowered and have equal status to men in our society”.³⁶

Equality between women and men has been integral to the FRETILIN³⁷ and the CRNT³⁸ platforms since 1998. The Constituent Assembly included 27% women, and the new Constitution enshrined gender equality as one of the “fundamental objectives of the State”.³⁹ The Office of the Advisor to the Prime Minister for the Promotion of Equality was subsequently created and Gender Focal Points were established in the planning departments of each Ministry. According to informants in April 2007, women represented 23% of officials in all levels of government, 24% in the Parliament, and 12% of the PNTL. Legislation has also guaranteed that Suco (village) Councils must include at least three women among their members.

UN Missions played an important role transferring international norms into the Timorese context. Security Council Resolutions have mandated the Missions to promote respect for human rights, to maintain a gender perspective in peacekeeping and to retain personnel staff proficiency with gender issues. UNIFEM, UNICEF, UNDP and UNFPA have specific programmes geared to the promotion of women’s rights and equality, and other agencies and programmes, including the World Bank and Asian Development Bank, mainstream gender throughout their programming. Many bilateral donors also adhere to the same principles, have advocated for the ratification of international agreements, the development of government policy and the incorporation of women into decision-making positions. They

³⁶ East Timor 2020 – Our Nation, Our Future; National Development Plan, May 2002

³⁷ Manual e Programas Politicos, FRETILIN - Sydney, 20 de Agosto, de 1998. Conferência Nacional Extraordinária da FRETILIN, aos 20 dias do mês de Agosto de 1998

³⁸ Walsh, Pat; 1999 – From Opposition to Proposition: The National Council of Timorese Resistance (CNRT) in Transition <http://members.pcug.org.au/~wildwood/CNRTPat.htm>

³⁹ Constitution, Part II, Title I, section 17

also support national organizations that continue to struggle for the rights and empowerment of women.

Regardless of the progress made within the laws and practice of the Timorese state, women and girls in Timor-Leste show consistently lower human development indicators than their male counterparts, (UNDP 2006). These are characterised by lower literacy rates, less opportunity and higher levels of poverty. One-third of women aged 15 to 49 are malnourished and suffer from chronic energy depletion. Although the Gender Development Index (GDI) increased slightly between 1999 and 2004, Timor-Leste remains at between 124 and 125 on the world list.⁴⁰ Gender-based violence was an issue noted repeatedly by informants during the interview process, and was a matter of great concern to informants. Questioning the Government's political will, informants also noted that draft domestic violence legislation was developed and presented in 2003, but has still not been approved by Parliament or the Council of Ministers.

Independence provided a unique opportunity to improve gender equality, and address historical issues such as violence committed against women during the occupation and resistance. With the assistance of the international community, Timor-Leste has made advances in changing structures and mechanisms at political, legal and community levels and encouraging women to actively participate in economic activities, public life and decision-making. However, Timorese women still face formidable challenges. Many of these relate to longer-term changes in attitudes and behaviour that will support the implementation of gender policy. There is also a lack of disaggregated data on gender and women's economic and labour activities to support policy and programme development.

Recommendations

- The Development Partners and United Nations should continue to ensure that gender equality is integrated into their programmes as a cross-cutting issue. They should also continue to support organisations working in the area of gender-equality, including for policy advocacy.
- The Development Partners and United Nations should work with the Government to strengthen the state's capacity to gather and disaggregate data on gender equality issues.
- New strategies are required to focus support on changes to attitudes and behaviour towards gender equality in Timorese society, recognising that this will be a long-term process.

6.1.4 Youth

Youth have received little international assistance or attention from Government. Youth is the largest and the best educated segment of Timor-Leste's population. Together with children, they have benefited from the expansion of public services since Independence, particularly in the areas of education and health. However, service expansion has not been linked to the creation of new opportunities in the labour market, participation in the political

⁴⁰ *ibid*

process or to adequate post-secondary education and training. Rather, Timorese youth face high unemployment and limited opportunity. The consequence of this dynamic was seen in the large numbers of youth involved in the 2006 violence, but also in positive examples of youth organisation.

Timor-Leste's demographic trends display a youth bulge. The annual population growth is over 3%, and the mean age is 18 years. Sixty percent of the population is under 18, and 25% is between the ages of 15 and 29. With low life expectancy at 56 years and declining infant and child mortality, the country's population will continue to get younger into the foreseeable future. The child and youth population, therefore, will be critical to Timor-Leste's future, not only in terms of their potential contribution but also the growing demands youth will place on public services and the labour market.

While 56% of youth are employed in the agricultural sector, many migrate to Dili and other urban areas in search of opportunities that often do not exist. Dili has the highest rate of population growth in Timor-Leste. Persons between 15–34 years comprise 44% of the city's population, significantly higher than the national average.⁴¹ Urban youth in Dili have the highest rates of unemployment, with 70% of male teenagers and 50% of 20-24 year old males unemployed⁴².

The World Bank's *Youth Social Analysis* report (2005) and the Scambary report (2006) as well as UNICEF and UNHCR officers who work with youth in Dili, point out that most youth express a clear desire to continue to study and to find work, if given the opportunity. The *National Youth Survey* (2006) also indicates that many youth express an interest in helping their communities, and four out of five interviewed are keen to help the people and the nation.

There is a strong sense of frustration and disenfranchisement among Timorese youth. Informants working with youth in Dili stated "these young people have no hope and see no opportunities for themselves". Many youth have become involved in hundreds of community based youth organisations, Martial Arts groups, religious, interest, political, solidarity and development organisations. Studies estimate that as many as 70 to 90% of young males have some affiliation with Martial Arts groups (Scambary 2006: 6, Curtain, 2005). Youth today continue to join such organisations seeking identity, opportunity, livelihood and protection. While many of these organizations have been credited with playing constructive and unifying roles in their communities, other youth have become gang members involved in criminal and/or violent political activity and played a significant role in the violence and destruction related to the 2006 crisis.

The relationship between youth gangs/organisations and violence is complex. According to one informant "not every gang or gang member is a criminal and not every Martial Arts Group was involved [in the violence], although some individual members were involved." Some groups were tied into the political rivalries and participated in the violence based on those relationships. Others participated as the result of grievances, simple frustration or

⁴¹ *ibid*, compared to 31.3% of the general population

⁴² *ibid*, while nationally the rate is 10% for males and 7% for females

were motivated by criminal activity. As the 2006 crisis expanded from focusing on the Government to opening the larger divisions in Timorese society the nature of youth and gang involvement also changed. For example, some youth/groups became involved in violence on the basis of Timor-Leste's now-fragmented identity, reflecting East/West identities, communal disputes and inter-gang or personal rivalries, among other motivations.

The presence of gangs and gang rivalry was known early in the process. The UN SG Reports had been informing on the increasing security threat presented by these organizations since 2002.⁴³ USAID had also undertaken a study in 2004 that indicated the escalating risk presented by gangs.⁴⁴ Little attention was directed at the phenomenon, in the same way that youth as a segment of society was not receiving attention. Large numbers of unemployed, poor and disenfranchised male youth pose a serious conflict risk factor to the community. The well-documented experience from other peace processes is that when alienated youth join with disgruntled veterans, there is high probability that they will enter into criminal activity and/or become 'spoilers' in the peace process. According to informants, far from not being anticipated the potential threat was manipulated by politically interested factions resulting in the burning of Dili and massive displacement of people.

There were some important national and international initiatives. Youth were to be part of the Government's development and reconciliation agendas. The National Development Plan (2002, p.34) indicated that "We want young people, our future leaders, to be well educated and responsible, contributing to the welfare of our society", and the CAVR report (2005, p.155) stated "in an independent East Timor, the children and youth shall represent our hope in the future, and the protection and promotion of their rights shall always be a priority. Their education shall be based on cultivating love and respect for life, peace, justice and equality so that a new world can be built on the ruins of war."

Regardless, the Government has only recently begun to address the situation of Timor's youth population. The Secretariat of State for Youth and Sport commissioned a *National Youth Survey* (2005), followed by the drafting of a *National Youth Policy for Timor-Leste* (2006) in an attempt to integrate young people into the new structures being created. The current draft policy identifies strategies to mobilize the capacities of young people in support of the development and poverty reduction plans of the government. However, policies that link young people into the wider community are missing, and the *National Youth Policy for Timor-Leste* is still in draft form and has not yet been adopted by the government.

The REA does not have a youth category for reporting assistance and notes limited bilateral funding to the youth sector. There was no Youth Sector Investment Plan or other broad mechanism around which resources could be coordinated. Initiatives known to the review included:

⁴³ Political opposition group member murdered following clashes between martial arts groups in Baucau - SG Report Jan 2002/80, "Tensions resulting from demonstrations, mainly by veterans groups, and violent incidents between martial arts groups remain a potential security threat to the country" SG Report November 2004/888

⁴⁴ Timor-Leste Conflict Vulnerability Assessment, MSI Assessment Team, produced for USAID/East Timor and USAID Office of Conflict, May 2004

- UNICEF has developed a curriculum for life skills training
- UNHCR is working with the Catholic Church to provide conflict prevention and resolution training to Martial Arts groups. Norway also has provided support.
- The ILO, together with the Ministry of Labour, has developed skills training and job creation programmes.
- The World Bank supports the Building Leadership Capacity through Economic Development project.
- Informants noted various entrepreneurial and small business training programmes, which were critiqued for the failure to link training with real resources and opportunity.

Informants observed a rush to support youth projects after the 2006 crisis, some noting that it appeared “fashionable to talk to a gang leader”. Activity appeared to be poorly coordinated and the effect on future conflict dynamics not well understood. Not all initiatives were based on thorough analysis and had the potential to reinforce negative elements of youth organisation. This despite the fact that there has been a significant body of research and planning on youth issues since Independence, including from youth themselves.

The Government and the international community, therefore, have failed the youth of Timor-Leste. This is particularly the case given that all stakeholders had the demographic information needed to plan. Lack of investment in the youth-related sectors had a direct and negative impact on leading to the 2006 crisis. In addition, the positive potential of youth organisations has not been appreciated. The situation of youth in Timor-Leste must now be considered a crisis requiring urgent action. Beyond conflict resolution, humanitarian and economic measures, they must be invited as full participants in the nation-building process. Failure to take urgent and effective action on the situation of youth will significantly increase the risk of future conflict.

Recommendations

- Youth must be viewed as a priority, deserving of urgent action from the Government and Development Partners. The importance of youth should be reflected in a significant increase in resources and effort to improving their situation.
- The international community should support the adoption and full implementation of the Government’s *Draft National Youth Policy*.
- Stakeholders should identify options for strengthening coordination and Government leadership, including a Youth Sector Investment Plan.
- The leadership role of the Secretariat of State for Youth and Sport should be strengthened in relationship to both the Development Partners and other Ministries whose programmes affect youth.
- A National Conference on Youth and Nation-building should be convened. Terms of reference for the conference should be developed by the appropriate offices in Government and Presidency, in broad consultation with relevant national and international stakeholders. Planning should feature strong involvement from youth,

including Martial Arts groups. Proposals for a conference should receive priority consideration and support from the Development Partners.

- Innovative ways must be found to integrate youth into the Timorese economy and the process of building the Timorese nation. Examples from other contexts include youth cooperatives for rural development, tourism, and youth brigades to promote conflict prevention and community development, or a youth parliament with linkages in all districts.
- Youth organisations should be supported and integrated into national initiatives on conflict resolution and development. Youth organisations should also be included in the annual Development Partners meetings and in relevant consultations between the Government and civil society.
- Initiatives are required to redirect and rehabilitate those young people involved in violent criminal and/or political activity, enabling them to find alternatives to violence and find positive roles in their communities.

6.2 Thematic Issues

6.2.1 Governance, Democratic Participation, and Decentralisation

Timor-Leste's Independence was achieved, in large part, through popular resistance to the Indonesian occupation. Independence brought with it an expectation that the political process would be open to broad-based participation; an expectation that has been frustrated. By 2006 there was a strong perception in Timorese society that political power and the benefits of office were being controlled by the Governing party. Parliament emerged at the centre of concerns over political participation. It is a key institution in the overall governance structure, as a forum to legislate, mediate interests, provide oversight of the Government and promote public debate. Parliament's weakness in Timor-Leste limited its ability to play these roles, and contribute towards resolving conflicts prior to the 2006 crisis.

An 88 member Constituent Assembly was elected in 2001 under the auspices of UNTAET to draft Timor-Leste's constitution. At Independence, the Constituent Assembly transitioned to become the country's legislative body. Timor-Leste's first Parliament was mandated to serve a five-year term, ending in 2007. Seventy-five of the seats were elected on the basis of proportional representation through a single national vote. Thirteen seats were filled on the basis of a plurality vote at the district level, contested by party-nominated candidates or independents. FRETILIN held an absolute majority with 55 seats or 63% of the total representation. There were 11 opposition parties, with the largest having seven seats.

Informants noted important advances over the review period. Parliament has a clear mandate, established in the Constitution. Basic infrastructure and facilities are in place, Standing Orders have been established for the functioning of Parliament and Standing Committees now manage its business.⁴⁵ The UNDP described these as "extraordinary"

⁴⁵ The Committees include Constitutional Affairs, Rights and Freedoms; Foreign Affairs, Defense and National Security; Economy and Finance; Agriculture, Fisheries and Environment; Education, Culture, Youth and Sports; Health, Social Security, Solidarity and Work; and Infrastructure.

accomplishments in such a short period of time (2006: 14). Regardless, Parliament remains weak. The system was assessed as deficient in three areas; design (structure of the institution), skills and attitude/behaviour. Members have limited professional experience and the government often failed to provide complete and timely information, including on key issues such as the annual budget. As a result, Parliament's real oversight and legislative capacity was described as "extremely limited" (UNDP 2006: 17).

The capacity of the Parliamentary Secretariat was assessed by the UNDP as "very weak in every sense" (UNDP 2006: 17). The Secretariat is comprised of civil servants who provide administrative support and substantive policy advice to the members, and serve as the institutional memory between governments. No member of the national staff had previous experience with a Parliament. The Secretariat does not have the personnel qualified to provide substantive support for the Standing Committees or develop legislation. Bottlenecks "appear to be more the result of frail skills, attitudes and behaviours than a lack of written procedure" (UNDP 2006: 17). While the Secretariat has received advisors sponsored by the UNDP, UNOTIL and bilateral donors they have been required to serve in line functions, with the result that capacity development has occurred more slowly than anticipated.

The relationship between citizens and their representatives also appeared weak. Use of a proportional representation system meant there was no direct accountability between Members of Parliament and local constituencies. Rather, accountability occurred through the political parties to the electorate at large. Informants noted parliamentarians made regular visits to the districts in 2003- 2004 through a constituency outreach programme. However, these visits appear to have declined. There are other mechanisms for contact between citizens and their representatives, such as petitions to the Standing Committees, which are rarely used.

Informants stated that key political actors do not have "democratic instincts". One noted "there is a temptation to bypass Parliament in order to get things done. However, key political figures do not act in the interest of the democracy or its institutions. Rather, they are focused on the interests of the party, and on personal relationships and materials that keep them in power. They use the institutions accordingly, and international advisors have failed to persuade them to act differently." Another informant noted "everything is personalised in client-patron relationships. There is no autonomy within institutions in this regard. Political figures use the public service as a source of jobs and rewards for their clients, and have no instinct to operate otherwise. If they did act independent of these relationships, it would be hard to survive. Parliament is not there to enforce a separation through oversight function."

Parliament, therefore, had limited ability to serve as a forum for public debate, or a channel for the participation and concerns of citizens. The institution's limited oversight and legislative capacity, combined with FRETILIN's absolute majority and the lack of direct accountability of Members to a constituency served to reinforce the power of the Executive Branch of Government, and Timor-Leste's small political elite. In turn, the Executive showed a preference for bypassing Parliament and legislating through Executive Orders issued by the Council of Ministers. The number of decrees issued in 2003 and 2004 was greater than laws approved by Parliament. These factors limit broad based participation in political debate, a key element of nation-building, and focuses power in FRETILIN.

International assistance was focused on strengthening the institutions of state at the national level. Its allocation was heavily weighted towards supporting Ministries and, therefore, the Executive Branch of the government. The focus was consistent with efforts to build the capacity of the Timorese state, through strengthening the institutions responsible for delivering public services. However, it did not address the political dimensions critical to overall governance system. Only a small percentage of assistance went to strengthening other political institutions and actors: civil society, political parties, local governments and the institution of Parliament itself. Assistance was estimated at USD 20 million, or half a percent of the total portfolio. The largest international assistance programme was the UNDP's *Strengthening Parliamentary Democracy* project, which had support from three donors.⁴⁶

The balance of assistance across the overall structure of governance had the effect of reinforcing:

- The centralisation of power at the national level, with weak local and district-level institutions
- The Executive Branch, which frequently bi-passed Parliament to enact legislation by decree
- The weakness of Parliament in its core functions of oversight, debate and mediating interests.

Development Partners interviewed were clearly aware of Parliament's weakness and the centralisation of power in the Executive Branch. However, they showed an aversion to funding political governance initiatives, including the institutional strengthening of Parliament and political parties as elements of the overall political architecture. The effect was to create an imbalance that favoured the Executive while leaving other elements of the system under-developed. There also appeared to be a preference among the Development Partners to work through the Council of Ministers, which was more likely to render fast decisions than Parliament.

While the pattern of allocation was consistent with the state-building model, it reinforced the centralisation of power and contributed to an imbalance between the different elements of the overall governance system. Parliament remains weak relative to the Executive Branch, and unable perform core functions which are critical to both governance and democratic participation. To the extent that centralisation in the Executive Branch limited democratic participation, the state-building model used by Development Partners and patterns of allocation within that model contributed to those limitations.

Decentralized government is supported by legal and political frameworks created to empower communities in managing their own affairs. The Constitution and the *National Development Plan* mandate the devolution of powers, budgets and responsibilities for state functions, and the de-concentration of central state representation to the local level. In reality, very little decentralisation has occurred. Government officials have argued that it is

⁴⁶ The donors include Australia, Italy and Norway. UNOTIL, Portugal, the USA, Brazil and Sweden have provided additional forms of technical support.

important to strengthen the centre first before transferring decision-making authority and resources. Local government has been marginalized from meaningful roles in political and development processes.

Major initiatives to consult the population and decentralize decision-making occurred in the development of the *National Development Plan* and in the work of the CAVR. These efforts demonstrated the initial will of both the political elites of the country and the population to work together to define the future of Timor-Leste. The international community also provided support to these processes. However, these initiatives appeared to lose their momentum.

The President of the Republic attempted to reinforce the Constitutional commitment to decentralization and to localize governance by organizing, during 2003, a broad based National Dialogue designed to consult and debate with the population on the potential of local government. The results of these consultations fed into the “Timor-Leste: Local Government Options Study”⁴⁷, which has neither translated into real decentralization of decision-making power, nor into decentralization of financial resources.

The Prime Minister introduced the exercise of “Open Governance” in which the Council of Ministers travelled to the Districts to engage with Suco Chiefs, community leaders, elders and the general populace in a purported open dialogue and exchange of ideas. The concept of these meetings was well received. However, informants pointed out that they often were a “one-way instruction rather than a dialogue”, and that attempts at ‘Open Governance’ cannot be a substitute for an institutionalized relationship that empowers local government to resolve local problems.

Average voter turn out in the December 2005 the local election for Suco (village) Councils and Chiefs exceeded 80%⁴⁸. Despite this strong popular mandate, resources to local government and their political role are still extremely limited. Council members receive only one motorcycle and USD15.00 per month to perform their duties. A Suco Chief indicated that the money provides for organising and conducting meetings to discuss the needs of the community. Council decisions must be conveyed to the District Administrator, as they have no resources for projects. One Chief advised that he sent three requests to the Government as of April 2007, but has not received any response. Similarly, a District Administrator told the review that he has “no power”. District Administrators must turn to Ministerial representatives at the District level when they identify local needs. In turn these representatives refer to the central Ministries for authorisation of any expenditure over USD 500.

The impact of limited resources and decision-making authority was reinforced by overall investment and expenditure patterns (Government, Development Partners and private sector) As noted by the REA statistics and the 2006 *UNDP Human Development Report*, resources have tended to be heavily focused in Dili, with little escaping to rural areas. In 2006, only one-third of the total public expenditure and one-fifth of goods and services were

⁴⁷ Ministry of State Administration, *Local Government Options Study – Final Report*, June 2003

⁴⁸ SG Report January 2006/24

going to the Districts. In turn, the Districts have neither the decision-making authority nor the resources to improve the local situation. Low levels of economic growth mean that they have few alternative sources of funds to those provided from the central government.

An unknown but limited portion of international assistance went towards supporting decentralisation, including an early initiative to strengthen local governance. The pattern of allocation has reinforced the lack of investment in local government and implementation of decentralisation policy as foreseen in the Constitution. UNTAET began the pattern, when decision-making and financial resources were not allocated to the regional offices and their local counterparts. Donors have followed suit by focusing on the central government, which has not developed the capacity to execute budgets and has withheld resources that would have enabled local governments to share in the responsibilities of national development, as well as meeting local needs.

The de-facto decision to prioritise central-level state-building over decentralised governance, parliamentary mandates, and popular participation has empowered the small political elite, while disenfranchising traditional community leaders, who carry the knowledge and experience of their communities, from participating, and denying the youth who will assume future leadership roles. These actions have simultaneously had an impact directly and negatively on economic and social development in the Districts, as well impacting on growing dissatisfaction and frustration among the population that has not received the expected benefits from the nation-building project. Increasing frustration, persistent poverty and marginalization of the population from participation, developing unity and a common national identity have the potential to undermine the fragile stability in Timor-Leste.

Recommendations

- Governance should be approached as an integrated system, in both its political and institutional dimensions. Assistance should avoid creating imbalances between its different elements. In particular, the Executive Branch should not be strengthened at the expense of other parts of the system.
- Donors should fund a balance between the different parts of the Governance system, including support to civil society, local government, and to the institution of Parliament and the political parties.
- International financial and technical assistance to the Timorese Parliament should be increased, to strengthen Parliament's core oversight, legislative and debate functions.
- Efforts should be made to re-invigorate the decentralisation process. Decentralisation should be under-taken to empower local communities in managing their own development, and set in the context of an integrated rural development strategy.

6.2.2 The Security Sector

The security sector "refers to the intricate network of institutional instruments and/or bodies of people that can either positively or negatively affect public safety and the rule of law. It includes those organs of government, which, with the power of coercive authority, execute the will of the state. It also includes the structures that oversee institutions which hold the coercive powers of the state" (Rees 2006).

The collapse of Timor-Leste's security sector was the principle trigger to the 2006 crisis. The UN Independent Commission found that the crisis could be explained largely by "the frailty of state institutions and the weakness of the rule of law. Government structures and existing chains of command broke down or were passed; roles and responsibilities became blurred; and solutions were sought outside of the existing legal framework" (UN 2006: 1). Institutional rivalries within and between the PNTL and F-FDTL led to the collapse of those institutions and violent conflicts between them. The roots of these problems were found in how security institutions were created and politicised, including without clear mandates.

Problems with both the PNTL and F-FDTL originated in the manner they were created. UNTAET was given (SC/RES/1272/1999) the responsibility for administrating East Timor and was empowered to exercise all legislative and executive authority, including the administration of justice and the security sector. UNTAET was to execute these responsibilities during the transition period, as well as prepare these sectors to assume their role in the new independent state. However, UNTAET was not prepared to assume these responsibilities (Martin and Mayer-Reickh, 2005). DPKO had not adequately prepared the mission, there was no clear procedural direction, or road map, and DPKO was not able to recruit and provide the high quality professional personnel. The Timorese security forces and justice system have subsequently suffered the consequences of these early failures.

In February 2001 UNTAET and the national Cabinet formed the East Timorese Defence Force and in March 2002 UNTAET established the East Timorese Police service. However, at Independence on 20 May 2002, neither the ETPS (PNTL) nor the F-FDTL was ready to take over responsibility for public security or external defence. The institutions responsible for civilian oversight and support of the security sector, in particular the ministries responsible for the police and defence force, the parliamentary committee for security and national defence, and the office of the National Security Advisor, remained underdeveloped and weak (Martin and Mayer-Reickh 2005).

Four years later, the UN Independent Commission of Inquiry concluded that Timor-Leste still did not have a national security framework. The PNTL and F-FDTL were given mandates under the Constitution. Although laws were enacted governing these institutions, their regulatory framework was not yet comprehensive. "The Superior Council for Defence and Security exists as an advisory body to the President but does not have policymaking power. Key legislation has been passed in the form of government decree rather than by Parliament. This has limited the opportunity for public discussion. The Commission considers that the lack of a national security framework to appropriately guide the uniformed services has contributed to a lack of effective coordination and cooperation between F-FDTL and PNTL" (UN 2006).

The National Police of Timor Leste

Early efforts to develop the new police force neglected institutional development and favoured the training of individual East Timorese police officers (Martin and Mayer-Reickh, 2005). The establishment of a regulatory framework, organizational structure, and institutional safeguards to protect human rights and provide civilian oversight, infrastructure, funding and the provision of equipment did not receive adequate attention.

Informants pointed out that the need to put a police force on the streets set precedent over building managerial capacity, policy development and oversight at the Ministerial level, and

the result was, in the words of a Dili-based international adviser, “the UN efforts left the PNTL like a house of cards” These problems were also compounded, by the uncoordinated nature of assistance to the police as well as to the Ministry of Interior. There was no strategic plan guiding the effort, UNPOL trainers were of mixed quality, on short rotations, and working from different police models, according to their countries of origin. The Interior Ministry and the police consequently received inconsistent messages from the approximately 30 nationalities represented by the advisors and the UNPOL. The vacuum at the strategic, or policy level, was compounded by the fact that Parliament, was unable to create debate and establish a global vision and mission for police services, and civil society was marginalized from any public discussion on security policy, resulting in a lack of ownership of police development, and a lack of purpose and identity for the PNTL.

The PNTL selection process has remained until today a matter of controversy in Timor-Leste. According to Hood (2006) the UN did not adequately consult Timorese society, and it used western procedures for determining candidates’ suitability. Particular concern has been raised with regard to the recruitment of East Timorese who had served with the Indonesian police. Against contrary opinion UNTAET recruited some 340 policemen who had served with the Indonesian National Police (POLRI) rather than build the whole force from scratch. According to Simonsen (2007) public opinion questioned the professionalism and loyalty of these former POLRI who allegedly had not protected the population during the 1999 violence. This situation was further aggravated when a U.S. provided programme of police training (ICITAP), placed the ex-POLRI members on a career fast track, which allowed them after one month of training, to enter service at a higher rank than did those completing the lengthier training programme.

Informants reported on problems within the police force such as ‘chain of command’ where senior officials in the Ministry of Interior frequently undermined the authority of the Police Commissioner by giving direct orders to officials subordinate to him, or by over-ruling him. Also, they reported on factionalism and politicization of the institution where groupings emerged on the basis of former identities (ex- Indonesian police, ex-resistance, ex-Indonesian university students) and coalesced around senior commanders. The factionalism within the PNTL had become further complicated by growing East-West divisions. Finally, language, as in other areas, was a huge challenge in training the recruits who spoke Indonesian and or/ Tetum when the advisors and trainers spoke neither of these languages, and little effort was made to adapt the training to the cultural traits of Timor-Leste.

A sense of professionalism and morality must accompany police service along with an esprit de corps that generates pride in the institution and a concept of service to the community. A global mission for the PNTL had never been developed and the professionalism and moral qualities, we were told by a senior UN official, had been overlooked in the training, due to the urgency to develop skills. Development Partners⁴⁹ had only a minor role with small

⁴⁹ Hood, 2006;The donors included Australia, Canada, Japan, Malaysia, New Zealand, Portugal, Singapore, the USA and the UK, as well as the United Nations Development Program (UNDP), the United Nations Children’s Fund (UNICEF) and the United Nations Development Fund for Women (UNIFEM).

training programmes and equipment provision up until 2004 when executive policing responsibility was handed to the PNTL. During this period UNSC mandated UNTAET, and then UNMISET, to manage the task of police development and it was principally left in the hands of UNPOL.

Misgivings among the donor community and the UNDP regarding the standards of police training led to a 2003 Joint Assessment Mission⁵⁰ to look for ways to improve and accelerate police development. It was the first attempt to address in a systematic manner the PNTL's institutional weaknesses. The JAM recommended placing greater focus on improving management and administrative support areas within the PNTL. Subsequently, according to Hood (2006) Australia and the UK initiated a major programme of support totalling AUS\$ 40 million over a four and a half year period. The programme (TLPDP – Timor-Leste Police Development Programme) began in mid-2004 and focused on policy development, financial and human resource management, and on police operations, including logistics, communications, and training. A current official within this programme informed the Review Team that the project has since become the main vehicle for channelling international assistance to the PNTL. Programme activities are evaluated through annual project revisions, and by 2006, the experience garnered was considered to be typical for a country with Timor-Leste's development challenges. Capacity building is now considered to be a long-term project, given the low literacy levels and lack of familiarity with formal learning of the police recruits.

The TLPDP programme was evaluated by informants as providing significant improvement in institutional development and police training, however it was not able to resolve the fragility of the institution and the problems already deeply imbedded within it. Basically it was 'too little, too late' to be able to prevent the collapse of the PNTL in Dili during the 2006 crisis.

F-FDTL

After the violence and destruction perpetrated by the Indonesian military and allied militias prior to their withdrawal in 1999, was it decided that a national defence force would be required to protect the borders and national territory of Timor-Leste. However, there was no clear vision for the role a defence force might have within a global security plan for Timor-Leste.

FALINTIL held a huge popular moral legitimacy in Timor-Leste as the resistance army, although this fact was little understood by the international community. According to Rees (2003) INTERFET attempted to disarm them, UNTAET, due to a lack of clarity with regard to armed groups in its mandate, ignored the issue, and the donors could not find a way to support an illegitimate military force (ibid). Consequently FALINTIL forces became marginalized and concern grew that they could pose a security threat to the country. The FALINTIL Supreme Commander and President of the CNRT, Xanana Gusmão, and UNTAET therefore decided that FALINTIL should be transformed into the new defence force for Timor-Leste.

⁵⁰ JAM, 2003

The East Timorese Defence Force (ETDF or F-FDTL) was established in 2001⁵¹ with the majority troops coming from the FALINTIL forces. Portugal and Australia pledged support and training (SG Report 2001/42) to develop the new force, and UNTAET agreed that selection for the force would remain in the hands of the FALINTIL High Command. Six hundred and fifty former FALINTIL troops were chosen to become the first F-FDTL battalion, and 1,300 former resistance fighters who had believed they would also be included now faced demobilization under the FRAP (FALINTIL Reinsertion Assistance Programme), implemented by IOM and funded by USAID and the World Bank. The FRETILIN leadership had not been consulted in this process and later protested over the constitution and the orientation of the defence force. Gusmão, the FALINTIL Supreme Commander, was considered to have personally selected the troops for their loyalty and alliance to him. This experience has played significantly into the politicization of the defence force, factionalism within former FALINTIL members, and competition between the F-FDTL and the PNTL.

In the words of one informant, “the police belong to the government, the army to the president”. Complaints of discrimination voiced by the petitioners in 2006 echoed earlier dissension and cleavages within and between the security forces and contributed to the subsequent crisis of confrontation between the PNTL and the FDTL, and institutional breakdown. The quasi-independent Office for Defence Force Development (ODFD) assumed responsibility for guiding the development of the F-FDTL, and providing planning and management assistance to the F-FDTL high command. It also served as a coordinator for specialized bilateral military training. The Office was staffed with military and civilian defence advisers seconded from their respective governments.⁵²

While ODFD was considered to be a good response in absence of other donor coordination mechanisms, it did not iron out differences between donors⁵³, meaning that Timor-Leste was presented with incoherent models regarding force development and structuring. With no clear government structure to support, emphasis of the donors was placed at building technical capacity at the unit level. Informants indicated that, with little policy coordination between the main defence force supporters (Australia and Portugal) there was little scope for tabling issues with the Timorese government, or to change the direction or nature of technical assistance.

Although there were ‘factors’ that came together to justify the creation of the F-FDTL there was not, prior to January 2007, a clear vision of what the roles and responsibilities of a defence force would be. There had also been no public debate on security policy, in

⁵¹ 1,500 regular troops and 1,500 reserves entered the new defence force.

⁵² Hood, 2006, - Australia, the USA, UK, Malaysia, Thailand, Portugal and other countries contributed advisers

⁵³ Less significant in this context, but still interesting, is the view among several security sector advisers that western models were unwittingly prevailed upon Timor-Leste, rather than indigenously based models. This suggests that operational effectiveness would have been impaired even if the institutional framework and standards of professional integrity had been in place. Examples include the focus on battalion level as the basic unit for F-FDTL, despite successful experience from the independence struggle that suggested smaller units as more relevant for Timor-Leste.

Parliament or by civil society. In January the document 'Forca 2020' was made public and lays out the vision and strategic plan for a Timorese Defence Force. This effort had been conducted behind closed doors, according to informants, and was published in Portuguese. An English version was to be released pending authorization, however at the point of writing there was no Tetum version.

According to the Commission of Inquiry (2006) civilian oversight of F-FDTL existed in the form of the Minister of Defence, supported by a Ministry that had only four national staff and one international advisor employed, out of the 18 posts assigned to it. The Ministry had no legal advisor or defence policy to guide the development of the F-FDTL, and only a base legislative framework existed in the form of UNTAET legislation, the Organic Law on F-FDTL and various administrative instructions. It was only following the crisis of 2006 that a more comprehensive package of bills was presented to the Council of Ministers.

Role of International Assistance in the Security Sector

The following was characteristic of international assistance to the security sector:

- UNTAET did not have the time or resources to establish viable security institutions before independence.
- The actions of both national and international stakeholders served to transfer past cleavages into post-Independence security institutions. Their formation and composition, therefore, replicated the historical divisions within society itself. Security institutions were politicised, the police and military placed in conflict with each other from the outset.
- The Government did not create a mandate and legislative/legal framework for the police or military. In this context, international assistance was primarily technical. It assumed that personnel were being trained and equipped within the framework of well functioning institutions, which was not the case.
- Donor assistance was poorly coordinated, with the sector working group rarely meeting. With the lack of coordination, there was also evidence of strategic competition between the donors, which reflected larger tension in the international community.
- Donors did not appear to mainstream security sector work with other elements of their assistance programmes. This is characteristic of the relationship between assistance given to SSR and development programmes.

Recommendations

- All stakeholders should consider the security sector as a crucial branch of government, and coordinate assistance with broader good governance structures.
- UN missions tasked with SSR responsibilities must be given achievable mandates, and the resources and time to accomplish them. Member states must act responsibly to ensure that this occurs, to provide qualified personnel in a timely manner.
- UNMIT has been mandated to assist the Government of Timor-Leste in conducting a review of the overall security sector. The review should approach the security sector as part of the governance system, examine its experience to date and define a

comprehensive security sector strategy. The international community should fully support the review process, including Parliamentary debate and the participation of Timorese civil society in related discussions, and commit itself to assisting in the implementation of the recommendations.

- Technical assistance to SSR and institutional development (mandate, legal framework, management and civilian oversight of security institutions) must be integrated. Technical assistance should not be provided where security policy and institutional frameworks are not clear.
- Donor coordination to the security sector must be strengthened, possibly through re-vitalising the Sector Working Group under Government leadership. Bilateral initiatives in the security sector should be closely coordinated with the UN Mission.
- There must be better integration between SSR and development assistance, which are often treated as separate activities.

6.2.3 Justice

Building the justice system was perhaps the greatest challenge that faced the UN system in Timor-Leste, and seven years later, it remains a serious challenge for the government and the Development Partners. The challenge was accentuated by the post-1999 environment where virtually all previously existing judicial infrastructure was gone, including archives, case files and law books, and where less than ten inexperienced lawyers remained from the ranks of the legal professionals that had fled the country with the Indonesian withdrawal. “It quickly became apparent to UNTAET officials that a justice system in East Timor, including the necessary regulatory framework, first had to be *built*—and built within the shortest possible time—before it could be *administered*, as called for in Security Council Resolution 1272/1999” (Strohmeier, 2001).

To fill the vacuum of laws the transitional administration declared applicable those laws that had most recently been in force (Indonesian), to the extent that they were consistent with international human rights standards. Different parts of UNTAET began to translate existing laws on an *ad hoc* basis. However, the comprehensive assessment of Indonesian laws to determine which were legally no longer applicable was never completed. UNTAET as well drafted and promulgated over 70 regulations (Kings College, London, 2003).

Independent judicial commissions became the primary mechanism for the selection of judges and prosecutors and served as an important safeguard for the establishment of an independent and impartial judiciary. “The Transitional Judicial Service Commission was a five-member body that included three East Timorese and two international experts, and was chaired by an East Timorese of “high moral standing.” (Strohmeier, 2001)⁵⁴ The United Nations deemed it essential to recruit the majority of the commission members among local experts and to empower them to overrule the international members⁵⁵ so as to build a strong

⁵⁴ Strohmeier, 2001: Chairman of the commission in 2001 was Bishop Dom Basilio de Nascimento from the diocese of Baucau

⁵⁵ The power to overrule the internationals in this commission demonstrated an ability to facilitate legitimate Timorese decision making that could have been utilized more broadly through-out the mission.

sense of ownership over the new judiciaries and to inject as much domestic expertise as possible into the process (ibid).

In January 2000 the first-ever East Timorese judges and prosecutors were appointed; however only a few of these jurists had practical legal experience, none had ever served as a prosecutor or judge. At the same time neither the UN system nor the broader donor community was able to deploy sufficient numbers of legal experts with knowledge of the legal traditions of the country. Every legal document had to be translated, and with almost no prison facilities or guards it became necessary to limit arrests and sometimes to release individuals charged with lesser offences in order to imprison former militias accused of serious violations of human rights or international humanitarian law during the violence of 1999 (ibid).

Training of judicial personnel was urgent and initially the brief training programme for the judges, prosecutors and public defenders that had been selected for appointment, included visits to Darwin and Indonesia for short periods. Later, in 2000, a more comprehensive training programme was designed and launched to address both the immediate and the longer-term educational needs of the inexperienced personnel. The training initially consisted of a formal programme that was implemented by the International Development Law Institute to provide academic-style teaching on a range of topics for all judges, prosecutors and public defenders. Secondly, a mentoring programme was introduced to provide on-the-job support and confidential advice for the new practitioners from experienced international colleagues. The programme was later taken over by the UNDP.

Another programme sent judges, prosecutors and public defenders to Portugal for two-month training courses, however no attempts were made to establish legal training within the educational sector to start training new lawyers. A formal judicial training centre became operational only after independence. Shortly after the Timorese government assumed reigns of its sovereign state, the Secretary-General⁵⁶ reported to the Security Council that “the functioning of Timor-Leste’s justice system, of central importance for the stability and development of the state, has been affected by a lack of clarity regarding the separation of powers among the judiciary, legislative and executive”, and he identified a lack of resources, insufficient capacity building, few experienced and trained judges, public defenders and prosecutors, difficulty in obtaining translations, a back-log of cases, detentions on expired warrants and violations of human rights as on-going obstacles to achieving an effective justice system.

Although progress was made the development of the justice sector continued to face setbacks and challenges. Judicial capacity building was severely hindered by language issues, the public defenders programme was weak and collapsed in 2002, the Special Crimes Unit⁵⁷ was criticized for not maintaining international standards of justice, and in 2005 all judges failed their competency exams (Cohen, 2006).

⁵⁶ SG Reports 80 and 1223/2002 – 669/2004

⁵⁷ See Reconciliation for a description of the Special Crimes Unit

UNDP and the Council of Coordination in the Justice Sector established the 'Justice System Programme' in 2003 to boost the institutional capacity in the Ministry of Justice, the courts and the prosecution service, and a commitment to renew and strengthen the programme during the period of 2006-2009 was made with an infusion of \$10 million dollars of donor funds. Australia, Belgium, Ireland, Norway, Portugal, United States with technical cooperation from Brazil supported this programme as the government's main strategy for justice system development. The activities aim to develop institutional systems and processes as well as individual skills, knowledge and professionalism.

Strategic partner countries will seek to recruit external judges, prosecutors, and public defenders to uphold line functions allowing Timor-Leste nationals to complete various full-time training programmes, including at the Legal Service Centre. An important element to ensure sustainability in the sector is the support to the establishment of a Law School at the National University of Timor-Lorosa'e from January 2006. The programme will also support government efforts to harmonise existing and future legislation.

Recommendation

- All stakeholders should consider their support to the recommendations of the Assessment Team which is currently reviewing the UNDP Justice Sector programme.

6.2.4 Reconciliation

Reconciliation was recognized from the outset as necessary to consolidate peace in Timor-Leste. The international community supported all major efforts to uncover the truth, reconcile communities and proceed legally against the perpetrators of serious crimes. However, the deep divisions in Timorese society from 25 years of conflict, and the violence which entered East Timorese political life in 1975, remain a potential stumbling block to the development of a sustainable culture of democracy and peace in Timor-Leste (COE, 2005). In addition, the focus has been on reconciliation among the 'people' as opposed to within the Timorese leadership.

Timor-Leste still struggles with political differences and 'East-West' divisions that last year threatened the state with violent confrontation between the armed forces and the police, and exposed the fragility of the national institutions and their ability to maintain peace and security for the population. Relative calm was only restored with the intervention of international forces.

Reconciliation and communal healing are directly related to establishing rule of law and providing justice for the crimes committed. The CAVR⁵⁸ process was designed to elucidate truth, to bring justice to the communities, to promote the return of refugees and displaced, and to make recommendations for the long-term reconciliation of Timorese society. The

⁵⁸ In June 2000 representatives of East Timorese civil society, the Catholic Church and community leaders held a workshop to consider transitional justice mechanisms, supported by the UNTAET Human Rights Unit. The advisability of establishing a truth commission for Timor-Leste was part of its agenda. The workshop recommended that a proposal to establish an independent commission with a mandate to investigate past violations and promote reconciliation should be put to the first National Congress of the CNRT (Conselho Nacional da Resistencia Timorense) in August 2000. The Council adopted the proposal.

initial process was lauded and resulted in a communal examination of the past and efforts by the population to forgive and accept the return of individuals that had violated the rights of their neighbours. It was also decided that serious crimes would be dealt with by special courts that would enact justice, and reject the impunity of the past.

The Serious Crimes Unit (SCU) and Special Panels for Serious Crimes were established in 2000 by UNTAET to conduct investigations, prosecutions and judicial proceedings relevant to crimes against humanity and other serious crimes committed in East Timor. All SCU investigations were concluded by November 2004, in accordance with Security Council resolutions 1543 (2004) and 1573 (2004). By the time the mandate terminated in May 2005, 391 persons had been indicted, and in 55 trials that reached a verdict 84 persons were convicted and 4 acquitted. However, another 339 suspects remained at large in Indonesia, which refuses to cooperate with extradition requests.⁵⁹ Many feel that the judicial proceedings were cut short and full reconciliation will be impeded if justice is not seen to be done. According to informants, people from the communities feel betrayed; after complying with their responsibilities of the communal reconciliation process, they now feel that the justice system has failed them and enabled the perpetrators of serious crimes to remain free.

The Commission of Experts reported to the UNSC on 26 May 2005. They found that although “the serious crimes process has ensured a notable degree of accountability” there is “frustration among the people of Timor-Leste about the inability of the judicial process to bring justice to those outside the country’s jurisdiction, particularly high-level persons indicted” (COE, 2005). Findings of the Commission conclude that accountability has not been achieved for those who bear the greatest responsibility for serious violations, and its findings indicate: insufficient resources have been dedicated to the special bodies (the Indonesian Ad Hoc Human Rights Court on East Timor in Jakarta, the Serious Crimes Unit and the Special Panels for Serious Crimes in Dili) mandated to undertake the prosecutions, the General Prosecutor does not function independently of the Government of Timor-Leste, and the lack of access to evidence and suspects in Indonesia is a critical challenge impeding progress.

The CAVR process ran parallel to the SCU’s mandate and in 2006 the SG Report on Justice and Reconciliation⁶⁰ acknowledged receipt of the CAVR report. It was presented to the Timorese Parliament, although to date the report has not been subjected to debate. Recommendations to translate the executive summary of the report into all four official and working languages, and to disseminate it widely among the population are still pending implementation, even after receiving financial assistance (USD 346,000) from Germany, Japan and Norway. UNDP has also assumed financial responsibility for advisory services to the government of Timor-Leste on post-CAVR activities.

The UNSG stated “the CAVR report (2005) constitutes an important milestone in the search for justice, truth and reconciliation in Timor-Leste. The report serves not only as a record of

⁵⁹ Among those are the former Indonesian Minister of Defence and Commander of the Indonesian National Military (TNI), Wiranto, six high-ranking TNI commanders, and the former Governor of East Timor.

⁶⁰ Report of the Secretary-General on Justice and Reconciliation for Timor-Leste 580/2006

past human rights violations but also as a powerful testimony to the Timorese people's resilience in the face of adversity."

On 11 August 2005, less than three months after the closure of the SCU and shortly before the release of the CAVR report, Presidents Gusmao and Yudhoyono of Indonesia, signed into effect the Commission for Truth and Friendship (CTF) as a new and unique approach that would avoid prosecutorial process. The Commission was to establish conclusive truth in regard to the events of 1999 with a view to further promoting reconciliation and friendship between the two countries. However public opinion, including that of the United Nations, has expressed deep concern that the CTF is mandated to recommend amnesty in return for truth for those involved in human rights violations and crimes against humanity.

The process of reconciliation, therefore, is largely incomplete in both its legal and social dimensions. There is a widespread belief among the population that serious crimes will be treated with impunity undermines the credibility of the Government, state institutions and of individuals in political leadership or public service positions. Lost was the possibility to create a common and unifying narrative about Timor-Leste's history, as was the opportunity to actually resolve old disputes. These failures contributed to situation in the sense of Timorese "nation" broke down, and both historical and new divisions emerged as the fault lines for the 2006 crisis.

The international community has provided significant financial and technical support to the CAVR and other investigations and commissions. However, there has been much more reluctance to support their follow-up, which often has political and diplomatic implications.

Recommendations

- The Development Partners should renew their commitment to the reconciliation process of Timor-Leste, including support to the full implementation of recommendations presented in the CAVR report.
- The international community should use all means at its disposal to ensure that due process is applied to the alleged perpetrators of serious crimes in Timor-Leste according to international standards.

Table 6.1: Impact of International Assistance on Conflict Dynamics

Theme/X-Cutting Issue	Assessment of Conflict Impact
Language	<p><u>Mixed</u></p> <ul style="list-style-type: none"> ▪ Actions of some Development Partners undermine implementation of official language policy ▪ Investment insufficient to overcome the challenges affects all sectors
Capacity Development	<p><u>Mixed</u></p> <ul style="list-style-type: none"> ▪ Critical support provided for establishing the Timorese state ▪ Capacity development of mixed quality, producing uneven results that undermine the state-building process
Gender	<p><u>Positive</u></p> <ul style="list-style-type: none"> ▪ Important role transferring international norms and practices into the Timorese context ▪ Support to the creation of Timor-Leste's legal and institutional framework must now be reinforced by action to promote long-term changes in attitude and behaviour

Decentralisation	<p><u>Negative (indirect)</u></p> <ul style="list-style-type: none"> ▪ Limited investment directed towards decentralisation creates imbalances in the governance system ▪ Local government has limited capacity to participate in development process, or respond to local needs
Youth	<p><u>Negative (direct)</u></p> <ul style="list-style-type: none"> ▪ Limited investment in issues related to youth ▪ Size of investment does not correspond to the demographic importance of youth
Economic Development and Employment	<p><u>Mixed</u></p> <ul style="list-style-type: none"> ▪ Support to establishing legal and regulatory framework for private sector development ▪ Support to establishing the Petroleum fund critical to future economic development and good governance. ▪ Little investment or other support to productive activity (employment, livelihood, credit schemes, etc) ▪ Limited investment in the rural sector ▪ Capacity-building efforts still leave the state without ability to translate oil revenues into broad-based development or to stimulate growth.
Governance	<p><u>Mixed</u></p> <ul style="list-style-type: none"> ▪ Important support to establishing the institutions, processes and principles of governance. ▪ Pattern of allocation reinforces centralisation of power in the Executive Branch ▪ Limited support to development of other elements of political governance (local government, Parliament, civil society) ▪ Results in an imbalance within the governance system
Security Sector	<p><u>Negative (direct)</u></p> <ul style="list-style-type: none"> ▪ UNTAET does not leave viable security institutions ▪ Technical assistance implemented without clear institutional frameworks ▪ Lack of coordination between bilateral donors
Justice	<p><u>Mixed</u></p> <ul style="list-style-type: none"> ▪ Large international investment showed limited results.
Reconciliation	<p><u>Mixed</u></p> <ul style="list-style-type: none"> ▪ Initial support to CAVR and SCU was positive ▪ Limited political or financial support to the CAVR recommendations or follow-up, leaving reconciliation process incomplete ▪ Prosecution of most serious crimes is still pending

6.3 Final Observations

The Terms of Reference ask the review to “identify lessons from the experience in Timor-Leste that can be used to improve overall aid programmes in other countries affected by violent conflicts”. Seven lessons were summarised from the review findings:

1. **Conflict-affected environments require a robust field presence.** The potential consequences of any action in conflict-affected environments are magnified by fragility. Programmes are management and skills intensive, often requiring more supervision than programmes in stable environments. Detailed country knowledge and the capacity for ongoing situation analysis and contact with stakeholders are essential. Financial assistance should be supported by intellectual contributions to policy dialogue. The field presence of Development Partners must reflect these requirements, not only to achieve positive development outcomes but also to avoid fiduciary and reputation risk.

2. **UN peacekeeping missions must have realistic mandates and be adequately resourced.** States can not be built on the cheap in only a few years, under the best of conditions let alone in the aftermath of violent conflict. Rather, nation and state-building are long-term endeavours. Failure to provide UN Missions with realistic mandates, and the resources and political support to accomplish can them can increase conflict risk over the medium-term, as well as the real costs of establishing peace. The responsibility for ensuring that mandates are realistic falls first and foremost to the member states of the United Nations.
3. **UN Missions have an essential political role in post-conflict situations.** Missions are mandated by the international community through the Security Council or General Assembly. They act on an impartial basis rather than in response to specific bilateral interests. As such, Missions are in a unique position to provide political analysis, early warning, good offices, mediation and peacekeeping activities in a peacebuilding process. When Missions draw down too quickly, their capacity to assist politically diminishes. Member states should ensure that bilateral actions do not undermine the role of a Mission. Rather member states should support the Mission through coordinated action between the field, capital and their delegations in New York.
4. **The security sector is a critical part of the governance system.** The security sector must develop as part of the overall governance architecture, in tandem with its other components. Technical and institutional development must occur simultaneously; trained and equipped security agencies operating outside a clear institutional framework are vulnerable to capture for partisan or personal ends, and pose a conflict risk. Civil oversight through the appropriate Parliamentary committee is required to guide institutional development. Donors must also ensure that their governance and security sector activities are closely integrated, and that there is proper management and coordination across them.
5. **Finding the right balance between state-building and other aspects of the development process.** The international community has made progress with the knowledge and practice of state-building, which are reflected in emerging best practice. However, lessons are still being learned about the balance and relationship between: i) state-building and nation-building; ii) state-building and the governance processes; iii) different elements in the overall architecture of state institutions and processes; iv) state and society; and v) state-building and productive/livelihood activity related to economic development.
 - **Current practice can centralise political power and state capacity in only a few elements of the state/governance architecture;** the Executive Branch and key Ministries at the national level. Other elements of the development process tend to follow this pattern; donor activity and economic development and opportunity. In weak state environments, there is also a tendency to centralise policy dialogue in the relationship between the Executive Branch and the OECD-donor/multilateral community, particularly when the technical capacity of the latter exceeds those of national actors.
 - **Centralisation reduces participation by excluding key actors from the governance process.** Parliaments, political parties, local governments and civil society can not

effectively play their legislative, oversight roles and service delivery roles, or channel the interests of broader society. Internal demand for good governance is also weakened, when these actors have only limited access and capacity to engage. In this context, the Executive Branch, and the donor community, can become isolated from the broader polity.

- **It is difficult to re-distribute power once it has been centralised.** Rather, the process creates its own set of interests and incentives that will tend to re-enforce centralisation. The effect can be to destabilise the political process over the long-term. There are also implications for development outcomes, when other levels of the system do not deliver according to their roles.
 - **Balance within the system is important to the relationship between nation and state-building.** States are created to serve nations, and those nations are based on a shared commitment to a set of values, ideas and benefits that unify a population. Where important segments of the population are not included in the political process, or do not see the material benefits of development, then their affiliation with the “nation” is also likely to erode.
6. **There is no formula for achieving the right balance in providing support to state-building.** Rather, the relationship between these activities and the modalities for supporting them require further consideration:
- States and multilateral organisations of those states have developed effective mechanisms for working with other states. Bilateral donors also have proven modalities for working through national and international NGOs.
 - The modalities for the delivery of assistance to sublevels of government (local and regional), political governance (institutional development of Parliament and political parties) and civil society are less effective. Rather, many donors are reluctant to support political governance activities, even though these are essential parts of the democratic model.
 - ODA has an uneven record in stimulating economic development. Progress has been made with assistance to legal and regulatory frameworks and the provision of physical infrastructure, all of which provide the architecture for private sector development. Regardless of their importance, these activities alone do not stimulate private sector activity, which is essential to real improvements in people’s lives.
7. **The international community, both UN and donor countries, must empower local leadership in all peacebuilding and development activities.** National authorities must lead these processes, and control and coordinate the assistance being offered by international donors. Assistance must be determined by need identified by local authorities and coordinated within broad governance and development strategies. International expertise and advisory services should be provided, however policy decisions should remain in the hands of national actors.

Annex A: Terms of Reference

Norway, in collaboration with the government of Timor-Leste and other donors, will review the role and impact of development cooperation with Timor-Leste, in view of the mid-2006 political crises and violence. The goal of the review will be to summarise experiences and lessons in order to improve the quality and orientation of development cooperation with Timor-Leste, and to provide lessons and guidance for development cooperation in other countries affected by conflict. The review will consider the impact and effectiveness of pooled modalities as these are main delivery mechanisms, and contributions to the UN system, in which Norway is only one of many donors. The review will also consider the impact of Norwegian bilateral assistance. Preparations will begin in February 2007, with fieldwork carried out as soon as possible after presidential elections scheduled to take place in April 2007. Norway will maintain close collaboration with Timorese authorities and the donor community during the entire review process, including dialogue on the review's findings.

Background and Justification

2006 Political Crisis

Timor-Leste has been described as a post-conflict success story. As late as April 2006, the World Bank's *Background Paper for the Timor-Leste and Development Partners Meeting* (2006)⁶¹ was optimistic about the gradual consolidation of Government capacity, the pro-poor orientation of Timor's national development strategies (2003 and 2005), the growth in state revenues and the creation of Timor-Leste's Petroleum Fund (2005), which linked the expenditure of state oil revenues to national development objectives. The IMF (2005)⁶², UN (UNDP 2006)⁶³ and others took similar positions.

Few, if any, in the international community anticipated the violence of April and May, 2006. Thirty persons were killed in Dili and 150,000, or 15% of the population fled their homes. The *Report of the UN Independent Special Commission of Inquiry for Timor-Leste* (2006)⁶⁴ concluded that Timor-Leste had experienced a breakdown of governance, both in its political and institutional dimensions. The crisis resulted from the "fragility of state institutions and the weakness of the rule of law. Governance structures and existing chains of command broke down, roles and responsibilities became blurred and solutions were sought outside of the legal framework".

The UN Commission and the International Crisis Group (ICG)⁶⁵ both concluded that the failure to consolidate reforms to the security sector lead to a collapse of military and police,

⁶¹ World Bank, *Background Paper for the Timor-Leste and Development Partners Meeting*, April 2006.

⁶² International Monetary Fund, *IMF Country Report 05/245*, IMF, July 2005, <http://www.imf.org/external/pubs/ft/scr/2005/cr05245.pdf>

⁶³ United Nations Development Programme, *Human Development report 2006; Timor-Leste: The Path Our of Poverty*, UNDP, 2006, http://hdr.undp.org/reports/detail_reports.cfm?view=1084

⁶⁴ UN *Report of the UN Independent Special Commission of Inquiry for Timor-Leste* (2006)

⁶⁵ International Crisis Group, *Resolving Timor-Leste's Crisis*, Asia Report No. 120, October 2006

and violent conflict between them (UN 2006: para 10). The ICG noted that the crisis was about “how a guerrilla movement makes the transition from war to peace, how security institutions are built from scratch... and how crisis resolution becomes infinitely more difficult when political leaders let problems fester” (ICG 2006: 1). None of these issues appear to have been dealt with successfully after independence.

Recovery from the political crisis has been hindered by the problem of internal displacement, itself a consequence of instability. Eight months after the crisis, large numbers of persons remain in displacement camps, many only a few kilometres from their homes. For outside observers, the number of displaced persons appears out of proportion to the “real danger”. The size of the displacement and the reluctance of persons to return to their homes may indicate a collective trauma originating in past violence; from the Indonesian occupation, the transition to Independence in 1999-2002, but also Timorese internal conflict dating to the colonial period and the civil war in 1975. Matters related to collective trauma, reconciliation and continuing insecurity, therefore, appear unresolved. Moreover, recent violence has seen an increase in gang-related rivalries, causing people feel even less secure about returning home.

The Role of Development Cooperation

Timor-Leste receives bi-lateral and multilateral development assistance. It depended on international political support and UN peacekeeping to achieve Independence. After Independence in 2002, the processes and institutions of governance had to be built from scratch, as did the state institutions responsible for delivering on national development priorities.

In this context, Timor-Leste has benefited from:

- A combination of security guarantees (international peacekeeping forces and civilian police), a UN transitional administration (*United Nations Transitional Administration in East Timor*; UNTAET), and substantial humanitarian, financial and technical assistance.
- Significant support to strengthening the security sector, begun during the UN Transitional Administration and continued after independence with support from the UN system and the donor community.
- Capacity development, including the placement of large numbers of international experts in government offices, advising on policy, the development of legal frameworks and service delivery.
- Policy dialogue between the donor community and the Timorese government focused on the achievement of national development objectives.
- The development of Timor Leste’s key oil sector, and the public finance management instruments and political processes to ensure oil revenues are allocated in accordance with development priorities.

Much of this assistance has been delivered through the World Bank or the UN system. These have partly been structured as a programme-oriented Multi-donor Trust Fund

(MDTF)⁶⁶ and as direct support to government expenditures (budget support), with a focus on policy dialogue between the donors and the Government.⁶⁷ Norway has been a major contributor to these mechanisms.

Goal and Objectives

Given the importance of international assistance to Timor-Leste, it is relevant to ask what effects that assistance has had on conflict transformation. Did assistance affect conflict dynamics within Timorese society; in its design and focus? Was the conflict impact of assistance positive or negative? Did the impact derive from the modalities used for its delivery, areas of focus, quality of technical assistance or policy dialogue? Were there important omissions? The UN Independent Commission and the ICG reports made some critical observations on assistance to the security sector. However, less is known about the potential and actual effect on conflict dynamics resulting from assistance to the processes and institutions of governance, including the rule of law, economic development (youth employment and the oil sector), social sector service delivery and reconciliation.

The goal of the review is to contribute to improving international development cooperation with Timor-Leste, and to other countries affected by violent conflict. The study team will assess the impact of development cooperation on conflict transformation in Timor Leste during the period from Independence in 2002 until the crisis in April 2006, in order to:

- Make recommendations for improving present and future international cooperation with Timor-Leste, in terms of its composition, the modalities used for delivery, processes for harmonization and alignment and dialogue with the Government of Timor-Leste.
- Contribute to policy discussion with the Government of Timor-Leste on means to improve the conflict sensitivity of international development cooperation with Timor-Leste.
- Identify lessons from the experience in Timor-Leste that can be used to improve overall aid programmes in other countries affected by violent conflicts
- Contribute to the field testing of methodological tools available for evaluating conflict prevention and peacebuilding activities.

Scope of the Review and Issues to be Covered

The review shall focus on the effects of development cooperation activities on institutions and processes of governance, including institutions to strengthen the rule of law and security sector reform, economic development and reconciliation. Particular attention shall be paid to:

- The impact and effectiveness of pooled mechanisms and contributions to the UN system, in which Norway is only one of many donors.

⁶⁶ Established in 2000 and administered by the World Bank to finance reconstruction and development activities. Most donors have transferred their assistance to budget support in recent years.

⁶⁷ The Consolidated Support Program (CSP) and the Transitional Support Program (TSP), budget support modalities that have increasingly focused on policy dialogue as Government Oil revenues come on-stream.

- Employment creation, social sector service provision, with a focus on education, training and access to other social services for young people, and mechanisms for coping with social trauma.
- Government polices and donor assistance to the security sector, noting that Norwegian assistance has been focused on the justice sector and civilian police. Other aspects of security sector reform may be considered, depending on relevance and collaboration from donors.⁶⁸
- In the case of Norway's assistance, the study needs to include programmes implemented by various government and non-government institutions as well as by multilateral agencies (such as the World Bank and UN agencies) and pooled funds.
- Depending on the active involvement and interests of other donors and organisations, other sectors and mechanisms will be included.

The time period to be covered by this review is between independence in 2002 and the onset of the crisis in April/May 2006. The review may address events outside of those dates to the extent that they are relevant in addressing the main questions of the review.

Methodology, Work Process and Composition of the Review Team

The review shall contribute to the development of methodological approaches to the evaluation of development assistance for conflict prevention and peacebuilding and provide for field testing of methodological approaches available in this area:

- The review team shall take into consideration the CDA (Collaborative Learning Project) report "An Approach to DAC Guidance for Evaluating Conflict Prevention and Peacebuilding Activities" (January 2007). It is noted that these tools are in draft form or early use.
- Resources available in Norway through official sources, research centres and the NGO community.
- Other resources available in the international community.

The review is to be undertaken by a team of international consultants to be coordinated by Scanteam and formulated as a project under the framework agreement between Norad and Statskonsult/Scanteam. Core members of the team are:

- David Gairdner (Scanteam) – Coordinator
- Susan Isabel Soux (Independent Consultant)
- A person with senior qualifications in a field related to SSR, to be identified in discussion between the Embassy and Scanteam after contract is signed

Scanteam will provide the team leader of the review team. It will ensure the overall management and coordination of the review process, and assume responsibility for the final report. Scanteam shall also ensure the appropriate peer review and quality assurance. The

⁶⁸ The United Nations has announced that it will undertake a review of its assistance to the security sector.

two other team members shall participate in the methodology design, field work and report drafting as appropriate.

Financial resources adequate to cover a maximum of 6 person months of international consultants' time shall be made available. The review team is expected to include senior consultants, interdisciplinary in composition, with broad knowledge in the areas of:

- International and Norwegian development policy, pooled aid modalities and the UN and World Bank systems,
- Macro-economic policies, public administration, good governance, security sector reform, employment creation in post-war situations, social sector service provisioning and reconciliation processes,
- Post conflict dynamics and development assistance, and methodologies for evaluating assistance for conflict prevention and peacebuilding.

The team should undertake a review of documentation and produce an inception report to be discussed with Norad, the MFA and the Norwegian Embassy in Jakarta. The inception report shall include initial findings from the document review and the proposed design of the field study in Timor Leste, including methodological approaches and an interview guide for the field work.

At the same time as presenting its inception report, the core team should conduct interviews with informants in Norway with involvement in development cooperation and policy dialogue with Timor-Leste during the period 2002-2006.

The review of documentation should include key documents produced by multilateral agencies on the socio-economic status and national poverty reduction strategy in Timor-Leste, including the documents mentioned in footnotes 1-3 above:

- The Norwegian Embassy in Jakarta shall take the lead role in identifying and providing documentation on the overall Norwegian portfolio.
- The Embassy shall be responsible for engaging the government, the multilateral organisations and other bilateral donors. This work shall be completed prior to the team's arrival in Dili.
- On agreement between them, the Embassy and/or Norad shall provide the analytical framework for Norwegian development cooperation.
- The review team shall supplement this document review with academic literature, documentation prepared by the government and non-government actors in Timor-Leste as well as media reports.
- The review team should summarize a conflict analysis of post-independence Timor-Leste on the basis of documents mentioned.

Norad and the review team shall organise a workshop in Oslo, at which time the methodology and the inception report will be presented. The objective of the workshop shall be to strengthen the design of the methodology, as well as provide an opportunity for Norwegian Timor specialists to comment on the overall process. Norad's Evaluation Department shall be consulted on methodological issues.

The core team should undertake a field mission to Timor-Leste as soon as possible following the April 2007 presidential elections. The field mission should be up to 3 weeks in duration. The team shall be provided with physically and administrative support in Dili by the Norwegian Embassy in Jakarta. Before departure from Dili, the Team will present their preliminary findings to international donors and the Timorese government in order to obtain feed-back and contribute to a consultative and participatory process. These processes will be organised by the Embassy.

The review team shall provide a draft report to Norad and the Norwegian Embassy in Jakarta within 3 weeks of completing its field work. The report shall be no more than 40 pages, if necessary supported by a limited number of annexes. The review team shall also produce an Executive Summary of no more than three pages. The Norwegian embassy in Jakarta may circulate the draft among donors (and the government) and shall provide comments on the draft report within three weeks of receiving the draft. Norad shall also provide comments on the draft report within the same timeframe. The review team shall deliver the final report to Norad and the Norwegian Embassy in Jakarta within one week of receiving these comments. Members of the core review team will be expected to participate in further consultations and follow-up processes in Dili, Jakarta and Oslo.

Risks to Completion

The risks to implementation include:

- DAC methodologies are in draft form or un-tested in the field. Understanding of their relevance and use, therefore, is limited.
- Other Stakeholders may not collaborate and/or limit access to information. This could limit access to information on the broader context in which pooled mechanisms and UN activities are being implemented.
- Election process limits access to key informants, or otherwise disrupts the review.

A strategy for mitigating risk shall be included in the inception report.

Annex B: Methodology and Sources

The review used a four-step methodology, adapted from the tools being developed by the OECD DAC. These tools were largely in draft form, requiring the Review Team to improvise on some aspects. The main sources were:

- Collaborative Learning Projects, *An Approach to DAC Guidance for Evaluating Conflict Prevention and Peacebuilding Activities*, Draft, January 2007
- Development Assistance Committee of the OECD, *Draft Guidance Development Assistance Committee of the OECD for Evaluating Conflict Prevention and Peacebuilding Activities*, Working Draft as of 16 March 2007⁶⁹

The decision to use DAC tools was based on their broad acceptance, given the DAC's role as the principal body through which the major bilateral donors coordinate on issues related to co-operation with developing countries.⁷⁰ The review also considered best practice or definition materials from the OECD DAC, the United Nations system and the World Bank, including:

- *Fragile States: Policy Commitments and Principles for Good International Engagement in Fragile States and Situations* (2007)
- *The Paris Declaration on Aid Effectiveness* (2005)
- *Security System Reform and Governance* (2005)
- *DAC Evaluation Quality Standards, DAC Evaluation Network* (2005)
- *Glossary of Key Terms in Evaluation and Results Based Management* (2005)

Assumptions

The *Review of Norwegian and International Cooperation with Timor-Leste* was based on four assumptions:⁷¹

- Timor-Leste received significant international support that was critical to: achieving independence; responding to the post-referendum humanitarian emergency; creating a secure environment for development; establishing and maintaining the newly independent Timorese state, and; establishing and expanding public services.
- The transformation to peace from conflict in Timor-Leste is an ongoing process of interaction between multiple stakeholders. The international community is only one group of actors seeking to influence the outcome. Its interventions are not neutral, but rather have an impact on conflict dynamics, positive or negative, intended or unintended.

⁶⁹ A complete list of the sources referenced in developing the methodology is included in Annex C.

⁷⁰ See Development Assistance Committee of the OECD http://www.oecd.org/department/0,2688,en_2649_33721_1_1_1_1_1,00.html

⁷¹ The DAC Glossary of Key Terms defines assumptions as "Hypotheses about factors or risks that could affect the process or success of a development intervention" (2002).

- The interests and capacities of international stakeholders working in Timor-Leste are not homogeneous. Through their actions, stakeholders pursue interests. The manner in which interests are pursued affects the overall impact of assistance on conflict dynamics, as will the quality and relevance of the assistance being provided.
- When international partners make the decision to provide assistance in a post-conflict situation, they assume a measure of responsibility for the outcomes. With responsibility, therefore, comes accountability for outcomes before the Timorese people and national taxpayers.

The actors (national and international), their interests, the interaction between actors, the quality and relevance of assistance and the institutional framework or context in which the assistance is delivered all have an impact on development outcomes (Hodges and Tibana 2004: 14-18). The influence of international Development Partners on outcomes is likely to increase in situations where state institutions are weak and dependence on assistance is high. Timor-Leste had both of these conditions.

A Four Step Assessment Framework

Step One: Summary of the conflict analysis done by the international community

The OECD literature notes the importance of conducting an initial conflict analysis, to support programme development and serve as a baseline for monitoring and evaluation (CDA 2007: OECD 2007). *Conflict* analysis is distinct from *context* analysis. While the latter looks at the overall situation in which a conflict is occurring, the former focuses on the main forces, interests and stakeholders driving the conflict. It is “more narrowly focused on the specific elements of the broader picture that may trigger or propel the conflict” (CDA 2007: 12).

The basic elements of a conflict analysis cited in the literature include identification of:

- The key factors driving the conflict. These are the major elements contributing to the conflict, without which it would either not exist or would be significantly different. Conflict elements can include the full range of factors between long-term structural issues to the more immediate triggers (OECD 2007). They are often desegregated between different and inter-related levels; manifestations, proximate and root causes (CPR 2007).
- The dynamics and relationship between the key factors, and understanding the relative importance of each to the conflict.
- The key stakeholders and actors, their interest and the resources at their disposal. These are the people (individuals, groups and/or constituencies) involved with either perpetuating, mitigating or resolving the conflict. Actors can include spoilers, leaders or groups that believe that peace threatens their power, worldview, and interests, and undermine attempts to achieve it (Stedman 2000).
- Identification of the spheres in which conflict may be occurring (political/governance, development, justice/reconciliation and security, among others), and the relationships between those spheres.

- The different stages that a conflict has gone through over time, and the characteristics or trends in each of those phases (CDA 2007; CPR 2006; Paffenholz 2005).
- Pre-existing structures or processes in a community or nation that can be strengthened to achieve the peace objectives (CPR 2006).

The importance of conducting such an analysis appears early in the literature (OECD DAC 1997: Lederach 1997), and was generally accepted in early 2000 when the international cooperation portfolio for Timor-Leste was being developed.⁷² The team, therefore, used a document review and interview process to identify how:

- National and international stakeholders perceived the main conflict dynamics in Timor-Leste prior at independence when assistance portfolios were being designed, subsequently during the 2002-2006 timeframe, and changes in those perceptions over time.
- Stakeholders understood the needs to be addressed, and their prioritisation and sequencing for responding.
- The change theory underlying international interventions, and the development model(s) was used to achieve the objectives of transition.⁷³

Step Two: Overview of the international assistance portfolio to Timor Leste

The Review Team developed an overview of the international assistance portfolio to Timor-Leste. The overview summarised the main characteristics of international assistance to Timor Leste for the period 2002- 2006, including:

- The total value of international assistance over the 2002-2006 timeframe and its importance relative to national resources, including non-oil GDP and growing oil revenues within Gross National Income (GNI).
- The composition of international assistance, noting that it has included different political, security, financial and technical components.
- The changes in the composition of assistance over time, and how those changes were intended to respond to the evolving situation.
- The modalities through which assistance has been delivered, including through multilateral channels (MDTFs and UN agencies), and the relative importance of those modalities to the overall international portfolio.

⁷² See Bush (1999), the *DAC Guidelines on Conflict, Peace and Development Cooperation* (1997), the *DAC Guidelines on Helping Prevent Deadly Conflict* (1998 and 2001) and *Preventing Conflict and Building Peace; A Manual of Issues and Entry Points* (2005).

⁷³ How the programme designers believed that positive change could be brought about in the Timorese context. Change theories are often expressed implicitly rather than explicitly; X action will produce Y result (OECD 2007: 18).

- The role of the Timorese political elite, government and other national stakeholders in defining the priorities and subsequent implementation of assistance.

Step Three: Mapping the potential for conflict impact

The review correlated the existing assistance portfolio (Step Two) to the perceptions of conflict dynamics that emerged from stakeholder analysis (Step One). The mapping process identified:

- The relationship between the conflict analysis and the design of the overall Norwegian and international portfolios. Did international stakeholders operationalise their conflict analysis through the design of their portfolios?
- The conflict relevance of the overall portfolio. Did the assistance portfolios address conflict dynamics, as they were perceived in the analysis? Which aspects of conflict dynamics, therefore, did the portfolios have the potential to influence?
- Gaps in the conflict relevance of the portfolio, understood as between areas in which there is no or little correlation between the conflict analysis and the potential for assistance portfolios to interact with them. These spheres remain beyond the scope of international assistance and, therefore, may not be subject to its direct influence.

Step Four: Assessing the conflict impact of international assistance

Using the information gathered through the first three steps, the review team assessed the impact of international assistance on conflict dynamics in Timor-Leste. The process followed the DAC evaluation results chain, from inputs (Norwegian and international assistance portfolio overview), to outputs (generalised statement on the products, capital goods and services being produced by assistance), outcomes (generalised statement on the short and medium-term effects being generated by the portfolio) and the impacts, positive or negative. The team used the term “direct impact” where clear attributions could be drawn. The term “indirect impact” was used when a relationship could be established, but where the interaction with other factors meant that a clear attribution could not be determined.

The assessment included two components. First, the team developed its own analysis of conflict dynamics in Timor-Leste, including identifying key conflict-related issues, within the same template used for the conflict analysis in Step One. The analysis was a synthesis drawn from the document review and interview process, with the team contributing its own interpretation. Particular attention was given to analysis coming from the Government and people of Timor-Leste. The analysis was contrasted with that done by international stakeholders during the 2002- 2006 period for strengths or deficiencies that could be identified with the benefit of retrospection.

Based on existing information the team came to determinations on the impact of Norwegian and international assistance on conflict dynamics, direct and indirect, positive and negative. The team also identified areas of potential impact (interaction between conflict dynamics and assistance). The team followed the results chain as far as available information permitted. However, the short time period that international assistance has been operational in Timor-Leste placed limits on understanding long-term impacts.

Table B.1: Methodology Flow Chart

<p>Steps One to Three provide an overview of how international stakeholders perceived the conflict and how they responded to that perception. Step Four includes the Review Team's perception of how the conflict dynamics have evolved through the period and its observations and conclusions on the conflict relevance and impact of international assistance.</p>	
Methodology Step	Outcome
<p>Step One: Summarise the conflict analysis done by the international community.</p>	<p>Summary of the conflict analysis process and findings used by international stakeholders to design their interventions.</p>
<p>Step Two: Overview of the international assistance portfolio to Timor-Leste, including a summary of the general characteristics of the portfolio and the objectives, the development model and change theories on which it is based.</p>	<p>Summary of the international assistance portfolio to Timor-Leste, including its main characteristics.</p> <p>Summary of the CPPB objectives (explicit and implicit), assumptions and theories of change underlying international interventions.</p>
<p>Step Three: Map the potential for conflict impact by correlate the assistance portfolio and the perceptions of the conflict held by international stakeholders.</p>	<p>Map of the international portfolio and the potential areas where conflict dynamics and international assistance had the potential to interact, and where impacts may be found.</p> <p>Findings on the conflict relevance of international assistance, including gaps where the assistance portfolio does not interact with conflict dynamics.</p>
<p>Step Four: Using the conflict analysis developed by the Review Team, assess the conflict impact of international assistance, real or potential.</p>	<p>Conflict analysis formulated by the Review Team, identifying the trends in the conflict environment between 2002 and 2006.</p> <p>Findings, conclusions on the conflict impact of international development assistance, and recommendations to improve future assistance.</p>

Annex C: External Assistance to Timor Leste 2000-2006

TOTAL PROJECT DISBURSEMENTS BY DONOR (In USD) as of 26 March 2007

Donor	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	Total
Portugal	7,843,066	117,083,805	52,624,282	88,301,930	39,556,354	29,437,752	18,585,456	27,665,903	15,206,147	396,304,695
Australia	28,116	38,884,502	23,138,730	36,276,914	28,534,397	33,714,755	25,278,638	18,318,853	19,258,906	223,433,811
Japan		6,567,494	45,799,498	35,023,405	36,258,132	26,285,013	30,078,851	28,670,746	10,011,419	218,694,558
EC	217,720	23,069,729	20,913,710	33,966,140	20,157,073	22,144,874	35,674,180	21,550,968	24,408,995	202,103,390
USA		5,735,445	15,497,115	23,624,852	21,829,172	25,852,864	29,760,370	35,286,432	35,633,270	193,219,520
UNDP		2,216,269	3,979,549	11,262,149	6,717,266	9,097,271	13,054,925	16,930,482	9,560,459	72,818,370)
United Kingdom		16,290,032	8,589,252	7,151,301	10,436,823	8,231,847	7,091,514			57,790,770
UNICEF		2,842,174	8,429,194	5,237,059	4,328,640	10,239,242	8,436,334	12,491,589	2,682,500	54,686,732
Norway	35,000	3,043,071	9,148,045	6,941,631	13,140,625	5,938,518	3,820,459	1,949,584	979,992	44,996,925
United Nations		23,409,986	6,062,012	5,207,143	267,143	177,513	97,513	97,512		35,318,822
WFP		18,712,000	6,983,792	2,751,000			3,078,000		3,122,576	34,647,368
Germany	2,680,792	1,692,599	4,204,836	2,032,218	3,921,896	3,516,418	3,868,882	7,975,218	4,061,922	33,954,781
China			4,227,601	8,457,608	3,021,208	448,289	3,101,002	8,018,712	1,925,000	29,199,419
World Bank		11,430,000	355,250	1,555,750	6,424,305	3,283,805	2,563,555	435,555	128,000	26,176,220
Ireland		1,192,241	2,384,005	4,227,007	5,239,715	4,354,356	4,276,985	4,135,391		25,809,699
UNHCR		15,676,966	6,203,268	1,321,153	634,640	350,000				24,186,027
Sweden		74,000	272,628	4,182,072	3,885,351	7,169,284	4,876,095			20,459,430
Asian Devt Bank		1,079,308	1,886,807	1,563,357	1,011,857	1,224,857	1,490,690	5,770,690	6,393,334	20,420,900
Canada	256,202	1,718,706	2,613,418	5,044,885	5,603,186	2,647,154	185,550			18,069,101
Finland		2,474,595	3,118,640	2,844,174	2,416,012	2,259,295	1,552,960	2,081,020		16,746,696
New Zealand		306,994	333,862	719,135	1,278,659	1,802,800	2,002,524	1,368,429	428,733	8,241,136
WHO		590,000	510,000	663,498	643,498	723,554	2,544,600	2,066,050		7,741,200
Investment Income					7,138,000					7,138,000
UNFPA		50,000	462,343	785,671	377,590	2,278,140	2,114,166	843,092	12,500	6,923,502
Korea		1,337,050	316,950	1,588,000	1,569,000	1,016,600	226,400			6,054,000
Global Fund For Malaria						1,336,125	1,528,911	1,531,210	1,531,200	5,927,446
Spain		75,356	68,090	134,431	684,097	1,666,865	988,316	665,468	965,136	5,247,759
Netherlands		1,746,064	291,454	2,384,661	532,000	243,000				5,197,179
IOM				700	157,050	1,462,370	1,599,022	923,542	676,986	4,819,670
FAO			584,000	274,000	421,000	901,190	985,000	978,000	350,000	4,493,190
Brazil			238,169	1,148,546	1,467,206	327,741	5,338	223,066	253,954	3,664,020

* Above figures do not include proposed projects.

REA REPORT 15b - TOTAL PROJECT DISBURSEMENTS BY DONOR (In USD as of 26 March 2007)

Donor	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	Total
Indonesia				500,000	850,000	650,000				2,000,000
IMF			280,000	280,000	280,000	280,000	350,000	210,000	70,000	1,750,000
UNIFEM						38,988	341,368	508,483	664,174	1,553,013
Switzerland			118,462	255,500		250,000	32,500	27,500	680,000	1,363,962
Thailand					42,349	171,928	528,635	403,597		1,146,509
Italy		129,500	145,090	210,000		71,321	296,909	278,660		1,131,480
Global Fund For TB								967,650		967,650
Malaysia		5,666	73,889	144,136	319,195	151,713	159,144	107,055		960,798
ILO							271,526	396,764	254,386	922,676
UNDESA								403,500	403,500	807,000
Luxembourg			466,223	125,000						591,223
Belgium		376,468	189,493							565,961
Denmark			100,000	171,780		111,900	71,400			455,080
Public - Private Infrastructure Advisory Facility							200,000	200,000		400,000
UNOPS						71,757	95,126	71,059	53,569	291,511
Asia Alternative Energy Program							75,000	75,000		150,000
France		54,703	60,403	18,645	133,751					
Energy Sector Management Advisory Program							60,000	60,000		120,000
US Institute for Peace						40,000	80,000			120,000
Humanist Institute for Cooperation					20,000	15,000				35,000
Greece		4,875								4,875
Total	11,060,896	297,869,598	230,670,060	292,987,170	229,800,719	212,385,099	208,699,844	206,764,780	139,716,658	1,829,954,825

* Above figures do not include proposed projects.

Annex D: Statistical Annex

1. Overview of data sources

The primary data source was the Registry of External Assistance (REA), compiled by the National Directorate for Planning and External Assistance Coordination of the Ministry of Planning and Finance. The registry is the central repository of information on external assistance to Timor-Leste since 1999. It provides baseline data for the Government's annual budgeting process, the review of sectoral allocations by Development Partners and for planning within the Sectoral Investment Plans (SIP).⁷⁴

The REA data for 1999-2006 is incomplete and represents the minimum reported flow of assistance. The registry depends on Development Partners to provide information on their programmes. However, the reporting performance of bilateral donors is mixed. The REA's April 2006 summary shows that 20 of the 28 bilateral donors submitted reports during 2005 and only eight reported during 2006.⁷⁵ Registry staff advised that donors are frequently late reporting, and often provide incomplete data. The data is stronger from multilateral organisations, (the World Bank, Asian Development Bank and United Nations agencies), with 19 of the 20 listed multilaterals reporting to the REA in 2005 and 12 reporting in 2006.⁷⁶ This reflects, in part, the "on-budget" orientation of nature of Multi-donor trust funds.

Additional sources of data and analysis included:

- The Government of Timor-Leste's annual budget document, which integrates national revenues and donor assistance into combined source estimates.
- Reports from multilateral financial institutions (the World Bank and the International Monetary Fund) and the OECD DAC's annual *Development Cooperation Report*. Also, the IMF's *Timor-Leste Fiscal Data* and 2007 *Selected Issues and Statistical Appendix* have data summaries.
- The UN Department of Peacekeeping Operations' *Economic Impact of Peacekeeping Operations* initiative, which includes a Timor-Leste case study.
- The Embassy of Norway in Jakarta, which provided complete data on Norway's cooperation for the period 2005-2007. Prior to 2005, cooperation with Timor-Leste was managed by Norad from Oslo.⁷⁷

⁷⁴ The REA records development, humanitarian and emergency assistance only. Military and security-related assistance are not reported. However, the government includes an estimate of UN Peacekeeping Force and UN CIVPOL in its annual budget estimates.

⁷⁵ Ministry staff reported that Norway has met its REA reporting obligations in a timely manner.

⁷⁶ The World Bank and all UN agencies reported to the REA in 2005, with the exception of the FAO.

⁷⁷ Norwegian development cooperation was restructured in 2005. Primary responsibility for delivery of cooperation was transferred to the Ministry of Foreign Affairs from Norad with responsibility for direct management decentralized to Embassies. Norad retains a technical support role.

2. Overview of the International Assistance Portfolio

2.1 Modalities for the Delivery of Assistance

There have been six channels for international assistance to Timor-Leste. UNTAET and the three subsequent UN missions were funded through assessed and voluntary contributions from UN member states. At the Tokyo Donors' Meeting for East Timor (December 1999), 50 participating countries and international agencies also established:

- **The Consolidated Fund for East Timor (CFET)**, managed by UNTAET in 2000 as modality for direct support for the transition to independence, and for the formation of the Timorese state.⁷⁸ Management of the CFET was transferred to the Timorese government on independence, and integrated into the annual state budget process.
- **The Trust Fund for Timor Leste (TFET)**, a programme fund for economic development and reconstruction under the trusteeship of the World Bank and the Asian Development Bank.

Beginning in FY 2003, the Government and the Development Partners established two generations of modalities for the delivery of direct budget support. The Transitional Support Programme (TSP) was implemented in three annual phases (TSP 1, TSP II and TSP III) in successive fiscal years ending in FY 2005. The TSP was followed by the Consolidated Support Programme (CSP).

While providing these funds, donors have shown a preference for working through bilateral agreements with the government. Twenty-eight countries contributed bilateral support between 2002 and 2006. At the same time, the United Nations agencies maintain programmes in Timor-Leste, using both own funds and serving as a channel for donor contributions. Finally, some assistance is channelled through national and international NGOs.

2.2 Non-Financial Assistance to Timor-Leste

Financial contributions were only one aspect of the assistance made available to Timor-Leste. The total international portfolio has also included:

- Political good offices in support of independence, particularly through the United Nations system
- Peacekeeping and civilian police, initially through INTERFET and then the UNTAET peacekeeping force
- A transitional administration and support for the creation of the Timorese state (institutions and processes of governance)
- Various forms of humanitarian, development and technical assistance focused on strengthening the institutions of state and processes of governance
- Significant international investments in capacity development and policy advice

⁷⁸ UNTAET Regulation No. 2000/1 on the Establishment of the Central Fiscal Authority of Timor-Leste, 14 January 2000, http://www.austlii.edu.au/tp/legis/consol_reg/2000/1.html

2.3 International Assistance Totals

International Assistance to Timor-Leste is estimated to total USD 3.65 billion for the period 1999 to 2006. The two main sources are contributions in support of the UN Missions, and those from bilateral donors and multilateral agencies for development activities.

UNTAET and UNMISSET had a combined budget of USD1.75 billion for the period December 1999 to June 2004.⁷⁹ The funding source was assessed and voluntary contributions from UN member states, as approved by the UN General Assembly. USD 1.5 billion of this amount was spent externally to procure goods and services, the largest of these being USD 626 million to pay for military contingents. Of the remaining USD 250 million, USD 94 million was estimated to have a direct fiscal impact on the Timorese economy, equivalent to 10% of the GDP (UNDPKO 2005: i-vi; 20-24).

86% of UN mission funding was spent outside of Timor-Leste. However, the missions generated a public good normally provided by government, and stabilisation of the security situation. Spending resources outside of Timor-Leste to procure those services did not prevent the country as a whole from benefiting (UNDPKO 2005: ii). Rather, establishing a secure environment was an essential condition for follow on humanitarian, recovery and development initiatives. It also served to discourage further intervention from Indonesia. As such, the review included UN mission spending as part of the international portfolio.

The REA reports that international assistance from all bilateral and multilateral sources for the period 1999-2006 totalled USD1, 879,607,843. This figure includes all known projects that have been completed, were ongoing, or for which funding had been confirmed. Only development, humanitarian and emergency assistance have been entered into the database, meaning that military and security-related assistance has been excluded. The REA represents the minimum flow of assistance, given incomplete donor reporting. No estimate of a maximum flow was available. Assistance to Timor-Leste has been given as grants with no repayment obligations.⁸⁰

2.4 Assistance from Bilateral Donors

28 bilateral donors contributed USD 1,528,659,582, or 82% of the international assistance received by Timor-Leste between 1999 and 2006. The REA data indicates that only 20 of these donors were active by 2006. The OECD DAC estimates the percentage of bilateral assistance higher than the REA. It reported that bilateral donors contributed 87% of the total assistance in 2005, 87% in 2004 and 84% in 2003.⁸¹ Of the 28 bilateral donors, the largest seven in total funding contributed USD 1.35 billion between 1999 and 2006, or 71% of the development portfolio.⁸²

⁷⁹ UNMISSET's mandate was extended by the UN Security Council until May 2005. The review did not have access to comprehensive financial information related to the Mission.

⁸⁰ The 2006/07 General Budget of State reports that the Timorese state carries no external debt. Timor-Leste joined the World Bank Group in 2002, and is eligible for loans from the International Development Association (IDA). However, there has been no IDA lending to date.

⁸¹ Source, OECD <http://www.oecd.org/dataoecd/18/41/1901410.gif>

⁸² The complete list of bilateral and multilateral donors is included as Annex D to this report.

Six of the 28 bilateral donors are not affiliated with the OECD and represent emerging cooperation within the ASEAN region and Lusophone group of countries. Their presence in Timor-Leste reflects a policy decision from the Government to expand its ties within Asia and Portuguese speaking countries. The total non-OECD donor contribution was USD 37,172,769, or 1.9% of the total assistance portfolio. The monetary value of non-OECD donors is likely under-stated as two of the six have not reported to the REA since 2004.⁸³ They also present an alternative source of services and technical support, and have a potential political function of integrating Timor-Leste into regional processes.

2.5 Assistance from Multilateral Donors

The REA reports assistance from multilateral sources totalling USD 350,948,261 for the period 1999-2006, or 18% of the total assistance portfolio. The database does not distinguish between the core funds of a multilateral project funding that it might be managing on behalf of bilateral donors. Donor and MoPF informants observed there may be some double counting of resources, particularly in the case of projects implemented by United Nations agencies. However, no informant was able to quantify or otherwise speculate on the actual amount.

2.6 Assistance Delivered through Multi-Donor Funds

The Development Partners delivered USD 300 million through Multi-Donor Trust Funds (MDTF), with the World Bank serving as trustee. Together, the funds comprised **16% of the total portfolio** reported in the REA database. Less than a third of the donor community contributed to the MDTFs, along with the World Bank and the Asian Development Bank. Most of the larger OECD-affiliated donors have been involved, but with none of the non-OECD donors contributing.

The **Trust Fund for Timor Leste (TFET)** is a programme fund established in 2000 under the trusteeship of the World Bank. The Asian Development Bank (ADB) serves as a co-trustee, focusing on projects in the areas of infrastructure, water and sanitation and microfinance.⁸⁴

⁸³ As examples, the 2006/07 annual budget document reports that China will contribute USD750000 for construction of a new Presidential Palace, USD 4 million between 2005 and 2007/08 for construction of the new Foreign Ministry building and USD 111,000 for police uniforms. Government informants stated that the Chinese provided rapid and low cost construction not available from traditional donors. Chinese Embassy informants advised their government is also assisting with the construction of new military barracks and on-shore petroleum exploration. These initiatives do not show in the REA data, as China has not reported since 2004. Ministry of Health, WHO and other informants reported that Cuba is playing an important role in the delivery of community health services, by providing doctors and medical scholarships for about 600 students. However, Cuba does not appear on the list of bilateral donors nor does the 2006/07 budget document note the financial value of Cuba's contribution.

⁸⁴ TFET donors are Portugal, the European Commission, Japan, Australia, United Kingdom, Finland, USA, Ireland, New Zealand, Italy and the World Bank Post Conflict Fund. The ADB had managed USD 52 million as of July 2006, or 30% of the portfolio http://www.adb.org/Timor-Leste/trust_fund.asp. Norway contributed 2.39 million between 2001 and 2004, but is not listed on the TFET website as a contributing donor.

As of 2006, **ten bilateral donors and the World Bank contributed toward 29 TFET projects, with the total value of USD 178 million. This is equivalent to 9% of development and technical assistance reported by the REA (World Bank 2005; 2006).**⁸⁵ The European Community has been the largest donor, making a contribution of USD 51 million. The fund remains operational. However, disbursements have slowed since 2005 and informants advised that it would not be considering new projects.

The TFET is governed by a Donor's Council, supported by the Trustees. The Council has met on a bi-annual basis, and has been positively evaluated as a forum for harmonisation between stakeholders (EC 2004: 36-37). The fund was implemented through government, but relied on Project Management Units (PMUs) staffed largely by expatriates. The PMUs were situated inside of Ministries, formally accountable to Government with salaries paid by the project. An EC interim evaluation noted that the size of PMUs ranged up to 200 persons, including national and international personnel (EC 2004: 54).

The **Transitional Support Programme (TSP)** was a direct budget support modality, funded by nine bilateral donors under the trusteeship of the World Bank.⁸⁶ The TSP was implemented in three annual phases (TSP I, TSP II and TSP III), between FY 2003 and FY 2005, as revenue integrated into the government's Consolidated Fund for Timor-Leste as a grant. **The total value of the three phases was approximately USD100 million, or 5% of the total REA-reported assistance.** At its high point in FY 2003, TSP I funding accounted for approximately 15% of the CFET revenues (IMF 2007).

The objective of the TSP was to "provide bridging finance that will allow Timor-Leste to put in place key governance institutions, strengthen institutions, develop day-to-day service functions and implement a modest development program in the lean years before substantial oil and gas revenues come on stream."⁸⁷ Financing for each TSP phase was based on an agreed annual program laid out in the Government's Letter of Development Policy and Action Matrix. The TSP's objectives evolved with changes in the overall context. However, its core focus over the three-year period was development of institutions and the delivery of public services.

Beyond financial support, the TSP served as a forum for policy dialogue with government and for donor coordination. The TSP was followed in FY 2006 by the **Consolidated Support Programme (CSP)**, which is also being implemented in annual phases. The 2006/07 state budget anticipates that the CSP will run to the end of the FY 2007, **with an annual value of**

⁸⁵ An evaluation by the European Commission found that USD178 million was the highest amount per capita of assistance raised through any MDTF (EC 2004: para 18).

⁸⁶ The bilateral donors included the United Kingdom (US\$20.2 million); Australia (US\$16.1 million); the United States of America (US\$12 million); Norway (US\$11.1 million); Finland (US\$4.4 million); Ireland (US\$2.8 million); Canada (US\$1.7 million); Sweden (US\$1.4 million); and New Zealand (US\$1.2 million). Portugal provides parallel budgetary support financing, amounting to US\$9 million directly, rather than through Bank administered Trust Funds.

⁸⁷ See World Bank, <http://web.worldbank.org/external/projects/main?pagePK=64283627&piPK=73230&theSitePK=40941&menuPK=228424&Projectid=P083894>

just over USD 10 million and a two-year value of USD 20.3 million, or 0.15% of total development and technical assistance portfolio. Like the TSP, the CSP is delivered as a direct budget support grant integrated into the CFET revenues. However, the amounts are smaller than the TSP, constituting less than 2% of the CFET for FY 2006 and 1.3% of projections for 2007.

The CSP “supports the country’s broad objectives under the National Development Plan of creating a framework for poverty reduction and sustainable growth, with emphasis on creating a framework for democratic governance service delivery to poor, and job creation through support for the private sector.” It is based on a results matrix negotiated between the Timorese Government and participating Development Partners. The matrix is monitored on a bi-annual basis by joint assessment missions.

Noting the limited size of the CSP relative to state revenues, Government and Development Partner informants stressed that the value of the CSP is found in its role as a forum for policy dialogue, information exchange and coordination, processes begun under the TSP. Both modalities have been positively evaluated in this regard (Scanteam 2007; Ofstad et al 2005).

2.7 Assistance Channelled through National and International NGOs

There is no comprehensive data available on assistance being channelled through national and international NGOs or civil society organisations. Anecdotal information and a review of the REA suggest that NGO funding constitutes only a small portion of the portfolio. An NGO informant observed, “I have never seen statistics on funding to NGOs, national or international. The money is not great, but NGOs are more important than people believe because of the services they deliver directly to people”.⁸⁸

Informants from both Government and Development Partners noted there was a decision early in the transition process to focus on using state channels. An NGO informant stated the Government is concerned about independent NGO activity that is beyond state control, where these may develop into political activity or alternative sources of services to the state. “At the same time, the Government recognized that they need NGOs to cover the service delivery gap. Just before the crisis the former PM and the President were calling for NGOs to partner with the government to eradicate poverty”.

Norwegian Embassy officials advised that a decision made early in the process not to fund Norwegian NGOs, except to Caritas Norway which already had a presence in Timor-Leste dating back to Indonesian occupation.⁸⁹ The decision was based on the objective focusing on

⁸⁸ The REA has a heading for funding to NGOs and civil society organisations. However, data is mixed with other kinds of projects, and the review team was not able to make a reliable estimate. Of the available donor data, the European Commission channelled approximately 30% of its assistance through national and international NGOs between 1999 and 2005, with a value approaching Euro 70 million.

⁸⁹ Annual reporting on Norwegian assistance records approximately NOK 18 million being channelled through Caritas Norway between 2002 and 2005, for three initiatives. Norway also supported a foundation “Strømmestiftelsen” during the same period.

state-building, and to avoid contributing to a large number of actors in the field that would be difficult to coordinate. Norway has provided some funding to Timorese NGOs and civil society initiatives.

2.8 Norwegian Assistance to Timor-Leste

Total Norwegian assistance to Timor-Leste for the period 2002-2006 was estimated at NOK 319,627,000, or USD 52,964,920. This amount does not include Norway's assessed and voluntary contributions to the UN missions, and is equivalent to 3% of the total development and technical assistance.⁹⁰ Ministry of Planning and Finance informants note that Norway has reported in full and within the ministry's deadlines. Norway entered Timor-Leste early, providing support through the exile community beginning as early as 1992. Between 1996 and 1998, Norwegian assistance totalled NOK 19 million, in addition to substantial support to the UN for the referendum. Between 1999 and 2002, assistance was estimated at 50 million a year (NMFA 2002).

Total Norwegian Assistance to Timor-Leste 2000- 2006

2000	2001	2002	2003	2004	2005	2006	Total
9315*	26667	53543	48394	55428	54232	81363	319 627
1544970**	4229300	9043100	8023610	9189830	8991530	13487550	52 964 920

* Amounts in NOK x1000

** USD estimate at 05.2007 exchange rates

3. Composition of the International Assistance Portfolio

The potential for international assistance to influence the situation in Timor-Leste increases in tandem with its importance relative to national conditions and resources. The review noted that these resources were not restricted to financing, but could also include political support, security, human and or technical resources, or other such as were required. The team, therefore, generated further information on three factors with the potential to shape the impact of international assistance on conflict dynamics in Timor-Leste:

- The importance of international assistance relative to national resources and conditions
- The allocation of those resources in relation to the requirements of conflict transformation
- The modalities through which assistance is managed and delivered, and the effectiveness of those modalities.

⁹⁰ The variance between Norway's estimate of USD 52,964,920 and the REA estimate of USD 44,449,863 may be explained by exchange rate differentials and crediting of Norwegian contributions by the REA to UN agencies.

3.1 Allocations of International Assistance by Year

International assistance to Timor-Leste peaked between 2000/01 and 2001/02. The two-year period corresponds with the UN Transitional Administration and the emergency period after the referendum, the high point for both UN mission and donor contributions. The trend has been for a gradual decline in international assistance since 2002/03, both in real dollars and relative to national resources. The IMF estimated in October 2006 that the build up of the new UN mission and a projected increase in donor activity, will contribute to a surge in economic growth of over 30% in 2007 (IMF 2007: para 14), although these projections are now less optimistic given the ongoing unrest.⁹¹ International assistance, therefore, is expected to play an important role in Timor-Leste's economic recovery following the events of 2006, and hopefully the national economy will be more stable when the UN finally withdraws.

Assistance to Timor-Leste 1999/00 to 2006/07

Development and TA	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
On Budget	72.3	118.1	147	139.3	134.6	135.8	
Off Budget	7.3	29.9	33	31	29.9	18.1	
Subtotal	79.6	148	180	170.3	164.5	153.9	105.1
Humanitarian Assistance	82	29.6	11.9	3.5	3.1	1.1	
Budget and Commodity Support	35.6	31.6	22.7	32.5	34.8	34.2	
UN PKF	65.6	231.1	145	104.4	74.7	12.9	
UN Pol	33.1	51.9	45.4	26.7	15.7	5.1	
Donor Administration	1.1	7	4.9	4.6	7.5	5.2	
Total	297	499.2	409.9	342	300.3	212.4	

Sources: REA and Republic of Timor-Leste General Budget of State 2006/07 (Tables 1.3 and 3.3).⁹²

3.2 Ratio of International Assistance to GNI, GDP and PCI

Timor-Leste was one of the world's most aid dependent countries between 2002 and 2006, with an ODA to GNI/GDP ratios comparable to sub-Saharan Africa and the South Pacific. There has been a decline in the ODA to GNI ratio, tracking the increase in oil revenues.

⁹¹ IMF projections estimate that the new UN mission will contribute 10% of that growth (IMF 2007: para 14).

⁹² Table includes data from both the REA and estimates of UN mission spending.

However, non-oil GDP remains stagnant, as does the Government's capacity to execute its budget. The real economic importance of international assistance to Timor-Leste, therefore, remains significant.

International comparisons can be drawn using OECD DAC data. ODA accounted for 26.7% of Timor-Leste's GNI in 2005.⁹³ In that year, Timor-Leste had the second highest ODA to GNI ratio in Asia after Afghanistan (ODI to GNI ratio of 38.6%), and the 15th highest ratio among the 140 countries receiving assistance from OECD DAC affiliated donors (OECD DAC 2007: Table 25). The OECD reported that the ODA to GNI ratio was 31.8 in 2004 and 41.8 in 2003 (OECD DAC 2006: Table 25), showing a gradual decline over time.⁹⁴

The importance of assistance to Timor-Leste is more accurately expressed using the GDP (non-oil) to ODA per capita ratio. The GNI to ODA ratio is misleading in the Timorese context, given that budget execution is low and the state has been unable to translate the windfall from oil revenues into broad-based development. Basing the estimates on non-oil GDP increases the ratio significantly; it remains between 50 and 60% during the period FY2001 to FY2005.⁹⁵

International Assistance as percentage of Non-Oil GDP (2000-2005)

Year	2000	2001	2002	2003	2004	2005
GDP	316	368	343	336	339	350
ODA per capita	99	185	225	213	206	192
ODA as % Of GDP	31	50	66	63	61	55

Sources: General Budget 2006/07 (Table 3.3; Table 3.1) and IMF 2007 (Table 1.3)

GDP is Non-oil GDP

However, when contributions to the UN Missions are included the ratio of assistance per capita increases significantly. In some years, it is equivalent to more than 100% of the annual per capita income.

⁹³ The OECD data includes reported contributions from OECD members. Excluded are contributions from non-OECD members, including the UN missions. Inclusion of these resources would significantly increase the ratio.

⁹⁴ Also see OECD, <http://www.oecd.org/dataoecd/18/41/1901410.gif>

⁹⁵ These ratios are based on development and technical assistance. Including UN mission support would increase the ratio significantly.

ODA Per Capita including UN Mission Contributions

Year	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
ODA	297	499.2	409.9	342	300.3	212.4
Pop.	821	846	872	898	925	952
ODA PC	361	590	470	381	325	223

3.3 International Assistance in the Combined Resources Budget

International assistance was a critical part of the Government's combined resource envelope, particularly during the period between 2002- 2005. The trend has been for a gradual increase in state revenues and expenditures. The increase in both accelerates after 2005 when oil revenues come online. The Government estimates that petroleum sector revenues passed USD 1.3 billion annually in FY 2007, of which a portion will be available to the budget under the 2005 Petroleum Fund formula.

There has been slow growth in non-petroleum sector revenues, reflecting the stagnant GDP (non-petroleum). While GDP increased in 2000 (13.7%) and 2001 (16.5%), it contracted in 2002 (-6.7) and 2003 (-6.2) when the UNTAET mandate expired and the UN mission presence was scaled down. GDP growth since 2003 has been modest, at 0.3% in 2004 and 2.3% in 2005. The modest expansion that occurred in 2005 and 2006 was undermined by the violence of mid-2006 (IMF 2007: Para 6). Low growth rates reflect the small size of Timor-Leste's private sector, which remains heavily dependent on servicing the public sector and the expatriate community (IMF 2007: para 6).

Public spending was characterised by:

- Chronically low budget execution rates, particularly in relation to capital expenditures but also affecting recurrent expenditures.
- Significant bottlenecks with government procurement systems

These two factors have a significant impact on the Government's ability to meet its development targets. They are primarily the result of low capacity within state institutions, and what informants and the literature describe as a highly centralised public finance management system. Low capacity is also the single most important factor preventing the Government from translating Timor-Leste's petroleum revenues into broad-based development; the increase in revenues has not been accompanied by a comparable increase in the State's ability to expend through programme implementation.

Within this context, international assistance has been a significant component of the State's resource envelope. The importance of assistance increases when contrasted to actual expenditures and implementation. It is not until 2005 when State revenues actually exceeded those from international assistance.

International Assistance in the Combined Resources Budget

Fiscal Year	2000	2001	2002	2003	2004	2005
Public Expenditures	116	195	231	241	237	232
<i>Recurrent</i>	90	139	154	182	187	180
Gov't	24	41	43	60	63	68
Donor	66	98	111	122	124	112
<i>Capital</i>	25	56	77	60	50	53
Gov't	12	6	8	11	9	10
Donors	13	50	70	48	41	42
Gov't Revenues	2	29	36	54	76	311
Oil/Gas		13	11	29	41	266
Other	2	15	25	24	35	45
Donor Assistance	297	501	412	344	301	211
Budget support	26	32	23	33	35	34
Dev't and Technical	80	148	180	170	165	154
Other (incl UN ops	182	321	210	141	102	23

(Source IMF 2007 Table 1.3)⁹⁶

3.4 International Assistance Allocations by Sector and Theme

The review did not encounter comprehensive data on the allocation of international assistance by sector. REA data tracks assistance on the basis of thematic areas. However, the database does not keep totals for those areas across the whole international portfolio. In addition, consolidated data on allocations of assistance to Ministries is not available until FY 2006, nor is there yet comprehensive data on the Sector Investment Plans.

The most comprehensive source of information on sectoral allocations comes from the World Bank managed trust funds, all of which were mandated to strengthen the institutions of government and public service delivery. TFET priority areas for funding were initially guided by the 1999 Joint Assessment Mission report. As of 2004, projects in the social sectors and infrastructure had received 65% of funding, with the remaining funds allocated to projects in rural and economic development (EC 2004: 48).

⁹⁶ IMF numbers vary from Government of Timor-Leste estimates

Sectoral Distribution of TFET Projects as of 2004

Sector	Amount Committed (USD millions)	% of total Commitment
Social Sector	53.1	34
Education	27.8	18
Health	25.3	16
Infrastructure	48.8	31
Water and Sanitation	9	6
Infrastructure	39.8	25
Rural Dev't	36.8	23
CEP	19	12
ARP	17.8	11
Economic Dev't	16.4	10
SEP	12.4	8
Microfinance	4	2
Other	3.4	2
Total	158.5	100

60% of the TSP expenditures for TSP III in FY 2005 were allocated to “public administration, law and justice”. The remaining funds supported public service delivery (Education and Health), with a small portion to productive activities:⁹⁷ The CSP results matrix focuses on strengthening public institutions, infrastructure development and service delivery (education and health). A small portion is allocated to employment creation and private sector development, including entrepreneur training and the development of legal frameworks (World Bank 2005).⁹⁸

TSP III Allocations for FY 2005

Sector	% of Portfolio
Public Admin, Law, and Justice (Central Govt administration)	30
Public Administration, Law, and Justice (Law and Justice)	30
Education (Primary education)	15
Health and other social services	15
Agriculture, fishing, and forestry	10

Source: World Bank 2004

⁹⁷ See World Bank, http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2004/05/19/000012009_20040519154723/Original/29039.doc

⁹⁸ See Annex D, Table Ten

As analysis of distribution within the overall international portfolio:

- The OECD data shows that the majority of assistance to Timor-Leste has occurred in the form of programme support to Government, basic social services (health and education) and economic infrastructure. Little assistance has gone into productive sectors or agriculture.
- USAID estimated that assistance to capacity building, budget support, health, education, and humanitarian assistance accounted for 70% of the assistance provided Timor-Leste. “Allocations for agriculture and rural development, basic infrastructure, water supply and sanitation, environmental protection and management, and private sector development have received much less support.”⁹⁹

In the absence of comprehensive data, the team summarised trends in the REA reports, document review and commentary from informants, making the following observations:

The largest component of international assistance has been allocated to building the Timorese state, its institutions, mechanisms and processes. Within this context, assistance has also focused on the delivery of key social services relevant to achieving the Millennium Development Goals and National Development Plan objectives in primary education and health.

The orientation of donors towards strengthening the Timorese state is consistent with the concept of alignment. Related priorities have been defined by the Government, and consistently articulated during the annual meeting process with Development Partners. The orientation is also consistent with best practices for the delivery of assistance in fragile state contexts. These stress “the centrality of efforts to build state capacity and accountability, including strong attention to the most basic administration and delivery systems, complementing capacity investments with robust efforts to improve accountability... (World Bank 2005)”.

Within its state-orientation, most assistance has gone toward strengthening public administration and the Executive branch of government. Only a small portion of assistance has gone to strengthening other elements of the overall political governance system; Parliament, local government or civil society organisations.

Capacity development is the single largest area of investment within overall international portfolio. Responding to the Government’s chronic human resource shortage, many if not most projects:

- Have capacity development as a specific objective, either on its own or in the context of achieving other objectives.
- Attempt to create capacity by retaining international advisors in line functions, and rely on those advisors for implementation.

The approach to capacity development tends to focus on using expatriate advisors to “build the skills of national civil servants through one-on-one mentoring and skills transfers rather than through extensive reliance on formal training programs” (UNDP 2005: 10). The review

⁹⁹ <http://www.usaid.gov/policy/budget/cbj2005/ane/tp.html>

team found no composite of the total number of foreign advisors that have served in Timor-Leste since independence. As some indicators of their importance:

- A 2001 UNDP “skills audit” identified over 300 international advisory positions to be placed in key Government departments. Given that there were about a 1,000 management positions in the Timorese public administration, it meant that “almost one in three civil servants were expected to be equipped with an international advisor (UNDP 2005: 9-11).”
- A study by the Government’s Capacity Development Coordination Unit (CPCU) estimated the number of foreign advisors placed in ministries during 2004 was 379. The study anticipated that an additional 117 advisors were required for the period 2004 and 2007, and that the Government would need to send 226 Timorese officials overseas to earn qualifications. The cost of the foreign advisors and external training was estimated at USD121 million for the period 2004 to 2007.
- The number of international bilateral donors placing international personnel with projects or on request from government is not known. Anecdotal evidence from the interview process suggests that the number is significant.
- The Justice and Security Sectors have been key ministries for capacity development. Timor-Leste has received critical support from Norway in developing its Ministry of Natural Resources, Minerals and Energy, particularly as these relate to establishing a legal framework for the petroleum sector including the petroleum fund act, petroleum policies and exploration, taxation and investment policies, the Timor Sea negotiations with Australia, the construction of hydropower plants and electrification of Dili.

The distribution of assistance has been highly centralised in the capital city of Dili, both in terms of financial allocations and the placement of international advisors. The financial data on the geographic allocation of expenditures is weak. The UN estimates that 80% of economic benefit of UNTAET and UNMISSET were felt in Dili (UNDPKO 2005: iii). With public finance management, the Timorese government is highly centralised in its structure and expenditure patterns. There has been little decentralisation of resources and capacity to the district and local level. Given the focus on building state institutions, the allocation of assistance tends to track the government’s own patterns.

Agriculture, rural development, decentralisation, civil society, media, livelihood activities, economic development (private sector development) and reconciliation are among the areas that have received limited international assistance. The themes are identified constantly through the literature as priority areas, particularly in the context of:

- Strengthening the private sector as the engine of economic growth.
- Creating economic opportunity for the large numbers of Timorese youth entering the labour force.
- Poverty reduction for the 75% of Timorese who work in subsistence agriculture.

3.5 Allocation of Norwegian Assistance by Modality and Sector

Contributions to multilateral organisations and modalities accounted for 48% of Norway’s total assistance to Timor-Leste between 2000 and 2006. This sits in contrast to the average for the overall international assistance portfolio, which was 16%. Norway, therefore, has shown

a strong preference to working through the multilateral system. As observations on the composition of Norwegian assistance to multilateral organisations and modalities:

- Norway has contributed to the TFET, TSP and CSP modalities, with the largest contributions being made to the TSP. Contributions to MDTF modalities were equivalent to 80% of allocations to multilaterals, or 37% of the total portfolio.¹⁰⁰
- 20% of total support to multilateral organisations has gone to UN agencies, or 9% of the total Norwegian portfolio.
- The decline in Norway's support to multilateral organisations reflects the general drawing down of the MDTF modalities, while at the same time Norway has increased bilateral cooperation in the energy sector.
- Declining allocations to the MDTFs have not been accompanied by increased allocations to the UN agencies.
- Support to the UNDP's *Strengthening Parliamentary Democracy* and *Strengthening of the Justice Sector* projects and UNICEF account for most of Norway's contribution to UN agencies.

Technical cooperation with the Ministry of Natural Resources, Minerals and Energy accounts for the largest element of Norway's bilateral assistance. Norway entered into the energy sector in response to a request from Timorese dating to 2001. Cooperation in this sector includes electricity, hydro-power and the Petroleum sector. Norway played a key role assisting Timor-Leste in establishing the Petroleum Fund (2005) with legal, investment and tax advice, and technical experts placed in Ministries. The Norwegian Embassy in Jakarta estimates that assistance has included the placement of an estimated 20 international advisors, although a precise number was not available.

The pattern of allocation reflected a 2002 policy decision that assistance should support multilateral action and should not be earmarked, to ensure flexibility (NMFA 2002b). An Embassy informant also noted that working through multilateral organisations was required as Norway had no permanent representation in Dili. Accordingly, Norway decided not to support projects that required direct follow-up in the field, and that there was a need for frequent visits to Timor-Leste (NMFA 2002b). Regarding the visits:

- The documentation reports that Norwegian representatives made 11 visits to Timor-Leste in 2001.
- The responsibility for assistance was transferred from Norad to the Norwegian Embassy in Jakarta in 2004. One officer based in Jakarta was charged with responsibility for both Timor-Leste and Indonesia, estimated to be a reduction in the human resources allocated to manage the Timor-Leste portfolio.¹⁰¹ An additional officer was placed in Jakarta in 2006.

¹⁰⁰ See Annex D, Table Twelve

¹⁰¹ Norwegian informants estimated that a team of up to five persons in Norad had shared responsibility for different aspects of the Timor-Leste portfolio between 1999 and 2005, with engagement also from the Embassy in Jakarta. When responsibility was transferred, the allocation was estimated as 50% of one officer's time. The Embassy was also preoccupied with Tsunami relief during 2005-06.

Annex E: List of Informants

Inception Meeting and Oslo Interviews

1. Beate Bull, Norad (Evaluation Unit)
2. Hans Peter Christophersen, Norad (Petroleum Directorate)
3. Ole Fredrik Ekern, Consultant to Norwegian Petroleum Sector Review
4. Siri Frigaard, Statsadvokatene
5. Sigurd Klakeg, Ministry of Finance
6. Arve Ofstad and Løvbræk Asbjørn, Norad
7. Ann-Kristin Kvilekval, Police Training School
8. Renate Melbye,
9. Kirsten Natvig, Caritas Norway
10. Bishop Gunnar Staalsett
11. Sven Gunnar Simonsen, Senior Research Fellow, Peace Research Institute in Oslo
12. Eva Irene Tuft, Counsellor, Embassy of Norway in Jakarta
13. Geir Ytreland, Former Advisor to Timorese Oil Directorate

Field Study, Timor-Leste

14. Dr Alex Andjaparidze, Director, World Health Organisation
15. Geraldine Ang, Field Protection Officer, UNHCR
16. Lere Annan Timor, Col, Chief of Staff, F-FDTL (Armed Forces), Democratic Republic of Timor-Leste
17. Ubalda Alves, Executive Director, Rede Feto
18. Souleymane Balde, Recovery Advisor, United Nations Development Programme
19. Jason Belanger, Country Representative, Catholic Relief Services
20. Edith Bowles, Senior Operations Officer, EACDF, World Bank
21. Sinnadurai Chandrabalan, Lt Col. Policy Advisor, Ministry of Defence, Democratic Republic of Timor-Leste
22. Guglielmo Colombo, Representative Office of the European Commission (Timor-Leste)
23. Chris Day, NZAID Manager, Embassy of New Zealand
24. Flynn Fuller, Head of Cooperation, USAID
25. Antonio Franco, Country Manager Timor-Leste, World Bank
26. Brian Franz, Programme Officer, USAID
27. Peter Fry, United Nations Department of Safety and Security

28. Gregory Garas, Senior Protection Officer, UNHCR
29. Bryan Gorddard, Consultant (World Bank Agriculture Programme)
30. Joao Gomes, Operations Officer, EACDF, World Bank
31. Suzanne Granfar, Special Assistant, DSRSG for Security Sector Support and Rule of Law, UNMIT
32. Eusebio da Costa Jeronimo, Director, Direccao Nacional do Plan e Coordinacao de Assisencia Externa, Ministerio do Plano e das Financas, Democratic Republic of Timor-Leste
33. Patrick Keuleers, Policy Advisor, Public Administration Reform, United Nations Development Programme
34. Atul Khare, Special Representative of the Secretary General, United Nations Mission in Timor-Leste
35. Halumi Kobayashi, Aid Coordination Advisor, Direccao Nacional do Plan e Coordinacao de Assisencia Externa, Ministerio do Plano e das Financas, Democratic Republic of Timor-Leste
36. Bridget Job-Johnson, Project Officer, Adolescent and HIV-AIDS, UNICEF
37. Erling Larsen, Health and Policy Advisor to the Ministry of Health, World Health Organisation
38. Ann Linnarsson, Assistant Programme Officer, UNICEF
39. Guilhermina Ribero, Permanent Secretary, Ministry of the Interior, Democratic Republic of Timor-Leste
40. Jose Luca da Silva, PDS and Gender, Programme Officer, UNFPA
41. Arlindo da Cruz Monteiro, Bilateral Officer, Direccao Nacional do Plan e Coordinacao de Assisencia Externa, Ministerio do Plano e das Financas, Democratic Republic of Timor-Leste
42. Lt. Col. Francisco Matos Sousa, Embassy of Portugal
43. Ray Murray, Senior Advisor to the Minister and Vice Minister of the Interior, Democratic Republic of Timor-Leste
44. Sonia Neto, Senior Advisor to UN SRSG for Timor Leste
45. Diego Osorio, Assistant Resident Representative, Head of the Recovery Unit, United Nations Development Programme
46. Irina de Luis Pais, Acompanhamento de Projectos, Cooperacao Portuguesa
47. TCol Filomeno da Paixao de Jesus, Secetario Permanente, Ministry of Defence, Democratic Republic of Timor-Leste
48. Sophie Perdaens, Project Officer for Civil Society, UNDP
49. Roberto Pes, Enterprise Development Expert, International Labour Organisation

50. Emilia Pires, Senior Coordination Advisor for International Compact to the DSRSG, UNMIT
51. Tobias Rasmussen, Resident Representative, International Monetary Fund
52. Mohamed Azlan Razali, Second Secretary, Embassy of Malaysia
53. Finn Reske-Nielsen DSRSG for Governance Support, Development and Humanitarian Coordination, and UN Resident and Humanitarian Coordinator
54. Angelline Rudakubana, Deputy Country Director, World Food Programme
55. Jose Antonio Ruvio, Defence Attaché, Embassy of Portugal
56. Janelle Saffin, Senior Advisor, Policy and Legal (UNDP), Cabinet of the Prime Minister, Democratic Republic of Timor-Leste
57. Nashida Sattar, Governance Unit, UNDP
58. Robin Scott-Carlton, Counsellor (Development Cooperation), Australian Agency for International Development
59. Pradeep Sharma, Senior Assistant Representative, Recovery Reduction Unit, UNDP
60. Augusto Soares Barreto, Capacity Development Coordination Unit, Democratic Republic of Timor-Leste
61. Antonio J. de Souza e Silva, Ambassador of Brazil
62. Colin Stewart, Chief, Political Affairs Section, UNMIT
63. Gen. Eric Huck Gim Tan, DSRSG, Security Sector Support and Rule of Law, UNMIT
64. Jose Fernandez Teixeira, Minister of Natural Mines and Resources, Democratic Republic of Timor-Leste
65. Akbar Usmani, Country Director, United Nations Development Programme
66. Luis Vieira, Chief of Mission, International Labour Organisation
67. Endre Vigland, Senior Programme Officer, UNDP Governance Unit (former)
68. Ulrich Weyl, Independent Consultant (youth)
69. Wolfgang Weisbrod-Weber, Chief of Staff, UNMIT
70. Shinobu Yamaguchi, Second Secretary, Embassy of Japan
71. Aldredo Zamudio, Country Manager, Norwegian Refugee Council
72. Shui-Meng Ng, Representative from UNICEF

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Norad
Norwegian Agency for
Development Cooperation
P.O. Box 8034 Dep. NO-0030 OSLO

Visiting address:
Ruseløkkveien 26, Oslo, Norway

Telephone: +47 22 24 20 30

Fax: +47 22 24 20 31

postmottak@norad.no

www.norad.no

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