NOREF Report

International Contributions to State-building in Timor-Leste: The Undermining of State Legitimacy?

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Executive summary

By May 2011 the international community[1] had accompanied Timor-Leste[2] through its first nine years of independence. The state's wide-ranging and extensive partnerships with a diverse set of agencies and institutions have had important implications for the trajectory of the state and its relationship with its citizens. The international community's approach to macroeconomic development policy and the provision of technical support has had considerable impact as, despite considerable focus on institution-building, it failed to strengthen the legitimacy of the state at a crucial period in the country's history. A mixture of perceived resource constraints and ideological preferences prevented the international community from encouraging an adaptation of the Indonesian "state-led" development model, which was seen as inefficient and bureaucratic according to the World Bank and members of the first Joint Assessment Mission, which surveyed reconstruction needs in 1999.[3] This conclusion reinforced the preference for market-driven development and made the pursuit of a state-led/-assisted model impossible. While a discussion on the strengths and weaknesses of orthodox macroeconomic policies is beyond the scope of this paper, the consequences of a harsh and unassisted transition from the previous model to that adopted by the new nation did little to foster a critical sense of alliance and trust between the people and the state. Despite efforts by local actors to shape the country's macroeconomic policy and institutional framework, the inexperience of many in government, the initial trust placed on international technical advice and early dependency on external financial assistance limited the scope for a Timorese voice in policymaking. While the Timorese leadership may have shared the assessment of the Indonesian civil service, it does not follow that the international community supported the Timorese leadership to explore a wider range of economic development options outside the orthodox consensus.

The World Bank's *World Development Report 2011*, subtitled *Conflict, Security and Development*, explicitly links state legitimacy and violent conflict, and focuses on institution-building as central to the establishment of sought-after legitimacy. Although Timor-Leste was the beneficiary of substantial institution-building support, in effect the absence of the state was nonetheless felt by many of the country's citizens. While its predecessor provided a guaranteed market for agricultural production, supplied extension services and had substantial numbers of civil servants

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1 By no means monolithic, development partners, represented by a series of United Nations (UN) peacekeeping missions, international financial institutions, UN agencies, international non-governmental organisations and bilateral donors, arrived in Timor-Leste with divergent assumptions about the role of the state and the requirements of a state-building process that were not always explicitly articulated or aligned.

2 Timor-Leste is the Portuguese translation of East Timor and is widely used as the official name of the state. As such, it will be used herein. On occasion, the paper will use the English version, East Timor, primarily when quoting sources that continue to use this version.

3 James J. Fox and Babo Dionisio Soares, *Out of the Ashes: Destruction and Reconstruction of East Timor*, Adelaide, Crawford House, 2000.

throughout the country, the new state lacked a physical and economic presence. The market-led economic development policies advocated by the international community failed to deliver the expected results, as they vastly underestimated the obstacles to private-sector development in the country. Meanwhile, the fruits of institution-building efforts required more time to blossom than anticipated. The push for a limited state and a market-driven model had pernicious consequences in a post-conflict environment in which the development of state legitimacy was essential in supplanting antagonism and regionalism previously obscured by the struggle against a common enemy. In retrospect, the failure of the international community to identify and incorporate pre-existing and newly arising cleavages into policymaking considerations significantly hampered its state-building efforts.

This paper recognises the key and active role played by Timorese actors in all aspects of the state-building process generally and in the conflict dynamics associated with the 2006 crisis in particular. It is concerned, however, with the role of the international community in shaping the environment that enabled the old and new antagonisms to manifest themselves in the shape of the 2006 crisis. It is therefore not meant as an in-depth study of the internal political dynamics of the crisis, which can be found elsewhere.[4]

The paper argues that widely held attitudes of the international community regarding the absence of conflict in the post-independence period; its efforts to transpose international "best practice" onto a perceived blank slate; and the application of a "limited-state" model and reliance on market-driven economic growth reduced the ability of the state to shape its relationship with the population. These factors are therefore seen to have challenged the legitimacy of the state and contributed to the creation of conditions that enabled the 2006 crisis.

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4 See, for example, the report of the UN Independent Special Commission of Inquiry for Timor-Leste, http://unmit.unmissions.org/LinkClick.aspx?fileticket=sBQns2vB4mk%3D&tabid=431.

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The research process

The findings and conclusions of this paper are the result of the authors' extensive professional experience working on issues related to post-crisis recovery, conflict-sensitive development, civil-society strengthening and the coordination of development actions in Timor-Leste between 2002 and 2010. In this regard, the observations contained in the paper are informed by the role played by the authors during successive phases of post-occupation state-building from post-independence euphoria to the crisis of 2006 and its aftermath. As members of the Technical Working Group tasked by the minister of social solidarity to support the development of the government's National Recovery Strategy, the authors are in a privileged position to have participated in the effort to develop a comprehensive post-crisis response plan. In contrast to the response to the 1999 violence, this effort recognised the need to address underlying grievances and consequently to act across a range of social, political, economic and security spheres. As such, these experiences led the authors to consider the long-term consequences of international interventions on the East Timorese state and society. Interviews with key national political figures and international development practitioners were conducted during a field visit in December 2010 and have also informed this paper.

Background and context

With just over one million inhabitants and comprising approximately 14,600 square kilometres of territory,[5] Timor-Leste is a small, mountainous, half-island state that achieved independence in 2002. A Portuguese colony from the mid-16th century, very little was invested in the social, economic and physical infrastructure of the territory. On the contrary, despite skirmishes between the Portuguese and Dutch over territorial control over parts of East and West Timor, neither power secured a strong foothold in the territorial inlands and rather concentrated on the extraction of resources such as sandalwood.[6] Colonial rule over Timor-Leste came to an abrupt end only months after the 1974 Carnation Revolution in Portugal, in which the Estado Novo (New State), the ruling regime since 1926, was deposed by a non-violent military coup.[7] One of the first and most significant decisions of the new government was to proceed with decolonisation.

With the hasty exit of the colonial power from East Timor in August 1975, a brief and violent civil conflict erupted over the future leadership of the territory.[8] The final report of the Truth, Reception and Reconciliation Commission (CAVR) notes that the "brief civil war was over by early September, but it had changed the situation irreversibly. The fighting took up to 3,000 lives and left deep and enduring scars".[9] Fretilin,[10] the party favouring immediate independence, was victorious and on 28 November 1975 unilaterally declared independence. Despite Fretilin's control of the territory, the Indonesian military, which had been making small-scale incursions for nearly a year, invaded the country on 7 December 1975, claiming the action was undertaken stabilise the territory in conflict and in light of an alleged power vacuum.[11]

Incorporation of what had been Portuguese East Timor into Indonesia as its 27th province in July of the following year served to secure the territorial integrity of the Indonesian archipelago. From the perspective of the West, Indonesia was a critical ally against the alleged communist threat and a major supplier of natural resources, including gold, oil and rubber. These and other commodities were considered essential not only to America, but also to its policy of supporting Japanese industrialisation after the Second World War.[12] The Indonesian leadership was able to gain support for its invasion of East Timor because it was able to portray the East Timorese as communists and therefore a threat to regional stability. America, Australia and others turned a blind eye to the invasion and

5   Jon Pedersen, and Marie Arneberg, *Social and Economic Conditions in Timor-Leste*, New York and Oslo, Columbia University, 1999, http://www.fafo.no/ais/eastasia/easttimor/index.htm.

6   Geoffrey C. Gunn, *Timor Loro Sae: 500 Years*, Macau, Livros do Oriente, 1999.

7   http://eyesonportugal.wordpress.com/2010/04/14/the-25th-of-april-the-carnation-revolution/.

8   Fox and Soares, *Out of the Ashes*, 2000.

9   CAVR (Truth, Reception and Reconciliation Commission), *Chega! The Report of the Commission for Reception, Truth and Reconciliation in Timor-Leste (CAVR)*, Dili, CAVR, 2005.

10   Frente Revolucionária de Timor-Leste Independente.

11   CAVR, *Chega!*, 2005; Fox and Soares, *Out of the Ashes*, 2000.

12   John Roosa, *Pretext for Mass Murder: The September 30th Movement and Suharto's Coup d'État in Indonesia*, Madison, University of Wisconsin Press, 2006.

subsequent human rights abuses.[13] Geopolitically, self-determination for the East Timorese was not a priority when Indonesia under President Suharto proved to be such a strong ally of the West.

With the end of the cold war, Indonesia, like many other states, experienced a shift in its internal power dynamics and external relations. Already in the early 1990s the Indonesian foreign minister, Ali Alatas, reflected the growing discord among the elite when he explained to a journalist that the East Timor problem was "as bothersome as a pebble in the shoe – if it hurts, [we should] get rid of it".[14] Moreover, the country's strategic importance as an American ally against the perceived communist threat had diminished in the aftermath of the cold war, although America and Japan never relinquished ties to the archipelago. In the wake of the Asian financial crisis of 1997, President Suharto fell on May 21st 1998 after 30 years in power owing "to the untenable situation arising from urban anarchy, rogue military actions, a rising 'people's power' challenge, eroding elite support, and the adroit anointment of a civilian, albeit military-backed successor, in B. J. Habibie, otherwise seen as a pro-reformist figure acceptable to the West".[15] As part of the democratic reform process, President Habibie restarted previously stalled tripartite negotiations with the Portuguese under the auspices of the United Nations (UN) to discuss the future status of Timor-Leste.

Far exceeding the expectations of the international community and the Timorese leadership, negotiations that began in 1998 culminated in the Agreement between the Republic of Indonesia and the Portuguese Republic on the Question of East Timor, signed on May 5th 1999.[16] This agreement set the stage for

Timor-Leste's transition to independence after nearly 500 years of Portuguese colonial rule and close to 25 years of Indonesian occupation. It stipulated that the UN would facilitate a popular consultation with the East Timorese on the option of greater autonomy within Indonesia. In the event of a rejection of this option, as ultimately did transpire, "[t]he Secretary-General [would], subject to the appropriate legislative mandate, initiate the procedure enabling East Timor to begin a process of transition towards independence" under UN authority.[17]

The referendum on the question of greater autonomy was held on August 30th 1999. Over 78% of the population voted to reject this option, paving the way for independence.[18] The decision to hold the ballot was met with violence perpetrated by the Indonesian military and their local militia proxies. Between 1,400 and 1,500 people are estimated to have been killed in the year the vote was conducted.[19] Thousands of others were displaced, livestock was killed and there was extensive destruction to infrastructure throughout the territory. Timor-Leste not only requested support to end the violence wrought by Indonesian troops and East Timorese militias in the lead-up to and following the ballot, it also requested support for the construction of a new state, its institutions and economic foundations. The political leadership also sought assistance to support the country's population with the transition from political occupation, dictatorship and social and economic control through the establishment of a new parliamentary democracy. In particular, then-President Xanana Gusmao was concerned that people particularly in remote areas experience a peace dividend as a form of "post-conflict, conflict prevention".[20] While the leadership requested a gradual ten-year transition to independence, this proved an impossible commitment for the international community. It is ironic, therefore, that there has indeed been a substantial international presence in the country for over ten years now. These successive missions, constrained in part by the need to renew mandates annually, were unable to develop a comprehensive long-term strategic development plan.

13 Joseph Nevins, *A Not-so-Distant Horror: Mass Violence in East Timor*, Ithaca, Cornell University Press, 2005.

14 Jill Jolliffe, *Finding Santana: A Perilous Journey in Search of an East Timorese Guerrilla Hero*, Kent Town, Wakefield Press, 2010, p 105. After he retired, Alatas published a book entitled *The Pebble in the Shoe: The Diplomatic Struggle for East Timor* in which he says that East Timor "in the final years … had become a veritable boulder, dragging down Indonesia's international reputation to one of its lowest points" (Jane Perlez, "A book about East Timor jabs Indonesia's conscience", *New York Times*, August 17th 2006, cited in Joliffe, *Finding Santana*, 2010, p 164, note 17).

15 Gunn, *Timor Loro Sae*, 1999, p 290; see also R. William Liddle, "Indonesia in 1999: democracy restored", *Asian Survey*, vol 50, February 2000, pp 32–42.

16 http://www.eastimorlawjournal.org/UN/ indonesiaportugalonquestionofeasttimor.html.

17 Agreement between the Republic of Indonesia and the Portuguese Republic on the Question of East Timor, UN, May 5th 1999, art. 6.

18 Nevins, *A Not-so-Distant Horror*, 2005.

19 CAVR, *Chega!*, 2005.

20 Stated by the president during a speech at Columbia University, 2000.

Timor-Leste, like Kosovo before it, hosted a UN Transitional Administration (UNTAET) much in line with the thinking in the 1990s that the international community should play a much broader role in maintaining international peace and security through political and economic means in addition to more-traditional military-oriented peacekeeping operations.[21] Economic-policy formulation was largely outsourced to other agencies, primarily the World Bank, and was to a large extent divorced from political considerations. The World Bank also led development efforts in strategic sectors, including agriculture, health, education and community empowerment.

Timor-Leste achieved independence on May 20th 2002 following two years of transitional rule by the UN. The newly established state was nonetheless to require and benefit from substantial material and technical support throughout its first years of existence. Post-independence support continued to follow the limited-state, market-driven economic model used during the UNTAET period and failed to address the need for a gradual transition from what had been an economy heavily subsidised by the Indonesian government.[22] While institution-building was emphasised by the international community, efforts to provide technical support to ministry officials and to develop the country's legislative foundations proved insufficient in counteracting the perceived absence of the state by a population struggling to adapt to the new laissez-faire economic model. The models that were applied also failed to take into account the latent conflict dynamics within the political elite and population generally arising from the brief civil war period, internal struggles from the resistance period, and competition for power and influence within the new political context.

Perceptions of conflict dynamics

Despite the historical context, international interventions in Timor-Leste were commonly viewed as taking place within an environment almost totally devoid of the possibility of renewed violent conflict. Assumptions regarding prevailing conflict dynamics were founded on the understanding that the withdrawal of the Indonesian military and Indonesian-backed militias represented the end of the conflict. As such, threats to the state-building project posed by violent conflict were understood by most development agencies almost solely through the lens of the struggle against Indonesian occupation; that is, no particular domestic conflict dynamics were identified as threats to long-term stability. The World Bank, for example, sought to limit references to a need for "conflict prevention" in the documents of World Bank-funded and -administered programmes in favour of rhetoric concerning "development", "capacity building" and "empowerment".

The international community undertook considerable work, however, in support of the return and reintegration of former Timorese militia and other refugees. The CAVR held extensive community dialogue and reconciliation meetings following the violence surrounding the 1999 ballot. The commission was among the few efforts to consider the possibility of cleavages arising from a variety of post-independence factors in addition to the internal cleavages among political elites stemming from the pre-occupation and Indonesian eras. CAVR's final report explicitly recommends continued attention to conflict dynamics within communities and the need for reconciliation among the political leadership.[23] These recommendations have largely been ignored.[24]

For most international actors, however, a series of issues pertinent to the potential emergence of violent conflict did not factor into the state-building agenda. These included individual and communal suspicions and antagonisms arising from individual actions during the brief civil war and subsequent resistance to occupation; the changing patronage structures

21 J. Brian Atwood, "The development imperative: creating the preconditions for peace", *Journal of International Affairs*, vol 55, no. 2, 2002, p 333; Gerald Helman and Steven R. Ratner, "Saving failed states", *Foreign Policy*, vol 89, 1993, p 3; Matthias Ruffert, "The administration of Kosovo and East-Timor by the international community", *International and Comparative Law Quarterly*, vol 50, no. 3, July 2001, pp 613–31, http://www.jstor.org/stable/761707; R. I. Rotberg, "Failed states in a world of terror", *Foreign Affairs*, vol 81, no. 4, 2002, pp 127–40.

22 Hal Hill, "Tiny, poor and war-torn: development policy challenges for East Timor", *World Development*, vol 29, no. 7, July 2001, pp 1137–56, http://www.sciencedirect.com/science/article/pii/S0305750X01000353.

23 CAVR, *Chega!*, 2005.

24 Following the 2006 political crisis, intensive dialogue efforts were undertaken. In recognition of the potential value of such efforts, mechanisms for the continuation of dialogue to address community tensions are being established through the Ministry of Social Solidarity.

that emerged with independence; the population's relations with a technocratic elite coming primarily from the diaspora; and the disparities in access to economic and other opportunities inevitably created by a large international presence. The effect of large-scale rural–urban migration, including the significant resettlement of refugees in the capital, Dili, and the resulting competition for scarce land, employment and other resources were also largely left without a response. The dramatic change from a system of heavy state subsidy and guaranteed agricultural markets to the free market-based approach promoted by the international community similarly did not include a transition strategy and support for coping mechanisms for those most vulnerable to the changes. The role played by these issues in the 2006 crisis clearly indicates that the international community's macro-level and cross-sectoral analysis and programme design were not sufficiently grounded in the nation's historical context and fragility arising from post-independence dynamics.

Perceptions of a blank slate and other challenges to institution-building

The fact that international actors were tasked with developing new legal and administrative systems led many to conclude that international "best practice" could be transplanted into a context- and history-free environment. This perception is clearly articulated by the Joint Assessment Mission (JAM) macroeconomic background paper, which states that "[a]ny plan for the future [of Timor-Leste] must start from zero"[25] and that it would be more useful to treat the problem as a post-natural-disaster situation. There was little concern that in practice, state- and institution-building depend on the alignment of systems and institutions with prevailing norms, including those of the civil service. Institution-building in Timor-Leste was heavily influenced by the perceived inadequacies of the governance systems inherited from Indonesia. Drawing on the Washington consensus presumption that a developing nation with a limited budget should aim to maintain a small civil service, the institutions of the state were redesigned, positions centralised in Dili

25 JAM (Joint Assessment Mission), "East Timor: building a nation: a framework for reconstruction and development", Joint Assessment Mission macroeconomics background paper, November 1999, p 2, http://pascal.iseg.utl.pt/~cesa/dtcjammacroecon.pdf.

and the numbers of civil servants reduced. As some members of the country's elite shared an inclination toward centralisation as a means to exert control over the development process, the Timorese leadership agreed to reduce the size and reach of the state under pressure from key international institutions. The time and other requirements of the proposed reforms, however, created significant pressures on the Timorese leadership, civil servants, and international advisers to quickly construct the foundations of a new state and to generate new systems capable of service delivery in preparation for independence. The lack of confidence in the nation's own civil servants and a focus on external organisations' development models resulted in the absence of consultation with civil servants on the proposed design and structure of state institutions. The consequences of this approach are briefly explored below.

The efficient functioning of state institutions is inherently dependent on the legislative and administrative framework on which they are founded and also on the capacity of the civil service to use the systems effectively. Institutional reforms should be developed with substantive input from those expected to implement them. In contrast to recurring rhetoric of "consultation", this was not the case in Timor-Leste, where no mechanisms were developed to support dialogue on critical issues. This resulted in a feeling of exclusion and resentment by sectors of the civil service. The lack of dialogue was premised on the perception that Timorese civil servants lacked the experience, understanding and therefore capacity to provide input into what was considered a complicated and extremely time-sensitive process.

In addition to the challenges posed by a lack of consultation, the effectiveness of civil servants was also compromised by a system of international technical advice largely based on short-term project-oriented engagement. The provision of technical support by numerous agencies resulted in the fragmentation of oversight and the lack of an overarching vision of the way the chosen development models were to take shape within the institutions of the state. In practice, systems would be changed multiple times as new advisers, unfamiliar with the direction of models being implemented by those before them, introduced models from their prior experiences. Frequently, advisers lacked institutional and contextual grounding and were ill

informed about important linkages with the policies and laws being developed by others across a range of institutions. The rapid rotation of advisers also resulted in a variety of sometimes-contradictory technical inputs, some of which were contrary to overarching government policy. The views of the international institution contracting advisers were not always in concert with those of the minister they were intended to support. This raised issues of confidentiality and created challenges related to ultimate lines of authority. Under the circumstances, often the adviser needed to maintain a delicate balance so as not to undermine the trust built between the adviser and his/her counterpart.

The institution and capacity-development processes were additionally severely hampered by other factors, including the focus on technical expertise to the detriment of mentoring/skills-transfer experience among the international advisers and the general lack of coordination among national and international actors. In regard to the primacy of education and the efforts to ensure adequate transfer of skills and knowledge to the Timorese civil servants, among others, Hill, in assessing Timor-Leste's likely development challenges, mentions that "a large foreign aid presence carries with it the danger that the recipient country will become locked into expensive, internationally priced services".[26] Despite monthly informal donor meetings among the major bilateral and multilateral agencies and sector working groups, the international community was unable to develop a unified approach to institution-building. The often-cited desire for coordination has not been matched by a willingness to coordinate in practice. Mechanisms for establishing consensus around policy options do not exist. Rather, the allocation of sectoral responsibilities was preferred and most agencies/working groups negotiated their support with the government bilaterally. Donors remain responsible to their capitals and international organisations to their headquarters. Even the senior UN diplomat on the ground had little leverage to instruct key actors.

International agencies also vied for influence with regard to key policies. Debates about the direction of the justice sector are instructive in this regard as the sector was plagued by divergent preferences between, for example, the Portuguese and Australian governments. The merits of a justice system based on civil rather than common law was often a source of debate and friction among advisers and institutions. The question of language was also the subject of intense debate among the international community. Strong opinions were expressed in relation to the language of instruction in schools, with many critical of the decision preferring to emphasise the teaching of Portuguese rather than Tetum in the curriculum. The international community has also never been able to reach a consensus regarding a strategy in support of security sector reform. The sector has been marked by thinly veiled competition for influence among, for example, the UN, Portugal and the Australian-led Timor-Leste Police Development Programme.

The development of the institutions of the state and its legislative foundations were considered to be time-sensitive priorities by both international and local actors. While this context clearly called for the selection of technically qualified international staff, the need to couple technical expertise with a simultaneous focus on the transfer of skills to national counterparts was in many instances overlooked. The Internal Evaluation Group of the World Bank recognises the inherent difficulties in the skills-transfer process and states in an evaluation report that "[i]t cannot be assumed that government capacity will get built during project implementation through on-the-job transfer of expertise from international advisors and project-supported training activities".[27] In some instances, international advisers were not assigned counterparts, making mentoring and skills transfer impossible. Even the best-intentioned advisers faced difficulties when attempting to deliver outputs while simultaneously maintaining their focus on skills transfer. For example, ministers often required the production of policy documents within very limited time frames. This left little time for advisers to consult with their counterparts and for the joint development of documents. The challenge was exacerbated when advisers and national counterparts were unable to write in a common language. Ministers were often unsympathetic to delays in receiving documents, especially as

26 Hill, "Tiny, poor and war-torn", 2001, p 1145.

27 IEG (Independent Evaluation Group), *Timor-Leste Project Performance Assessment Report*, World Bank, June 27th 2006, p 44.

they considered that highly paid international staff had a responsibility to produce them. In an environment in which reliable infrastructure such as electricity and internet connections were in scarce supply within government buildings, many international advisers saw little option but to seek these essentials in separate buildings or offices. These absences, inevitable as they may have been, did not contribute to an atmosphere conducive to the effective capacity development of national counterparts.

An emphasis on Timorisation – the transfer of responsibility to East Timorese nationals concurrent with the withdrawal of international technical and advisory support – further contributed to an unhealthy dynamic between national and international actors. The concept of Timorisation was articulated by senior political figures and promptly appropriated by international actors. Seemingly positive, the doctrine aimed to prepare the East Timorese for decision-making and management through training, skills transfer and the provision of technical support. These aims were pursued through mentoring and related strategies. At the same time, Timorisation provided an exit strategy for international actors. Unfortunately, this concept also fostered a perception that local capacity and international support were mutually exclusive.

The continued presence of international personnel in Timor-Leste was interpreted as a criticism of local capabilities and therefore taken as an insult by some civil servants. The framing of international technical assistance solely as a temporary arrangement to fill a capacity vacuum undermined the possibility of capitalising on the strengths of each. The tension created by the call for rapid Timorisation worked to obscure the potential for positive contributions to be made by highly skilled and committed international staff at a time when additional support remained necessary. Instead of a system based on the recognition of mutual strengths, the structure and rhetoric seemed rather to underscore the power imbalance between local and international players and emphasise the importance of Timorisation regardless of its impact on the ability of the state institutions to meet the needs of the country's citizens. It was therefore impossible to develop a common vision for a state-building project that both national and international actors could implement

together. While the drive for Timorisation may have been based on sound objectives, its pace, and the way in which the concept was framed and interpreted worked to weaken the mentoring relationships on which it relied.

The lack of trust in the civil service was not limited to the international community, and is reflected by the First Constitutional Government's explicit concerns about the decentralisation process and the desire to prevent the "decentralisation of corruption".[28] While it is true that the civil service was indeed weak and required substantial support in strengthening its capacity for service delivery, its effective (re) structuring required a process much more inclusive of the expectations and concerns of all levels of the state, including district-level administration, who remained significantly unconvinced of the merits of the system adopted. While various decentralisation models were proposed to the government and a pilot project began in selected districts, centralising tendencies remain. The government remains hesitant to provide districts with direct budget transfers and independence. The districts remain nearly wholly dependent on the central government for financing, and the proposed establishment of municipalities with enhanced powers has not yet materialised. District administrators and other local government officials remain frustrated by their relative lack of influence and capacity to respond in a timely manner to community needs and demands.

Given the high level of service delivery provided by international actors in the early years of independence, a more inclusive institution-building process need not have come at the expense of service delivery. The benefits of the initial buffer created by the provision of services by international actors could have been greatly enhanced had international assistance been framed in less "proprietary" terms. While at the national level the UN's rhetoric was always careful to explicitly underscore its supporting role, the message was much less clear in the districts, where agency flags, vehicles and logos sent perhaps a different message. In the year leading up to and just following independence, many international and national non-governmental organisations (NGOs) implemented service delivery projects without attempting to coordinate these with

28 Remarks made by former Prime Minister Alkatiri at the Timor-Leste Development Partners Meeting in 2006.

local and regional government representatives. The focus on civil society by some international actors in fact resulted in significant conflicts with local government officials.

It is instructive to briefly examine the success of some of the ministries of the state. The superior performance of the Health Ministry under the leadership of its first minister and the Ministry for Social Solidarity (previously the secretary of state for labour and solidarity) under the leadership of successive ministers was in no small part the result of the personal involvement of the ministers, who worked closely with international advisers and Timorese staff in the transition. Indeed, in both cases, the ministers worked to set the tone for more engaged and effective international assistance while also opening up more avenues for discussions with and input from civil servants, including those not based in the capital.

Economic policy, service delivery and state legitimacy

Indonesia invested heavily in the infrastructure of Timor-Leste during the years of occupation. It vastly increased the numbers of kilometres of paved roads, health clinics, irrigation systems and schools, for example. Hill estimates that "it is … no exaggeration to state that nearly one-half of East Timor's [gross regional product] GRP over this period was directly or indirectly the result of the [Indonesian] government presence".[29] It also provided significant subsidies for the country's agricultural sector, on which the vast majority of the population depended either for food security or economic activity. The end of Indonesian occupation brought about an end to the economic policies of the regime.

The World Bank-coordinated JAM asserted that country's past could not be used as a guide to its future and that it required the substitution of the "inefficient" state-dependent Indonesian system with that of a liberal economy.[30] The mission recommended a radical reduction in the number of civil servants in order that a "lean" and well-paid civil service could be established. The experience of Timor-Leste between 2002 and 2010, however,

indicates that the fruits of institution-building efforts have been much slower to germinate than had been anticipated. The World Bank's *World Development Report 2011* in fact acknowledges that "[e]ven the fastest-transforming countries have taken between 15 and 30 years to raise their institutional performance from that of a fragile state today … to that of a functioning institutionalized state".[31]

The slow pace of institutional reform and capacity was matched by the slow pace of private-sector development. In regards to efforts to establish a vibrant private sector within agriculture, for example, the World Bank's Independent Evaluation Group's assessment of its Agriculture Rehabilitation Project asserts that efforts to introduce market price-based input support to farmers failed to consider the low level of business experience among the target population, their lack of access to the cash economy and the impact of years of Indonesian input subsidies on the behavior and expectation of farmers.[32] In addition to underestimating the challenges posed by institution-building and the time frame required, the international community's approach to it was mechanical and technocratic. Institution-building was decoupled from the question of state legitimacy, which was also narrowly understood; that is, the state's legitimacy arose from the electoral process and required no additional attention or reinforcement. The extent to which state legitimacy is dependent on its capacity to deliver critical services and support to its citizens was left unconsidered.

While the international community did vigorously focus on the reconstruction of key infrastructure such as roads, health and education installations, it chose a dramatically different approach from the Indonesian model with regard to its engagement with and support for the agricultural sector. In accordance with the dominant "limited government" paradigm of the time and in the absence of alternative policy options presented by the international community, development partners strongly opposed the continuation of the Indonesian model. The new policy prescriptions were premised on the projection that the state would have limited access to the resources necessary to sustain investment in

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29 Hill, "Tiny, poor and war-torn", 2001, p 1140. The period in question is the 1990s prior to the 1997 Asian financial crisis.
30 JAM, "East Timor", 1999.

31 World Bank, *World Development Report 2011: Conflict, Security and Development*, Washington, DC, World Bank, 2011, p 10.
32 IEG, *Timor-Leste Project Performance Assessment Report*, 2006.

and subsidy of agriculture. It was also informed by perceptions of low human-resource capacities in rural areas to manage extension schemes. Rather, it was anticipated that the private sector would drive investment and economic development, including in the agriculture sector. The World Bank calculated that the import of cheaper food staples would be of benefit to the economy.

The decision to end substantial government agricultural subsidies had a detrimental impact on rural livelihoods and the perception of the "utility" of the state among rural communities, who often complained about the impact of the policy. While potentially not devoid of macroeconomic logic, the policy did not incorporate a transition strategy to assist farmers previously dependent on subsidies. Moreover, the policy sent a political message regarding the weakening of the relationship between the state and its citizens. In a largely agricultural society, dependent on agriculture not only for livelihoods, but also as a nexus of social exchanges, traditions and rituals, the reduction of support had important reverberations that remain largely unexplored. The same is true of the tensions between an individual-centered economic system and traditional systems-based mutual responsibility, interdependence and income (re) distribution.

Regardless of the questions surrounding the efficacy of state support for the agricultural sector in developing countries, the belief that, unaided, the Timorese private sector would be able to fill the agricultural development gap resulting from the retrenchment of the state underestimated the obstacles faced by private-sector entrepreneurs in the country. It is important to note that these challenges extend to all sectors of the economy and are not solely the result of an inefficient bureaucracy and needless administrative hurdles. While these are certainly present, cultural and social norms that place heavy emphasis on the exchanges of gifts, favours and related expectations of support among extended families, for example, are significant, given their dissonance with the dominant individual-centered private-sector development models. Those arguing that the private sector would flourish if only left undisturbed by a sycophantic state did not adequately consider these factors.

Contrary to the widespread emphasis on the key role of the private sector, the rules and regulations of many, if not most, bilateral donors explicitly focused on support to civil society and forbade support to business enterprise – excluding those that provided micro-finance mechanisms to support coffee production/export. There were consequently no mechanisms to support the operationalisation of the private-sector-centered policy.

Support to both civil society and the state is crucial and should be seen as complementary. Leaving aside questions about the efficacy of support provided to the civil-society sector in Timor-Leste, an argument can be made that the rhetoric surrounding this support, coupled as it was with a state not yet able to assume full responsibility for essential service delivery to its citizens, worked to undermine the legitimacy of the state among the population. Resilient states are often associated with effective performance in the areas of the provision of security for their citizens, effective service delivery, and the establishment and maintenance of legitimate institutions.[33] In Timor-Leste, the engagement of local NGOs and other groups was essential to undertake important service-delivery projects in communities. The active participation of non-state actors not only served to support the state's limited implementation capacity, but allowed for the inclusion of these actors in the state-building project. That said, the impact of this practice on the popular perception of the state was not duly considered. While the use of non-state actors to support service delivery need not necessarily undermine the perception of state legitimacy, in Timor-Leste the process by which it was undertaken perhaps enhanced the feeling of state absence felt by community members, where essential services were not delivered by the state. The often-minimal coordination with state actors served to reinforce the perception by the state that it was in competition with non-state actors for influence and resources. Coordination with local government did improve over time and was driven by a variety of factors, including the increasing assertiveness of national government officials and the establishment of the small-grant donor coordination mechanism discussed below.

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33 See Derick W. Brinkerhoff, ed., *Governance in Post-Conflict Societies: Rebuilding Fragile States*, London, Routledge, 2007.

The international community, perhaps taking the lead from the Timorese leadership, did little to take advantage of the opportunities provided by the post-independence period to reinforce/develop a sense of national identity. While progress in this area requires national leadership, development partners could have certainly done more to engage the leadership on the merits of promoting a sense of shared history and to make resources available to that end. Examples of potential initiatives could have included a focus on and support for independence and other national celebrations outside the capital; public ceremonies in recognition of the people's contribution to the achievement of independence and the sharing of stories from the heroes of the resistance with the younger generation; additional resource allocation to community requests for national monuments; and the provision of long-term support for extended and context-specific civic-education outreach programmes. The latter could have been integrated with other social messaging around hygiene, health, and other public-information and awareness-raising strategies and initiatives.

Recognising that urban planning is highly political and necessarily the responsibility of the sovereign state, the international community could have been more active in the early years of independence in placing the issue of rural–urban migration and lack of housing in the capital (and elsewhere) on the political agenda for serious debate and consideration. The discourse could have been centered on the risks posed by the competition for key housing infrastructure in an environment where intense urban migration challenged the regional composition of neighbourhoods and the perceived access to livelihood opportunities. The development of a social-housing strategy is difficult in any context, and particularly so in a situation in which the vast majority of the country's population lacks adequate housing and in which key land and property legislation and administrative systems are absent. While not claiming that the issues above could have been quickly resolved, a discussion framed around the risks posed by the rapidly changing demographics in Dili could have led all actors to view development initiatives in the capital from a much more holistic perspective – perhaps giving birth to President Ramos-Horta's "City of Peace" or "Timor Ida Deit" (Only One Timor) initiatives years before.

As it was, efforts to understand the impact of rural–urban migration on the social dynamics in Dili were only initiated in earnest after the 2006 crisis. The development of an urban plan by the First Constitutional Government and efforts to address these issues even in the post-2006 recovery period were challenged by disagreements within the government and by entrenched political and personal interests. Concerted efforts have been made following the crisis to develop land and property legislation and to establish a land and property cadastre throughout much of the country. An earlier focus on the establishment of more open communal spaces and infrastructure development in the periphery of the capital, however, could have enabled the government to better respond to the migration patterns and their social impacts. These efforts could have complemented many of the initiatives to rebuild sports fields and other recreational infrastructure, as these were often viewed as one-off efforts requiring no additional follow-up. Unfortunately, even after the crisis, international initiatives to counteract the impact of the violence on the social fabric were largely limited to ad-hoc, one-off community dialogues, sports competitions, and art and music days without the necessary long-term support. It is worthwhile to note, however, the positive impact of recent government-led initiatives to rebuild or rehabilitate public infrastructure such as parks and the waterfront.

Policy recommendations
In light of the analysis above, the following recommendations are posited for international actors intervening in conflict-affected transition environments.

1. The utility of "best practices" notwithstanding, policies must be adapted to reflect historical and contextual considerations.
In the Timor-Leste context, the application of this recommendation would have meant a closer examination of post-independence dynamics; the transformation of non-monolithic resistance experiences into a shared historical narrative; public recognition of the contributions of the population at large to the independence struggle; the conscious consideration of the rationale for and against the maintenance of Indonesian administrative and

economic policies in light of the social impact of policy options; and the increased incorporation of non-elite national perspectives in policymaking.

In order to facilitate the implementation of the above, the following recommendations are suggested:

i. Peacekeeping mission time frames should be more realistic and aligned with mission objectives.

ii. Whenever possible, incoming advisers and mentors should receive an historical briefing that is contextualised for the particular posting.

iii. Short-term contracts should be avoided. Whenever possible, contracting agencies should aim to issue at least one-year contracts.

iv. Language instruction should be required, and time and resources allocated to ensure genuine attempts to learn the language by employees.

v. Country-specific experts should be more regularly consulted and solicited for feedback on major programme initiatives. Consultations should inform on the potential negative or positive consequences of programmes and policies, given historically driven expectations and experiences.

vi. Resource allocation should be prioritised to support a strong field presence outside the capital and main cities so as to ensure broader awareness of rural (non-urban) concerns and the impact of decisions, and to inform new policies as these are being developed.

vii. Efforts to demobilise, disarm and reintegrate ex-combatants should look beyond short-term initiatives such as one-off training events and ad-hoc employment generation. Former combatants should be recognised for their contributions and provided with state-supported pensions or other long-term monetary compensation to assist in their resettlement and transition into new livelihood options. This support should be coupled with efforts to develop a rhetoric of national unity or the construction of a unifying positive national mythology that can ease the transition while validating the heroes of the past. In Timor-Leste, this could have been accomplished through outreach initiatives in which former combatants and veterans of the political and/or clandestine fronts were invited to share their stories with students of all ages (with a focus on those too young to remember the struggle).[34]

viii. Human rights programming should make every effort to ground discussions of universal human rights on local experience rather than on a global and generalised human rights language. This approach would provide an anchor for meaningful discussions. For example, human rights discussions with newly recruited members of the police and armed forces could seek to build a case for human rights drawn from personal experiences in an environment where the protection of fundamental rights was lacking.

Current programming is normally formulaic and seldom adapted – this ranges from the vocabulary used to examples provided during trainings. Members of the new security forces are likely to repeat the behaviours to which they were subjected. This tendency must be counteracted by efforts that ensure that individual behaviour is seen as essential to the creation of the new state free from the excesses of occupation.

2. Initiatives should be considered in light of their potential impact on state–society relationships and the perceptions of state legitimacy.

Policies and sectors of particular relevance include economic-development policies; food-security strategies; the development and deployment of national symbols; and the extent and framing of support to civil society within the context of nascent post-crisis government institutions. For example, economic strategies that prioritise growth over equity of distribution should be carefully analysed for their potential impact on perceptions of the impartiality of the state.

The current schism between the private-sector-centered economic-development rhetoric and restrictions to support private enterprise in practice

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34 The Living Memory Project has undertaken this approach with former political prisoners with great success, despite extremely limited funding support.

should also be addressed. This could be achieved through the elimination of administrative hurdles to the provision of assistance to small enterprises.

The application of the recommendation above to the present case study would have implied a much more gradual transition away from Indonesia's systems of subsidies and a similarly more phased approach to the downsizing of the civil service. It would have equally led to a more careful framing of support to civil society and consideration of the use of symbols such as development-partner logos on infrastructure and other projects.

The behaviour of security forces in a post-conflict environment is also of crucial importance. Their policies, including the nature of their procurement decisions, send clear signs to the population and the factions within the elites. Timor-Leste benefits from extensive international support generally, and police and military assistance in particular. The rationale for the purchase of high-powered weapons for the police and various special forces seems to merit particular scrutiny.

The application of this recommendation would also call for a more expansive understanding and application of civic-education concepts. To date, civic-education initiatives have tended to be narrowly defined in terms of pre-election outreach/voter education immediately prior to elections. In instances where the post-conflict environment implies significant changes to the political arrangements – be they power-sharing structures, alterations to distribution of resources, etc. – a longer-term, culturally adapted process should be developed in order to inform the population and minimise the potential for misunderstanding and the possibility of manipulation.[35]

3. All parties should consider monitoring and evaluation as a means rather than as an end in itself.

The emphasis on the monitoring and evaluation (M&E) of programmes based on quantifiable indicators can be useful, as it may provide a baseline from which to assess the effectiveness of programme strategies. Ideally, these efforts should

be used to inform adaptations to programming throughout all phases of implementation. M&E processes can also have unintended or counter-productive results. For example, they can narrow the scope of planned interventions and negatively impact the discourse among development partners and between development partners and other parties. For example, because M&E frameworks tend to be quantitative in nature, relational and impact-oriented information often remains obscured by the process. Simple quantitative measures such as the number of workshops held or participants trained – for example, in evaluating improvements to policing through the completion of human-rights training – likely conceal more complex and important dynamics. Changes in attitudes, the depth of the knowledge acquired and the strength of the institutions supported, for example, cannot be ascertained through quantitative measures alone.

The current approach to M&E induces a myopic and biased focus on reporting progress against the indicators used in log-frame design to gauge success, rather than prompting the use of unbiased information to adjust programming to changing circumstances. Projects are driven by the design of matrices prepared well before a project's implementation and are unable to consider changing political or other circumstances in the field. Indicators are selected with the predetermined success of the project in mind. Agencies select indicators that they consider achievable. The tools used for measuring results are used primarily as a means to report achievements to donors and in an effort to secure additional funds rather than to adapt approaches used during implementation. It is in fact difficult to alter the direction of a programme or project, regardless of monitoring results, precisely because reporting is based on log frames submitted with proposals and compliance is deemed essential for success. Donor behaviour reinforces this tendency, as most agencies do not look kindly on negative reports and do not have the flexibility to alter their objectives mid-project. Country offices are under the same pressure to report positive results to their capitals, as are agencies to donors.

This recommendation necessarily implies the need for a systemic macro-level change among and within institutions. Genuine discussion of issues regarding the impact of programmes (and how this can be

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35 The CAVR final report, *Chega!* (2005), makes several recommendations regarding the importance of civic education as a vehicle for ensuring the grounding of a national project within all sectors of society, including, crucially, the young.

evaluated), as distinct from assumptions made at the time of proposal submission, is required. Improved qualitative indicators are required if agencies want to evaluate the real impact of programmes, as quantitative measures alone have proved insufficient in exposing the complex dynamics between interventions and target beneficiaries.

The tendency toward overly optimistic programme reporting is pervasive and can be observed across the spectrum of different actors, ranging from small NGOs to mission reports to the UN Security Council. Donors should recognise the value of honest M&E as a means of improving programme outcomes. Only when donors accept the need for open discussions on challenges faced during programme implementation will agencies be willing to consider more realistic indicators and report on these without bias.

4. Coordination and policy cohesion should be improved through the establishment of mechanisms for reflecting on methods and impacts.

The benefits of and desire for improved coordination are regularly touted. While some fear increased efforts to improve coordination will result in the loss of control over programming decisions and may reduce the capacity of organisations to be creative, there is general agreement in the field that the improved use of coordination mechanisms is desirable. In Timor-Leste, prior to the crisis, few opportunities existed for UN agencies, international NGOs, and government representatives to meet and discuss policy and programming priorities. The need for a robust response to the humanitarian challenges resulting from the 2006 crisis served to bring a wide cross-section of organisations and institutions together to discuss policies and distribute responsibilities. Unfortunately, these mechanisms did not carry over beyond emergency programming and into a "development" phase.

Two initiatives were implemented in Timor-Leste as a means toward improving coordination, advancing research into the efficacy of programming and enabling analysis of the impact of international assistance on national conflict dynamics. The first initiative was premised on the need to increase awareness as to who is doing what and where as a starting point for improved coordination. Without this basic information, a deeper analysis of the impact of programmes across a range of development

objectives and assessments of gaps in programming are not possible. Columbia University's Center for International Conflict Resolution (CICR) with its NGO partner BELUN designed a Database of Humanitarian and Community Development Projects in 2002 that exists and is maintained to the present. Despite continued requests for raw data and maps representing the geographical distribution of projects across sectors, this resource has been under-resourced. Data gathering remains a constant challenge. The UN and others have also attempted to gather their own data on an ad-hoc basis rather than use and strengthen the existing resource.

CICR and BELUN also established the Small Grant Donor Network (SGDN) as a vehicle for reflection on the impact of granting programmes on communities and civil society organisations. The SGDN was a resource for bilateral donors and implementing organisations, particularly international NGOs, to consider how divergent programmes implemented across sectors throughout the country impact the conflict dynamics within communities, and between development partners and recipients. The SGDN convened monthly and raised awareness about the effect of, among other things, providing in-cash versus in-kind grants; divergent standards and models of assistance and reporting; and varied models of consultation and communication practices.

Both the database and the SGDN are worthy of further review and possible adaptation for other areas receiving international support from a large number of agencies and institutions across multiple sectors.

5. The provision of technical support and skills/ knowledge transfer should be considered as discreet tasks requiring adequate time and coordination.

Given the importance of and myriad challenges associated with the provision of technical support and the pursuit of skills and knowledge transfer, the following recommendations are offered (the first three form part of recommendation 1, above, but are worth repeating here):

i.   Whenever possible, incoming advisers and mentors should receive an historical briefing that is contextualised for the particular posting.

ii. Short-term contracts should be avoided. Whenever possible, contracting agencies should aim to issue at least one-year contracts.

iii. Language instruction should be required, and time and resources allocated to ensure genuine attempts to learn the language by employees.

iv. Resources should be made available to separate the provision of technical support from posts focused on skills and knowledge transfer. Different skills are required for the provision of technical support and mentoring. Particular attention is required to differentiate between technical expertise and the capacity to impart knowledge appropriately to local counterparts over time.

v. A mechanism should be established to foster oversight of and communication between advisers in different sectors, with a particular focus on preventing the duplication of efforts and, crucially, on the identification of areas where contradictions exist. The forum should periodically engage in an analysis of the cohesion of the advice provided within the policy framework chosen/adopted. An effort must be made to maintain and capitalise on the institutional memory of advisers over time. While a single forum is unlikely to eradicate competition among donors and advisers, it may work to enhance a sense of common purpose.

vi. Every effort should be made to assist governments and nations to develop local knowledge and skills that would decrease dependency on expensive international experts. Development agencies should ensure that survey methodologies and approaches, for example, are shared with and explained to local counterparts at all stages of the process.

Conclusion

In the absence of an international consensus on a state-building model in Timor-Leste, the World Bank's approach, founded on the notion of the limited role of the state complemented by a strong private sector, seemed to progressively define the international community's operational and ideological parameters. By-and-large, international actors failed to sufficiently consider the implications of this approach for the historical, social and economic context in which it was implemented. Timor-Leste's early dependence on financial and technical support from an international community committed to a small and efficient state constrained the newly independent state's ability to supersede pre-existing and emergent social fractures. It was consequently unable to present itself as the primary point of reference for a national project and to act as a centripetal counter-force to the centrifugal tendencies inherent in a post-colonial/occupation environment. The difficulties faced by the new state in this regard were further exacerbated by the inadequacy of the mechanisms and processes used by the international community to assist local actors to (re)build the institutions of the state and reduce competition between the state and civil society.