

European Community Aid to Timor-Leste

The European Commission (EC) was founded after World War II, in 1952, and started with six countries: Belgium, Germany, France, Italy, the Netherlands, and Luxembourg. It has undergone many changes since then and now has a standing membership of 25 nations from almost all parts of the European continent. One of the main motivations for founding the EC was in response to Europe's bitter experiences during World Wars I and II, which started as conflicts between European countries.

The EC is a multilateral donor to Timor-Leste. Since 1999, when UNAMET began its mission, the EC has been giving aid to the territory, as support for the UN mission, in emergency aid, rehabilitation and reconstruction aid, and long-term aid.

In the short term, this aid has helped Timor-Leste manage various problems such as rebuilding and improving infrastructure and facilities, improving administration, improving health services' quality and economic development. In the long term, the EC has committed to distribute aid with the aim of fulfilling global targets for eliminating poverty, as set out in the UN's Millennium Development Goals (MDGs).

The questions that arise in relation to this aid are: What is the main principle of EC aid? What sectors in Timor-Leste do they fund? Who implements EC-funded projects?

How are they implementing them? How does the aid improve conditions in Timor-Leste?

In researching this article, La'o Hamutuk held discussions with officials from the EC mission and the Timor-Leste Government, the World Bank, and the UN. We also read numerous documents. This article will present a critical analysis of EC aid for Timor-Leste.

European Union Development Aid Policy

The EC is one of the most important donors to situations of humanitarian crisis. Every year, they give 0.4% of their Gross National Income (GNI) to developing countries through a variety of mechanisms. As part of the global campaign to fight poverty, international civil society organizations demanded that the EC and national government donors increase their aid percentage to 0.7% of their GNI.

The aid is given in a variety of forms, including emergency funds, development aid and economic assistance. Worldwide, the EC (including its member countries) contributed about 45% of all aid to developing countries. This amount is far beyond the United States contribution, which is only 20%. The EC percentage of GNI as development assistance at 0.4% is also far greater than the US contribution of 0.16%, or 16 cents in every US\$100.

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According to the Commission, the development aid given reflects solidarity between the European community and economically disadvantaged countries, and also strengthens trade relations with the Commission's member countries. Legally, the Commission's aid is explained in Act 177 of the EC Treaty, which specifies that:

Community policy in the sphere of development co-operation is complementary to the policy pursued by Member States and must foster: the sustainable economic and social development of developing countries; the smooth and gradual integration of developing countries into the world economy; and the reduction of poverty

Article III-316 of the European Union Constitution explains that the goal of development cooperation should be the long-term elimination of poverty. It also states that member countries should support goals agreed by the United Nations and other international organizations.

Article III-292 explains that the European Union must define a common policy and action and must work together in all international cooperation sectors to ensure the strengthening of sustainable economic, social and environmental development in developing countries, with a principal goal of reducing poverty.

With the announcement of the Millennium Development Goals (MDGs), the EC and its member countries made a commitment to accelerate progress towards the goals for the year 2015. In 2004, EC member countries declared that "the European Union must continue to play an important role in fighting global poverty. The European Council must express its attention to achieve the MDGs, specifically in the African region."

The above statement appears to demonstrate that the EU will intensify its efforts to fulfill its financial commitment and will strongly support the United Nations' efforts in achieving the MDGs.

The precursor to the 2004 statement was the Barcelona declaration, signed in March 2002, where the European Union also committed to increase its aid from 0.3% to 0.7% of GNI. Another commitment is reform in the international monetary system, including reviewing developing countries' foreign debt.

The EC also requires its aid recipients to join the *Cotonou Agreement*. This is a multi-dimensional agreement which the EC describes as including political approaches

(political dialogue, peace policy, conflict prevention and resolution, human rights issue, and good governance); participatory approaches (to provide a forum so that non-country members can participate in designing and implementing development strategy); and stronger biases to reduce poverty (focusing on economic and human development, cooperation and regional integration, thematic issues, and cross cutting – environment, gender equality, institutional and capacity building); and a new structure of economic and trade cooperation and financial cooperation reform.

The European Union in Timor-Leste

The EC began its aid program in Timor-Leste after the UN created its first mission, UNAMET, in 1999. The EC initially contributed U.S. \$5.2 million to ensure the success of UNAMET. After independence, Total aid given from 1999 to 2004 was \$181 million. In addition, the European Union Humanitarian Office (ECHO) gave \$2.5 million for food aid through various NGOs.

Aid was given to assist in the following sectors:

1. Supporting the UN mission

Aid was given to the UN missions for the 1999 referendum and the transitional administration. The total was \$14.4 million: \$5.2 million to UNAMET and \$9.2 million to UNTAET.

2. Emergency and Humanity Aid

This aid was given as a response to the destruction committed by pro-Jakarta troops and militias. It was aimed at fulfilling the basic needs of the Timorese people in the wake of September 1999. The Commission contributed this aid through the UN and several NGOs. The total aid given in this sector was \$49 million.

3. National Reconstruction Aid

The aim of this aid was to assist Timor-Leste in rebuilding infrastructure and creating a public administration system, as a foundation for long-term development, totaling \$55 million during 2000 – 2002.

4. Long Term Aid

Long Term Aid is focused on two sectors: Health and Rural Development.

For the Health Sector, aid has been given since 2002

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and will end in 2006. The total aid given will be given \$15.7 million, given through the World Bank, through the Trust Fund for East Timor (TFET), subsequently Consolidated Fund East Timor (CFET).

Health services in rural areas are very inadequate. Poor human resources, long distances between communities, and long distances to the health service centers are a few reasons why the EU prioritized the sector. Thus, the main goal was a decentralization of health service systems to make it easier for the community to access the services. Other support for the health sector was the *Sectoral Investment Programme* (SIP) implementation, aimed to provide autonomy for health service centers, to create a nursing academy, etc. For this program, the EC gave \$9.2 million through the World Bank, as well as directly from ECHO.

Rural Development is important because the majority of Timorese live in rural areas. The EC has allocated \$25.5 million for six programs in this sector for 2002-2006 (see table below). The EU has committed another \$11.3 million for programs that will begin next year.

In 2006, the rural development program will be focused on overcoming famine by improving food security, or improving access to food throughout the year, as well as helping very impoverished people to support themselves, especially in western areas such as Maliana, Suai and Oecusse. This program hopes to alleviate poverty and food insecurity in Timor-Leste, which are among the highest levels in the world.

Aid description	Implementing agencies	Total (million US\$)
Support for UNAMET	UN	5.2
Support for UNTAET	UN	9.2
Emergency aid through NGOs	International NGOs	35.4
Emergency aid through UN	UN	13.4
Support for TFET	World Bank, ADB	50.9
Support for the Constituent Assembly and Presidential elections	UNDP	1.4
Support for the decentralization of health system	World Bank	15.7
Support for Capacity Building	UNDP	2.4
Support for Rural Development	UN, IOM, World Bank	28.8
Support for SIP implementation in the health sector	EC and World Bank	9.9
Support for High Risk Communities	International NGOs	4.6
Support for local elections	UNDP	0.4
Support through NGOs	International NGOs	4.0
Rural Development Programme II	Not yet decided	11.3
Total		192.5

European Union Aid Partners

The EC uses partner organizations to implement their projects, including the World Bank, UN agencies, and European based NGOs. The World Bank has implemented the majority of EU funds (46%), followed by UN agencies (26%), and others, including international NGOs (28%).

According to the EC, there are several reasons why it didn't disburse funds through the government. The principal reason is the EC's policy for Asia, which requires preconditions for budget support to the government in the policy sector, a donor allocation system, and 'mid-term expenditure framework' for all ministries. It seems apparent – though the EC have not acknowledged this - that these perceived obstacles mean the EC prefers to distribute money through institutions other than the government.

Donors to Timor-Leste gave the World Bank (through TFET) responsibility to manage TFET funds, including project design and implementation. The TFET funds were used for the Community Empowerment Program (CEP), Agricultural Rehabilitation Program (ARP) and other projects.

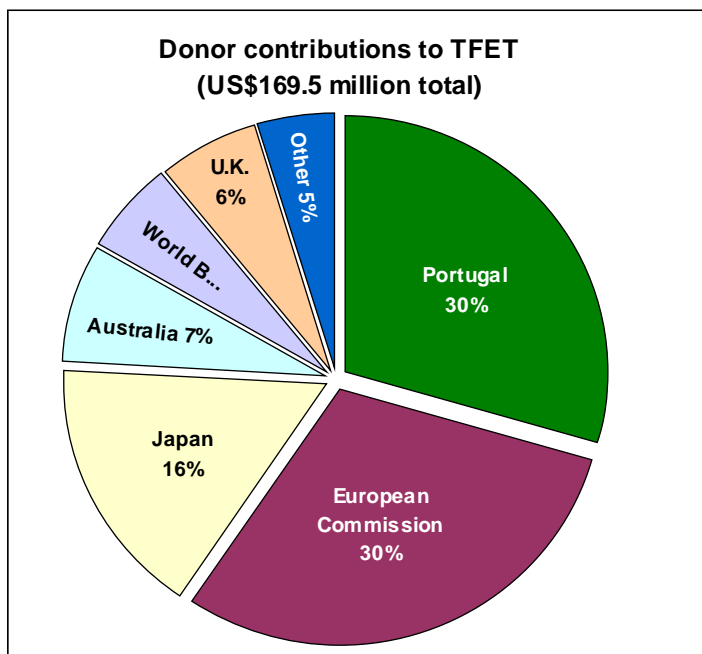
Based on the EC's evaluation of TFET, it appears that the EC considers the World Bank one of its most effective global partners. That said, when the EC began distributing funds, there was no other way for these to be administered *except* through the TFET.

Between 2000-2002, the EC disbursed \$50.1 million for TFET programs, amounting to 46% of the Commission's aid to Timor-Leste. If we add in bilateral aid from five EC member countries, it becomes two-thirds of the \$177 million given to TFET, with eight other donors contributing only one-third.

The European Union says they chose the World Bank to implement the EC's aid because of its efficiency and its effectiveness in coordinating among donor countries, as well as its technical skill in designing programs. However, the political reasoning behind using it was that TFET used the 'one vote per dollar' principle, so European contributions (including the five member countries), would assure the EC of a majority of the votes, to affect important decisions. After independence, the EC became the largest single donor for health and agriculture through TFET.

The European Union believes that the World Bank was successful in implementing its mission in Timor-Leste.

This sectoral support includes policy support, a coordination mechanism, and a funds usage structure. The trust given by the EC was also approved by the World Bank. In terms of coordination, the EC acts as donor while the World Bank acts as implementer, where the program is designed by the World Bank and is then proposed for funding to the EC.



UN Agencies

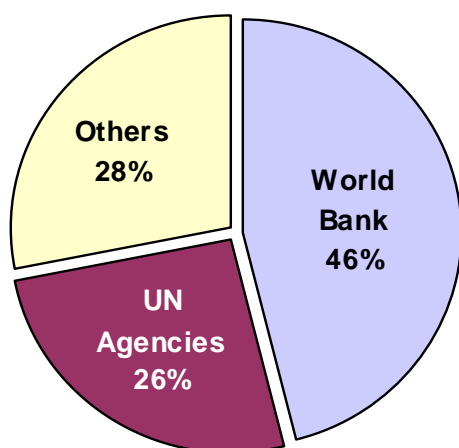
In addition to the World Bank, the EC worked with UN agencies to implement its programs. Since the emergency time, UN agencies such as the World Food Program (WFP) have implemented emergency and humanitarian aid, while the UN High Commission for Refugees (UNHCR) implemented repatriation and refugee relocation programs. The EC used UN agencies to support the UN for its actions during transition and leading to independence.

Since the reconstruction period, UN agencies have played large roles in implementing the Commission's programs. UNDP has implemented the capacity building program since 2002 (see *La'o Hamutuk Bulletin*, August

2005)

In total, 26% of the Commission's aid is channeled through UN agencies. One of the agencies with the most important role is the UNDP. This agency is a partner in implementing the Oecusse Community Activation Program (OECAP), other rural development, Civic Education

Partners of EC in TL



programs and others. In addition to UNDP, UN agencies which are co-implementing the first phase of the Rural Development program are the International Labor Organisation (ILO), the United Nations Development Fund for Women (UNIFEM), the International Organisation for Migration (IOM) and the United Nations Office for Project Services (UNOPS).

International NGOs

International NGOs are the most important actors in implementing the European Union's aid. From 2001 to 2003, International NGOs implemented more than half the European Union's aid worldwide. In Timor-Leste, these NGOs implemented about one-fifth of the aid given by the European Union.

Since the emergency period, NGOs such as Medecins Sans Frontières (MSF) and Associação Medicina International (AMI) all implemented emergency aid, specifically in the health sector. Some International NGOs that still have a large role in implementing European Union aid are Care, Advocats Sans Frontieres (ASF), and others.

Analysis

Why does the European Union give so much aid to Timor-Leste?

The EC's foreign aid policy for Timor-Leste is based on article 177 of the EU Treaty. In terms of policy, it was based on the common statement signed on April 26, 2000, which later became known as the European Community Development Policy.

Under this policy, the EC wrote a Country Strategy Paper (CSP), which explains that the Union's main goal is to strengthen the structure of cooperation and improve the effectiveness of its contribution through an institutional dialogue, economic and financial cooperation, and to create sustainable development, as well as economic, social and democratic stability.

According to the CSP, the EC had high expectations for the future of Timor-Leste, prioritizing agriculture. The EC focused its aid on health and rural development, as well as the agricultural sector, which are funded through the World Bank.

Timor-Leste is expected to sign the Cotonou Agreement, a step towards liberalizing trade between Timor-Leste and the EC. In this context, the EC mission in Timor-Leste argues that free trade needs to be made fairer. When Timor-Leste signs this agreement, Timor-Leste will continue to receive European Union aid, including financial aid from the European Investment Bank. Economically, however,

Timor-Leste will have to liberalize its trade and financial sector by ending non-reciprocal preferences – a system where Timor-Leste enjoys favored access to European markets. In addition, Timor-Leste would have to accept more regional and global integration of its economy.

Looking at the data above, it is obvious that Timor-Leste is benefiting from EC aid. As one of the poorest countries in Asia, Timor-Leste needs aid as part of the global campaign to fight poverty and to achieve the Millennium Development Goals.

Worldwide, the EC is committed to the eradication of poverty, and steps taken to achieve this goal further underline this commitment. *La'o Hamutuk* agrees that poverty eradication should be the EC's priority. It is also positive that the Commission sees the best way for this to be achieved as through rural development and health.

During the latter years of the Indonesian occupation of Timor-Leste, the EC and some of its members were more supportive of Timor-Leste's independence than many other nations, largely due to pressure from Portugal and Ireland.

However, in analyzing the EC as a donor to Timor-Leste, *La'o Hamutuk* thinks some important issues deserve attention:

1. Human Resources Development Context

In theory, aid given has been designed to assist Timor-Leste in dealing with various social problems facing the new nation, so directly or otherwise, this aid is designed to build the capacity of Timor-Leste people in various aspects.

However, looking at the implementation channels, the aid largely develops capacity and resources through international institutions such as the World Bank, UN agencies, and European NGOs. Indirectly, the aid has subordinated the RDTL government in the policy making process.

Some government staff told us that they only have coordination functions. One example is the health decentralization program — implemented by the health ministry but managed by the World Bank program. The same applies for the capacity building program implemented by UNIFEM together with the Office for the Promotion of Equality. The government function in this program was as a consultant and as partner in policy making, but management was assigned to UNDP and UNIFEM.

La'o Hamutuk thinks that the EC does not really trust the government. We believe that the government should be given more responsibility and trust, and should play an important role in implementing all the programs. The government should not just be a consultant, but also the executor.

2. Free Trade Agenda

European Union aid is based on its Country Strategy Paper for each country and region. With regard to Timor-Leste and the South East Asia region, the CSP emphasizes free trade. This was reflected in the long term context for the economic sector, that is the economic and trade cooperation. In the Cotonou Agreement, signed by more than 100 countries, this agenda is very obvious.

If Timor-Leste signed the Cotonou agreement, it would be subject to an Economic Partnership Agreement (EPA). EPAs are bilateral trade agreements that have no focus on development priorities for poor countries such as Timor-Leste. At the same time, Timor-Leste must sign this agreement, or face the possibility of having no trade with the EU. Negotiations of EPAs take place at the same time as aid negotiations, so the pressure to comply with the dominant partner in the trade agreement – always the EC – would be felt heavily by Timor-Leste. EPAs involve an open trading regime between European countries and co-signatories. This means that Timor-Leste could have to compete with France or Germany or any other European country. The EC delegation in Dili has argued that the movement toward free trade cannot be ignored, and the only thing left to do is to try to make it fairer. However, the Cotonou agreement seems to be a blueprint for unfair trade. Looking at the current conditions, the underdevelopment of infrastructure, human resources and poor social services, amidst many other problems, Timor-Leste would have less protection and fewer resources to solve these problems if they were set against EC countries. Contrary to the EC's commitment to the "smooth and gradual integration of developing countries into the world economy", EPAs would immediately open trade barriers that should be opened very slowly over a period of years, even decades.

3. The World Bank and The EC

The World Bank is one of the Commission's partners, globally and in Timor-Leste. The Commission says that this is because of the Bank's coordination among donors as well as the EC Asia policy. However, the World Bank's track record in developing countries, including Timor-Leste, shows a consistent pattern of problems.

We are glad that the Commission does not directly implement its aid in Timor-Leste, as is done by many bilateral donors. However, some TFET projects which received large support from the Commission are problematic. Examples are the CEP, the ARPI and II programs, and other programs (see *La'o Hamutuk* Bulletin, December 2000, February 2002, and October 2002).

4. Participation

If the EC is committed to democratization, good governance, and eradication of poverty, then local

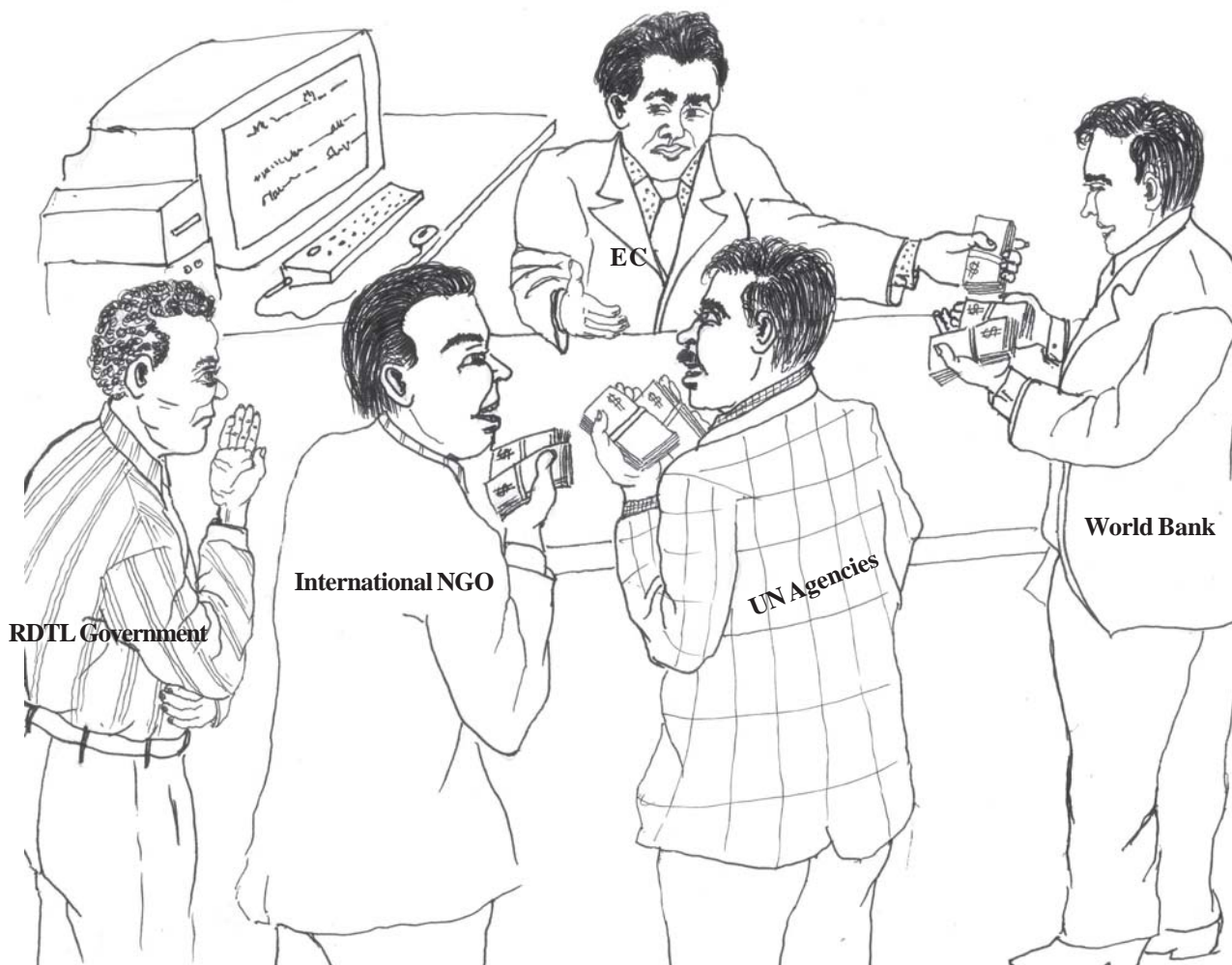
community participation must be central. Thus far, *La'o Hamutuk* sees that local community participation in various programs designed by the World Bank and other international institution are very low. Socialization, creating public understanding of what programs mean, is also low.

This is an obstacle to reaching the EC goal of poverty eradication. On the one hand, in terms of policy and legal base, the Commission presses for democratization, good governance, human rights and poverty eradication. On the other hand, in terms of implementation, these principles are not very conspicuous.

Conclusion

Assistance from industrialized countries is very important to eliminate global poverty. However, it is not enough just to provide the money. It is also important to see effectiveness and efficiency in implementing the programs.

This view does not mean that *La'o Hamutuk* is against receiving EC aid. We simply critique the process, because failures within the process affect results. This is *La'o Hamutuk's* contribution, as a member of Civil Society, toward the development process in Timor-Leste. ❖



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Rural Development Program

The Rural Development Program (RDP) is one of the prioritized sectors for long-term EC aid. RDP I has been implemented since 2002, and will end in 2006. This first RDP aimed to increase the quality of life of communities in rural areas, spending a total of \$27.6 million.

RDP I consists of programs like OECAP, capacity building rural workers, increasing women's participation in national development, ARP III and others. These programs are implemented by international institutions such as UN agencies and the World Bank. The Government, such as the Ministry of Agriculture, Fisheries and Forestry, as well as the Prime Minister's Advisor for Equality are *de facto* 'consultants' to project implementers. See table below:

The EC will also fund RDP II beginning in 2006, for \$9 million. RDP II will focus on improving food security and sustainable livelihoods for rural communities, especially in Bobonaro and Covalima.

This program aims to strengthen the capacities of the Ministry of Agriculture, Fisheries, and Forestry and the Ministry of Public Works in management and technical skills, so that they can increase access to markets and services to help poor communities increase their incomes.

The goals of this program are:

1. To make related ministries qualified to follow a sectoral approach/budget support (with the right policy, mid-term budget structure and effective coordination between donors) and clear working relations with the government.
2. To increase the capacity of the Ministry of Agriculture, Fisheries, and Forestry, to work efficiently on all levels, and fulfill the need of farmers for information and agricultural services
3. To increase farmers' access to services they need to improve farming and forestry productivity that is sustainable

	Project	Implementing Agency	E.U. contribution (million USD)	Duration (years)	Objective
1	Community Rehabilitation and Development in rural regions	UN Agencies	16.8	5	See next four lines
1.1	Repair of market networks in the Eastern Region	UNDP/UNOPS	7.4	3	Access to markets in the Eastern regions have been improved as a framework to increase agricultural production in Viqueque and Lautem.
1.2	Oecussi Community Activity Project (OCAP)	UNDP/UNOPS	3.5	5	Provide opportunity to improve income for the population in Oecussi district (to provide contributions in decreasing poverty).
1.3	Skilled Workers Training (STAGE)	UNDP/ILO	5.2	5	Decrease the unemployment number and increase worker capacity via national capacity building by increasing the system of skills training (to contribute to decreasing poverty and facilitating the economic development of Timor-Leste).
1.4	Program to increase leadership and participation of women in national development (PERWL)	UNDP/UNIFEM	0.6	3	Strengthen civil rights for women.
2	Assistance for community stability in Timor-Leste (ACS)	(IOM)	3.1	2	Strengthen the community in rural areas to improve community owned assets to promote participation in village development and minimize population movement from village to city.
3	Agricultural Rehabilitation Project. (ARP III)	World Bank	7.7	4	Agricultural, Forestry and Fisheries Department Ability and development of partners to assist the rural communities in increasing production and sustainable income; Irrigation pattern rehabilitation.
Total European Union Contribution			27.6		

4. To strengthen the western region community organizations to support farmers
5. To provide forestry policy and regulations that provide protection and forestry management to local communities, specifically poor communities
6. To improve access and infrastructure in the western region.

RDP II was designed based on Timor-Leste's socio-economic conditions, where 2/5 of the citizens cannot fulfill their basic needs. The traditional farming system is unsustainable and could damage the forest and water resources.

RDP II was designed to support the involved ministries in the following:

1. Assist in improving the ministers' qualifications in working with the Sector Approach/Budget Aid of the EC
2. Assist the related ministries in improving their services to the local community in handling poverty issues, specifically in food security
3. Assist the Ministry of Agriculture, Fisheries and Forestry in implementing SIP
4. Supporting the improvement of road and infrastructure access in rural areas

This program will run for five years, with the implementer currently being selected. The two ministries directly related to the program are the Ministry of Agriculture, Fisheries and Forestry as leading counterpart, and the Ministry of Public Works under the coordination of the Ministry of Development and The Environment.

To smooth the cooperation process between the implementer, the donor (the EC) and the government, a

Project Steering Committee will be created (PSC). The PSC will be responsible for policy, and will facilitate coordination between all related institutions and groups.

PSC will meet twice a year and will help the implementer in creating guidelines, as well as monitoring the implementation process. In terms of structure, the Minister of Agriculture, Fisheries and Forestry or his representative will chair the PSC, and the members will consist of the related ministries, implementer organization, and the EC. The program will be funded by the Commission, while the government will provide office as well as staff.

Total funds needed for the program are \$12.3 million. Currently, the Commission has pledged \$11.2 Million, while the implementer is expected to give \$1.6 Million. The total funds will be used also for monitoring and grants.

It is positive that the EC made rural development a priority, since most Timorese live in rural areas. It is also positive that agriculture is made a priority, because the majority of the community lives on farming and developing this resource is more likely to produce equitable development if done properly. However, looking at previous programs, there are many programs where goals were not achieved. This is because the local community was not involved in policy-making. La'o Hamutuk sees that the capacity building for local communities should not only focused on the economy, but also on politics - ensuring the involvement of community in the policy making processes.

La'o Hamutuk also feels that the government of Timor-Leste must be actively involved rather than acting as de facto consultants. The RDP I experience showed that the government only ran a consultative function. This lesson should be learnt for RDP II. ❖

For more Information

La'o Hamutuk's updated OilWeb CD-ROM contains extensive additional information and background material on petroleum dependency, Timor Leste's petroleum resources, and the sordid history of Indonesia's and Australia's attempts to steal Timor-Leste's oil and gas. It also includes reports from a variety of sources about the effects of petroleum development in other countries.

The new edition includes texts and commentary on Timor-Leste's Petroleum Fund and Petroleum Regime, as well as financial and technical information about East Timor's petroleum finances and projects. Copies are available from our office and international distributors: \$2 for campaigners, \$50 for institutions.

First Quarter Report of RDTL's Petroleum Fund

In early August 2005, Timor-Leste's new Petroleum Fund Act came into effect, following public consultations, approval by Parliament, and promulgation by the President of the Republic. This law designates the Banking and Payments Authority (BPA) to manage the Petroleum fund, which will receive Timor-Leste's oil and gas income and invest it overseas for the benefit of current and future generations. Under Article 13 of the Petroleum Fund Act the BPA is obliged to provide a report every three months on the Petroleum Fund.

On 18 November 2005, the BPA held a press conference to provide the first quarterly report on the petroleum fund, covering the quarter July-September 2005. La'o Hamutuk attended this press conference. This article is a summary of the BPA's report.

Prior to the establishment of the Petroleum Fund, the government opened a special "Timor Gap" account for oil and gas royalties (First Tranche Petroleum or FTP) received since October 2000. At the end of August 2005, it included US \$79.6 million. Of this amount, \$1.1 million was interest received from the U.S. Federal Reserve where the account has held, and the rest was Timor-Leste's share of royalties from oil production in the Joint Petroleum Development Area. When the money from this account was transferred into the Petroleum Fund on 9 September, it had accrued an additional \$48,000 in interest.

In addition to the \$79.6 million from the "Timor Gap" account, the government deposited \$125 million from the Consolidated Fund for Timor Leste into the Petroleum Fund on 9 September, for a total opening balance of \$204.6 million. During the rest of September, the Fund earned \$611,000 in interest, and \$43 million in August-September oil revenues was deposited, bringing the balance at the time of the report (end of the quarter) to \$247.6 million. According to the BPA, this had increased to \$346 million by the end of November.

Article 13 of the Petroleum Fund Act requires the BPA to report to the Ministry of Planning and Finance within 20 days of the end of each quarter, and to publish the report within 40 days, which would have been 9 November. The report was published nine days late, explainable because it is the first time it has been done. The BPA has committed to timely publication in the future.

La'o Hamutuk appreciates the hard work of the Banking and Payments Authority in managing the Petroleum Fund, as well as in publishing the report almost on time. We also

appreciate that the report was published in three languages (Tetum, Portuguese and English) and posted on the BPA's website. We look forward to timely reports in the future, with the next one being published on or before 8 February 2006.

Management Matters

Article 11 from the Petroleum fund Act explains that the overall management of the Petroleum Fund is in the hands of the government, specifically the Ministry of Planning and Finance. Meanwhile operational functions are performed by the Banking and Payments Authority, which has signed an "Operational Management Agreement" with the Finance Minister spelling out the details and specifying the account at the Federal Reserve Bank of New York where Petroleum Fund deposits are to be made.

However in policy making about investment strategies, the ministry must ask advice from the Investment Advice Body which until now is still in the process of being established. Information obtained from the Ministry of Planning and Finance indicates that those who have been appointed in these roles are the Director of the BPA and the Director of the Treasury.

The Agreement between the Ministry and the BPA specifies that the Petroleum Fund should be managed with the goal of earning the same interest as a "benchmark index" of all United States Treasury Notes with maturities up to five years. The Agreement also defines a "passive management" model, with limited interest goals and minimal risk. During the last three weeks of September (the only part of the quarter that the Petroleum Fund was operational), the index dropped 0.30%, and the Petroleum Fund dropped 0.32%. The BPA explained this decline as being caused by Hurricane Katrina and Hurricane Rita in the United States (the hurricane disrupted the U.S. economy and oil production, causing bond rates to drop), and by efforts by the U.S. Federal Reserve Bank to control inflation.

La'o Hamutuk appreciates the transparent and regular reporting by the BPA which will help the public understand how revenues from oil and gas development in the Timor Sea are invested and saved. We hope that similar transparency will be practiced in the Government's and Parliament's budgeting process, where it will be decided how much Petroleum Fund money should be withdrawn and spent, and for what. Transparency and openness are essential to avoiding misunderstanding, corruption, misguided economic policies and other bad experiences that have afflicted many other oil producing countries. ❖

TIMOR-LESTE NATIONAL ALLIANCE FOR AN INTERNATIONAL TRIBUNAL

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Dili, 19 January 2006

His Excellency Mr. Kofi Annan, Secretary-General of the United Nations

Re : Handover of CAVR's report

We are writing to you in regard to the handing over of CAVR's report by the President of the Democratic Republic of Timor-Leste to you, the UN Secretary-General. We are aware that you have given great attention to the justice issue in Timor-Leste and that involvement of the United Nations is critical to achieve justice for the victims in Timor-Leste and to end the chain of impunity.

While the CAVR was in operation, Timor-Leste civil society, especially the victims of Human Rights Violations, showed their courage when testifying at public hearings by presenting facts which brought back painful memories. However, they believed that their participation would contribute to the process of justice for Timor-Leste. Almost everyone hoped that the CAVR was working independently to carry out their mandate in accordance to the constitution of RDTL (Article 162), and UNTAET regulation 10/2001. That many inside and outside of Timor-Leste gave their testimony to the CAVR demonstrates the importance of the CAVR process for the future.

The CAVR has finished its mandate and handed its final report to the President of Timor-Leste. The recommendations in this report are important for Timor-Leste and the international community. We must look at the past to design a better future. This report not only records our black history of past human rights violations, it also gives official recognition to the experiences and grief of our struggle that resulted from the political policies of international actors toward Timor-Leste over 24 years.

Our concern arose when CAVR's report was received by the president of Timor Leste. When he then handed over the report to the national parliament of Timor-Leste on 28 November 2005, he stated that he received the contents of report but criticized several of its recommendations, which he said were beyond the political capacity of the RDTL. Our president explicitly rejects the right of victims to receive reparation and compensation and the recommendation for International Tribunal. To date, CAVR's report has not been released by the President or government RDTL, leaving the responsibility with you, Mr. Secretary General.

We are aware of the political realities facing the Democratic Republic of Timor-Leste and of the stance of our state leaders, including President Gusmão. Citing these realities they oppose an International Tribunal and reparations. The position clearly contradicts international principles spelled out in the universal declaration of Human Rights, international law and the Constitution of the Democratic Republic of Timor-Leste.

We strongly believe that a complete understanding of the truth is essential to reconciliation and justice. If the international community wishes Timor-Leste to live in peace with their neighbour Indonesia, as well as with other parts of the world, we believe it is important to publicise the entire contents of the CAVR report. This will help us beyond our past violence towards a peaceful future.

We also ask the international community to establish an international tribunal and to respect and defend the right of victims to receive reparations or compensation. Such support will send a strong message from the UN to people everywhere that there is no place for perpetrators of human rights violations.

We therefore would like to ask your Honourable UN Secretary General to remind our President that respecting the rights of victims and ending the chain of impunity is a precondition to achieving true reconciliation in Timor-Leste, Indonesia and in the world as a whole.

We also ask the UN not to put the responsibility for prosecuting perpetrators of human rights violations on Timor-Leste's shoulders. The delays in justice for victims result from political decisions of the United Nations before 2002, which left the burden for Timor-Leste alone. If the UN does not take this up, it will send a signal to small and poor countries that they cannot rely on the UN to achieve true justice.

Yours sincerely,

The undersigned below:

Board :

Maria Afonso de Jesus
Board of Alliance

Joaquem Brites
Board of Alliance

Edio Saldanha
Board of Alliance

Members :

Rosentino Amado Hei
HAK Association

Joazito Viana
Luta Hamutuk

Nuno Rodrigues
SAHE Institute

Thakur
Students Group

Manuela P. Leong
Fokupers

Ines Martins
La'o Hamutuk

Ino Parada
Gembel group

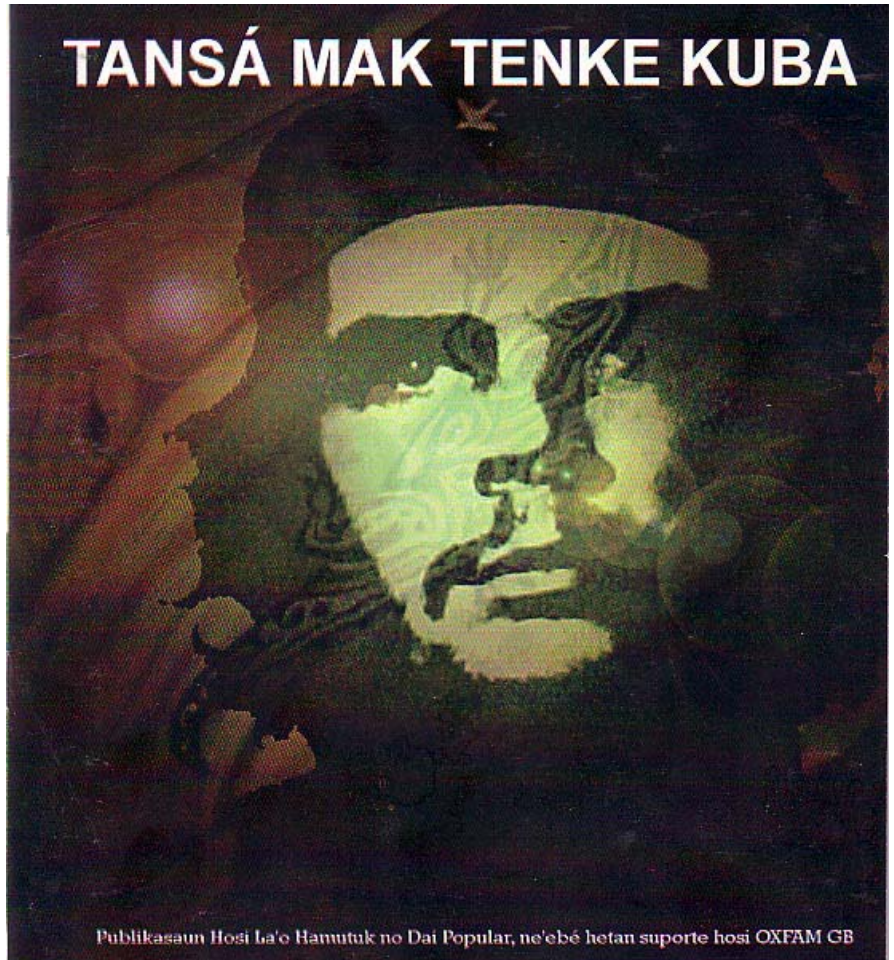
Book Launch...

In November 2005 Dai Popular, the Timor-Leste popular educators' network launched a book called "Tansa Mak Tenke Kuba." The book was written by 9 members of NGOs including *Fokupers*, *AMKV*, *Naroman Bukoli*, *Fundasaun Haburas*, *Asosiasaun Hak*, *Fecu Uatu-Carbau*, *La'o Hamutuk* and *Instituto Sahe ba Libertasaun*.

From October to November 2003, *La'o Hamutuk* together with *Dai Popular* organised an exchange program with partners at the Martin Luther King Centre in Cuba. The aims of the exchange were to deepen participants' knowledge of Popular Education in Cuba that they were able to do through visits to meet with institutions that are involved in popular education programs. Additionally, participants were expected to share their experiences on their return with members of communities at the district level. A further objective was for participants to use their Cuba experience to find alternatives for development in the areas of popular education, cooperation and participation of people in the process of development in East Timor. In order for the experience to reach everyone in all areas, the participants wrote the book as a tool to allow easy access for everyone.

The book launch was attended by members of civil society, members of NGOs, and government. Mr. Jose Manuel, secretary of state for culture, youth and sport delivered his speech on youth and their roles in the current development. He addressed the issue of the role of youth in development

and transformation to achieve the objectives of liberating people from political manipulation, exploitation and violence in East Timor.



There is widespread concern that youth are not being engaged in the process of national development due to a lack of orientation, activities and for older youths, employment opportunities. Youth were a key component in liberating East Timor. It is therefore very crucial to get their involvement to reach current development objectives. ❖



**Tansa Mak Tenke Kuba
is available from
La'o Hamutuk's office.**

Networks workshop

Forum NGO Timor-Leste (FONGTIL), an umbrella for Timor-Leste NGOs, in conjunction with UNDP and Oxfam GB, facilitated a workshop for its networks, held from November 30 – December 2, 2005 at the Timor Lodge Hotel.

By way of preparation, FONGTIL conducted several activities such as meeting and assessments with the networks.

Twenty-three participants attended this workshop from 14 networks (seven from networks in the districts and seven from networks in Dili).

The objectives of the workshop were:

1. To increase the capacity of Forum NGO as an umbrella in its involvement with networks in Timor-Leste through discussion, reflection and support techniques;
2. To strengthen networks of civil society organizations in Timor-Leste in order that they actively carry out their role to empower women and men for the country's development;
3. To increase awareness of networks;
4. To understand the successes and challenges of networks in Timor-Leste;

5. To establish the capacity of FONGTIL to work with networks in Timor-Leste in the future.

Since 2000, many networks have faced challenges in implementing their activities because of a lack of coordination among networks' members. To improve this situation, during the workshop, members discussed what the establishment of an ideal network would entail.

Problems that prevented good functioning of networks were also identified. These included: no secretariat, a lack of funding, a lack of coordination, a lack of collaboration among members, and a lack of management skills in the areas of program or financial management. The assessment conducted by FONGTIL found that staff capacity building and secretariat facilities should be considered in the future.

Participants in the workshop also recommended that FONGTIL be able to facilitate capacity building in the areas of management, investigation, monitoring and advocacy. FONGTIL also expected to facilitate and coordination among members of networks as well as partners to improve the sustainability of networks in the future.

Action to Mark December 7 Invasion

In the past, December 7 has been commemorated in remembering the invasion of East Timor by the Indonesian military (TNI). This year, to mark the 25th anniversary, ANTI (*Alliansi Nasional ba Tribunal Internasional* - National Alliance for an International tribunal) carried out several activities to commemorate this day. Since its founding in the year, ANTI has organised members of NGOs, victims and their families in a peaceful gathering to call for justice by sending out a joint statement for peace. (see statement on page 13)



After the release of the statement, the participants conducted a ceremony in front of the *Palacio do Governo*, throwing flowers into the sea for those who died during the invasion. A documentary film about crimes against humanity in Timor Leste was then shown, entitled 'Rock 'n Roll with Jakarta' along with music and a play by the Gembel theatrical group in the *Liceu* section of the National University.

In the joint statement, around 200 participants signed and called for justice and an end to impunity for perpetrators of crimes against humanity. They strongly called for the dissolution of the Commission for Truth and Friendship and to immediately establish an international tribunal for those who committed crimes against humanity in East Timor.

The Conspiracy leading to the Invasion will not be forgotten

30 Years ago, on December 7, 1975, with the support of the U.S. and other allies, the Indonesian military invaded and occupied East Timor. All these countries failed to prevent human rights violations against the people of East Timor for 24 years of occupation. About 200,000 East Timorese died during the period of invasion including 1,400 killed in 1999. During the invasion and occupation of East Timor, people suffered and encountered numerous hardships. Many died and lost members of their families in order to liberate East Timor from the occupiers. In 1999, through the popular consultation supervised by the UN, East Timor was able to gain its independence, officially declared on May 20, 2002.

Today, December 7, 2005 marks thirty years since the invasion. We believe that no one will ever forget the invasion. The 24 years of experiences that followed will be a great lesson to us all and will remind us of the necessity to hold to account those with political power. The people of East Timor will continue with this struggle with the conscience to fight against acts that are against the principles of human rights and international law.

On behalf of those who had died 24 years ago for their effort towards the liberation of East Timor, we will continue to call for justice. The real liberation of East Timor has yet to be completed. This will be possible only once, as we reiterate, “those perpetrators of crimes against humanity are brought to an International tribunal”.

As members of civil society, ANTI continues in its effort to fight for the establishment of an International Tribunal along with other national and international NGOs, victims and their families, individuals and other interest groups.

To continue the struggle for justice; and with the knowledge of historical moments ANTI states as follows:

1. The leadership of Timor Leste must continue to promote and give priority to achieving justice. We do not agree with the establishment of numerous institutions leading to the marginalization of justice by the misallocation of funds, such as the Commission for Truth and Friendship.
2. The UN and international community must ensure responsibility for crimes against humanity in East Timor and ensure that no such violations happen in the future.
3. The International community must not in future conspire to violate human rights.
4. Nations that were involved in the invasion of East Timor on 7 December must not continue to turn a blind eye towards victims’ appeal for justice. It is time to admit responsibility for past wrongdoing.

We are hoping that those who died and families of victims in East Timor will accomplish their struggle for justice in the future.

Dili, December 7, 2005

Members of National Alliance of Timor-Leste for International Tribunal

The National Alliance for an International Tribunal has sent a letter, set out below, in response to the speech of President Xanana Gusmão in the national parliament in November 2005 and various statements published in the media, that the CAVR report might be censored, including its recommendations.

National Alliance for International Tribunal

To Ex. Xanana Gusmão

Dear Mr President,

We are writing to you in relation to the controversy surrounding the release of CAVR's report.

We have been following with concern various reports, including your speech to the National Parliament on Nov. 28, suggesting that there is a possibility the final report will be effectively censored, especially its recommendations. We are also greatly concerned too at reports that you have attempted to restrict access to the report.

As you said to the parliament, everyone in this country is very much aware of the history described in the report. Therefore, we are not relying only on the report to explain the history of those who suffered and died during 1975-1999. However, this report gives official recognition to the very long and painful suffering of our history. A full list of recommendations will help us as a people and a nation go forward despite our long history suffering violence and oppression.

We believe that victims and the public in general have the right to know the details of the commission's findings in their entirety, including its recommendations. During the whole process of the CAVR's work, the entire country, especially victims, have shown great courage in their willingness to provide facts through their testimonies, often recalling painful memories. They participated on the understanding that their testimonies would contribute to a meaningful and credible process of justice for East Timor.

We are aware that a full and comprehensive explanation of the truth is very important to reconciliation and justice. We understand that CAVR's report also contains some policies and strategies which caused suffering relating to the involvement of international actors. If the people of Timor Leste are to live in peace with their Indonesian neighbor and the rest of the world, then this information is crucial to help us overcome our past and to move forward in order to reach peace.

We understand that the regulation on the establishment of CAVR (UNTAET/REG/2001/10) makes provisions for the free access of the content of the report to members of the public. We remind you that it is not within the jurisdiction of any political body - including the President - to prevent the dissemination of the report.

We therefore urge you in the strongest possible terms to comply with laws governing the dissemination of the CAVR report.

Signatures

Editorial: The Forgotten Tragedy *(continued from back page)*

try and prevent it taking place. Various military, diplomatic and economic support to the Indonesian government with the consent of the international community facilitated the brutal occupying regime over the territory and the people of East Timor.

The culmination of the struggle for independence was the UN-organized referendum in 1999, where more than 80 percent of the population voted for independence. However, the price paid was high - more than 75 percent of the country's infrastructure was destroyed, with the forced removal of more than 200,000 people across the border, mass murder, and other gross human rights violations against the Timorese people, much of which was carried out by the militias. Activities of the militia groups were financially facilitated by the fund from the World Bank to the government of Indonesia, known as the Social Safety Net (Jaringan Pengaman Sosial).

Now, exactly thirty years after the invasion, the people of Timor-Leste see the invasion as the kaleidoscope of injustice in Timor-Leste. The people now once again call upon people worldwide, those who have a dream to turn this array of injustice to justice. Of course, the history of the past cannot be changed. However, reflection of the past to build a better and fairer future is of the equal level of importance. Hopefully this will not only flourish justice in Timor-Leste but all over the globe.

Now, Timor-Leste has gained its liberation from colonialism. However, one legitimate form of liberation has still yet to be obtained – the restoration of victims' integrity. Various efforts to date have failed - the Jakarta ad hoc court to the Special

Panel of the Serious Crimes - have not met the legal demands of the victims for justice. The Commission for Reception, Truth and Reconciliation has handed its final report to President Gusmão. It has become clear that the commander of the resistance, who during the occupation was an unbending fighter for justice, regards the report's recommendations as 'grandiose idealism'.

Much of the legal process carried out in Indonesia and East Timor, especially the ad hoc tribunals in Jakarta and latterly the Commission of Truth and Friendship, are façades serving the interests of the two governments where the aspiration and demands of the people for justice have obviously been overlooked. Other processes have been carried out with the belief that substantive justice and accountability could be achieved, only to be scuppered by political processes and individuals.

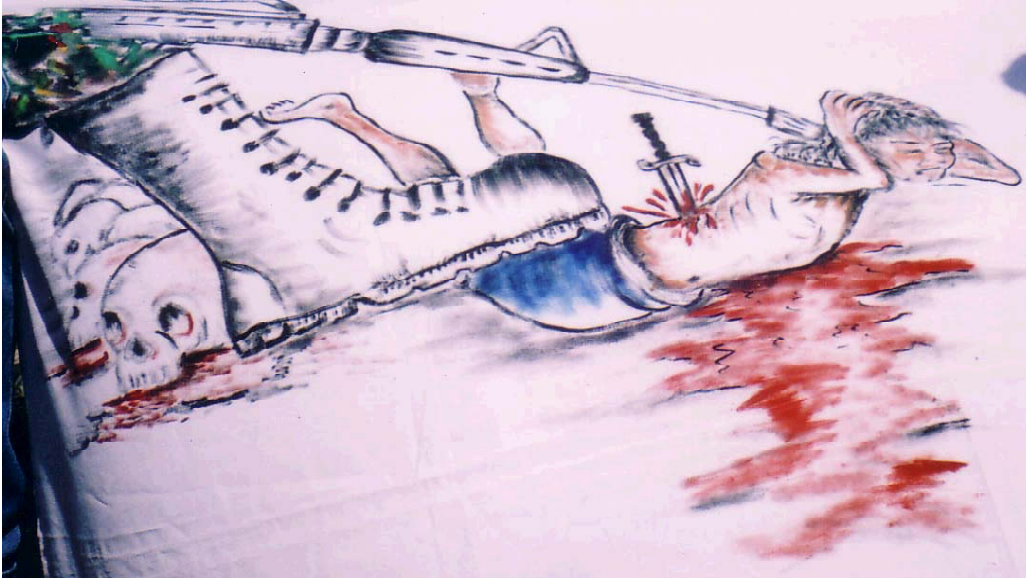
The accountability of perpetrators of crimes against humanity and other gross human rights violations in Timor-Leste is still far from being a reality. The demands from the victims of the war crimes and gross human rights violation in East Timor are still indomitable. However, the responses from the governments of Timor-Leste and Indonesia are the establishment of the Commission of Truth and Friendship, which still flagrantly contradicts international legal mechanisms and principles. With the commemoration of the day of invasion, the people of Timor-Leste once again appeal to the international community to join the aspirations of the victims of gross human rights violations to demand the establishment of an international tribunal to hold accountable the perpetrators of human rights violations from the first day of the invasion, to 1999. ❖

16-Day national campaign against violence

A 16-day national campaign against violence was staged in all districts from November 25 to December 10, 2005. The theme of this year's campaign was "the health of women and the health of the world: stop the violence". The campaign was officially launched in the district of Lautem on November 25 and ended in the district of Ermera on December 9, 2005. NGO Forum, the government's Office of Gender Equality, UNIFEM, UNFPA, and all women's organizations under the Rede Feto organization (National Women's Network) organized the campaign. UNIFEM, UNDP, UNFPA and Caritas Australia provided financial support. The program of the campaign included a workshop, seminar, quiz, talk-shows on TVTL, and Dili and district radio stations, press conferences, community and public discussions, and training and education sessions in all 13 districts.

This annual campaign aims to provide basic information and education to society on the impacts of violence on women's health, which it is hoped will help raise awareness on the necessity to reduce this violence.

Editorial: The Forgotten Tragedy



immediate withdrawal of the Indonesian armed forces from the territory. The same resolution appealed to the Portuguese government to work with the United Nations towards these ends. However, the resolution was toothless, and accordingly the occupation continued. The same fate happened to other resolutions. Not until 1999, after more than 200,000 people had died, did this end.

The invasion of Timor-Leste by the Indonesian armed forces

was the responsibility of the international community that did not give any support to the people of Timor-Leste to

(Continued on page 15)

December 7, 1975 was the beginning of the tragedy inflicted upon the people of Timor-Leste by the Indonesian military. On that day, Timor-Leste was invaded, through massive land, sea and air operations, using war equipment purchased from the United States and other Western countries. It is estimated that during the first three months of the occupation, 60,000 died due to the brutality of the Indonesian military.

One day prior to the invasion, the then president of the United States, Gerald Ford and Secretary of State Henry Kissinger, held a meeting with the former Indonesian president, Suharto. According to documents from the United States National Security Archive released in 2001, during the meeting President Ford gave the green light for the invasion of the country.

Hence, the invasion carried out by the invasion with the support of western countries. The United States was still experiencing the shock of defeat in Vietnam, and so redoubled its efforts to 'contain communism'. Kissinger and Ford sanctioned the invasion because they saw in the Suharto regime a staunchly loyal ally towards this strategy. At the same time, Australia actively pursued the oil and gas reserves in the Timor Sea with Indonesia - the legacy of which continues to this day. Thus, the invasion of the Indonesian armed forces of the country was a plain combination of territorial ambition, geo-strategic, and various economic-driven interests.

Two weeks after the invasion, the Security Council of the United Nations tabled its first resolution urging the Indonesian government to respect the territorial integrity of Timor-Leste and the right for self-determination of the Timor-Leste people. The resolution also urged the

What is La'o Hamutuk?

La'o Hamutuk (*Walking Together* in English) is an Timor-Leste non-governmental organization that monitors, analyzes, and reports on the principal international institutions present in Timor-Leste as they relate to the physical, economic, and social reconstruction and development of the country. *La'o Hamutuk* believes that the people of Timor-Leste must be the ultimate decision-makers in this process and that this process should be democratic and transparent. *La'o Hamutuk* is an independent organization and works to facilitate effective Timorese participation. In addition, *La'o Hamutuk* works to improve communication between the international community and East Timorese society. *La'o Hamutuk's* Timor-Leste and international staff have equal responsibilities, and receive equal pay. Finally, *La'o Hamutuk* is a resource center, providing literature on development models, experiences, and practices, as well as facilitating solidarity links between Timore-Leste groups and groups abroad with the aim of creating alternative development models.

La'o Hamutuk welcomes reprinting articles or graphics from our *Bulletin* without charge, but we would like to be notified and given credit for our work.

In the spirit of encouraging greater transparency, La'o Hamutuk would like you to contact us if you have documents and/or information that should be brought to the attention of the Timor-Leste people and the international community.