Foreign Aid for State-Building: A Comparative Study of Australian and Chinese Aid Programs in Timor-Leste

A thesis presented to
the faculty of
the Center for International Studies of Ohio University

In partial fulfillment
of the requirements for the degree
Master of Arts

Laurentina Domingas Barreto Soares
August 2011

© 2011 Laurentina Domingas Barreto Soares. All Rights Reserved.
This thesis titled

Foreign Aid for State-Building: A Comparative Study of Australian and Chinese Aid Programs in Timor-Leste

by

LAURENTINA DOMINGAS BARRETO SOARES

has been approved for

the Center for International Studies by

Yeong-Hyun Kim

Associate Professor of Geography

Thomas A. Smucker

Director, International Development Studies

Daniel Weiner

Executive Director, Center for International Studies
Abstract

BARRETO SOARES, LAURENTINA DOMINGAS, M.A., August 2011,

International Development Studies

Foreign Aid for State-Building: A Comparative Study of Australian and Chinese Aid Programs in Timor-Leste

Director of Thesis: Yeong-Hyun Kim

State-building effort is a continuous process in post-conflict countries. Since 2002, Timor-Leste has been in the process of its state-building endeavor with the support of the international community. Most of the foreign aid to the country has been for the purpose of state-building projects, the result however is a mixed record. Considerable criticisms have pointed towards donors’ lack of concern regarding the state-building needs of the recipient country, as too much focus has been placed on their national interest. In recent years, Australian and Chinese aid has come under criticism. Critics have argued that important issues like poverty reduction and social and economic development have become secondary to both countries’ national interests. This study explores the two countries’ long-term goals in Timor-Leste by comparing and contrasting their aid programs to state-building initiatives from 2002-2011. It found that the two countries have differences in their aid programs as well as commonalities in terms of their approach to aid projects and programs and their national interest. The study argues that both countries’ aid has been used as currency for buying time, political influence, and the hearts and minds of the Timorese for the purpose their long term goals. Foreign aid serves
as a soft power instrument for maintaining the two countries’ geopolitical and geostrategic interests and future influence and for achieving economic opportunities in the region. The government of Timor-Leste needs to play a “smart diplomacy” card, continue to befriend, and open to all countries, while maintaining balanced relations between Australia and China and at the same time strengthen its coordination role at home by taking a more active and effective leadership role in the management of international assistance for the purpose the country’s state-building needs.

Approved: ________________________________

Yeong-Hyun Kim

Associate Professor of Geography
“You are not here to merely make a living. You are here in order to enable the world to live more amply, with greater vision, with a finer spirit of hope and achievement. You are here to enrich the world, and you impoverish yourself if you forget that errand.”

President Wilson, 1913
Acknowledgments

This project would not have been possible without the close guidance and encouragement of many distinguished individuals—they all deserve my deepest appreciation. First and foremost, I am truly indebted to my supervisor, Dr. Yeong-Hyun Kim, for her great inspiration, erudition, understanding and patience in guiding me throughout this process. I am also very grateful to have been guided by two other great committee members, Dr. Thomas A. Smucker and Dr. Ariaster Baumgratz Chimeli—I thank them for their scholarly support and insightful comments on my work. Outside campus, my sincere thankfulness to Dr. Jaqueline “Joy” Siapno for her mentorship, friendship, and encouragement and Dr. Awet Twelde Weldemichael for his scholarly advise and friendship (he is more like a brother to me) and for giving me the privilege of using his valuable time when I was in need of encouragement and enlightenment. I thank my friends: Preston, Maun Ron Sargent, Josh, Gute, Bella Galhos, Sammy Mwiti, my 2011 cohort IDSers (especially Allison and Vicky), my roommates (Eny, Nowo, Tolhas, Mahmood) and colleagues in UNDP Dili (Maun Carlos Dinis and Bryan Holford), my informants, and also those of you who have been helping me but I may have unintentionally forgotten to mention their names.

At the organization level, it is a pleasure to thank the Fulbright Office and IIE, the USA Embassy in Dili, the Center for International Studies and particularly the Department of International Development Studies, for the academic opportunity, scholarship, and research grants, that make this project possible. Last but not least, to my siblings—the Barreto Soares: late Zeca, Noi, Maria, Abe, Zinha, Bati, Alai, Enty, late Ita-Noi, Mundo,
and Bety, thank you for your love and prayers. I save my last words to my beloved mother and late father, Elda Pereira and Sebastião Soareess— I cannot thank you enough for everything you have done for me in my life— your love, dedication and prayers are eternal! To them I dedicated this thesis work.
Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abstract</td>
<td>3</td>
</tr>
<tr>
<td>Dedication</td>
<td>5</td>
</tr>
<tr>
<td>Acknowledgments</td>
<td>7</td>
</tr>
<tr>
<td>Acronyms</td>
<td>10</td>
</tr>
<tr>
<td>List of Tables</td>
<td>11</td>
</tr>
<tr>
<td>List of Figures</td>
<td>12</td>
</tr>
<tr>
<td>Chapter 1: Introduction</td>
<td>13</td>
</tr>
<tr>
<td>1.1 Scope and Relevance</td>
<td>16</td>
</tr>
<tr>
<td>1.2 Research Questions</td>
<td>18</td>
</tr>
<tr>
<td>1.3 Research Methods</td>
<td>19</td>
</tr>
<tr>
<td>1.3.1 Pre-Data Collection</td>
<td>20</td>
</tr>
<tr>
<td>1.3.2 Data Collection</td>
<td>21</td>
</tr>
<tr>
<td>1.3.3 Data Analysis</td>
<td>28</td>
</tr>
<tr>
<td>Chapter 2: Foreign Aid for State-Building</td>
<td>29</td>
</tr>
<tr>
<td>2.1 Typology of Foreign Aid</td>
<td>29</td>
</tr>
<tr>
<td>2.2 Foreign Aid for State-Building Effort</td>
<td>34</td>
</tr>
<tr>
<td>2.3 The Donor’s National Interest in Foreign Aid</td>
<td>37</td>
</tr>
<tr>
<td>2.4 Australia and China as Aid Donors</td>
<td>38</td>
</tr>
<tr>
<td>Chapter 3: Timor-Leste Becoming an Independent Nation</td>
<td>43</td>
</tr>
<tr>
<td>3.1 Portuguese Timor</td>
<td>44</td>
</tr>
<tr>
<td>3.2 Regime Change and the Failure of Decolonization Plan</td>
<td>46</td>
</tr>
<tr>
<td>3.3 Indonesia Timor-Timur</td>
<td>50</td>
</tr>
<tr>
<td>3.4 United Nations East Timor</td>
<td>53</td>
</tr>
<tr>
<td>3.5 Timor-Leste as an Independent Nation</td>
<td>57</td>
</tr>
</tbody>
</table>
Chapter 4: Foreign Aid for Timor-Leste’s State-Building Process .......................61
  4.1 Early Foreign Aid.................................................................61
  4.2 Foreign Aid under the United Nations Transitional Administration ..........63
    4.2.1 Aid Donors........................................................................65
    4.2.2 Allocation and Implementation of Aid Programs............................66
    4.2.3 The Role of Recipient.........................................................68
  4.3 Foreign Aid after Independence ..................................................71
    4.3.1 Aid Donors........................................................................73
    4.3.2 Allocation and Implementation of Aid Programs............................76
    4.3.3 The Role of Recipient.........................................................78
    4.3.4 Criticisms of Aid Programs for State-Building Process...................83

Chapter 5: Comparative Study of Australian and Chinese Aid Programs for Timor-
Leste’s State-Building .................................................................91
  5.1 Australian and Chinese Aids to Timor-Leste......................................91
  5.2 Aid Goals and Policies..................................................................97
  5.3 Aid Programs and Management....................................................106
  5.4 Criticisms of Australian and Chinese Aid Programs............................114
  5.5 Differences and Commonalities....................................................112

Chapter 6: Conclusion and Policy Recommendation ..................................125

Appendix 1. List of Interview Questions..............................................140

Appendix 2. United Nations General Assembly Votes on East Timor (1975-
1982)...........................................................................................143
### Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>APODETI</td>
<td>Associação Popular Democrática Timorense/Timorese Popular Democratic Association of Timor-Leste</td>
</tr>
<tr>
<td>AusAID</td>
<td>The Australian Agency for International Development</td>
</tr>
<tr>
<td>CAVR</td>
<td>Comissão de Acolhimento, Verdade e Reconciliação de Timor-Leste/Commission for Reception, Truth and Reconciliation</td>
</tr>
<tr>
<td>CDCU</td>
<td>Capacity Development Coordination Unit</td>
</tr>
<tr>
<td>CFET</td>
<td>Consolidated Funds for East Timor</td>
</tr>
<tr>
<td>CNRT</td>
<td>Concelho Nacional da Resistencia do Timor/National Council of East Timor Resistance</td>
</tr>
<tr>
<td>CSB</td>
<td>Consolidated Source Budget</td>
</tr>
<tr>
<td>DAC</td>
<td>Development Assistance Committee</td>
</tr>
<tr>
<td>FRETILIN</td>
<td>Frente Revolucionário do Timor-Leste Independente/Revolutionary Front for Timor-Leste Independent</td>
</tr>
<tr>
<td>JAM</td>
<td>Joint Assessment Mission</td>
</tr>
<tr>
<td>JICA</td>
<td>Japanese International Cooperation Agency</td>
</tr>
<tr>
<td>NDPEAC</td>
<td>National Directorate of Planning and External</td>
</tr>
<tr>
<td>ODA</td>
<td>Official Development Assistance</td>
</tr>
<tr>
<td>OCHA</td>
<td>United Nations Office for the Coordination and Humanitarian Affairs</td>
</tr>
<tr>
<td>OECD</td>
<td>Organization of Economic Cooperation and Development</td>
</tr>
<tr>
<td>TFET</td>
<td>Trust Fund for East Timor</td>
</tr>
<tr>
<td>UDT</td>
<td>União Democrática de Timor-Leste/Democratic Union of Timor-Leste</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Program</td>
</tr>
<tr>
<td>UNICEF</td>
<td>United Nations Children Fund</td>
</tr>
<tr>
<td>UNTAET</td>
<td>United Nations Transitional Administration in East Timor</td>
</tr>
<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
</tr>
<tr>
<td>WDR</td>
<td>World Development Report</td>
</tr>
</tbody>
</table>
## List of Tables

<table>
<thead>
<tr>
<th>Tables</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Research materials during the field research</td>
<td>27</td>
</tr>
<tr>
<td>5.1 Differences and commonalities between Australian and Chinese Aid Programs</td>
<td>124</td>
</tr>
</tbody>
</table>
## List of Figures

<table>
<thead>
<tr>
<th>Figures</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Map of Timor-Leste in the Asia Pacific Region</td>
<td>44</td>
</tr>
<tr>
<td>3.2 Timor-Leste GDP per capita (current USD) 2000-2009</td>
<td>58</td>
</tr>
<tr>
<td>4.1 Total DAC Countries and Multilateral Organizations' Disbursement, ($M), 2002-2009</td>
<td>72</td>
</tr>
<tr>
<td>4.2 Top-Ten DAC Countries' Net ODA Disbursement, (USD Million), 2002-2009</td>
<td>74</td>
</tr>
<tr>
<td>4.3 Multilateral Agencies' Net ODA Disbursement, (USD Million), 2002-2009</td>
<td>75</td>
</tr>
<tr>
<td>5.1 Australia’s Top-Ten Recipient Gross ODA in (%) from 2008-2009</td>
<td>95</td>
</tr>
<tr>
<td>5.2 Australia Gross ODA Flow to Timor-Leste in (USD Million), 2002-2010</td>
<td>96</td>
</tr>
<tr>
<td>5.3 China's ODA Statistic in (USD Million), 2000-2009</td>
<td>97</td>
</tr>
<tr>
<td>5.4 Australia's Statistical Summary of Aid Program to Timor-Leste from 2005-2008</td>
<td>108</td>
</tr>
</tbody>
</table>
Chapter 1: Introduction

For the last two decades, the world has witnessed nations undergoing both construction and reconstruction of their states for a range of socioeconomic and political reasons. In spite of having a mixed record, international communities have become increasingly involved in providing various forms of support and development assistance to these nations through bilateral, multilateral, and non-governmental organizations. Examples of nations undergoing this state-building process include Timor-Leste, the Solomon Islands, Bosnia, the Congo, Eritrea, Kosovo, Liberia, Sierra Leon, Rwanda, Iraq, Afghanistan, and eventually Southern Sudan. The Organization of Economic Co-operation and Development (OECD) listed these countries as fragile states that are still in need of support from the international community to carry on the project of building or strengthening their states.

In 1999, the state-building works started in Timor-Leste. Following a popular referendum in August, the international community, under the leadership of the United Nations (UN), stepped in with an influx of foreign aid to build a new Timor-Leste. Since then, the talk about foreign aid and state-building in Timor-Leste has become a part of the regular vocabulary of many who have been closely involved with or observing the country’s development. These discourses generated a variety of perspectives ranging from the dynamic relationship between the donors and the Timor-Leste government, to how foreign aid has been delivered and managed, and the implications of it contributing to the state-building process.
In the first two and a half years of its transition from the UN’s control to independence (October 1999 - May 2002), the state of Timor-Leste depended entirely on foreign aid of one kind or another. Bilateral and multilateral aid, as well as support from international non-governmental organizations (NGOs), created the impetus behind the transition (World Bank, 2002; Federer, 2005; Sakabe, 2008). These groups continue to play a role in the post-independence period. In the last twelve years of the international community’s intervention, they have contributed more than USD 5.2 billion (La’o Hamutuk, 2009; Neves, 2011) toward Timor-Leste’s nation-building and state-building initiatives. Today, more than 20 bilateral and 16 multilateral agencies are providing foreign aid for and operating in the country (Ministry of Finance, 2010).

This research examines the effectiveness of foreign aid on the state-building process in Timor-Leste. It employs a comparative case study of Australian and Chinese aid programs from 2002, when the country gained formal independence, until 2011. Australia and China have been two important donors to this young nation for the last nine and a half years, although Australia’s involvement began much earlier (since Indonesian period) than China’s. The study explores these two donors’ long-term goals in Timor-Leste by comparing and contrasting the purposes and activities of their foreign aid for various aspects of the country’s state-building processes. The primary lines of inquiry are whether these two donors show any differences or similarities in terms of why they have given aid to Timor-Leste, how they have coordinated with other donors and the recipient government, and where and how such aid has been directed. Australia and China stand out from all other donors in terms of the impact they have had through the visibility of their
aid projects and the amount of aid they channeled into Timor-Leste. Geographically closer and a dominant power in the sub-region of the Asia Pacific (Rumley, 1999), Australia has been the number one donor to Timor-Leste, in both bilateral and multilateral terms. From 1999 to 2009, the Australian Agency for International Development (AusAID) provided more than AUD 733 million (USD789.2) in Official Development Assistance (ODA) (AusAID, 2009). Most of these funds were reported to have targeted the development of social infrastructure and knowledge transfer through the provision of technical expertise to governmental agencies in a bid to build individual and institutional capacity, including the strengthening of civil society organizations (p.1).

In contrast, China is not a traditional donor and the amount of its aid allocation for Timor-Leste is relatively small, yet its donations have been on the rise in recent years. Moreover, most of China’s foreign assistance comes through bilateral arrangements (Horta, 2007; Ministry of Finance, 2009). According to Timorese official statistics, Chinese foreign aid to Timor-Leste between 2002 and 2008 totaled about USD 35.8 million (Ministry of Finance, 2009). Unlike Australia’s case, from the outset, it seems that most of China's aid was given to building physical infrastructure such as government buildings and a telecommunications network. Chinese involvement in these concrete or physical activities has generated great visibility for their role in Timor-Leste’s infrastructure development (Storey, 2009 & 2008; Horta, 2007).

Despite these apparent differences, both Australia and China have come under criticism in recent years, as they have competed for the role as the primary guardian of Timor-Leste. Serious concerns have been raised about the fact that the two donors’ aid is
driven by their respective national interests and long-term goals rather than by the state-building needs of the recipient country (Storey, 2009; Curtain, 2009; Rosser, 2008; Anderson, 2007; Scanteam, 2007; Horta, 2007; Rumley, 1999). Critics have argued that issues like effective institutional building, poverty reduction, economic and social development, which are critical to the state-building process of Timor-Leste, have become secondary to their national interests in their respective foreign aid programs (Horta, 2011; Aid Watch, 2009). Not only do the two countries have competing interests for regional dominance, but they also seek access to the region’s natural resources, notably the oil and gas of Timor-Leste, while actively paving the road and supporting the long-term business opportunities of their nationals (Tow & Rigby, 2011; Horta, 2011; Dorling, 2011; La’o Hamutuk, 2007; Rumley, 1999). These issues have all been raised as important motivations for the continued interest in Timor-Leste by these two countries. Building on previous research, this study further explores the key similarities and differences between Australian and Chinese engagement in foreign aid to the young nation’s state-building efforts.

1.1 Scope and Relevance

Since its internationally recognized independence in 1999 and handing over of sovereignty to the democratically elected government of the Democratic Republic of Timor-Leste in May 2002, the country’s nation and state-building initiatives have attracted a growing attention from academics, the media, and development agencies and their practitioners. While considerable attention has been paid to general aspects of foreign aid
programs and activities in the country (La’o Hamutuk 2000-2010; Sakabe, 2008; Neves, 2011), little research has been conducted on the administration and distribution of the individual donor countries and even less in comparative terms.

This research examines the official foreign aid given to the ongoing state-building projects in Timor-Leste by Australia and China in a comparative context, with particular focus on their respective aid goals and administration methods in this newly independent country in Southeast Asia. The research findings should contribute towards closing the scholarly gap in the current literature on foreign aid, particularly on the marked differences between the newly emerging donor countries such as China and traditional donors such as Australia, and lay the groundwork for future policy studies concerning better relations between donors and recipients of foreign aid.

Over the last nine and a half years, massive efforts have been undertaken to get Timor-Leste on its feet. While the country has made significant strides domestically and internationally in wresting control of its destiny from various external actors, it has not turned the corner yet. According to the World Bank, Timor-Leste’s Gross National Income (GNI) per capita has increased from USD 330 in 2002 to USD 2,700 in 2009 (World Bank, 2010), however, the state has yet to be built. This is partly because state-building is a complex, long-term endeavor, and is both labor and financially intensive. It requires the proactive engagement of both internal and external actors utilizing a multi-faceted approach. Furthermore, it requires coordination at all levels and compromises among different interests, values and visions put forward by a varied collection of
distinguished individuals and agencies. An increase in these areas—raises the effectiveness of aid on state-building.

In 2009, foreign aid to Timor-Leste accounted for about 0.05% of the country’s GDP in the same year (OECD, 2010). A comparative analysis of Australian and Chinese aid programs will offer insights in the long lasting question about the studies of foreign aid and development. The motives and actions of two of the most important donors – of China, a rising global superpower, and Australia, a sub-regional superpower in Asia and the Pacific (Tubilewicz, 2010), have had a profound effect on one of the newest and smallest nations in the world.

1.2 Research Questions

Academic studies on foreign aid can be divided into two broad groups: one group focuses on the effectiveness of aid at the micro-level by examining the impact of the foreign aid on a particular project and program at the beneficiaries’ level. The other group focuses on questioning the effectiveness and the determination of foreign aid at the macro level. The latter approach usually traces issues related to why, who, how, what, and where foreign aid is determined. This research study is chiefly concentrated on the second approach in examining the differences and similarities of both Australian and Chinese aid program in Timor-Leste.

In this research, three main questions are addressed: 1) How has foreign aid been effective in the state-building process of Timor-Leste since its independence? 2) How have Australia and China aided Timor-Leste differently? What goals, programs and
projects have been put forward by each donor country? And 3) What lessons can be learned from a comparative analysis of Australian and Chinese foreign aid to Timor-Leste in terms of the effectiveness of aid on the state-building efforts in post-conflict countries, particularly Timor-Leste?

1.3 Research Methods

This research study applies a basic qualitative research approach. Two modes of qualitative research method were employed in collecting the data for this study, namely, fieldwork and documentary research. The first form, fieldwork, aims to unearth and elicit the understanding and significance of information first hand. Babbie (2004) stressed the germane use of field research as a comprehensive and an in-depth way of obtaining a perspective, in other words, a researcher is exposed to a deeper and fuller understanding of ideas directly from respondents. For the purpose of this study, I used an in-depth personal interview(s) with the relevant officers on the part both of the donor and recipient countries.

With the second form, documentary research, the study utilizes the library, the Internet and contents from concerned research-organizations or individuals as the means for obtaining information to form an appropriate research approach and to organize the findings in an organized and persuasive document. Best and Kahn (2009) suggest what a researcher needs to keep in mind is that research documents may not always be authentic or trustworthy, thus, for validity purposes, it is the utmost responsibility of the researcher to ensure the credibility of all the sources from where he or she obtains the research data (p.257). Thus for this study, I used extensive documentary research data on aid flow and
aid activities in Timor-Leste that was provided by the government, donors and other financial institutions such as OECD, relevant non-governmental organizations as well as through electronic media reports and videos.

1.3.1 Pre-Data Collection

Prior to my departure, upon approval of the Institutional Review Board (IRB) from the Ohio University, I began my first step by preparing a list of all of the potential respondents from both recipients and donors and making an inventory list of relevant documents that were produced by both government and donors agencies as well as making a plan for means of communication and transportation in the field. After that, I started preliminary contact through e-mails with those respondents whose addresses I had, I highlighted the main purpose of the study with my research questions and themes and attached a copy of the IRB approval letter. Upon arrival in the field, I made a follow up contact through telephone calls and e-mail reminders. While in the field, to expand the list of respondents and crosscheck the sources, I also applied a snowball technique in which I used the social networks of my sources to refer to other potential and relevant informants for the study.

In an effort to secure official documents, in the preliminary contact, especially with donors and government ministries, I mentioned the needed relevant documents aimed at anticipating an opportunity to meet and to give them more time to prepare prior to the face-to-face meetings. For those respondents who were contacted locally, I used the same request scenario prior to our direct interview meetings.
1.3.2 Data Collection

My previous experience with the United Nations Development Program (UNDP) in Timor-Leste from 2004-2009 allowed me to gain access to various important offices and institutions within the government and with international and national development organizations, including civil society groups. I made use of this privileged network to facilitate my access for needed information to use in this research. Overall, despite some skeptical and hidden (largely from the donor communities) about the chosen topic on comparative studies between China’s and Australia’s assistance, most people I encountered during the fieldwork, including the respondents, viewed this research as a timely undertaking.

The period for data collection in the field was about four weeks, from July 7, 2010 to August 3, 2010. It was acknowledged as a relatively short time for a research fieldwork to be undertaken. This was due to the 30-day absence from campus limit that is imposed by the scholarship-funding agency on all recipient students. However, I was able to secure most of the intended respondents’ in-depth interviews during that time and I obtained a substantial amount of needed information within the available period of time. In addition, given my past experience working with UNDP for many years, it was more like an update to refresh my memory and to adjust my notes.

As mentioned earlier, this research study applied two techniques in collecting research data: in-depth interviews and documentary research. Kvale (1996) argues that the qualitative interview is a distinctively prevailing and insightful means for capturing subjects’ daily experiences and meaning of life—it allows the subjects to express their
views and minds in their own words. On the documentary research side, Best and Kahn (2004) assert that it serves as useful additional knowledge to the fields of inquiry and in exploring certain social events (p. 257).

During the field research, however, I also conducted non-participatory observations throughout the entire fieldwork period as a complement to the two main techniques. It included visits to project sites and attending the Second Quarterly meeting of the Timor-Leste Development Partners (TLDPM) where donors and the government of Timor-Leste came together to update one another about the development progress during the quarter.

**In-depth interview**—at least 30 respondents participated in the in-depth personal interviews, of which, one respondent was interviewed via mobile telephone, two via e-mails and the 27 others through face-to-face meetings. The interview questions were developed reflecting the research themes, which included the purpose of providing aid, donor coordination, aid programs and activities, donors’ future role and the role of recipient country. And the list of questions was organized into three sections according to the target groups: donors, the recipient government and non-donors and non-direct recipient parties. The latter target group refers to those respondents who are independent researchers, expatriates, and academics who have been closely following Timor-Leste’s development and state-building process.

In terms of interview technique, I employed a series of structured and unstructured in-depth interview questions aimed at providing greater validity to the research findings. Besides that, I also introduced a **triangulation** technique as suggested by Mathison (1988)
for crosschecking the information provided by respondents in order to further enhance the validity and evaluation of the research data. The interview questions for each target group were framed differently according to the roles of the participants, and especially for donors and the recipient government. For donors the questions addressed their goals in providing assistance to Timor-Leste, the process of identifying those goals, and coordination both among donors and with the recipient government and others. As for the recipient government, the questions involved how the government saw the role of the international community for almost the last twelve years as well as the donors’ future role. Among the questions were the following: What was the government’s policy towards donors’ assistance and their aid program? What was the government’s role in the process of foreign aid agreement? What was the government’s role in the formulation of aid programs and activities, particularly that of Australia and China through these two countries’ aid programs. For those of non-donors and non-direct recipient parties, the questions addressed their perception of donors’ engagement in Timor-Leste since 1999, how they viewed Australia’s and China’s future roles in Timor-Leste’s state-building process. Each interview question was followed by sub-questions when it was necessary and it was developed according to the respondents’ answers. These sub-questions were either in the forms of asking for further clarification about the respondents’ expression or asking for more elaboration on key points. For example, during the interview, many respondents tended to provide answers related to the foreign aid and policy issues of the two concerned-donors, Australia and China, as well as the recipient government. Thus the
follow-up questions were introduced according to the answers regarding the three countries’ foreign aid and policy issues.

The language used in the interviews was English and Tetum, which is the national and official language of Timor-Leste. However, specifically prior to the face-to-face interview with the Chinese government’s representative, as per their request, I sent research questions in English and the answers were provided in Mandarin Chinese. Most of the interviews were audiotaped with the consent of the respondents, except three respondents, all of them were donor representatives. Their interviews were conducted by direct note taking as per their requirements.

On the donors’ side, especially the two main donors involved in this research, for Australia, I interviewed the AusAID First Secretary in Dili and the Program Officer to GRM, one of AusAID’s Management Consulting Firms in charge of AusAID Public Sector Capacity Building (PSCDP) project. As for China, I interviewed the Counselor and also the officer in charge of Chinese foreign assistance in Timor-Leste at the Chinese Embassy. In addition, although Australia and China were the principal donors for this research, to draw a reference on the dynamics of other donors’ assistance, I also interviewed diplomats; the heads of missions and the representatives from the United States, Ireland, New Zealand, Portugal and diplomats and officials from three multilateral institutions including the World Bank, European Union and United Nations Development Program.

On the recipient end, I interviewed the following list of government officials in Timor- Leste: the President of the National Parliament, the President of Commission B of
the National Parliament, the Deputy Prime Minister, the Minister of Finance, the Secretary of State for Infrastructure, the Secretary of State for Defense, the Secretary of State for Security, the Ambassador of Timor-Leste to Geneva and the Permanent Representative to the UN Office in Geneva, the Head of Aid Effectiveness Unit of the Ministry of Finance, the Director of Bilateral and Multilateral Affairs and the Director General of the Ministry of Foreign Affairs, adviser to the Office of President, advisers to the office of Deputy Prime Minister and Ministry of Finance and representatives from the Civil Society Organizations. In addition, on the indirect recipient side, I also interviewed Timorese independent researchers as well as international and national academics who are knowledgeable about Timor-Leste’s socio-economic and political history.

*Documentary research*—for this exercise, I had considerable cooperation from the government in terms of obtaining research data. However, it was relatively poor from some of the donors, especially from the two donors engaged in this research, Australia and China. In the case of China, for example, the Embassy in Dili did not release its official foreign aid statistics despite a humble request during the interview session at the Chinese Embassy in Dili. Instead, I obtained statistic on China’s official foreign aid from the Ministry of Finance and the Office of President of the Democratic Republic of Timor-Leste. The case is, however, apparently not an isolated one, as experienced by previous researchers including Lancaster, (2007) and Lum, et al., (2009), in other parts of the world as if it has been the Chinese government’s policy applied worldwide not to release official aid statistics to the public as it is considered a “state secret.” As for Australia’s, its AusAID office in Timor-Leste, the person in charge of statistical data was simply not
responding to my communications after a few attempts. I finally secured its aid statistics instead from the government and through secondary online sources, the Organization of Economic Cooperation and Development (OECD) report. Overall, I was able to secure documentary data including, donors’ annual reports, country strategy papers, joint assessment mission reports, agreements, factsheets and press releases, the Aid Effectiveness Unit’s Progress and Annual Report and other relevant documents pertaining to aid flow and aid activities in Timor-Leste. Large portions of relevant documents collected in Timor-Leste were collected from the Ministry of Finance’s Aid Effectiveness Unit. See table on the collection of research document and interviews data at Table 1.1 below.
Table 1.1

Research materials during the field research in Timor-Leste

<table>
<thead>
<tr>
<th>Institution/Personnel</th>
<th>Document</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dili Declaration--International Dialogue on Peace Building and State Building</td>
<td>National Directorate of Aid Effectiveness of the Ministry of Finance</td>
</tr>
<tr>
<td></td>
<td>Statistic on Chinese Aid to Timor-Leste</td>
<td>Ministry of Finance and Office of President</td>
</tr>
<tr>
<td></td>
<td>Press Release—President of Republic Congratulates Peace Dividend Trust</td>
<td>Office of President</td>
</tr>
<tr>
<td><strong>Donors/International NGOs</strong></td>
<td>OECD Statistic on Foreign Aid (online access)</td>
<td>OECD Official Website</td>
</tr>
<tr>
<td></td>
<td>Statistical Summary of Aid Program to Timor-Leste (online)</td>
<td>AusAID Official Website</td>
</tr>
<tr>
<td></td>
<td>Speech of AusAID Counselor on AusAID Statement in Development Partners Meeting—2010</td>
<td>AusAID Dili Office</td>
</tr>
<tr>
<td></td>
<td>Speech of Chinese Ambassador in Development Partners meeting—2010</td>
<td>Chinese Embassy Dili</td>
</tr>
<tr>
<td></td>
<td>Scanteam Report—Review of development cooperation in East Timor (2007)</td>
<td>NORAD (Norwegian Aid)</td>
</tr>
<tr>
<td></td>
<td>Factsheet (JICA)</td>
<td>JICA Dili Office</td>
</tr>
<tr>
<td></td>
<td>Factsheet (USAID)</td>
<td>USAID Dili Office</td>
</tr>
<tr>
<td></td>
<td>Factsheet (Irish AID)</td>
<td>Irish Mission Dili</td>
</tr>
<tr>
<td></td>
<td>World Bank Data on Timor-Leste (Online)</td>
<td>World Bank Website</td>
</tr>
<tr>
<td></td>
<td>UNDP Capacity Development Lessons-Learned</td>
<td>UNDP Dili Office</td>
</tr>
<tr>
<td><strong>Researcher</strong></td>
<td>Interview Transcription</td>
<td>Field research—July-August 2010</td>
</tr>
</tbody>
</table>
1.3.3 Data Analysis

After the interviews, all the recorded data was than transcribed in verbatim form aimed at providing a complete picture of the research notes to facilitate the writing of the research findings and research analysis. Following the verbatim transcription, for the process of data reduction, at the end of each respondent’s notes, main points were taken including selective quotes that are relevant to the main research theme. The main points were then coded manually with open coding and focused coding schemes as introduced by Saldaña (2009) and Emerson, et.al (1985), reflecting the research questions and research objective. Among the focused coding themes include the donors’ goals, engagement with recipient country, the donor’s coordination and areas of intervention.

From the documentary research, the collected documents were analyzed using techniques of document analysis. As this research involved contemporary documents, a technique that Best and Kahn (2004) describe as ‘descriptive research.’ This was used given the current nature (not a historical research), of the documents. They focused on the status of some phenomena at a certain periods regarding their prevailing practices or conditions, interests and presentations, among others. Thus, I highlighted information from the documents that were relevant to the research themes and linked it with data that was obtained from in-depth interviews to justify some of the interviewees’ perspectives.
Chapter 2: Foreign Aid for State-Building

This chapter reviews the existing literature on foreign aid for state-building. The literature covers the distinctiveness of foreign aid regarding typology of foreign aid, foreign aid for state-building efforts, foreign aid and national interests and donor’s national interest in granting foreign aid and Australia and China’s aid program. Since the end of World War II, official foreign assistance has been increasingly viewed as an integral part of development tools. Foreign aid’s origin was marked by massive assistance from the United States for the reconstruction of Europe in the aftermath of the World War II, and was known as the Marshall Plan (Riddle, 2007; Lancaster, 2007).

2.1 Typology of Foreign Aid

Since the Marshall Plan era, much research has been devoted to analyzing different characteristics and dynamics of foreign aid from the donor’s point of view, as well as that of the recipient. Among those characteristics are the motivation and purpose of aid giving, the impact of the aid, aid for activities, coordination of aid, and the effectiveness of the aid (Riddle, 2007; Alesina and Dollar, 2000; Burnside and Dollar, 2000; Dewald, 1996). Also, since then, research on different international assistance related-topics has flourished, such as on strategic, political goals behind the aid during the Cold War (Meernik, Krueger & Poe, 1998; Schraeder, Hook, & Taylor, 1998), economic development (Burnside & Dollar, 2000; Easterly, 2003; Robinson & Dixon, 2009; Bearce & Tirone, 2010) peace-building, nation/state building (OECD, 2009; Fukuyama, 2006; Dobins, 2003; Chesterman, 2002), and humanitarian relief (Myers, 2009; Margesson, 2007; Richards, 2010).
There are a number of factors to consider when discussing about the flow of foreign aid. Lumsdaine (1993) suggests that among those factors are, “colonial history, the democratic status of the recipients and income level” (p.5). Similarly, Alesina and Dollar (2000) argue that the stream of aid is dictated by the “political and strategic considerations” of donors and that they differ from one donor to another. They found that countries, which are politically unstable, weak in their public management, and continue to have close ties with their former colonizers, get more aid compared to others that are economically impoverished (p. 33). For example, France’s attention is dedicated to its former colonies in Africa and is “tied by political alliances.” In another example, Japanese aid to Latin America in the 1970s and 1980s was motivated by its intention to pursue political and economic interests in response to internal and external pressure, particularly from the United States (Katada, 1997). Furthermore, Riddle (2007) adds that in addition to the above factors, two other factors have been seen by donors as important elements to be considered before giving aid: 1) for the purpose of global public good and 2) the human rights records of recipient countries. He argues that the majority of donors are tempted to employ mixed motivations from the above elements and they differ from one donor to the next, and these motivating factors change over time (p. 92).

Lancaster (2007) asserts that in the 21st century, the dynamic of foreign aid flow have changed from the 20th century in at least into four important ways and all have different directions: “who provides it, why it is provided, how it is organized and delivered, and how large it is.” (p. 39). When the author refers to “who provides it” she is referring to the primary actors of foreign aid, such as bilateral and multilateral agencies,
international development institutions, and international NGOs. The “why” element refers to the interest of donors either such as diplomatic, strategic interests as well as humanitarian relief. The last two parts deal with the management of aid by aid agencies and the quantity or volume of aid flow from donors to recipient countries.

Past experience has revealed that the flow of foreign aid from one country or agency to another is never without the donor’s self-interested motivation. Different views such as realism, Marxism, and liberal internationalism have emerged in different decades to examine specific donors give aid to specific recipient at specific periods. According to Lancaster (2007), prior to the 21st century, the purpose of giving aid was largely for humanitarian relief, economic development, strategic diplomacy, and commerce. But in the 21st century or in the post Cold War period, aid flow seemed to be predominantly for “development”, but that does not mean other factors such as “diplomacy” and “commerce” have become less influential in the distribution of aid (p.44-46). One such example can be found in China’s emerging economic cooperation with countries in Africa, Latin America and the Southeast Asia as it continues to wage a diplomatic battle with Taiwan over the recognition of a one-China policy in the recipient countries in exchange for aid (Lum & Fisher, 2009). In the Pacific Island region however, the Australian Think-Tank Institute observes that China has shifted its diplomatic rival with Taiwan to economic interest (Lowy Institute, 2010).

Foreign aid also divided into program aid and project aid based on the structure and allocation of aid. Over the last three decades, a majority of donors have been involved in both program aid and project aid. Riddle (2007) concludes that program aid is normally
provided for sectoral programs, budgetary support, technical assistance, and capacity building (pp. 196-207), while project aid, despite its myriad of focuses, has been concentrated on sectors such as health, education, rural development, agriculture, transportation, telecommunication, human rights and peace building, among others (p. 180). With the launch of the Millennium Development Goals (MDGs) mission in 2002, project aid-related to social and human development has become more salient than before. The MDGs was commissioned by the United Nations in 2000 was aimed at addressing critical development-related issues regarding poverty, education, women’s empowerment, maternal health and environmental and sustainability (UNDP, 2008).

The majority of OECD-affiliated donors engage in soft development or social infrastructure development such as technical assistance for institutional building. For example, Australia’s foreign aid activities in the 1990s focused on the four interrelated strategic areas of economics and finance, which include public sector management, law and justice and non-governmental organizations (Lyon, 1999). In contrast, East Asian donor countries such as China, Japan and Korea have allocated most of their official aid to physical infrastructure through which their respective domestic construction companies permeate emerging markets. For example, Japanese aid to China in the past two decades has been channeled chiefly for building physical infrastructure including a telecommunications networks, railways, and port facilities (Muldavin, 2000).

Regardless of their focus areas, the utmost consideration should be given on how both programs meet the needs of the recipient countries. In this regard aid effectiveness is a vital framework for assessing the causal relations among donors, policy makers and
recipients in the implementation of both program and project aid. Aid effectiveness is generally defined as the efficacy of development aid in attaining development targets—it promotes recognition of the recipients’ needs and their participation in the entire process of development. The increasing questions about aid architecture and the way the international aid system works brought together donors, governments, and civil society organizations to jointly address the matter. They started with the Monterey discussions in the early 2000, and in 2005, countries around the world came together and endorsed what today is known as the Paris Declaration on Aid Effectiveness (OECD, 2005). The agenda was furthered strengthened in Accra in 2008. The Paris Declaration identified five principles for the donor community to comply with in advocating aid effectiveness: national/recipient ownership, alignment with country programs, harmonization, managing results and mutual accountability (ibid, 2005).

So far, general understanding about aid effectiveness has focused on what makes aid more effective and efficient in achieving development targets, donor performance, and criteria for the selection of recipient countries (World Bank, 1998; Burnside & Dollar, 2000; Collier & Dollar, 2002). Considerable literature has been devoted to studying the complexity of aid effectiveness used in development; among them are Bearce & Tirone (2010); Reinika (2008); and Bourguignon and Sundberg (2007). Bourguignon and Sundberg (2007) argue that due to a variety of aid motives and coupled with limited instruments of analysis regarding the complexity between aid flow and the outcomes on the ground, has made aid effectiveness unclear. The authors discussed the importance of unpacking the “black box” of the “causality chain” on aid effectiveness to help understand
why aid is ineffective. The discussed causality-chain is regarding donors, policy makers and the policy outcomes— whether or not aid will be effective depends on the interaction between these three components.

Reinikka (2008) discusses the “accountability relationship” in aid effectiveness between donors, policy makers, and recipient countries. The author’s analysis is based on the experience that donors often have a tendency to bypass national governments, which will eventually result in an “isolated project” due to a lack of communication that generates little none-positive externalities on the recipient sides. The author proposed that a relationship of accountability should be based on the condition that donors should, “strengthen the critical relationships” between the recipients, providers and policymakers. Donors should assist national institutions through “harmonization and realignment” of their activities from financial assistance to knowledge and skill transfer that are in line with the national programs and they should evaluate the process constructively and systematically. Donors should “reintegrate” their assistance into the “development strategy, budget and service delivery” for the country they assist (p.179).

2.2 Foreign Aid for State-Building Effort

For the last two decades, there has been growing international engagement in so-called peace-building activities in post-conflict countries, aimed at thwarting security threats and preventing countries from failing or institutionally collapsing. Those unstable countries include Liberia, Sierra Leone, Kosovo, Haiti, the Solomon Islands, Timor-Leste, and, recently, Iraq and Afghanistan and soon to be Southern Sudan.
As international institutions become involved in those countries through peacekeeping and peace-building, reconstruction, democracy and governance, and economic development, their engagement has prompted many scholars and practitioners’ to engage in the discourse of “nation-building” (Newman, 2006). According to Newman, the concept of nation building emerged in the aftermath of World War II, after the success story of the United States’ post-war reconstruction engagement in Germany and Japan. In the post-Cold War era, the concept of nation building, however, has become blurred and subject to controversy. It was due to the fact that aid was used to shore up many undemocratic and authoritarian regimes in many parts of the developing world as well as for anti-communist purposes. At the same time, the concept of “state-building” was coined and gained currency (p.17). Both nation building and state-building are used interchangeably, but at the same time, they lead to confusion (OECD, 2008).

The OECD (2008) argues that state building is not the same as nation building (p.13). It referred to nation-building as “deliberate strategies, usually by domestic élites, to forge a common national cultural in a historical or political sense,” whereas state-building should be defined in the broader context of state formation—thus as a “purposeful action to develop the capacity, institutions and legitimacy of the state in relation to an effective political process for negotiating the mutual demands between state and societal groups” (p. 14).

However, the above definition of state building, contrasts with other concepts in scholarships. For example, Fukuyama (2004) defines state building as…“the creation of new government institutions” (p. 17). Fritz and Menocal (2007) in OECD (2008), define
state-building as “…the process of establishing the key institutions for a functioning state” (p.14). These definitions, according to OECD, are best described as capacity development or institutional-building as they concentrate narrowly on “institutional building or state-building actions” (p.15).

In 2005 the OECD formally formed the Development Assistance Cooperation (DAC)’s Fragile States Group to monitor aid flow to unstable states (OECD, 2007). Today, more than 40 countries around the world are considered fragile, including Haiti, Sierra Leone, Solomon Island, and Timor-Leste (OECD, 2009). Considerable literature has focused on foreign aid to fragile states taking up different responsibilities and activities (Goodhand, 2009; Kahler, 2007; Goldsmith, 2002; Dobbins, 2003; and Patrick, 2001). Goodhand’s work focused on donor policies and practices in Afghanistan in the aftermath of the 2001 Bonn Agreement. He argues that donors failed to engage ‘sensitively and strategically’ with all relevant stakeholders, particularly domestic actors, both government and societal groups, in their intervention, thus contributing to the “unraveling of a fragile war-to-peace transition” in the country (p. 578). Goldsmith examined foreign aid to Africa’s statehood. He argues that donors’ and lawmakers drew contradictory conclusions over the effects such aid had on the statehood of the continent. He found that foreign aid played a very modest role or was just a “minor net plus” for African states’ capacity to govern well (p. 124). Furthermore, Barakat (2007) raises the example of Afghanistan’s state-building project that the international community failed to meet their commitment and it impeded the country’s effective state-building process. Donors have a tendency to emphasize the “strategic” component rather than “development
impact” of the country’s reconstruction project (p.107). These phenomena mirror the fact that most of the international community’s work on the state-building process in contemporary post-conflict countries has often resulted in mixed records, if not entire failure.

2.3 The Donor’s National Interest in Foreign Aid

It has been noted in many studies that foreign aid goals and programs are closely linked to the donor’s foreign policies and become a central component of their international relations, particularly so when the aid is given to low-income, fragile and conflicted countries. Australia and the United States have been known for the close links between their foreign policy and their overseas development assistance. One very recent phenomenon is the US’ assistance to Egypt, Libya and several countries embroiled in the Middle East conflict (Eddlem, 2011). It was arguably related to the United States security interest and strategy in the Arab world. A large body of academics has explored the interrelations between donors’ foreign aid policies and the donor countries’ national interest (Balla & Reinhardt, 2008; Hatakeyama, 2008; Adelman, 2007; Smith, 2004; Burnside & Dollar, 2003; and Hook, 1995).

Hook (1995) argues that it has become a “virtual axiomatic” that donors have a tendency to pursue national interests through their overseas assistance. The author stressed that every country has different positions on their international hierarchy according to “physical and human resources, cultural traditions and ongoing ties to other states” and the behavior of state leaders, which play very important roles in the determination of national
interest (p. xi). The Australian government’s position towards countries in its immediate neighborhood is a concrete example. For example, in the case of Timor-Leste, Australia’s position was inconsistent regarding Timor-Leste’s political status during the Indonesian period. It was argued that Australia’s intervention in several countries in the Pacific, such as Solomon Island, Papua New Guinea and Timor-Leste, was more than its stated humanitarian concerns and that it was for Australia’s national interest (Aid Watch Australia, 2009; Hughes, 2003).

Foreign aid is also seen as a “soft power” instrument to gain national interest. Jayawicraka (2010) argues that foreign aid has been used as “soft power” for countries to pursue their national interests and the United States has been the standard case and it is growing for emerging donors such as India, Brazil and China (p.1. para. 1). On “soft power” and foreign assistance, Nye (2004) stressed that the US assistance to Japan in addition to the Marshal Plan in Europe after the WWII was approached through soft power (p.1). The author defines “soft power” as “…the ability to get what you want through attraction rather than coercion and payments” (p. x). This can be done through “culture, political ideas and policies” (ibid).

2.4 Australia and China as Aid Donors

Foreign aid from Australia and China, each has received considerable attention from scholars and researchers who want to study the subject more closely. On Australia’s end it includes Hamaeri, 2008; Rosser, 2008; Anderson, 2007; and Davis, 2006. Rosser (2008) states that Australia’s official foreign aid policy has been driven mostly by the
country’s foreign policy. The author argues that the primary focus of Australia’s attention has become security, economics, and poverty reduction through the Millennium Development Goals. Its achievements have been framed through a “neo-liberalism” framework (p.107). The author’s argument about security was supported by Hamaeri’s research on Australia. Hamaeri (2008) argues that Australia’s overseas support has been driven by its “securitization” concerns, principally in the Asia Pacific region (p. 357). On the other hand, Davis (2006) challenges the implementation of Australia’s development aid policy by pointing out that Australia’s aid program does not represent the “true” guidelines and procedures for international development assistance due to the rigidity of changes in its “structural and institutional” framework approach (p.30). Irrespective of what it says in its white policy paper, which emphasized building a viable democratic institution and reducing poverty, Australia’s national interests dominate its aid policy. It shows a contradiction and discrepancy between the official rhetoric of the aid policy and the real implementation of it. The argument refers to Australia’s failure in preventing the collapse of Papua New Guinea’s political structure after Australia’s massive assistance for more than a decade. In addition, Anderson (2008), in his study about the Salomon Islands, confirms that Australia’s aid intervention in that part of the Pacific Island country created ‘aid trauma’ for example, a “bubble economy” and its operation on the ground was influenced by its ‘old agenda’—establishing foreign investment privileges (for Australian companies), strategic positioning and access to natural resources” (p.67).

The OECD (2009) points out that Australia’s overall development cooperation framework is to prioritize poverty reduction at the same time adjusting its unique external
context, which is surrounded by a number of fragile states in the Asia Pacific region. The organization refers to countries such as Solomon Island, Papua New Guinea, Fiji and Timor-Leste. Based on this argument, the OECD suggested that Australia’s White Paper on its foreign aid issued in 2006, which continues to take be in effect today, should no longer be its assistance framework, but should make a reference to its ‘decision-making strategy’ (p. 11). In addition, OCED also proposes that Australia’s aid agency strengthen communications to ensure “public and political” support in its development program as well as to highlight the ‘implication’ of what went right and what went wrong according to the philosophy of aid effectiveness (p.13).

Similar to Australia’s, China, like Japan in the 1980s its foreign aid policy also receives different interpretations from various scholars—among them Rebol (2010); Samy (2010); Brautigam (2009); Lagerkvist (2009); Lum, et al. (2009); Moyo (2009); Wesley-Smith (2007); Niazi (2006); and Lancaster (2007 & 2008). It was argued that China’s aid policy is driven by the need for formal natural resources and secondly by diplomatic objectives (Lum, et al., 2009). These diplomatic objectives are aimed at isolating Taiwan from other influences, especially the West, and to secure votes and support from international organizations such as the United Nations. Ian Storey (2006) presents the above argument in the context of Timor-Leste. He pointed out that in addition to the two reasons above, China is seeking to expand its influence in Southeast Asia and the geographical location of Timor-Leste is significant (p. 1). On Asia’s geographical horizon Nizai (2006), in his study about Asia, he adds that China has strategic interests, which underlie its economic and strategic interests through “Asia-wide quest.” In his study,
without implicitly stating the role of foreign aid, Nizai concludes that China’s pursuit of natural wealth triggers its economic and strategic position in three regions—the Indian Ocean region, the China Sea region, and the Caspian Sea region (p.115).

Several scholars view China’s foreign aid to developing countries as not merely driven by its quest for natural resources. In the case of Africa, Rebol (2010) challenges western observers’ views that China’s foreign aid to Africa is simply for natural resources. The author argues that a closer look revealed China’s aid to Africa is “relatively unrelated” to its pursuit of natural resources, but “it fills exactly the areas that western aid has increasingly neglected such as: infrastructure, industrialization and manufacturing” (p.39). Brautigam (2009) further contends that China’s assistance to Africa does not merely involve physical economic infrastructure development, such power and oil plants, but China’s involvement in Africa ranges in “everything,” from Banking, agriculture, the health sector, among others (p.34). Samy (2010) argues in his study about China’s aid policies in Africa, that China is the only available option for Africa especially in building a ‘constructive partnership’, which makes China’s aid more effective for Africa’s development. Samy’s argument is based on the empirical study regarding African leaders’ perception that China’s aid fills a gap that is left by the established (western) donors and it helps Africa’s development more effectively.

Overall, the above literature on foreign aid provides insightful understanding about how the foreign aid system works within the donors and recipient countries’ respective environments. It showed that since its inception, despite some differences in policies and implementation on the ground, donors tend to have specific self-centered policies in both
the short-term and the long-term goals when providing aid. In other words, national-interest dictates the flow and target of their aid and intervention. In addition, often time donors’ approaches prompts criticism for a lack of coordination and better knowledge about recipient countries. In addition, much of the literature on foreign aid has been focusing on either low-income countries or former colonies or strategic allies or traditional recipients of the 20th century. However, less literature is devoted to the exploration of emerging donors such as China and a comparison of them to other OECD member countries such as Australia with regard to their aid programs in the Asia Pacific region, particularly Timor-Leste as a post conflict country. While the comparative research between emerging donors and OECD-affiliated donor may not be a ground breaking project, however, it is considerably a rare topic, thus it makes this research is more significant. Building on the existing literature, this research aims to further contribute to literature on foreign aid for state-building particularly in a post-conflict country and on a comparative case study between established-donors and non-OCED associated donors.
Chapter 3: Timor-Leste Becoming an Independent Nation

This chapter reviews major bilateral events leading up to the 2002 independence of Timor-Leste and changes in its international relations. It highlights issues related to the social, economic and political development of the country at the current state and prior to independence. The presentation will start with the past history and be followed by the current state.

Up to 1999, Timor-Leste experienced several waves of foreign influence. It was a Portuguese colony from the early 16\textsuperscript{th} century until 1975. During the Second World War, the Japanese occupied the territory for about three years. Prior to that, Australia used the territory as a buffer zone to prepare against a Japanese invasion of Australia. In December 1975, Indonesia annexed and occupied the territory, until the United Nations took over and controlled it for two and a half years.

The above history influenced the way the name of Timor-Leste was framed— it was Portuguese Timor during the Portuguese era (1511-1975), Timor-Timur during the Indonesian period (1975-1999), East Timor during the United Nations transition period using the English name (1999-2002), and Timor-Leste in post-independence (2002-present). The presentation follows the history and will reflect the name of Timor-Leste in the appropriate historical context.
3.1 Portuguese Timor

For some 450 years, except for the short period of the Japanese intervention, Timor-Leste was a Portuguese colony. Its administrative power however, did not begin until in the 19th century (Molnar, 2010; Federer, 2005; CAVR, 2006). During the absence of administrative power, the territory functioned mainly for activities related to biblical evangelism and trading. It became the focus of a power struggle between the Dutch Timor of Indonesia (the Netherland) and Portuguese Timor (Portugal) over control of trade (Gunn, 1999; Molnar, 2010).

Compared to other Portuguese colonies like Mozambique and Angola in Africa, Macau and Indian Goa in Asia and in Brazil in Latin America--Portuguese Timor was a neglected and backward colony. Portuguese colonial presence was somewhat limited throughout the 20th century. Most administrative functions were performed by a mix of
military personnel and clergy but did not reach the majority in the countryside. These areas saw certain local administrative rules exerted through local Timorese kings as a strategy to influence the locals, especially in the interior (Federer, 2005).

Up until the mid 20th century, only about one-third of the population were Catholic believers, education and literacy rates were extremely low and the influence of a strong Portuguese culture including their language was not yet widely spread (Gunn, 1999). In the economic sector, the Portuguese overseas government organized small economic activities through forced labor and taxation as well as forcible introduction of a cash crop such as coffee and vanilla. Sandalwood remained the territory’s main export commodity. The forced rules prompted local short-lived revolts that were summarily defeated such as rebellions in Manufahi in 1908, 1911, and 1912 and Viqueque in 1959 (CAVR, 2006). During this period, Chinese merchants with mostly with Hakka backgrounds began to enter Portuguese Timor and were granted business opportunities by the colonial government to encourage some degree of economic activity (Kingsbury, 2009). They were involved in trading, exports and imports and became business intermediaries with the Brazilian-owned company SAPT (Sociedade Agrícola Pátria e Trabalho).

In the 1950s, the anti-colonialism campaign from various nations within the United Nations prompted Portugal to redefine and redesign its colonial policy, with the objective of gaining the locals’ hearts. The new policy emphasized development in areas including education, infrastructure, jobs creation, and economic activities and it turned its colonies into overseas provinces. In Portuguese Timor, however, the new development policy did
not change much. These overseas provinces remained isolated. Some few changes were reported—which included the increase of coffee production, tourism development, mining, some road constructions and the repair of the two small airports in Dili and Baucau (Neves, 1994 in CAVR, 2006). The local population benefited very little from those changes.

Access to basic education remained a privilege available only to a certain layer of society such as the children of local kings and the Portuguese collaborators. Between 1950 and 1970, Portuguese statistics reported figures for primary school enrolment were very low. The literacy rate was only 10% and by 1970, only two high schools had been established. Higher education students had to either go to Portugal, Angola or Mozambique and to Catholic seminary schools in Macau for those who studied to become priests (Federer, 2005).

3.2 Regime Change and the Failure of Decolonization Plan

Portugal itself experienced internal difficulties following its Second Republic in 1930 under Antonio de Oliveira Salazar’s authoritarian rule. A critical turning point for Portugal’s regime change came in 1974—through a successful bloodless coup known as the Carnation Revolution led by the Portuguese Armed Forces Movement on April 25, 1974 (Fernandes, 2008). The revolution demanded several critical changes including the installation of a new government, an end to censorship and the issuance of a decree for Portugal to commit to the decolonization process. As a result, following the Carnation Revolution, Portugal started to become preoccupied with its overseas provinces’ in the decolonization process. It began with the provinces in Africa: Angola, Mozambique,
Guinea Bissau, São Tomé e Príncipe and Cape Verde. Portuguese Timor was set to be the last colony for decolonization.

In Portuguese Timor, the plan started with an opportunity for the Timorese to express their political differences and to exchange views on the future of the territory. Three main political movements were then established in May 1974. The first started with the União Democrática Timorense (UDT) or Timorese Democratic Union; followed by the Associação Social Democrática Timorense (ASDT) or the Timorese Social Democratic Association and later changed to Frente Revolucionária de Timor-Leste Independente (Fretilin) or the Revolutionary Front of Independent Timor-Leste) and finally, the Associação Popular Democrática de Timor (APODETI) or the Timorese Popular Democratic Association. Three other small parties also emerged—Klibur Oan Timor Asswa’in (KOTA) or Sons of the Mountain Warrior; and Partido Trabalhista or the Labor Party and the Associação Democrática Integração Para Australia (ADLITA) or the Democratic Association for the integration of Timor-Leste with Australia. These small parties, however, had no political platform but planned to join with the major parties (Taylor, 1994).

While Portuguese Timor prepared for the decolonization process, the world was at a critical junction of the Cold War. In the Southeast Asia region, the victory of socialist North Vietnam and the subsequent collapse of the pro-western governments in Laos and Cambodia, prompted great concerns among Western governments and policy makers and their Asian allies. They feared the possibility of the domino effect of communism’s influence in other parts of the region (Molnar, 2010). Such fears obviously pointed
towards Portuguese Timor’s liberation movement, especially Fretilin, which had incorporated certain radical socialist elements into their liberation movement.

In light of this concern, Indonesia was viewed by Western governments, especially the United States and Australia, as critical to preventing the spread of communism. This consideration also took into account Indonesia’s anti-communist credentials, which the Soeharto government championed when he seized power in 1965. During this period, Portuguese Timor, was what Molnar (2010) described as “nothing more than a cog in the global strategy of the United States and in the regional political strategy of Indonesia and Australia.” (p. 40). In addition to the issue of communism, apparently Timor’s off-shore oil resources had also become attractive to these countries—they reportedly negotiated with Portugal (Taylor, 1994 in Molnar, 2010).

To justify an invasion, the issue of communism was spread among Timorese political parties through the Indonesian military intelligence’s infiltration, and with the support of one Timorese party that leaned towards Indonesia, APODETI. The coalition between UDT and Fretilin parties was very short due to certain UDT members’ fears of communist elements within the Fretilin movement. The two parties staged a short civil war, thus providing a strong justification for Indonesia to enter Portuguese Timor.

Timorese nationalists, led by Fretilin, felt that Portugal was not serious enough with its decolonization plan. With the burden of Portugal’s dithering and failure to continue the decolonization program, and being aware of the Indonesia military’s intent to invade Portuguese Timor, coupled with Australia’s reluctance to thwart Indonesia’s annexation plan (Federer, 2005), the Fretilin leadership decided to take that critical
momentum (November 25, 1975) to unilaterally declare independence for the Democratic Republic of Timor-Leste in order to prevent a long governmental vacuum. The declaration however, lacked international support.

Nine days later, on December 7, 1975, the Indonesian military launched a full-scale invasion with the blessings of Australia and the United States (Molnar, 2010). The confidence that Soeharto gained from these countries was thanks to his successful presentation of his invasion plan with the ‘hysteria of the communist threat,’ which fit well with the post-Vietnam war climate and American-geopolitical interest in Southeast Asia (Burr and Evans, 2001). Australia’s support was mainly driven by Timor’s rich natural resources in the seabed of the Timor Gap and the issue of maritime boundaries (Tarczynski, 2009). It was reported that between 60,000 to 100,000 Timorese were killed during the early stages of invasion (Burr and Evans, 2001).

The invasion prompted reaction from the United Nations. The international community issued several resolutions of condemnation and called for the withdrawal of the Indonesian military from Portuguese Timor. However, not only was the territory small and economically insignificant, it was also outside the great powers’ interests. As a result, the condemnation did not immediately result in action. The case was tabled at the UN Security Council for almost 24 years. However, the United Nations continued to recognize Portugal as the legal-power holder over the territory until October 1999.
3.3 Indonesia Timor-Timur

Seven months after the invasion, in July, 1976, the Indonesian government officially turned the territory into its 27th province. Unlike other provinces in Indonesia such as West Papua and Maluku in the 1970s and the 1980s where the provincial government was appointed and dominated by the non-native officials, mostly from Java, the new provincial government was headed by a Timorese—a strategy meant to gain locals’ hearts and minds. The policy remained in effect until 1999. It has never been an elected post but its officer is appointed by the central government in Jakarta.

In an attempt to immediately normalize the situation, the new provincial government introduced a development program. Three stages were defined and were directly managed by the Central Development Executive Team (CDET) in Jakarta and headed by a military general (Saldañha, 1994). The first stage, the Rehabilitation stage, was aimed at restoring the basic physical infrastructure as well as introducing Indonesia and the Indonesian language to the Timorese people. In carrying out this work, the military government deployed a number of newly graduated high school level teachers throughout the territory but sometimes military personnel carried out the work. The second stage, the Consolidation stage, was aimed at restoring security and continued the work of the rehabilitation stage. At this point, the military took control and made sure all towns in the territory were cleared of clandestine and anti-Indonesian activities. Check points were everywhere. The last stage was Stabilization stage and is where normalization for development started. Most of the work in the three stages was carried out by the military at least until in the 1980s.
During the above development approach, Timor-Timur was closed and isolated from other parts of the world. For about 14 years, the Jakarta government prevented any foreigners, except for missionaries and humanitarian relief workers, from entering the territory. Meanwhile, the Timorese paid a high cost with massive loss of lives and human rights violations including systematic killing, torture and rape, among other atrocities (Amnesty International, 2003). In an effort to gain the heart of the locals, the Indonesian-de-facto government continued to operate by building schools, hospitals, road, bridges, telecommunication system, scholarships for studying in Indonesian cities in Java and Bali.

Not until 1989 was Timor-Timur open to outsiders, however, foreign visitors, and non-Indonesians were still the restricted. On the other hand, Indonesians from other provinces were now able to enter Timor-Timur. They took most of the jobs and were involved in different activities from high paid civil servant positions to lower level ones and were medium businessmen to street sellers. By 1999, it was estimated that more than 170,000 non-Timorese (Indonesian) resided in Timor-Timur (Kingsbury, 2001).

The legacy of Indonesian development during their 24 years of occupation was harsh. During the early years after the invasion, the military monopolized business activities such as the export of coffee and sandalwood and later developed gas and oil production, which proved to be a lucrative source of benefits for army officers (Kingsbury, 2000). In addition, they took over all the businesses and properties that belonged to the former Portuguese citizens who fled Timor.

In the area of social development, hospitals and health clinics were built but their quality was extremely poor, with a limited number of doctors and nurses. Compared to
Portuguese the period, more schools from primary to secondary education were opened throughout the 13 districts plus a large number of sub-districts. From 1989 to 1994, more than 150 secondary schools were built throughout Timor-Timur (Provincial Government, 1996). However, the quality was extremely poor.

At the higher level, by 1999, one university and about four technical colleges were established. Bahasa Indonesia, the Indonesian language, was the language of instruction in all schools. Most high-ranking officials in the provincial government structure were Indonesians. They received hardship post allowances on top of their monthly salaries and this capital boosted the local economy with artificial inflation. A few Timorese benefited economically but the majority did not.

As the regime changed in Indonesia in 1989, it provided a window of opportunity for Timor-Timur’s political development. After more than 30 years under Soeharto’s New Order, the authoritarian regime finally ended and was replaced by that of his deputy, B.J. Habibie. Mounting with international community pressure coupled with internal demands, as well as the Asian economic and financial crisis, the new president had no choice but to come up with a solution for Timor-Leste’s political status. A referendum was seen as the best possible option.

A referendum to determine Timor-Timur’s political status was organized and held in August 1999 under the auspices of the United Nations. More than 95% of eligible Timorese voters participated and the outcome showed 78.5% in favor of separation from Indonesia. The result stunned the Jakarta government and the military as they had been confident that such a result was not possible, given their massive campaign leading up to
the referendum. Military-backed militias along with the Indonesian military in civilian dress carried out a massive rampage, which destroyed about 80% of the physical infrastructure throughout the territory. More than 250,000 displaced people were forced to relocate to West Timor, Indonesia, in what Federer, (2005) described as being held…’hostages’ by the Indonesian military and government, mirroring the experience of 1975. The total human causalities related to the referendum were widely reported to be more than one 1,500 people killed. The international community, led by Australia responded to the atrocities first with deployment of the International Forces in East Timor (INTERFET) together with British Ghurkas from Brunei Darussalam to restore peace and security in the territory. Five months later, a conventional United Nations Peacekeeping Force (PKF) was deployed with about 8000 troops from the United Nations member countries (Federer, 2001; Kingsbury 2009).

3.4 United Nations East Timor

During the struggle for independence, the people of Timor-Leste received substantial support from the international community, mostly from NGOs. As Dunn (1995) noted, in the 1980s, during the Reagan and Thatcher administrations, the Timor question continued to be on the United Nations agenda because of the persistent campaign of the NGO solidarity groups. The dominant powers in the United Nations were not enthusiastic. They did not take strong actions against the occupation because such action would contradict their earlier concern about “global political strategies” as well as threaten economic trade interests with Indonesia, and the “anti-communist Cold War ally”
Soeharto (McCloskey, 2004). This phenomenon of international community’s political drama could be seen in their voting behavior in the United Nations General Assembly (See attached the UN General Assembly voting on the status of East Timor).

When the Dili Santa Cruz massacre took place in 1991 in which more than 250 young Timorese were killed and 200 others went missing, it prompted a growing concern among international allies about the Timorese question. Numerous solidarity groups emerged such as rights-promoting NGOs, scholars, and individuals around the world, including the East Timor Action Network (ETAN) in the United States. The tragedy also prompted certain national governments to speak publicly against the Indonesian military’s brutality—among them were Ireland, former Portuguese colonies in Africa and Portugal (Pinto, 1997) and certain individuals in the United States Congress.

Another significant turning point occurred in the history of the solidarity movement towards Timorese resistance. In 1995, the Nobel Peace Prize was awarded to two Timorese in recognition of the Timorese people’s struggle and their right for self-determination. Following that ceremony, more international solidarity emerged including Indonesian pro-democracy movements and rights organizations. As a result, in the late 1990s two groups—Solidaritas Indonesia untuk Penyelesaian Dame Timor-Leste (SOLIDAMOR) or Solidarity for Peaceful Solution of Timor-Leste and Forum Solidaritas untuk Rakyat Timor-Leste (FORTILOS) or Solidarity Forum for the People of Timor-Leste--emerged. The work of these solidarity groups gained respect not only from Timorese resistance movement but also from Indonesian pro-democracy movements. In the eyes of the international community and of the Indonesian people the work of these
two solidarity groups and other Indonesian promoting-rights NGOs including ELSAM, forced the Indonesian government into a corner.

In October, 1999, following recognition by the Indonesian national parliament of the outcome of the referendum, the United Nations officially began its two years of transitional administration to lay the foundation for state-building in Timor-Leste. From 1999 to 2002, Timor-Leste was in the category of foreign-led state-building under the banner of the United Nations Transitional Administration in East Timor (UNTAET). The plan for UNTAET was executed following a succession plan according to the May 5th 1999 Agreement among the United Nations, Portugal and Indonesia. The mandate by the UN Security Council Resolution 1272 was the first time in the United Nations history that the world body had to implement peacekeeping, humanitarian efforts and administration tasks all at the same time. Some called this mission the most complex endeavor undertaken by the United Nations since its inception in 1945 (Chesterman, 2002; Suhrke, 2001).

UNTAET was authorized to exercise both legislative and executive powers (United Nations, 2001). That included providing security and maintaining law and order in the territory, establishing effective administration, overseeing capacity building for self-governance, and establishing an environment conducive to sustainable development. Since it had such a broad mandate, many regarded the UNTAET mandate as a new colonial power. Chopra (2000) called it as ‘The UN’s Kingdom of East Timor’ and Federer (2005) saw it as an ‘absolute ruler.’ In carrying out this mandate, UNTAET was
equipped with more than 1,500 civilian supporters including international police, more than 8,500 peacekeepers and some 200 military observers.

Unlike other state-building projects in other parts of the world, in preparing for Timor-Leste’s independence, UNTAET started the work of state-building from scratch because of massive destruction following the referendum. About 8,000 Indonesian civil servants left the territory and 80% of the infrastructure collapsed. UNTAET's work was seen by many as only partially successful at the end of its mission. It failed to build local capacity and lacked effective coordination with locals especially the Timorese leadership. Criticism also came from the one who ran the administration. Sergio Vieira de Mello, a senior Brazilian diplomat observed: “UNTAET was a success--relative, for sure, and I have always been the first to point out its shortcomings--but a success nonetheless" (De Mello, 2002).

Despite strong criticism from local and international observes as well as scholars including RENETIL (2001); Chopra (2001); Chesterman (2002); Gorjão (2002); Federer (2005); Richmond (2005), about the failure or at best only partially successful mission, UNTAET touted its achievements as having prepared and developed the capacity of the Timorese people in various professions. It listed among at least 20 achievements (UNTAET, 2002). Its recruitment and training of more than 13,000 Timorese public service personnel and training about 6,000 school teachers and 7,000 police officers; the creation of a new defense force with an initial strength of 3,000 and the opening of more than 7,000 schools, from primary to high school.
Having assessed UNTAET’s claim of its achievements, the transitional administration tended to focus more on quantity rather than quality of development, a typical measurement of short-term development programs. Besides the perceived failures, when the new Timor-Leste government inherited the above legacies in May, 2002, UNTAET also pulled out most of the equipment installed in the transitional administration offices at the time its mission ended. The new government was left with almost nothing to start with. In addition, the presence of UNTAET and many expatriates in the territory had created a bubble economy and when the mission ended, the local economy also shrank.

3.5 Timor-Leste as Independent Nation

In May 2002, the independent state of Timor-Leste was fully restored with the official name of the República Democrática de Timor-Leste (Democratic Republic of Timor-Leste). The establishment of the state of Timor-Leste was also seen as the brainchild of the UN as it acted as the guardian, despite the justifiable blamed for some of the failures, during the two and a half years of its transitional governance.

Administratively, Timor-Leste has 13 districts with Dili as the capital city. The country adopted a unicameral parliamentary system similar to those of France and Portugal, with a president as head of state and a prime minister as head of the government. Four organs constitute the pillars of the state--they are namely, the legislative, executive, judiciary, and presidency. Today, Timor-Leste is home to slightly over one million people (RDTL, 2010), about equally divided between men and women -- women number 525,435 and men 541,147. The country’s population increased 15.5% from the 2004 census. It is
known as the fastest growing population in Southeast Asia. Current life expectancy is recorded as 60.7 and the adult literacy rate is 50.1% (WDR, 2010; UNDP, 2009). Tetum, besides being the national language, is also an official language parallel to Portuguese, while English and Bahasa Indonesia are constitutionally recognized as working languages (Constitution, 2002). The adoption of Portuguese as an official language was merely on the basis of political reasons but it has created disadvantages for many young people who grew up during the Indonesian period.

In terms of economic development, Timor-Leste is framed as a lower-income country and the World Bank reported the country’s GDP per capita in 2009 as USD 492—an increase from USD 328 in 2003. See Figure 3.2 below.

![Figure 3.2 Timor-Leste GDP per capita (current USD) 2000-2009. Source: Extracted with permission from the World Bank—online statistic on development indicators (2011).](image-url)
Timor-Leste holds significant natural resources such as gold, petroleum, natural gas, manganese and marble. Oil has become a major source of income for the country and since 2002, it accumulated more than five billion dollars in savings under the name of Timor-Leste Petroleum Fund (Ministry of Finance, 2010). So far only natural gas and oil that have been extracted (two out of several fields), a large part of the natural wealth remains untouched. The extracted fields were Bayu Undang and Elang Kakatua. At the time of this writing, the country is under intense negotiation with Australia for the extraction of the Greater Sunrise field. The matter has been a subject for negotiation since 1974 (with different administration—between Australia and Portuguese and Indonesia). A controversy developed over the where the liquefying process takes place either in Australia or Timor-Leste (La’o Hamutuk, 2011). The controversy issue with Australia has also delayed the negotiation of the two countries’ maritime borders.

In terms of the living condition, with the total population as stated above, the majority of Timorese live in the rural areas with subsistence farming and livestock as their source of livelihood. The agriculture products consist of rice, cassava, coffee, sweet potatoes, soybeans, cabbage, mangoes, bananas, oranges and vanilla and livestock include sheep and water buffalos. Coffee has been the biggest export commodity of Timor-Leste since the country was under Portuguese and Indonesian occupation. In addition to coffee, sandalwood and candle-nuts are significant export commodities.

For the last eight years, export and import activities have been relatively small with imports being about 80% more than exports. So the balance of payment is almost always negative. The majority of imports come from Indonesia, Singapore, Malaysia,
Australia and China. However, such as basic needs, clothes, and other secondary household needs come from Indonesia. Singapore and Malaysia have been importing second-hand automobiles. In 2009, the government of Timor-Leste declared as the year of infrastructure, and it increased the import of infrastructure materials from Indonesia predominantly.

The internal political crises in 2006 and 2008 almost turned the country into nearly a failed state. It started with the desertion by almost half of the country’s defense forces from the military barracks and its implication led the Prime Minister to step down. The issue culminated with the assassination attempts against the country’s incumbent Prime Minister and President. At the time this writing, however, the country enjoys relative peace. In terms of the country’s engagement with the international community, Timor-Leste signed and ratified a number of the United Nations conventions. The country also became a member of the World Bank, the Asian Development Bank and group of g7 + for fragile states group. At the regional level, the country is a member of Southwest Pacific Dialogue, and is now preparing for its accession towards ASEAN.
Chapter 4: Foreign Aid for Timor-Leste’s State-building Process

This chapter offers an overarching picture of foreign aid, particularly ODA, to Timor-Leste since the country’s independence was restored in 2002. The review will highlight topics regarding the amount and type of aid programs and the way organizations and donors’ engaged with the recipients while contributing to Timor-Leste’s state-building process. Prior to discussing the above topics, however, it is necessary to look at the picture of international aid to Timor-Leste preceding 2002, to acquire a broader picture of international engagement in Timor-Leste as it played a critical role in the process of Timor-Leste becoming a state, particularly, the role it played during the transition period.

4.1 Early Foreign Aid

Before 2002, Timor-Leste received a mixture of international assistance from various governments and institutions, both bilateral and multilateral, non-governmental organizations, and also, to some extent, from individuals. It was claimed that all the assistance was to be used for various reasons, among them were, humanitarian and emergency relief, social and economic reconstruction, security, and political solidarity uses.

Evidence of the substantial combination of international assistance may be seen during the transition period, between 1999 and 2002. Back then, the United Nations and other bilateral and multilateral agencies as well as international non-governmental organizations were involved in providing and managing massive aid in the area of security,
humanitarian relief and in the process of building the newly independent state institution of Timor-Leste.

During the Indonesian period, there was some indication of official international assistance to Timor-Leste but the quantity was relatively small. Pederson and Annenberg (1999) argue that the assistance at that time was comparatively small compared to other places or nations that have similar features such as poor, underdeveloped or nations under political violence by external rule. Between 1989 and 1999, an accumulative source of international assistance (all in the form of grant money) from both governmental and non-governmental organizations, accounted for slightly over eighty million dollars. The incoming assistance largely concentrated on humanitarian and development programs.

The momentous influx of international assistance under Indonesian rule however, manifested through political solidarity for Timor-Leste’s independence struggle. Assistance to this front focused mainly on the diplomatic front outside of the territory. Although this assistance played an important role in the past and present, especially in shaping Timor-Leste’s foreign policy with countries that it has diplomatic ties with, for the purpose of this research the discussion on that particular issue will not be further elaborated on, instead I will be focusing on the humanitarian and development programs and projects.

During the Portuguese period, there was no sign of official international assistance for humanitarian and development programs, except for a very insignificant amount of support that came through Catholic church-based organizations. The assistance was largely dedicated to church activities and to some primary schools that were run by the
Catholic Church. Considering the specific focus and the visibility of the aid, the presentation on the aforementioned subject will be focusing only on the occurrence during the United Nations transition period. The discussion will mainly draw from available secondary sources.

4.2 Foreign Aid during the United Nations Transitional Administration

As stated earlier, massive foreign aid began to surge in to Timor-Leste when the territory was officially under the United Nations Transitional Administration. It was claimed that all incoming related-assistance, both financial and in-kind contributions, were for the purpose of rebuilding and building the newly born state of Timor-Leste. Thus this momentum also marked the beginning of foreign aid for Timor-Leste’s state-building process.

The precise figure of foreign aid inflow during this period was rather challenging and intricate to identify due to its assortment of sources. However, it was estimated that between 1999 and 2002, more than 2 billion dollars in foreign aid was spent on programs and projects related to Timor-Leste (La’o Hamutuk, 2009). This amount of foreign aid was considerably high in terms of the aid per capita given to post conflict countries when compared to other similar features of post conflict countries, such as in Rwanda, Sierra Leon, Cambodia, Bosnia and Herzegovina and Nicaragua, among others (Durrand, 2009; Rohland & Cliffe, 2002). However, a large portion of the funds, about 70%, was allocated for the establishment and maintenance of the United Nations peacekeeping mission and transitional administration expenses. Only 30% was targeted for the reconstruction
programs that were largely identified through the World Bank-led Joint Assessment Mission (JAM) in October 1999 (Rohland & Cliffe, 2002). These early reconstruction programs covered three main areas: humanitarian and emergency relief, governance and security and reconstruction and development (La’o Hamutuk, 2001; Rohland & Cliffe, 2002). Given the relevancy of its target, for the purpose of this study, the discussion will be focusing only on the aid for reconstruction programs.

Unlike during the Indonesian period where the Jakarta government always tried to control or were always suspicious of any foreign aid inflow to Timor-Leste due to the political status of the territory. During and after the transition period, the foreign aid inflow had been more flexible in its implementation and arrangement and the program areas were much broader. For example, the roles of international NGOs were no longer politicized by the central government in Jakarta in carrying out the implementation of certain bilateral aid programs. In terms of the numbers, more donors emerged and especially non-governmental organizations--they fluctuated rapidly but most of them disappeared after the transition period. The program areas were much broader. However, that does not mean that foreign aid inflow during the transition period was not tied into certain purposes. Because of the program’s short time in nature and coupled with other constraints in the planning and the involvement of recipients in the process, it resulted in several discrepancies and implications in the future arrangement. Some of the implications and discrepancies will be discussed in the next chapter on the criticisms of foreign aid for the state-building process.
4.2.1 Aid Donors

Following the referendum outcome, several donor conferences that were held by the Timor-Leste donor community took place and were aimed at securing and developing resources for the reconstruction of the newly birthed Timor-Leste. It was first held in Tokyo in September 1999 and then in Lisbon, Brussels, Canberra, Oslo, and in Dili, the capital of Timor-Leste. Since then Dili has been the place for donors meetings until today. These conferences were organized into a six-month basis. Countries and multilateral organizations involved in Timor-Leste donor community during the early period included; Portugal, Australia, New Zealand, the United Kingdom, Japan, Finland, Ireland, Norway, Sweden, and the World Bank Post Conflict Fund (World Bank, 2001). The Tokyo donor conference was the most detrimental talk in terms of donors’ response towards the call of the United Nations to support the reconstruction program of the newborn Timor-Leste. In the Tokyo meeting, the Timor-Leste donor community pledged more than USD 523 million for the first two to three years for a medium-term reconstruction plan (Rohland & Cliffe, 2002).

The mobilized funds through the Timor-Leste donors community were packaged into six baskets: UNTAET Trust Fund (later it was called Consolidated Trust Fund for East Timor (CFET) as it was combined with the national revenue), Trust Fund for East Timor (TFET), United Nations Agencies, International and National Non-Governmental Organizations, Consolidated Inter-Agency Appeal (CAP) and Bilateral Projects (La’o Hamutuk, 2001). These packages formed Timor-Leste’s public expenditures. The most diverse source of funding was the basket of international and national Non-Governmental
Organizations. Some sources came from foreign governments; some sources came from non-governmental organizations that have been working and assisting both national and international non-governmental organization during the Indonesian period.

4.2.2 Allocation and Implementation of Aid Programs

Aid for reconstruction programs was allocated into three main areas--humanitarian and emergency relief, governance and security, and reconstruction and development. Donors at the Tokyo conference committed more that USD 150 million for the humanitarian and emergency relief (World Bank, 2002). The United Nations Office for the Coordination and Humanitarian Affairs (OCHA) managed the funds through its Consolidated Inter-Agency Appeal (CAP). The programs were largely implemented by the UN sister agencies and international organizations such as the UNDP, UNHCR, UNICEF, IOM and the ICRC. Such humanitarian and emergency relief activities included providing temporary shelters kits, and the provision of water and health services.

Besides OCHA as the main coordinator, funds for humanitarian relief activities were also channeled directly to several other UN sister agencies, which included UNDP, UNHCR and UNICEF and other international agencies such as the IOM, ICRC and WFP, among others. About USD 40 to USD 50 million was allocated for the humanitarian and emergency relief work of these agencies. Several local non-governmental organizations also implemented emergency relief programs on a small scale with support from the CAP funds basket.
The funds that pledged in Tokyo were used for the governance and security sector and were channeled through the CFET basket and Direct Bilateral arrangement with UNTAET. The amount was less significant compared to the humanitarian and emergency relief. The Tokyo meeting pledged about USD 32 million for the CFET basket and the funds were managed by UNTAET. The CFET funds were utilized for activities related to the newborn Timor-Leste government. This new government was previously called the East Timor Administration arrangement but it became the East Timor Transitional Administration (ETTA). The CFET funds included recruitment and payment for the salaries of the Timorese civil servants, some basic training skills for the newly recruited civil servants and the establishment of the Civil Service Academy, among others.

Aid for governance and security was also organized through Direct Bilateral arrangements, which included AusAID, USAID and JICA. These funds were used for a number of operational costs in such areas as water and sanitation, road and school rehabilitation, civic education campaign, among others. From 1999-2001, bilateral donors contributed between USD 50 and USD 90 million to the governance and security program (La’o Hamutuk, 2001).

Aid for reconstruction and development was provided through the TFET, Direct Bilateral, and UN Agencies. The World Bank and the Asian Development Bank jointly managed The TFET basket funds. The TFET fund was the biggest allocation from a donor community; and was close to USD 170 million. These funds were used for reconstruction and development activities in the areas that included public health, education, agriculture,
water and sanitation, and private sector development and community empowerment projects.

After the transitions period, the CFET and TFET programs were transformed into the Transition Support Program (TSP) and subsequently became the Sector Investment Program, (SIP) in 2005. The SIP had at least seventeen sectors—including governance and public expenditure, infrastructure and housing, poverty reduction planning, and public service delivery. The TSP/SIP programs that captured under the country’s first national development plan were a vehicle for coordination between the government and donors on international assistance and the country’s development plans (Sakabe, 2008).

Although the CFET and TFET programs have been transferred under the leadership of the new Timor-Leste government, the donors’ funds for these sectors continued to be channeled through and administered by the World Bank. During that period, both CFET and TFET basket funds became the Combined Source Budget (CSB). The TSP/SIP programs lasted until 2006 before the new government took office in 2007 (Ministry of Planning and Finance and the World Bank, 2006).

4.2.3 The Role of Recipient

During the Indonesian period all international assistance given to Timor-Leste was largely channeled through the Indonesian government in Jakarta. During the transition period, it was the United Nations Transitional Administration and the World Bank that were in-charge of the management of all external assistance to Timor-Leste. The poor involvement of Timor-Leste in the management and arrangement processes was due to
circumstances that were created by the UNTAET, which acted as the sovereign government of Timor-Leste at the time. The National Council of Timorese Resistance (CNRT) that was considered the representative voice of Timor-Leste, was not accepted by the UNTAET as a legitimate representatives for a decision making body (Rohland & Cliffe, 2002; Beauvais, 2001; Suhrk, 2001). In turned, UNTAET created the National Consultative Council as the people’s representatives in December 1999, which was then transformed into the National Council (NC) six months later. However, this body acted only as an advisory and consultative organ, it had no decision making power either in the legislative or executive governance, including decisions regarding the management of foreign aid for reconstruction programs. The role of ETTA in this process was not much different because the ultimate authority rested with the UNTAET’s administrator.

For example, from the beginning of the period of the first resource mobilization in Tokyo, local inputs had been ignored. UNTAET and the donor community alienated the Timorese plan for reconstruction proposed by CNRT prior to the referendum. There was poor communication between the recipients and donors during the process as to the extent of the donor countries regarding the aid they provided in the name of the state-building process. Not to mention there were not many international interventions in state-building to count, thus interpretations of aid for state-building actually varies from donor to donor.

At the level of coordination among donors in the form of regular monthly meetings and bi-annual conferences, it has been considered successful. These meetings never failed to bring together fellow donors of the Timor-Leste reconstruction programs to share progress reports on their program activities. What was missing at the coordination level
were inputs from the Timorese on budget allocations and execution and implementation of programs and project activities on the ground. In the interview with a senior minister, who was closely involved with donors in planning and budget execution during the transitional period, the person said:

“... Donors don’t do what they preach...we asked for trucks to transport *tali tahan* (palm leaves) and wood to build Timorese houses, but instead donors used the money to buy blue makeshifts...those *tenda* (shelters) are temporary ones…”

(Personal interview: Dili, July 2010).

Another example, from the six basket funds, it was the CFET’s basket, which was considered to be the most accessible for suggestions and participation from the local government in the decision making process (La’o Hamutuk, 2001). Perhaps this may have to do with the fact that CFET funds were also made up of Timor-Leste’s domestic revenue, thus it was given a room for local inputs.

At the implementation level, for example, the World Bank’s Community Empowerment Project (CEP) was considered partially unsuccessful due to its lack of local participation in the decision making process, particularly the Timorese leadership. However, the Bank claimed that they considered implementing a decentralization mechanism when they designed the project. The local community was given an opportunity to make their decision, but not from the top. However, UNTAET saw that as the Bank had intervened in the local governance structure. At one point, the UNTAET showed its hostility towards the World Bank over the alienation of local involvement in the decision making process of the CEP activities (Mark Dodd, 2000 in Beauvais, 2000; Chopra, 2000).
The lack of involvement by local representatives in the process as mentioned above has been raised as lessons-learned by numerous scholars and practitioners, including those officials and consultants from the involved institutions (Neves, 2010; UNDP, 2006; Irish Aid, 2007). However, the lessons-learned have only been repetitively documented and have become archived because they were rarely implemented or never been revisited.

4.3 Foreign Aid after Independence

Following the restoration of independence, foreign aid continued to flow to Timor-Leste and it has been an inconsequential challenge for donors, and not until the recent financial crisis did some donors reduced the quantity of their foreign aid. More donors emerged, especially the non-traditional ones, through a South-South cooperation framework arrangement. At this juncture, the country also started to move from the emergency phase to the development stage. The greater part of the assistance has been aimed at the development and strengthening of the country’s state institutions to perform basic service delivery and the functioning of public administration. To date, all the incoming assistance, including Australian and Chinese aid continues to be in the form of grants.

Many have estimated that for the last nine and a half years following the restoration of independence, the foreign aid flow to Timor-Leste totaled more than three billion dollars. When added together with the assistance that came during the transitional period, it totals about five and half billion dollars. Other voices have echoed that for the
last ten years more than eight billion dollars has been pouring into Timor-Lest. According to the available data reported through OECD, between 2002 and 2009 an accumulative net ODA to Timor-Leste from both DAC countries and multilateral institutions totaled USD 2,075.66 billion (OECD, 2011).

This amount continued to be significantly higher in terms of aid per capita when compared to other countries in the region. However, it was observed that only about a quarter of the assistance stayed in the country and benefited the local population. Much of the support went back to the countries of origin through management contractual services and international consultants (Durand, 2009; La’o Hamutuk, 2010).

Figure 4.1 Total DAC Countries and Multilateral Organizations' Disbursement, ($M), 2002-2009.

The figure indicates that between 2002 and 2009, the net ODA inflow from multilateral agencies has been far smaller compared to the other bilateral DAC countries,
but both channels experienced similar fluctuations in their net ODA inflow. The highest scale of net ODA inflow from the DAC countries, occurred during the first year of independence and then declined significantly from 2003 to 2004, except from 2005 to 2007 when it surged in response to a political crisis in 2006. It declined again the following year until 2009, although the level was still higher in comparison to the sharp declines in 2004.

The sharp drop in net ODA inflow between 2003 and 2005 maybe caused by the fact that donors have turned their attention to other conflicted countries such as in Iraq and Afghanistan’s and the government of Timor-Leste began to use more of its revenue from oil and non-oil taxation. The recent global financial crisis of 2008 affected some DAC countries and caused them to decrease their net ODA inflow to Timor-Leste--they are Ireland, Japan, Portugal, Spain, the USA and South Korea. The net ODA inflow from multilateral agencies also experienced a very similar scenario in terms of its fluctuations as both have responded to similar situations and needs. However the highest rate of its net ODA inflow during that period occurred in 2007 before it declined again in the following years.

4.3.1 Aid Donors

While some bilateral donors discontinued their foreign aid at the end of the transitional administration, new bilateral donors emerged, especially the non-traditional donors such as China, Brazil, Cuba, Philippines, Thailand, and Malaysia. Assistance from these countries has been largely in the form of in-kind contributions and technical co-
operation. For example, Brazil provided support in the area of justice by sending its judges and prosecutors to build capacity in the judicial sector and the Cuban government provided about 700 seats for Timorese students to study at medical schools in Cuba.

As of the time of writing, there are more than twenty bilateral and fifteen multilateral agencies operating in and providing assistance to Timor-Leste. The top ten bilateral donors in terms of the funding quantity ranked in order are; Australia, Portugal, USA, Japan, Norway, Spain, the UK, New Zealand and Finland. See Figure 4.2 below.

![Top-Ten DAC Countries' Net ODA Disbursement, (USD Million), 2002-2009](image)

Figure 4.2 Top-Ten DAC Countries' Net ODA Disbursement (USD Million) to Timor-Leste in Constant Price from 2002-2009. Source: Extracted with permission from the OECD--online statistic on Development Aid: Net ODA Disbursement in Constant Price (2011).

Australia’s net ODA in flow to Timor-Leste by far has been the highest compared to other DAC countries and the non-traditional donors’ in-kind contributions. Total contribution from Australia is 31% (USD 404.28). Portugal’s contribution is 6% less than Australia’s disbursement, its total contribution is USD 337.55. As for the multilateral
agencies, according to OECD’s available statistic, among them are, the European Union, which has the highest net ODA disbursement followed by the World Bank and UNDP. Between the three agencies, the latter one is significantly smaller compared to the Bank’s and the European Union’s disbursement. See Figure 4.3 below:

![Multilateral Agencies' Net ODA Disbursement, (USD Million), 2002-2009](image)

Figure 4.3 Multilateral Agencies’ net ODA Disbursement (USD Million) to Timor-Leste in Current Price from 2002-2009. Source: Extracted with permission from the OECD--online statistic on development aid: net ODA disbursement in constant price (2011).

The European Union’s net ODA disbursement is 48% (USD 175.425 million); the World Bank’s expense is 37% (USD 132.004 million), UNDP is 5% (USD 18.19 million); and the rest is less than 5%, the lowest disbursement is from the WFP, 1% (USD 2.6 million).
4.3.2 Allocation and Implementation of Aid Programs

Since 2002, donors have been encouraged to contribute to and work according to the Timor-Leste’s National Development Plan (NDP) that was launched in May 2002 and the National Priorities (NP) that were established in 2008. The latter agenda was established after the Fourth Constitutional Government took office in 2007. The one-year NP was designed as transition plan before the National Strategic Plan was designed in order to address the immediate needs and to continue function of the government following the 2006 political crisis. Based on these two plans, major aid programs and their operations have been largely concentrated in the capital, Dili, far fewer than in the districts.

In the early years of independence, while awaiting its national revenue from both the oil and non-oil sectors, about 80% of the country’s state budget was funded through foreign aid. It depended heavily on external contributions to run its state affairs. In terms of direct budgetary support, among the donor community, Portugal was the only country providing direct budgetary support, while other donors gave support according to their area of interest through sectoral programs that were arranged through SIP programs (La’o Hamutuk, 2005). The budgetary support scaled down from USD 33 million in 2002 to USD 11 million in 2006 and in 2007 Timor-Leste was able to fund its own state-budget (Ministry of Finance, 2007).

As donors gave support through the TSP/SIP programs according to their areas of interest, the disadvantages of this framework coupled with the lack of ownership by the Timor-Leste government has resulted in some sectors of development left orphaned as the donors tended to concentrate on areas that became their preference. For example, the area
of infrastructure has been by far the least focused on by donors’ assistance (Sakabe, 2008). Donors tended to crowd in certain areas of social infrastructure that are more visible, for example, support in areas of justice—several donors such as the United States, Portugal and Australia, UNDP have provided their assistance in this one area alone.

For the last nine years and a half, years donors’ program aid and their implementation was allocated for the purpose of building the state institutions, except in 2006 and 2007 in response to the political crisis, some parts of the aid programs were allocated for humanitarian support to resolve internally displaced persons (IDPs). The support to build the state institutions was covered under the National Development Plan’s strategies sector on political, governance and security and the National Priorities’ good governance area. The support has been mostly in the form of technical co-operation, thus the allocation of aid for technical co-operation through international advisers by placing them at the government ministries has been the highest compared to other development sectors such as the production related sectors and physical infrastructure. Sakabe (2008) states donors’ support for basic social service programs such as education and health exceeded more than 60% of the funding and only 40% was allocated for the basic infrastructure and production related sectors (pp.224-225). As the first National Priorities Program emerged in 2008, it has six priority areas: public safety and security, social protection and solidarity, programs on youth, job opportunities and income generation, social service delivery, and good governance (World Bank, 2009). And in 2009, the government came up with the second National Priorities with seven priority areas: agriculture and Food Security; rural development, human resource development, social
protection and services, including health, security and public safety, clean effective
government and access to justice. Donors continued to concentrate their aid allocation on
the areas they have been focusing on. For example, UNDP and AusAID continued to be
involved in the public sector development by providing technical assistance to the
government ministries. USAID, AusAID, Portugal and Brazil continued to engage in the
justice sector and New Zealand, Portugal and Brazil focused on the educational sector.
According to Ministry of Finance’ report, in 2010, donors’ disbursement totaled USD
256.8 million and the largest areas of disbursement was allocated for infrastructure (roads
and water and sanitation), health and education—infrastructure development superseded
all the other areas (Ministry of Finance, 2010). The infrastructure sector received about
USD 41 million and health and education each received about USD 40 million and USD
31 million. Most of these infrastructure funds came from the ADB, Japan, China, and to
some extent Australia (for its water and sanitation projects).

4.3.3 The Role of Recipient

When Timor-Leste officially gained independence, its government preferred to
have a reciprocal partnership with its donors where it would have equal participation in
the decision making process rather than be a passive recipient of aid and the
implementation of aid programs and projects in development. The name is well-placed in
the discourse among the donor community and the government—for example, the words
of ‘donors meetings’ have been replaced with “development partners meeting.” However,
the dialogue has not been translated into the actual relations between donors and the
government, as it has been the case that foreign aid has always been donor driven in one way or another.

During the first five years of independence, there were at least two government directorates that were designated to coordinate international assistance. One directorate was under the Ministry of Planning and Finance called the National Directorate of Planning and External Assistance Coordination (NDPEAC) and was tasked with coordinating external assistance. The other directorate was under the Office of the Prime Minister called the Capacity Building Coordination Unit (CDCU) and was mandated to coordinate the capacity building initiatives provided by donors through their technical cooperation support and to be placed in government ministries.

These two institutions were not properly engaged by donors to function as they were mandated. Some donors tended to bypass them and directly deal with ministries where donors’ areas of interest were related. Some preferred to deal with officials at the highest levels such as ministers or heads of state and government. As a result, in the area of capacity building initiatives, some ministries became orphans, because they did not receive technical support from donors.

In 2008, under the spirit of Paris Declaration on aid effectiveness, and with support from the UNDP, Timor-Leste established its Aid Effectiveness Unit with the role of coordinating all the external assistance into the country. The Unit also took over the previous two directorates’ functions after they were dissolved. So far, the unit has not been functioning optimally in managing donors’ assistance and coordinating donors’ relations with the government. The lack of optimal functioning is due, in part, to the
limited capacity of the Unit, as was experienced by other government institutions, and also because the donors’ trust in the national government. Donors still do not fully trust the government’s ability to manage and coordinate their aid assistance. In 2008 after a meeting on aid effectiveness in Ghana the Minister of Finance called a meeting where she requested that the donors internalize the Paris Declaration principles into their program’s approach. However, at the back of the discussion, donors were surprised and irritated with the call—they talked among themselves about the impossibility of donors’ readiness to comply with the Paris principles. In a word by a senior UN official, the person said:

“…Emilia thinks she was able to twist her fellow government’s arms, now she thinks she can twist everybody’s arms too…“ (Personal observation note: Dili, 2008).

So far, the implementation of the principle of the Paris Declaration principles is still in its infancy stage—and is still at the level of harmonization and alignment. At this level, donors are encouraged to align and harmonize their programs according to the government’s national priorities. In response to this development, some donors have already prepared their strategic plan, however, many of them continued working with no strategic plan. Sometimes their programs overlapped with other donors or did not reflect the government’s priorities.

Some donors are simply ignoring the Paris Declaration Principle, which they participated in, agreed upon and become signatory members. In my personal interview with one of the Dili-based traditional donors, the person in-charge stated that:

”…We do not see the need to follow the Paris Declaration Principle…we have our own rules and procedures to follow with our foreign aid, we are accountable to our
headquarters...after all the Paris Declaration is not legally binding, donors could choose not to abide by those principles…” (Personal interview: Dili, July, 2010).

Often times at the program formulations level, which has a short time period, the government officials were not thoroughly consulted. The consultation was done through one or two meetings with the heads of the departments and it was assumed that the consultation was enough to develop a program that represents the needs of the government. For example, in a typical UNDP program formulation--it took only about six to ten days to formulate a program, leaving the counterparts without a sufficient period of time to absorb what might be the appropriate needs for the government. Additionally, too often during that consultation period the ideas were driven by the donors’ needs and their consultants rather than by the government’s priorities.

On the resource mobilization side, the government hardly participated in the process of determining the funding priorities. Funding arrangement has been a top-down approach. For example, those of Dili-based bilateral and some multilateral agencies (like the World Bank and the Asian Development Bank) have been dictated and received funding directly from their headquarters. At the implementation levels, except for the donors’ grants for national civil society organizations’ programs, almost all the assistance continued to be executed by donors themselves or direct execution. There may be some national execution were donors provided grants to certain projects in the ministries but the rules and procedures have yet to follow donors’ regulations and the amount provided is relatively small. Donors’ often use the excuse that the national government still doesn’t have the capacity to manage and execute a large amount of donors’ funds. In addition,
those of the DAC countries that do not have an implementing agency on the ground, such as Sweden, the UK, and South Korea, their ODA was channeled through multilateral agencies, especially through the United Nations and its sister agencies, to implement their aid programs.

The Timorese’s experience above is not a unique case. Other countries have been experiencing similar situations. For example, Parkinson (2010) highlights Afghanistan’s case showing the fact that donors’ state-building support ignored the needs of the local government—donors’ state-building efforts focused more on the central government, even so, the ownership of the Afghan government continued to be in question. Miles (2007) argues by giving the examples of Cambodia, Haiti, Sierra Leone, and Central Republic of Congo that the “micro-dynamic” aid relationship in these countries has undermined their ownership, especially with high level of aid flow. In such situations, donors tend to impose conditions on their aid assistance either directly or indirectly. Another example is the case of the Congo--Teodore Trefon, the author of ‘Reinventing Order in the Congo,” observed that lack of ownership has become a major problem in Congo’s state-building intervention by external actors. Donors tend to impose their solutions to the Congolese problem without reflecting on the real needs of the Congolese. Donors’ intervention tends to use a one size fits all solution; they become insensitive towards existing local capacity (Capacity4dev, 2009).
4.3.4 Criticisms of Aid Programs for State-Building Process

For the last nine and half years, donors’ assistance for the state-building process in Timor-Leste has had an assorted record and it prompted criticisms on the effectiveness of foreign aid on various aspects of the state-building effort. The criticisms over the past decade range from lack of participation of the national government in the process of aid management (as highlighted in the role of the recipient), to donors’ national interest, the failure of capacity building programs and the paradox of massive aid towards the reality of Timor-Leste’s economic development and to boomerang aid (Murdoch, 2011; Horta, 2011; Neves, 2011; La’o Hamutuk, 2000-2010). Given the nature of this study, it is impossible to come up with a fair presentation that could cover all the criticisms about foreign aid for state-building projects as stated above. Nonetheless, I will highlight several criticisms that have been saliently echoed in the recent years. These include donors’ national interest, boomerang aid and the paradox of massive aid and the failure of capacity building program.

Criticisms on national interest are often linked to donors’ strategic interest such as in the geopolitical and geostrategic fronts as well as the visibility. On the strategic interest, Horta (2011) points out that both the United States and China’s used their and diplomatic presence as soft power to maintain their presence in Timor-Leste and in the Asia Pacific region. It was argued that Timor-Leste’s geographic position, especially regarding the Strait of Ombei and Wetar, are strategically important for China and indirectly for the United States because of Australia and Indonesia as the USA’s close allies. The Strait is important for the passage of submarines from the Pacific to the Indian Ocean. On the
language front, Portugal’s aid has been seen as advocating its national interest regarding the use of the Portuguese language in Timor-Leste. Other donors, especially the non-Portuguese speaking ones, criticized (un-publicly) the government’s decision regarding the adoption of Portuguese as the official language. Thus these donors have been hesitant to provide assistance to support language development in Timor-Leste. As a result, this is a social development area that is lagging behind or has become an aid orphan compared to few other sectors. Furthermore, Molnar (2010) argues that Timor-Leste’s natural resources and geopolitical position influenced donors’ strategic considerations beyond their stated goals and policies in providing assistance to Timor-Leste’s state building process.

Regarding boomerang aid, it refers to the massive foreign aid for Timor-Leste however, it has little trickledown effect on the life of the Timorese and the economic development of the country. Most of the funds return to the donor countries either through their consulting firms or via expensive international technical assistance’s salaries. In 2009, Timor-Leste’s President Jose Ramos-Horta raised his concern about the matter in an official appreciation letter to the Peace-Dividend Trust organization as quoted:

“Since 1999 the United Nations and the international community has been operating in Timor-Leste…the matter of how the international community uses the funds, which they allocate for post conflict states, has been a concern for me for at least a decade…of the billions spent “on” Timor-Leste very little is spent “in” Timor-Leste” (Presidencia da República, 2009).

President Horta then added when he gave a radio interview with the ABC Australia:

“…They (donors) spent a lot of it, they claim to have spent it on training, capacity building schemes. Yes, we needed that and there has been some positive uses of that, but if that money was really used for capacity building in a proper way, every Timorese would have a PHD by now.” (ABC Radio Australia, 2009).
President Horta was not alone in his criticism, other scholars in their research on foreign aid in Timor-Leste also discover a similar phenomenon (Siapno, 2010; Durrand, 2009; Schenk; 2009). On the basis of the above statement, one could confidently argue that majority of, if not all, bilateral and multilateral governments and international NGOs in Timor-Leste have been performing with the same management approach in terms of the great disparities of salaries between the local and international workers since day one. This phenomenon is also true for other developing countries with weak local capacity—donors continue to act and implement the same aid management approach.

In addition, Prime Minister Xanana Gusmão, in his speech during the occasion of 9th anniversary of Timor-Leste’s Restoration of Independence Day added that over the last decade, the international community spent billions of dollars however, Timor-Leste’s economic development has not gone far: “…We do not see any physical development and even more poverty was created” (Murdoch, 2011. Para.2). The Prime Minister’s criticism was based on report by the UNDP a year earlier that as of 2010, Timor-Leste’s poverty index indicated more than 40% of its population still living under poverty line.

On the capacity building program, the particular focus is on building human resources capacity in the government institutions. During the early years of independence, Timor-Leste faced significant challenges in relation to the constraints on the capacity to develop a sovereign state. This capacity constraint was largely a result of the political turmoil and excesses of violence in 1999 where more than 75% of the country’s physical infrastructure collapsed (Schenk, 2009) and the exodus of more than 7,000 Indonesian civil servants back to Indonesia (Nakamura, 2004) and partly because of the withdrawal of
the United Nations civilian officers as well as its basic infrastructure at the end of its two-year authority. Thus it made the need for building and strengthening the newly independent country’s state institutions and its staff was paramount. In response to the above constraint, almost all foreign aid to Timor-Leste, either through ODA or civil society organizations or private contributions, has been in the name of capacity development. Richmond and Franks (2007) frames that dynamic (capacity development) Timor-Leste is a ‘mantra’ for the development agencies. Out of the more than five billion dollars of international contributions, about one third was allocated for a capacity building programs in the form of technical assistance (La’o Hamutuk, 2009).

The work of the capacity building exercise began with the deployment of ‘critical and most-critical’ development advisors by the UNDP and the United Nations Support Mission in East Timor (UNMISET) and it was meant for a period of one to two years. The deployment followed by UNDP-led a ‘skills-audit’ in November 2001, in which 300 international advisory positions were identified, 100 posts were planned to be funded through United Nations peacekeeping operation assessed budget and the remaining 200 posts were to be funded through voluntary contributions via bilateral and multilateral channels (Nakamura, 2004). Towards the end of the 2005 more than 250 UN advisers had been deployed in government ministries, which means not all of the 300 identified positions were filled due to funding constraints and the lack of the government’s readiness to recruit local staff. Apart from the UNDP, some bilateral donors also organized and mobilized their own capacity building programs. To date, more and more bilateral and
multilateral donors such as USAID, AusAID, JICA, the European Union and the World Bank, carry out their own capacity building programs.

Nine and a half years after the initial attempt by the UNDP, despite massive support in the form of technical assistance and financial support from various donors, Timor-Leste continued to be portrayed as lacking the capacity in both individual and state institutions. Significant voices of concerns from various observers emerged, including from donors themselves, about the result of the capacity building assistance across state institutions. The outcome has been unsatisfactory or ineffective or has had a “mixed impact,”-- thus it failed to address the capacity needs of the government (Norad, 2007; Irish Aid, 2006). The latter was cited that the effect was slow in progress and it occurs in the overarching of a state-building effort.

There are two ways to look at the failure of capacity building program—one is from external or donors’ side and the other is from internal or the recipient government’s side. Previous literature discusses external contribution in the failure of capacity development attempt include donors’ understanding about the capacity building exercise (especially in post conflict countries), power relations between the technical advisors and their counterparts and language barriers (Girgis, 2007; Hailey et al., 2005; Postma, 2003; UNDP, 2002).

Regarding donors’ lack of appropriate consideration about of how to carry out capacity building projects, what often occurred was the understanding of capacity building as a one-way learning process—from experts to learners. The idea of transformation capacity tends to hold strong perceptions that the locals know nothing. Often times donors,
and to some extent the responsible government, desire to recruit highly qualified advisors but fail to understand the existence capacity of direct counterparts to absorb knowledge transfer. On the other hand, due to the absence of proper recruitment procedures, not all of the recruited-technical experts have skills-transfer capacity. These technical experts ended up doing line functions, and had not been able to transfer their skills to the Timorese.

Regarding power relations, there have been poor mutual interactions between technical advisors and their counterparts in day-to-day activities. The counterparts were often neglected as advisors were often inclined to work closely with or were more responsive to the head of the office, such as ministers or vice ministers, than with their local counterparts. This obviously affected the process of transferring knowledge and skills to the counterparts. This phenomenon prompted the counterparts’ hesitancy to build mutual relationships with the advisors. Many technical advisors performed line-functions rather than coaching to enable the skills transfer. This contradicted advisors’ primary advisory role. Due to donors’ lack of proper monitoring tools, such discrepancies were often unreported.

Apart from technical advisers’ technical capacity, there is a tremendous disparity in the income generation between the technical advisors and their counterparts. The inequality in income generation discourages the counterparts from performing optimally in their work and discourages their willingness to learn and become more creative. On the language front, the majority of the recruited technical advisors do not speak Tetum or the working language of the government (Portuguese—for non-Portuguese speaking advisers and Bahasa Indonesia for all advisers). The language barrier is an impediment for mutual
the interaction between advisors and their counterparts. With the advisor’s short terms of recruitment, it affects the continuity and sustainability in learning because thing will start all over again when new advisors come in.

On the recipient side, according to an internal document of the UNDP of Timor-Leste regarding the evaluation of its capacity development program in 2006, it concluded several reasons from the recipient side that are seen as a contributing factor to the failure of the capacity building exercise. Particular attention was raised on one of the three pillars (pillars of capacity building: system and process, knowledge and skills, attitude and behavior) of capacity building framework-- transfer of skills and knowledge.

The issue has much to do with the educational background and work experience of the counterparts. The majority of local counterparts had high school degrees and only a few of them had a university degree from the Indonesian period and most of them were inexperienced in their field of placement, while their international counterparts were technically qualified in their placement areas and hold higher degrees (UNDP Timor-Leste, 2006). It was noted that due to an uneven level of educational attainment and deference in the number of years of job experience between the two parties, it halted the supposedly smooth process of skills transfer in a short period of period.

Another shortcoming from the government’s side is regarding the absence of a road map or strategic plan for a long-term capacity development project. In 2005, the office in-charge of coordinating capacity building in the government conducted a mapping of government human resources for the capacity building project with the objective of designing a road map for capacity building for public service. However, there was no
follow up from the government on the study to properly develop the road map. Thus donors’ support for capacity building has been on an ad-hoc basis or a response to short-term needs rather than a long-term sustainable plan. Another phenomenon is the issue of recruitment of public servants. During the early years of independence, there were cases where the recruitment of public servants was often based on the role they played as freedom fighters during struggle for independence. The recruitment was not entirely based on merit, but on the staff’s past experience. The above phenomena place donors and their technical advisors as well as the government at the center of the problem in causing the continuous lack of human resources capacity in Timor-Leste.

The above rudiments of criticisms towards donors are interrelated and could be branded under the category of international community’s national interest. Thus this includes Australia and China as donor countries, as their aid programs are also subject to criticism because of the national interests beyond their assistance’s stated goals and policies.
Chapter 5: Comparative Study of Australian and Chinese Foreign Aid Programs for Timor-Leste’s State-Building Process

This chapter chiefly analyzes the long-term goals of Australia and China in Timor-Leste through comparatively addressing the two countries’ foreign aid programs from 2002 to 2011. It analyzes these goals through core research questions posted in the previous chapter. The presentation starts by presenting both donors’ statistics and aid programs. Subsequently it analyzes both donors’ aid goals and policy, comparing and contrasting how they have undertaken and administered their aid; what are their areas of concentration and what are the criticisms regarding both donors’ performance and their aid programs and management.

Before moving forward, it is important to reiterate specific information pertaining to China’s foreign aid. Due to its internal policy, China did not reveal its aid statistics. Nevertheless, the government of Timor-Leste, through the Ministry of Finance and the Office of President, provided China’s statistics through the two countries’ cooperation agreement. Although information on China’s aid statistics is relatively poor compared to Australia’s, the obtained-information from the field is sufficient to describe the picture about China’s foreign aid activities in Timor-Leste.

5.1 Australian and Chinese Foreign Aid to Timor-Leste

As stated earlier, for the last nine and half years, Australia and China have been actively involved in the state-building process of Timor-Leste. Australia is one of the “traditional” Development Assistance Committee (DAC) donor nations. It is traditional in
the sense that the country, along with other developed nations, has been involved in providing foreign aid worldwide for quite some time and has become an established donor within the donor community. Australia is among the top-ten aid providers within the DAC countries besides the Nordic countries, Canada, United Kingdom, and the United States. Most of Australia’s ODA has been provided to countries in the Asia Pacific region and is now starting to expand to African nations. In the context of Timor-Leste, Australia is also a traditional donor along with Portugal, the United States, Norway, Japan, and the EU, among others. Australia’s ODA to Timor-Leste started in the 1980s since the Indonesian period (AusAID, 2011). For the last five years Australia has been the biggest ODA provider among bilateral donors to Timor-Leste, it bypassed Japan in 2005 and the United States in the early years of the Timor-Leste independence.

While China, it is considered an ‘emerging donor’ together with countries such as India, South Korea, Thailand and several oil rich countries in the Middle East and Latin America (OECD, 2010). The term ‘emerging’ does not necessarily mean new comer, it is just used to contrast China from the established donor nations, because some of them have been involved in providing development assistance for a long period including China itself. China provided foreign aid in the form of economic aid and technical assistance since 1950s (Government of the People Republic of China, 2011). China particularly continues to portrait itself as developing country and this has become its national pride. Nonetheless, China desires to play a leadership role among developing countries. For example, in the United Nations, sometimes China itself claims to be representing the developing countries’ voice. In the area of economic and development cooperation, China
is more interested in working through the South-South Cooperation framework (Brautigam, 2009). Speaking to the Pacific Island Forum Summit in Cairns in 2009, China’s head of Pacific relations, Mr. Wang Yongqiu, stated about China’s foreign aid policy:

"China is still a developing country, and our economy is not that developed. Despite that, we have provided aid within our capacity; we believe this kind of help is offered between friends, as south-south co-operation... our aid comes with no political strings attached. It is not a means to exert political pressure or to seek political privileges. We discuss aid projects with the recipients based on their needs; usually we do not provide aid by cash” (The Australian, 2009. Para 15-16).

Most of China’s aid for the last ten years was dedicated to Africa as well as Southeast Asian countries. In Timor-Leste, China is also an emerging donor along with countries such as South Korea, Cuba, Brazil, Spain, Malaysia and the Philippines. China’s foreign aid disbursement to Timor-Leste development did not start until 2000. Before that, during the independence struggle, China’s support to Timor-Leste was demonstrated through diplomatic and political solidarity. For example, China consistently voted against Indonesian’s presence in Timor-Leste at the United Nations General Assembly’s annual meetings on the Non-Self-Governing Territory (see annex on the UN voting behavior on Timor-Leste). On the other hand, Australia supported Indonesia’s presence in Timor-Leste. In fact Australia was the first country in the Asia Pacific region to recognize both the de-facto and de-jure of Indonesia’s rule over Timor-Leste (Dunn, 1995; Federer, 2005). Even up to 1999 the Howard government of Australian tried hard to prevent the international community from restoring peace and security following post-referendum violence in what Fernandes called ‘the bitter end’ (Fernandes, 2010).
In terms of ODA volume, Timor-Leste is among the top-ten recipients of Australia’s bilateral foreign aid in the Asia Pacific Region. According to OECD statistics, Australia’s top-three recipients are Indonesia, Papua New Guinea and the Solomon Islands. Timor-Leste ranked eighth before Cambodia and Bangladesh in 2008 and ranked fifth in 2005. Between 2008 and 2009 the OECD reported Australia’s bilateral top-ten ODA recipients based on nominal distribution were ranked according to Figure 5.1 below. Timor-Leste received 5% out of its total disbursement of USD1,413 million. The exact statistics on China’s foreign aid worldwide or in the region are unknown due to restricted publication by the Chinese government. Yet different figures are presented but are mainly based on estimates or data obtained from the host government. For example, the Lowy Institute of Australia, in their series of studies about Chinese aid in the Pacific reported that between 2005 and 2009, China pledged over USD 600 million to the Pacific Island nations (Lowy Institute, 2011).
Statistics on Australia’s ODA disbursement to Timor-Leste as reported by the OECD and AusAID are presented in Figure 5.2 below. From 2002 - 2010 Australia’s ODA disbursement to Timor-Leste totaled USD 500.857.3 million, of which 2010’s statistics are the highest compared to previous years. In 2010, AusAID estimated its total ODA to Timor-Leste was USD 103 million (AusAID, 2011). As the Figure suggests Australia’s ODA flow for the last eight years has not been steady. After 2002 Australia decreased its ODA by about 25% until 2005. In 2006 Australia increased its ODA and it rose significantly in 2007. However it decreased again the following year until 2009. The rise in ODA for 2006 and 2007 was reportedly in response to the 2006 political crisis and it was mainly for humanitarian assistance of the internally displaced persons. The sudden significant increase in 2010 reflects Australia’s strategy program for 2009-2014 expenditures. Its strategy program focuses on four areas: health, education and service
delivery; employment opportunities; good governance including transparency and accountability; and community policing.

![Australia Gross ODA Flow to Timor-Leste in USD Million, 2002-2010](image)

Figure 5.2 Australia’s Gross ODA to Timor-Leste from 2002-2010 (USD Million). Source: Extracted with permission from the OECD--online statistic on Development Aid: net ODA Disbursement in Constant Price (2011). Note: Statistic for 2010 was based on estimation.

China’s statistics on aid flow to Timor-Leste are presented in Figure 5.3 below. As the available statistics suggest, from 2000-2010, China’s total aid to Timor-Leste accounted for USD 50,528,608 million. China’s highest contribution occurred during 2005—it was about USD 9.2 million. It was reported that this money was partially used for its medical team and for telecommunication equipment. China’s aid flow has not been steady. Unlike Australia, the nature of China’s aid flow is arranged through project-by-project programs that are agreed upon between the governments of China and Timor-Leste.
While Australia’s ODA flow reflects its country program strategy that was said to be based on the government’s national development priorities.

As the above statistics reveal, Australia’s volume of ODA flow to Timor-Leste is far greater than that of China’s. In 2010 alone Australia’s ODA exceeded that of the Chinese contributions to Timor-Leste during the same ten-year period. Both Australia ODA and China’s foreign aid to Timor-Leste has so far been in the form of grants.

### 5.2 Aid Goals and Policies

Every donor country proclaims to have reasons for providing their overseas assistance to developing countries or to countries that are in need of support. Their motives, some declare publicly and some explicitly, are generally driven by their foreign
policy, which encompasses their national interest and altruistic gestures. At the global level, the Australian government stated in its 2006 White Paper that Australia’s aid is to “assist developing countries to reduce poverty and achieve sustainable development, in line with Australia’s national interest” (Australian Government, 2006). On its official website, Australia’s aid agency, AusAID, presented a list of reasons for Australia’s assistance to Timor-Leste (AusAID, 2010). There are five main reasons: First, to reduce Timor-Leste’s poverty; Second, Australia’s aid making difference in the lives of the Timorese people; Third, Australia’s national interest; Fourth, Australia’s aid programs and finally, Australia’s – Timor-Leste country strategy. The statement was further reinstated by the AusAID Dili Minister-Counselor, Ali Gillies, during the donors’ meeting in 2010 in Dili that Australia’s support is not only for ‘altruistic’ purposes, but it is also very much for Australia’s ‘national interest’ to see that Timor-Leste becomes a ‘strong and prosperous’ nation (AusAID & Gillies, 2010). China’s reasons for assisting Timor-Leste are not publicly announced. However, during the field research interview, China’s representative at the embassy in Dili, stated that it is part of the Chinese government’s international duty to assist others and to build friendships among developing countries including Timor-Leste (Personal interview: Dili, July, 2010). Both donors stated they are keen to continue providing assistance and will play important roles in Timor-Leste’s future development.

From the outset it shows that Australia desires to have close engagement in Timor-Leste’s social, economic, and political developments. On the social and political sides, they are closely linked with security and stability. Regarding this, Australia
considers Timor-Leste’s geographical proximity, combined with the fragile and unstable security situation due to frequent conflicts every two years from 1999 to 2008, that it might repeat the event in 1975 and 1999 with Timorese refugees’ making an exodus to Australia (La’o Hamutuk, 2010). Additionally, Australia is also concerned about the possibility of terrorism and drugs-smuggling activities due to weak border management.

In short, security threats become paramount for Australia’s support while trying to foster democratic governance and reducing poverty for MDGs purposes. China’s public reasons for support sound like a philanthropic act and a moral obligation as world community member.

However, according to the empirical research on the ground and early literature demonstrate that both countries’ reasons for providing assistance to Timor-Leste went beyond their stated goals and policies. While recognizing some of the above public reasons, the findings from empirical studies are inclined to associate the assistance with the long-term interests of the two countries, that their aid is used to gain their long-term goals. The finding could be summarized into three main motives: geopolitical, geostrategic and economic interest. These outcomes further strengthen the argument of previous literature. For example as suggested by Horta (2011) regarding China and the USA’s soft power behind their foreign aid programs. These three motives are closely interrelated and reflect both countries’ medium and long terms interest in Timor-Leste and specifically in the Southeast Asia region.

On the geopolitical and geostrategic fronts, Australia and China’s reasons for providing assistance to Timor-Leste are seen as driven by their foreign policy, which is
their desire to have hegemonic power in Southeast Asia. Timor-Leste’s geographical proximity to Australia and its being surrounded by the other Southeast Asian nations where China now has greater influence in the economic, social and cultural spheres of those countries fits well into these two categories. China’s assistance is seen as an attempt to gain a strategic foothold in Timor-Leste, which is part of its wider Asia-Pacific ‘soft power’ push. A senior diplomat from Timor-Leste broadens China and Australia’s geostrategic and geopolitical influence in Timor-Leste with other Southeast Asian countries:

“I think China is trying to strengthen its influence in Southeast Asia—they (China) have fairly strong relationships, especially after the fall of Soeharto (former Indonesian President), that is the relationship with Indonesia. Indonesia is a well-established country, they do not have as much leverage as they would have with a country like Timor-Leste, which is a new country, but internationally it is quite important and for Australia as well, it is something that has not really changed since second World War II when Timor-Leste became a buffer zone for the security to ensure the security of Australia.” (Personal interview: Dili, July 2010).

Professor Helen Hill from the Victoria University linked Australia’s geostrategic goals with the country’s security interest and China’s diplomatic interest as quoted:

“...Obviously, Timor-Leste is close to Australia’s shore...all the countries that have and are very close to Australia, PNG being one, Indonesia’s West Papua being another, Timor being another, Australia always likes to have some control over the approaches to Australia from a sea boat in areas of drug smuggling or terrorism or illegal migration. China’s one-China Policy...Timor-Leste has always been taking a one-China Policy...all the Timorese government you know, and the CNRT who fought during the struggle, they have always taken one-China Policy, they never gave any room for Taiwan to exercise any diplomacy” (Personal interview: Dili, July 2010).

Australia’s claim of Timor-Leste as geographically closer is without doubt, which makes Timor-Leste strategically important in shaping its foreign policy in the region. As
Seddelmeyer (2009) states, Australia’s foreign policy and regional relations are very much shaped by its geographical factors and it has existed since the British Empire in the 18th century (p. 10). It becomes more salient at the end of the World War II after Australia repositioned and reorganized its foreign policy to become a middle power in the region. Australia has claimed for years that it cannot let another country take over the lead of Timor-Leste since it is strictly connected to its border. In Australia’s Defense White Paper issued in 2002 it clearly stated:

“We would be concerned about major internal challenges that threatened the stability and cohesion of any of these countries. We would also be concerned about any threat of outside aggression against them. We have a key interest in helping to prevent the positioning in neighboring states of foreign forces that might be used to attack Australia” (p.31).

This stand makes it obvious that Timor-Leste is treated within Australia’s security policy framework regarding Australia’s regional power. Furthermore, recently the Australian Strategic Policy Institute (ASPI) proposed in its study that the Australian’s Australia’s Defense Force (ADF) continue its station in Timor-Leste for some time and the Australian government was advised not to compete with China in Timor-Leste. The Institute confidently proposed: “Timor Defense Forces would need assistance until 2020…Australia shouldn’t directly compete with China for Timor-Leste’s affections…instead, the Timorese may need to be reminded, in more beguiling ways, of where Timor-Leste’s true and most reliable friendships lies” (ASPI, 2011). This move was seen as Australia’s attempt to gain attention and to make Timor-Leste dependent on Australia’s defense forces and to discourage Timor-Leste’s defense forces from being influenced by China and other countries.
Australia considers Timor-Leste not only because of its natural border but also because Australia believes it saved Timor-Leste from the catastrophe during the 1999 post referendum violence with pro-Jakarta militias. On this ground, Ishizuka (2004) challenges this notion by pointing out that the change of Australia’s position from “a pro-Indonesia to a pro-UN policy did not imply a pro-East Timor…(but) economic influences were significant…for the Australian government the Timor Sea is an opportunity that must be pursued with all available strength” (p.283). Furthermore, Australia sees Timor-Leste as its ‘little brown brother’ in its backyard in the Asia Pacific region. Australia is inclined to treat Timor-Leste like another Solomon Island or PNG where Australia predominantly exercises its political power over the region’s national interest. Contrary to Australia, China, as Cotton and Ravenhill (2001) conclude in their study, does not want an independent Timor-Leste to become ‘too dependent’ on its neighbor Australia and to ensure that Timor-Leste continues to recognize China with a one-China policy, so it does not fall for Taiwan’s ‘dollar diplomacy’ (p.122). With this circumstance it is as if Timor-Leste is used as a battle ground for Australia’s political influence and China’s soft power approach to Timor-Leste.

On the other hand there was also an argument about the competing interests between Australia and China that are driven by Timor-Leste as well. One informant from Timor-Leste argues that Timor-Leste used China’s support or China’s engagement to send a message to Australia because lately, Timor-Leste’s relationship with Australia is quite tense-- especially regarding oil and gas issues. The Australian Prime Minister Julia Gillard’s recently proposed the idea for a refugee-processing center to be built in Timor-
Leste, which was half-backed, and only exacerbated the situation because almost all Timorese including the Parliament and the government rejected the proposal.

On the economic front, Timor-Leste’s natural resources, such as oil and gas, have become the main reason for both countries’ assistance in Timor-Leste. However, there are different stands especially on Australia’s side. Professor Damien Kingsbury of Swinburne University argues that Australia’s interests are represented by private commercial companies, while China’s interests are represented by the state:

“Timor-Leste is one place where China has already expressed an interest in resource development, among many others. Oil and gas are important resources for all countries and China has explicitly linked its assistance to gaining further access to those resources. Australia’s aid program is not linked, however, to the private commercial activities of companies that are based here (Timor-Leste)” (Personal interview: Dili, July 2010).

There is a counter argument saying that although publicly Australia’s interest in oil and gas in Timor-Leste are represented by its private companies, those private companies pay taxes to the government and since foreign aid to Timor–Leste comes from taxes it is not totally a separate interest. Associate Professor Clinton Fernandes of the New South Welsh- Canberra revealed his knowledge about Australia’s position on oil and gas during a personal interview that some Australian government officials think that they should give aid to Timor-Leste from Timor-Leste’s natural resources because Timor-Leste is considered incapable of spending their money (Personal interview: Dili, July 2010). The earlier literature states that Australia has had an interest in Timor-Leste’s oil since the Portuguese era. Rumley (1999) argues that during the Indonesia period, relations between Australia and Indonesia had been greatly influenced by the prospect of large oil reserves.
in the Timor Sea. The Australian government signed a treaty with the Indonesian government for the sharing of natural resources in the Timor Sea. As for China, its other economic interest links with future market opportunity in Timor-Leste—to be able to use the country as a market for its third class goods or third world quality products—first class quality products go to Australia and second class product go to countries like Indonesia, Malaysia, and Vietnam.

Australia and China may not have competing economic interest among them in Timor-Leste because Timor-Leste is not Australia and China’s real market. Both Australia and China are partners in economic relations. Rumley (1999) argues, “China is increasingly market oriented and thus regional and global interdependence and its development imperative combine to create immense opportunities for Australia to help guarantee food and resource security and to provide technical adviser and service expertise of various kinds” (p.131). According to Australia’s Department of Foreign Affairs recent report stated that China is Australia’s second-largest trading partner after Japan (Australian Government-Department of Foreign Affairs and Trade (2009). Furthermore, Ang (2010) states that Australia’s economic boom in the 1990s was because of China’s high demand for Australia’s natural resources (largely coal and iron)—Australia benefited tremendously from China’s call for natural resources (p. 127). However, it does not mean Australia has zero interest in economic opportunity in Timor-Leste. From Australia’s point of view, it is in their interest to see that Timor-Leste becomes a prosperous country because if Timor-Leste is prosperous, demand for the Australia’s goods will increase, and
Australia could expand its market. Moreover, Australia also wants to make sure that any
government in Timor-Leste is friendly to Australia.

The above empirical studies and previous literature imply that regardless of what is
written in the statements about their noble reasons, both China’s and Australia’s actions
on the ground speak boldly about their interests in the region. I would argue that both
countries have used their aid as a type of currency or soft power for buying time, political
influence and to gain the minds and hearts of the people of Timor-Leste in order for both
countries to maintain and achieve their long term geopolitical, geostrategic goals and
economic interests. Even though neither country has direct links to the current aid
activities and management on the ground, in the broader scope both countries’ foreign aid
can indirectly influence their competing interests. As Davis (2006) argues, Australia’s
development assistance has influenced its foreign policy since World War II and it
continues to be ‘politically and conceptually dominated by’ its national interests (p.29).
This argument may agree with the informants who think that, regardless of whether
Timor-Leste has oil or not, Australia will intervene in Timor-Leste. However, Australia’s
market-oriented development cooperation opens up opportunities for its private companies
to quest for oil and gas in the Timor Sea. At the time of writing, the Timor-Leste
government and the Australia’s Woodside oil company continue to be in dispute over the
best means for the Greater Sunrise oil production. The long-debated issue centers on the
building of natural gas pipelines for oil and gas processing— the Timor-Leste government
is eager to bring the pipeline to Timor-Leste, while the company is keen to build one of
the world’s first floating pipeline to Darwin, Australia.
For the last nine and a half years, Australia has shown an increased interest in security and has become stronger with the emergence of China in Timor-Leste. Australia’s choice to prioritize social infrastructure could be used to influence and shape Timor-Leste’s political culture, which will threaten Timor-Leste’s political sovereignty. China’s emphasis in visibility is not only in Timor-Leste but also in other parts of the world, especially in Africa. China’s ‘no string attached’ approach to foreign aid disbursement could be seen as buying time for its future economic opportunity. Today, in Timor-Leste, a large number of Chinese immigrants, known as new comers, are involved in economic activities throughout the territories. Some observers views this massive influx of Chinese small businessmen as a potential trigger that could ignite future conflicts between the locals and the new immigrants as they compete for economic opportunities. In the capital of Dili, Chinese businessmen dominate gas stations on every corner. Chinese companies were awarded several major projects by the government including heavy oil power plant construction. In January 2011, representatives of China’s state-Exim-Bank paid a visit to Timor-Leste to start negotiating a ‘soft loan’ for Timor-Leste’s infrastructure development (Horta, 2011).

5.3 Aid Programs and Management

For the last nine and a half years, Australia’s ODA to Timor-Leste has been heavily centered on social infrastructure and services. It accounted for more than 80% of its ODA. Its social infrastructure programs mainly cover education, health services, government and civil society, conflict, peace and security, water supply and sanitation,
social services, and population or the reproductive health sectors (AusAID, 2009; OECD, 2010). Among the social infrastructure programs, the government and civil society (mostly government) and the conflict, peace and security programs have received more attention compared to the other sectors. Other areas where Australia has been involved are the production and humanitarian relief. The later activities included in the areas of agriculture, fishing, small industry and multi-sector cross cutting issues such as environmental protection. This sector received about 6% of its total ODA. Figure 5.4 below indicates Australia’s statistical summary of aid programs to Timor-Leste between 2005 and 2008.

China’s foreign aid flow was arranged by projects. According to the Ministry of Finance’s report, China’s aid programs were allocated to three main areas: physical infrastructure, technical cooperation, which included health (Chinese doctors), scholarships for Timorese students and training and agricultural development. Since 2002, China has provided training to more than five hundred Timorese civil servants in different technical skills areas such as, administration, tourism, construction and technology (Personal interview--Chinese-Dili Embassy, 2010). In addition, China also sent its medical doctors to Timor-Leste to work in hospitals---about 12 Chinese doctors have worked in the country for the last five years.

China’s major physical infrastructure development, which is where it built the office of the Ministry of Foreign Affairs, did not occur until in 2006. Prior to that, Chinese involvement was in the area of technical cooperation for issues such as trainings of government officials in different office skills and agriculture development, mainly in
distribution of agricultural tools and seeds. However, its biggest contribution so far is not in the area of infrastructure. As China’s statistics suggest its total contribution for physical infrastructure development was about USD 13.1 million out of its total foreign aid since 2000, while its contribution for combined social infrastructure was about USD 29.8 million. China’s focus on physical infrastructure may occur more in the future, but that has not been the case for the last ten years.

As the aid programs suggest, although the two countries have contrasting figures in their aid volume, both Australia and China are involved in the same programs, which are social infrastructure development. The difference is Australia’s social infrastructure
programs are broader than that of China’s aid programs. For example Australia is also involved in areas including strengthening civil society organizations, gender and women’s empowerment, and youth and children, but China is not involved in these areas. China’s assistance is largely concentrated in Dili, the capital, while Australia’s aid programs, are delivered not only in Dili but also in the surrounding districts for programs such as water and sanitation and youth development. The apparent contrast between the two donors in their aid programs is regarding major physical infrastructure. Australia has not been involved in physical infrastructure development the way China has. China may likely to do more in the future. Since 2006 China has been involved in building two principals public institutions, which are the Office of President and the Ministry of Foreign Affairs. Soon China will finalize building the Office of the Ministry of Defense and 100 houses for the veterans—the construction work started in 2010. Australia’s physical infrastructure is considerably minor in a sense that it did not involve major public buildings. So far, its physical infrastructure is in relation to water and sanitation—AusAID built wells and sanitary buildings in rural areas across a number of districts.

Australia is not alone in focusing on social infrastructure programs. Australia, along with other traditional donors in Timor-Leste, have been avoiding major physical infrastructure projects, except the contribution that Australia made through the TFET funds during UNTAET period for several physical infrastructures projects such as school and health rehabilitation projects. The top ten bilateral donors, except Japan, are heavily involved in social infrastructure programs through providing technical assistance. For example the United States aid program in Timor-Leste focuses on small economic
activities (such as providing business-friendly legal framework and promoting small farmers’ agriculture product for access to market) in addition to governance and the rule of law.

Timor-Leste is not a unique case for Australia in its focus on social infrastructure programs Australia’s involvement in other parts of the world has also heavily emphasized social infrastructure programs. For example, in the Asia Pacific region, Australia’s aid focuses more on social infrastructure programs, except in Afghanistan where its aid focuses more on humanitarian relief (OECD, 2009). In Indonesia, Australia’s aid is largely for education, water and sanitation in the rural areas and for strengthening civil society organizations in the eastern part of Indonesia. In PNG, Australia’s aid involves governance; rule of law, and security and in Solomon Island, Australia virtually runs the country. While China’s aid programs are the same—it has been heavily concentrated on physical infrastructure development. In recent years China’s involvement in Africa has been chiefly concerned with physical infrastructure development such as railways, roads, public infrastructure buildings sports facilities, are among others. Moyo (2009) reports that according to China’s own statistics, it has invested about USD 900 million and was largely for infrastructure development (p.103). So far China has built roads in Ethiopia, sports facilities in Sierra Leon, Angola, Mozambique and oil infrastructure or power plants in oil-rich countries such as in Nigeria, Angola and Sudan.

On the management front, both Australia’s and China’s cooperation with Timor-Leste is arranged through government to government or what is known as G to G cooperation framework. Besides bilateral cooperation, Australia also involved in
multilateral cooperation by providing assistance through the United Nations agencies and the World Bank as well as some locals and Australia-based non-governmental organizations. China’s involvement in multilateral cooperation is relatively small compared to Australia. Australia’s development assistance is generally managed by its aid agency, AusAID office. China does not have a funding agency like Australia and most western donors do. In Timor-Leste, Australia’s aid is managed by the AusAID-Dili office, which is attached to the Australian embassy. China’s aid is managed through its embassy in Dili with a representative from the Ministry of Commerce. China’s cooperation with the government of Timor-Leste is established under the name of Economic and Technical Cooperation. It coordinates through the ministerial level and involves Timor-Leste’s Ministry of Foreign Affairs and China’s Ministry of Commerce and Ministry of Foreign Affairs. Australia’s cooperation with Timor-Leste is established through a Bilateral Cooperation Agreement that is also at the ministerial level and it is based on sectoral Memorandum of Understanding (MOU). Currently Australia has about five bilateral cooperation agreements with the government of Timor-Leste in areas that include defense and security and governance and public service especially for human resources development cooperation.

In terms of aid flow, Australia’s assistance is arranged on a regular and on an annual basis, while China’s assistance is managed according to each cooperation agreement and is not on a regular basis but dispensed by projects. Australia’s bilateral assistance is largely executed and implemented by Australian management consulting firms. Currently the biggest implementing agency of AusAID is a company called GRM
International based in Brisbane Australia. This consulting firm is involved in implementing a project called Public Sector Capacity Development Project (PSCDP). It focuses on governance and public administration through recruitment and management of international technical advisers and places them across government ministries. The government’s role in the process of bringing in these advisors is very limited; and the project coordinators are responsible for the decision-making. The large amount of aid is for the payment of salaries to the international experts. This form of aid generates criticism by the recipient government and the people of Timor-Leste because it is seen as boomerang aid that helps the donor country by providing jobs to its citizens rather than jobs for the recipient country.

China is indifferent from Australia. Almost all of its assistance has been managed and executed by China’s state-owned consulting firms. The government plays almost no role in determine who is who to involve in implementing the Chinese’s aid program. China brought its own skilled-workers to work in the construction companies with limited involvement of low-skilled Timorese workers. Thus China too creates an aid boomerang effect in Timor-Leste. However, the government seems to have no problem with this arrangement—the government’s view is that China’s contributions so far have been generous. In the interview with the senior government official from the Ministry of Infrastructure, the incumbent said:

"Hau hanoin ita la persija perokupa, husik ona ba be sira mak hakarak fo ne’e…buat gratuita ne’e husik ona ba…lalika preokupa.” (Personal interview: Dili, July 2010.)
Translation: “I think we don’t have to worry about it, let it be…they (China) were the ones who wanted to offer their help to us …it is gratuity so just let it be…we don’t have to worry about it.”

China’s aid management is exclusively between the two governments (Timor-Leste and China). China did not work closely with other donors in Timor-Leste. Many donors criticized China for having exclusivity and rigidity in its aid management. China hardly attended regular informal donors meetings or meetings that were hosted by the Timorese government and the World Bank. In a colloquial message by Chinese representative in Dili passing through a government official from the Ministry of Finance, the representative said:

“…If you want to find us, go to project sites, we do not come to the meetings because we are busy working in the field.” (Personal interview: Dili, July 2010).

China also did not provide regular reports about its foreign aid activities to the government’s Office of Aid Effectiveness. The Government’s archive on Chinese aid statistic is based only on the source stated in the cooperation agreement at the ministerial level.

Despite the fact that China appears less cooperative than other donors, the government of Timor-Leste seems to be more comfortable with the way China manages its aid because its less bureaucratic compared to most western donors, including that of Australia’s aid management. But the government does acknowledge the transparency process of most western donors. A senior government official at the office of Aid Effectiveness revealed:
“China does not have too much bureaucracy in their development cooperation process…when the high level officers approve the implementation following the agreement occurs very fast…this is what Timorese government wants. Compared to other donors, (they) are too complicated…at the high level saying that thing should be implemented but the implementation process takes so long, they go through every little detail. One they show transparency but they don’t understand the character and work ethic of Timor-Leste” (Personal interview: Dili, July 2010).

China’s fast-track approach with no strings attached had won the hearts and minds of not only the Timorese government but also the governments in other countries where China provides aid, including in Africa. For example, the Agency France-Presse (2011) reported the IMF-World Bank meetings in Washington in April 2011--Togo’s Minister of Finance was quoted as saying:

“…Most of our countries (Africa) cannot access to the markets to borrow. We are forced to turn sources of concessional financing, which are now very, very limited…we are forced to call back on Chinese loans, which are concessional and affordable for our country…if we had gently approached our traditional partners, they would have discouraged us” (AFP, 2011. para, 2-8).

In addition, other observers include Moyo (2009); Brautigam (2009) and Rebol (2010) who involved in research about China’s aid management in Africa covered similar observations regarding China’s no-string attached and no-interference policy in its aid management approach.
5.4 Criticisms of Australian and Chinese Aid Programs

As stated in the previous chapter that Australia and China as aid donors too were criticized regarding the two countries’ aid programs. On the national interest end, China’s presence in Timor-Leste has generated some discomfort among the Dili-based traditional donors as in Moises Naim’s words, China’s presence is considered “toxic” towards the established donors. Actually Cuba too—the two nations were seen as favorite donors of both the Marí Alkatiri government and the current Gusmão government. Cuba was a favorite because the Alkatiri government agreed to Cuba’s offer of 700 seats for Timorese students to study medicine in Cuba. In 2007, the Norwegian Cooperation in Timor-Leste conducted a review and an independent consultant called Scanteam carried out the work. They noted sentiments among some DAC donors over these two non-DAC donors’ offer (p.54). Some DAC donors have drawn conclusions from the angle of ‘global strategic competition for resources and influence’, which China is the great subject of this framework, given Timor-Leste’s natural resources and geo-strategies position.

Sentiments about China’s presence and its assistance have obvious impacts especially when the previous government negotiated a deal that was followed up by the current government in 2010 to purchase two navy-patrol boats for the Timor-Leste Defense Force. The act prompted some donor countries’ concern, principally Australia and the USA, that Timor-Leste has taken sides with China and abandoned its ‘big brother’ and even more so when Prime Minister Xanana Gusmão regards China as Timor-Leste’s ‘true friend.’ Speaking on the occasion of laying the construction work on the soon to be opened Chinese-built Office of the Ministry of Security and Defense, Prime Minister
Gusmão was quoted as saying:

“We are firmly committed to incrementing bilateral cooperation in the military area with friendly countries that provide us with uninterested support…our Chinese brothers and sisters are clearly part of this group…there is nothing that would prevent us from requesting and accepting, their help, nor would it be legitimate for anyone to seek constraints to our options” (Democratic Republic of Timor-Leste, 2010).

In reaction to the Prime Minister Gusmão’s speech, at least two senior representatives among prominent traditional donors in Dili immediately contacted a senior government official about the Prime Minister’s move—details about conversation were not revealed for courtesy purposes, but said to be in relation to the Prime Minister’s speech (Personal interview: Dili, July, 2010). Among Australia’s observers, an unnamed Australia’s senior diplomatic analyst was quoted by the *Australian*, a newspaper: “China’s foray into what has been traditionally regarded as ‘Australia’s sphere of interest’ had set alarm bells ringing in Canberra” (The Australian, 2010, para, 3). In addition, Hugh White, a former deputy secretary in the Defense Department and who is now head of the Strategic Defense Studies Centre at ANU added: "It is contrary to a very deep intuitive sense we have of our strategic interests. And I don't doubt for a moment Australia will be very nervous about this" (ibid. para, 5). In a slightly different and indirect tone but also highlighting the procurement process, a senior diplomat of one of the traditional donors in Dili stated in the interview:

“I don’t see this is a major problem…the decision of where to purchase this equipment like the patrol boats it is the ultimate decision of the government of Timor-Leste…but we suspect that is also has political elements involved here and Timor-Leste’s involvement here has the opportunity to assert itself as an independent sovereignty vis-à-vis because they have cooperation with Australia and they make decisions to purchase boats from somewhere else and that is
entirely within their right…the question and criticism (is) about the transparency in the process…it was not an open tender process and no justification but again in terms of the general criticism and the purchasing principle, those are legitimate criticisms” (Personal interview: Dili, July 2010).

This growing concern of Australia and some other DAC donors about China’s presence and ways of approach have deepened the discontent on the Timor-Leste side, especially about Australia’s treatment of Timor-Leste. Australia is always seen as meddling or interfering in Timor-Leste’s internal affairs. Timor-Leste became suspicious of Australia’s intentions behind its gestures, including its foreign aid assistance. Some view that Australia and China have used Timor-Leste as a battleground for the two countries’ competing interests in the region.

On the other hand, China has been quiet and continued to work and provide assistance to Timor-Leste. It has not reacted publically to the criticism from other donors. China’s attitude may best be framed as silent diplomacy. China’s growing confidence in Timor-Leste perhaps was boosted with the recent declaration by Timor-Leste’s President to a Portuguese news Agency, Lusa, and then reported by the Macau Hub news agency that Timor-Leste will turn keep China as its trading partner: “…I don’t think there are many options for East Timor in terms of demands (needs) other than China…I see China as one of the few countries in the region or in the world from where East Timor can attract some investment” (Macauhub, 2011). This move sent a message about who will be Timor-Leste’s close partner but it has yet to be seen in the future.

On the programs side-- Australia’s aid program has been criticized for being spread too thin across the country, which resulted in some areas receiving more aid and
some less aid. In a joint press conference between Timor-Leste’s President Jose Ramos-Horta and Australian Foreign Minister Kevin Rudd, President Jose Ramos-Horta was quoted as saying:

“In the past Australian aid money was all over the place (scattered), in 20 to 30 different areas of support. So I don't want to sound ungrateful or anything like that…but sometimes countries are generous, no doubt about it, but with their own strategies in addressing these views of world poverty” (The Australian, 2010. para, 3-4).

President ’ Horta’s criticism was acknowledged by Foreign Minister Rudd as ‘right’ about the Australia’s aid program in Timor-Leste: “...in the past I think Australia's development programs were too scatterbrained” (The Australian, 2010. para,7). In 2009, the Australian National Audit Office found that most of Australian aid to countries in the region, including Timor-Leste, is designated for expensive salaries of technical assistance. It created a ‘boomerang aid’ effect as most of the technical assistants were Australian nationals and most of the money will go back to Australia. Another criticism is regarding its aid planning and program management. It operated with no country program strategy for Timor-Leste until in 2010 and it lacked transparency (Eureka, 2009). The latter referred to the lack of progress reports on indicators as well as evaluations on the failure or success of Australia’s aid programs.

Furthermore, some says the AusAID program is designed to meet Australian national interests and Australia will make sure that no other country makes their presence obvious in Timor-Leste. Australia’s 2006 White Paper states so that its aid program is an integral part of Australia’s foreign policy and security agenda and it is based on Australia’s national interest. In short, Australia does not want to see other countries’
military engagement with Timor-Leste, especially China. Moreover, criticisms have also mounted regarding Australia’s aid program to Civil Society Organizations. Australia’s aid was seen as a coercive tool against local NGOs. For example, in 2005 there was an incident where AusAID canceled grants to several national NGOs (after the grants were committed) that criticized Australian’s policy on the Timor Gap and oil exploration (Neves, 2006).

Australia has an aggressive tendency to be dominant in its aid program approach and the attitude became more apparent during the Gusmão government in 2007. For example, in the area of public administration, Australia slowly dried up its multilateral support through one of the UN agencies that has been involved in public administration projects since 2002. In so doing, it aimed to open up opportunity for its consulting firm, GRM, to take over the responsibility in the area of public administration development. It seemed to imply that its contribution through multilateral organizations, at least in the context of Timor-Leste, serves as a window curtain to prevent it from seeing been as the only player. In supporting the establishment of the first Timor-Leste Public Service Commission, Australia took over responsibility almost as if they were the single player—they wanted one of their advisors to become the Public Service Commissioner. In response, the Government of Timor-Leste, through a Council of Ministers meeting, rejected the proposal on the basis of sovereignty provision. In addition, Australia has been trying to make sure to place its technical advisors in key national positions such as in the office of President, Office of the Prime Minister, Council of Ministers and the Ministry of Finance. This resulted in some government ministries’ needs for advisers being neglected.
As for China, the criticism refers to its emerging assistance on infrastructure development in the country. Some traditional donors view China’s intervention as an intrusion, with the intent to gain the confidence of the government and the people of Timor-Leste. These donors may not publicly criticize or become openly judgmental of China’s growing intervention, but in private or in informal conversations they do. Whenever there is talk about China’s presence and its infrastructure development, almost everyone raises their eyebrows. A former senior AusAID officer said in an interview:

“…China’s aid is politically influential…politically they do create prestige, well-received, get a lot of political credit…but they are not really doing development. We don’t get much credit even out of more than 50 million in support…China’s aid is not yet (a type of) development assistance…but Timorese leadership, and the government think it is good for them and for China…” (Personal interview: Dili, July, 2010).

Some international NGOs and local NGOs that are critical of development in Timor-Leste share their view that China’s recent support in public infrastructure is not a type of development for the people of Timor-Leste—it is more like a symbolic gesture, but it does not directly benefit the people of Timor-Leste. During a field research interview, an international NGO worker judged China’s infrastructure development:

“That is not infrastructure (development)...I would not call it infrastructure. It is a physical object, I mean you can call it infrastructure but in terms of infrastructure that benefits people like roads, water, electricity etcetera, it is none....The fancy Foreign Ministry and the President Palace does not do anything for people. I do not call is infrastructure—it is more of a symbol” (Personal interview: Dili, July, 2010).

On the contrary, the government of Timor-Leste considers China’s assistance as complementary to what traditional donors have provided for the last nine and a half years and China’s assistance does support the development of Timor-Leste as it provides a roof
for the government to carry out its public functions. China’s assistance in infrastructure
development is seen as an alternative support to fill the gap of traditional donors. In the
interview with senior representative in the parliament the incumbent said:

“…Ba povu Timor-Leste governu Xina mai koalia ho governu Timor-Leste, sira
mai hare ami nia problema i sira iha kbit atu ajuda ami i ami agradese. Tuir lolos,
doadores sira seluk, se sira hakarak duni atu dezenvolve nasaun ki’ik ne’e povu
ne’e agradese tebes, tamba Xina mai ho buat nebe konkretu, mai ho buat sira nebe
maka ami persija—atu iha uma ida Xina fo uma, ami hakarak treinamentu, Xina fo,
nebe ami laiha buat ida” (Personal interview: Dili, July, 2010).

Translation: “…For the people of Timor-Leste, the Chinese government talked to
the Timor-Leste government, they (Chinese government) came and saw our
problems and they were willing to help, we appreciate their help. If other donors
were also willing to help, the people of Timor-Leste would appreciate their support.
China comes with concrete things. They come with what we need…we need
houses, they provide it, we need training, they provide it…we appreciate their
assistance.”

Another representative at the parliament also reinforced the same sentiment of Timor-
Leste:

“…Ita hare realiadade deit…Xina halo ajudo fiziku…Xina nia ajudo bo’ot tebes
ihà Timor…halo povu hare ho matan saida maka sira halo ona…durante ne’e ita
seidauk iha edifisiu publiku bo’ot nebe maka doadores sira oferese. Xina hatene
saida maka ita hakarak, sira investe iha rai laran halo it abele hare nia rezultadu”
(Personal interview: Dili, July, 2010).

Translation: “…Look at the reality…China provides physical support…Chinese’
assistance in Timor-Leste is very significant… the people of Timor-Leste could
see with their naked-eye what China has done… so far we haven’t had any public
buildings built by (other) donors… the Chinese know what we want, they invest in
the country and we could see the results directly.”

The above argument seems to be that between donors, especially DAC-affiliated
donors, and the government of Timor-Leste, they have a different understanding of what
development is. Donors, mostly western ones, fail to understand the dynamic of
development and the real needs of the recipients, especially the government. While western donors tend to translate development only from the psychological or soft development perspective, such as institutional building, the recipient government tried to broaden its definition of development to include both physical and soft development. As a post-colonial and conflict country, like Timor-Leste that has gone through major physical and psychological destruction in 1999, any support from its partners is part of a contribution to the nation and state-building needs.

5.5 Differences and Commonalities

This part of the discussion is principally a consolidation of the two countries’ major differences and commonalities in their foreign aid provisions as previously stated. In a nutshell, the two countries’ foreign aid assistance shares many commonalities especially in relation to their delivery approach, goals and national interest. Both Australia and China implement ‘tied aid’ in the form of providing contractual services only to their nationals companies to implement aid activities. This form of tied aid is known as ‘nationally-tied aid’ (Aid Watch, 2009). The implication of this approach creates a boomerang aid. Both countries’ aid programs are also rigid and strict in their distribution, their aid programs are largely determined by themselves. This tied ‘aid is called project/program tied aid (Aid Watch, 2009). The two countries’ aid serves as soft power or a type of currency for engaging with Timor-Leste to achieve their ultimate long-term goals that reflect their national interest in the geopolitical, geostrategic and economic spheres. For geostrategic and geopolitical interests both countries compete with each other
to become a middle power and to have a strategic foothold in Southeast Asia or, in Australia’s case, Timor-Leste is in its backyard, it thinks that Timor-Leste is naturally a part of its architecture on the “arc of instability” range. Therefore, Timor-Leste’s existence should be part of its national and foreign policy agenda. All in all, in the end, all the competing interests are for economic demands.

The sharp difference between the two countries’ aid lies on the quantity, visibility and the scope of work—Australia is dominant in terms of aid quantity and its aid programs that are more diversified and broader. While China’s aid is very small in terms of the quantity, however, its aid programs generate greater visibility, which is able to attract the government and many Timorese citizens’ attention as an important components development. China’s focus on infrastructure development activities might expand in the future along with the government’s national priorities or national strategic plan to decentralize the development activities to rural areas. In terms of their approach, while Australia attempts to be more aggressive in its approach, China prefers to play a modest role with a more low profile approach to its engagement with the recipient. See matrix of differences and similarities between Australian and Chinese Foreign Aid and Program in Timor-Lest below.
Table 5.2

Differences and Commonalities between Australian and Chinese Aid Programs

<table>
<thead>
<tr>
<th>Aid Program</th>
<th>Australia</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Aid</td>
<td>USD 500.8M—the largest donor in Timor-Leste</td>
<td>USD 50.5M—small donor</td>
</tr>
<tr>
<td>Operational</td>
<td>Since 1980s</td>
<td>Since 2000</td>
</tr>
<tr>
<td>Form of Aid</td>
<td>Grants—mostly financial aid</td>
<td>Grants—mostly in-kin contribution</td>
</tr>
<tr>
<td>Programs</td>
<td>Focuses largely on social infrastructure development - Aid programs are broader—targeting both the government institutions and NGOs - Operates at both the national and district level - Largely focuses on capacity development (trainings and workshops)</td>
<td>Focuses on both social and physical infrastructure development - Aid programs are smaller—targeting mainly government institutions - Operates mainly at the national level - Largely focuses on capacity building (trainings and workshops)</td>
</tr>
<tr>
<td>Approach</td>
<td>Government to Government and Government to Multilateral and UN Agencies - Aid disbursement is done annually - Boomerang aid - Tied Aid - Rigid and bureaucratic - Aggressive and tend to interfere domestic political dynamism and political structure - Aid as soft power instrument</td>
<td>Government to Government - Aid disbursement is done project by project - Boomerang aid - Tied Aid - Flexible, no-string attached, less bureaucratic - Low profile - Aid as soft power instrument</td>
</tr>
<tr>
<td>National Interest</td>
<td>Geopolitics and geostrategic: considers Timor-Leste as backyard, stability, middle power, influence in political culture, economic interest—for market and natural resources, regional leadership</td>
<td>Geopolitical and geostrategic: gain strong foothold in Southeast Asia and the Pacific - Diplomatic influence for the recognition of One-China policy - Economic interest—for market and natural resources - Regional leadership</td>
</tr>
</tbody>
</table>
Chapter 6: Conclusion and Policy Recommendation

State/nation-building efforts are a continuous process and it is supposedly the primary responsibility of the national actors that include government, civil society, and citizens of a given country. Timor-Leste is a nine-year and a half old country that was born from scratch with the international community’s intervention. Its state building as an undertaking could still be considered premature. For almost a decade, the international community has attempted to assist Timor-Leste in its state-building work. Much of the intervention has focused on building institutions of the state apparatus and capacity building of public service. Australia and China, along with other bilateral and multilateral donors, as well as international NGOs, played a critical role in Timor-Leste’s state-building endeavor. In terms of aid per capita, Timor-Leste is considered the highest in the region. That means there is no such thing as aid constraints in Timor-Leste. However, the results are mixed. Concerns about the lack of national ownership, insensitivity towards the local context, continued capacity constraints, donors’ short-term approach in aid disbursement, wasted resources, and poverty are among the problems that have been highlighted, which have created those undesired results. These problems have resulted in part from donor countries’ lack of concern on state-building needs as too much concern has been placed on achieving their national interest.

It is commonly recognized that foreign aid has been used as one of the soft-power instruments in foreign policy. Elements of geopolitical, geostrategic, and economic opportunity play significant roles in determining a country’s foreign aid policy. Despite some modifications and reforms in the aid system in 21st century, since the Marshall Plan
period, foreign aid continues to be used for the purpose of maintaining and achieving donors’ national interests. Donors’ aid to other countries is not merely an altruistic act, such as for disaster or humanitarian relief, development and poverty reduction, but it is used for attaining and maintaining the donors’ social, economic and political influence in a country where their aid is given. The legacy of geopolitical strategic thinking and perhaps also the ideology of the Cold War continued to influence many donors’ decision making in terms of the international aid system. Although the latter thinking is not so laud compared to the previous consideration, in certain cases such elements influence the donors’ decision-making process. The notion of Cold War’s rival over ideology transformed into neo-liberal market interest. Australia and China’s aid is not immune from this judgment, although the two countries have different aid policies.

Timor-Leste’s geostrategic and geopolitical environments have influenced donors’ strategic considerations beyond their current policy interventions in development. Such geostrategic and geopolitical realities also create competing interests among donors regarding political hegemony and economic significance. For example, Australia and to some extent other western donors in Timor-Leste fear the rise of China in the territory. Australia has felt its diminishing power in the pacific due to the rise of China. It is arguable that Timor-Leste’s political stability is critical for the economies of many donor countries, especially in the Asia Pacific Region in order for them to have access to Timor-Leste’s natural resources such as oil and gas. In addition, political stability also opens up the market for countries in the region to sell their products to Timor-Leste. The criticism towards Australia and China’s presence with competing interest in Timor-Leste seems to
be legitimate, given the way they approach the recipient country and the way they see each other’s performance in providing assistance. Australia seems to be more aggressive, and China has a tendency to be more reserved. However, both Australia and China are determined to show their hegemonic power in the region with Australia being more concerned with security; however, both Australia and China are looking for economic opportunities. Because of all this, foreign aid has been less effective in assisting Timor-Leste’s state-building efforts.

Timor-Leste’s position as a recipient country at this juncture is critical. The research suggests that the government of Timor-Leste should not fall into the trap of competing interests among donors, especially Australia and China. Being surrounded by many developed nations with well-established economies like Australia, New Zealand, Singapore, and newly emerging economies such as Indonesia, Malaysia, China and Vietnam, a small country like Timor-Leste should be open to everyone. Looking outward, specifically to Australia and China, both countries are strategically important for Timor-Leste’s future economic and development cooperation. Timor-Leste should employ a ‘smart diplomacy’ strategy by actively continuing involving the two countries in its state-building initiatives. Timor-Leste should also make sure that its acceptance of Chinese’ assistance will not be interpreted as having significant implications in the future direction of its foreign policy. Having accepted Chinese’ intervention certainly does not mean that it should abandon its traditional donors—specifically Australia. The government should be aware that China and Australia are friends in economic terms, although politically they may be rivals. Their good relations are a clear manifestation of Australia’s market-
oriented economy and China’s recent transformation from a planned-economy to a socialist market economy. Economically, Timor-Leste is a small player in the region, even far smaller than Australia and China’s economy.

Concerning development activities; for donors, instead of using their aid programs to compete with each other for control, donors should focus on the areas where Timor-Leste still needs the most assistance. Among these needs include agricultural development, basic social services and social and physical infrastructure development in the rural areas and language development. It suggests that donors be flexible with their aid activities and take into consideration that development takes time and the recipe for development in one country is different for another country. Australia and China, along with other donors, should see each other’s assistance as complementary to one another for the purpose of Timor-Leste’s state-building initiatives. If Australia intends to focus more on institutional building then China’s assistance in building infrastructure capacity should be to house the institutions’ activities.

As for the government of Timor-Leste, it should have more leverage in coordinating donors’ development activities. The work of the Aid Effectiveness Unit should be further strengthened to take on more of a leadership role in managing and directing the donors’ assistance. Timor-Leste could make use of its leadership within the g7+ countries to push for more national ownership, and compare notes with other countries on how the international aid system works, and what roles a recipient country should play in managing donors’ resources, among others. Furthermore, Timor-Leste should have more leverage in working towards the implementation of the Paris
Declaration principle and donors should gradually adjust their approach based on those principles. In the long run, Timor-Leste may also need to start strategizing for itself in order to gradually move away from being aid dependent and to become independent. It may need to start to develop its long term exist strategy to engage its state-building projects without having to rely on donors’ support---it should be able to say ’No’ when it needs to. This does not mean Timor-Leste would not need any assistance from the international community.

The implication for Timor-Leste and for other post-conflict countries that are undergoing the state-building process is that an effective state-building project requires full participation of all stakeholders including: the government, the international community, non-governmental organizations and the citizens throughout the entire process. The role of the recipient country in driving the process is crucial at all levels. The recipient country should take national ownership of the state-building process. A critical role of the recipient government would be to establish and communicate the priorities of their development needs then encourage donors to adjust their strategies and aid programs for meeting the development objectives of the recipient countries. In post-conflict countries where the lack of infrastructure and human resources capacity are common phenomena, these problems should not become a major impediment for the recipient countries to take the lead. It is important to set development targets that require both donors and recipient countries to become equal partners and jointly coordinate the process throughout.
On the research side, this research is an exploratory work and it has been heavily focused on only one of the dynamics on the part of donors. Much remains to be discovered. Implications for future research make it is necessary to look at the dynamics on the part of the recipients too, in order to see the causal relations about foreign aid’s effectiveness as well as to give a complete picture of the donors’ long term goals as well as the recipient government’s national interest. On the practical side, timing is another important factor to be taken into consideration when considering future field research. More time for research would provide an opportunity for the researcher to interact, absorb and become familiar with the research environment. In addition, knowledge of the local language and establishing a network with relevant organizations as well as individuals would be a great asset for easy access to the required information. Finally, the role of the researcher as an independent entity is equally important to avoid any partiality and biased towards research findings and research analysis.
Bibliography


Appendix 1

List of Interview Questions

1. Themes

- Goals/purposes of providing foreign aid
- Role of domestic actors of/in donor countries
- Amount of Aid
- Donors’ focus activities or target areas
- Donor coordination
- Role of recipient country
- Donors’ future role
- When do – if at all – donors see themselves not needed any longer?

2. List of questions

A. To Donors:

1. What are your (donors) goals in providing and continuing to provide aid to Timor-Leste?
2. What is the process and who are the actors in determining aid policy in your respective countries?
3. How much assistance has been channeled to Timor-Leste? Does it change overtime?
4. How are the assistance channeled through?
5. What have been your program activities? How do you come to that specific focus of activities?
6. What is the role of recipient country in the process of agreement and implementation of your aid activities? Could you tell me if there are any different approaches according to each program activities?
7. How is your aid coordination with other donors?
8. How do you see your country’s future role in Timor-Leste’s state-building process?
9. Asking about their data, annual allocation of aid, program activities including financial report.
B. To recipient government/party:
1. What are your policies toward foreign aid and how did it evolve?
2. What and how do you see your role in the process of agreement and implementation of foreign aid activities in TL?
3. What about Australian and China’s aid in particular? Are they different from other donors such as Japan, USA, Portugal and New Zealand?
4. Have you had any bad experience or sensitivity toward specific donors?
5. How do you see donors’ coordination (the spirit of Paris Declaration) in Timor-Leste’s?
6. What do you think donors can do better to help the process of state-building in Timor-Leste? Do they (donors) really engage or involve in the process of state-building?
7. What and how do you see donors’ future role in Timor-Leste’s state building process?
8. Do you expect that a day will come when donors would be redundant? If so, when?

C. To non-donors and non-direct recipient parties:
1. What and how do you see donors’ engagement in Timor-Leste?
2. What motivates donors, particularly Australia and China, to provide foreign aid to Timor-Leste? How is different from one another? What about USA, Portugal and Japan?
3. In the case of Australia and China, who are the actors and how much influence do internal actors have in terms of deciding foreign aid to recipient country?
4. How do you see Australia and China’s future role in Timor-Leste’s state building process?
5. What is the likely stand of donors if there is any change in government in donor countries? In order words, will new governments change their position/stand toward Timor-Leste regarding their foreign aid?
# Appendix 2


<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Albania</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Algeria</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Angola</td>
<td>(b)</td>
<td>(b)</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Antigua &amp; Barbuda</td>
<td>(b)</td>
<td>(b)</td>
<td>(b)</td>
<td>(b)</td>
<td>(b)</td>
<td>(b)</td>
<td>N</td>
<td></td>
</tr>
<tr>
<td>Argentina</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Australia</td>
<td>Y</td>
<td>A</td>
<td>A</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Austria</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Bahamas</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Bahrain</td>
<td>Y</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>Y</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Barbados</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Belgium</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Belize</td>
<td>(b)</td>
<td>(b)</td>
<td>(b)</td>
<td>(b)</td>
<td>(b)</td>
<td>Y</td>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>Benin</td>
<td>N</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>Bhutan</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td></td>
</tr>
<tr>
<td>Bolivia</td>
<td>Y</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>N</td>
<td>N</td>
<td>A</td>
</tr>
<tr>
<td>Botswana</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>A</td>
</tr>
<tr>
<td>Brazil</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
<td></td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>A</td>
</tr>
<tr>
<td>Burma</td>
<td>(a)</td>
<td>(a)</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>(a)</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Burundi</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Country</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>-------------------------</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Byelorussia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cambodia</td>
<td>(a)</td>
<td>Y</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Cameroon</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>A</td>
<td>A</td>
<td>Y</td>
<td>A</td>
</tr>
<tr>
<td>Canada</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Cape Verde</td>
<td>(b)</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Central African Rep.</td>
<td>(a)</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>A</td>
</tr>
<tr>
<td>Chad</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>N</td>
</tr>
<tr>
<td>Chile</td>
<td>A</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>China</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Colombia</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>A</td>
</tr>
<tr>
<td>Comoros</td>
<td>(b)</td>
<td>(a)</td>
<td>Y</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
<td>N</td>
<td>(a)</td>
</tr>
<tr>
<td>Congo</td>
<td>(a)</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>(a)</td>
<td>Y</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Cuba</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Cyprus</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Czech.</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Dem. Yemen</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Denmark</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Djibouti</td>
<td>(b)</td>
<td>(b)</td>
<td>A</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
</tr>
<tr>
<td>Dominica</td>
<td>(b)</td>
<td>(b)</td>
<td>(b)</td>
<td>(b)</td>
<td>(b)</td>
<td>(a)</td>
<td>(a)</td>
<td>A</td>
</tr>
<tr>
<td>Dominican Rep.</td>
<td>(a)</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>(a)</td>
<td>N</td>
<td>A</td>
</tr>
<tr>
<td>East Germany</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
</tr>
<tr>
<td>Ecuador</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>(a)</td>
<td>(a)</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Egypt</td>
<td>Y</td>
<td>Y</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>El Salvador</td>
<td>Y</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Equatorial Guinea</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>(a)</td>
<td>Y</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Country</td>
<td>Y</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>N</td>
</tr>
<tr>
<td>------------------</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Fiji</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>N</td>
</tr>
<tr>
<td>Finland</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>France</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Gabon</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Gambia</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>(a)</td>
<td>(a)</td>
<td>N</td>
</tr>
<tr>
<td>Ghana</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Greece</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Grenada</td>
<td>Y</td>
<td>A</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Guatemala</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>(a)</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Guinea</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Guinea-Bissau</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Guyana</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Haiti</td>
<td>Y</td>
<td>A</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>A</td>
</tr>
<tr>
<td>Honduras</td>
<td>(a)</td>
<td>A</td>
<td>A</td>
<td>(a)</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Hungary</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Iceland</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>India</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Indonesia</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Iran</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>(a)</td>
</tr>
<tr>
<td>Iraq</td>
<td>A</td>
<td>A</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Ireland</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>Y</td>
</tr>
<tr>
<td>Israel</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Italy</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Ivory Coast</td>
<td>Y</td>
<td>Y</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Jamaica</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Japan</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Jordan</td>
<td>A</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Kenya</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Kuwait</td>
<td>Y</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>(a)</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Laos</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>(a)</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Country</td>
<td>Code</td>
<td>A</td>
<td>Y</td>
<td>N</td>
<td>A</td>
<td>Y</td>
<td>N</td>
<td>A</td>
</tr>
<tr>
<td>------------------</td>
<td>------</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Lebanon</td>
<td>(a)</td>
<td>A</td>
<td>A</td>
<td>Y</td>
<td>N</td>
<td>A</td>
<td>A</td>
<td>Y</td>
</tr>
<tr>
<td>Lesotho</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>A</td>
<td>Y</td>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>Liberia</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>N</td>
<td></td>
</tr>
<tr>
<td>Libya</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Madagascar</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Malawi</td>
<td>Y</td>
<td>Y</td>
<td>A</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Malaysia</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td></td>
</tr>
<tr>
<td>Maldives</td>
<td>(b)</td>
<td>A</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Mali</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Malta</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
</tr>
<tr>
<td>Mauritania</td>
<td>A</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Mauritius</td>
<td>A</td>
<td>Y</td>
<td>(a)</td>
<td>Y</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
</tr>
<tr>
<td>Mexico</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Mongolia</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Morocco</td>
<td>A</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Mozambique</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Nepal</td>
<td>Y</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Netherlands</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>New Zealand</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>A</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Niger</td>
<td>Y</td>
<td>(a)</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td></td>
<td>(a)</td>
</tr>
<tr>
<td>Nigeria</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Norway</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Oman</td>
<td>A</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Pakistan</td>
<td>Y</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Panama</td>
<td>A</td>
<td>Y</td>
<td>Y</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Papua New Guinea</td>
<td>(b)</td>
<td>A</td>
<td>A</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Paraguay</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Country</td>
<td>Y</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>-----------------------</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Peru</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Philippines</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Poland</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>(a)</td>
<td>(a)</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Portugal</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Qatar</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Romania</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>(a)</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Rwanda</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>St.Vincent &amp; Grenadines</td>
<td>(b)</td>
<td>(b)</td>
<td>(b)</td>
<td>(b)</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
<td></td>
</tr>
<tr>
<td>Samoa</td>
<td>(b)</td>
<td>(b)</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>(a)</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Saint Lucia</td>
<td>(b)</td>
<td>(b)</td>
<td>(b)</td>
<td>(b)</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>N</td>
</tr>
<tr>
<td>Sao Tome &amp; Principe</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Senegal</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>A</td>
</tr>
<tr>
<td>Seychelles</td>
<td>(b)</td>
<td>(a)</td>
<td>(a)</td>
<td>A</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Singapore</td>
<td>A</td>
<td>(a)</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Solomon Islands</td>
<td>(b)</td>
<td>(b)</td>
<td>(b)</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
<td>A</td>
<td>N</td>
</tr>
<tr>
<td>Somalia</td>
<td>(a)</td>
<td>A</td>
<td>(a)</td>
<td>A</td>
<td>(a)</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>South Africa</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Spain</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Sudan</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Suriname</td>
<td>(a)</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Swaziland</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Sweden</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Syria</td>
<td>A</td>
<td>A</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Tanzania</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Thailand</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Togo</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Country</td>
<td>(a)</td>
<td>(b)</td>
<td>(c)</td>
<td>(d)</td>
<td>(e)</td>
<td>(f)</td>
<td>(g)</td>
<td>(h)</td>
</tr>
<tr>
<td>------------------</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Tunisia</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Turkey</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Ukraine</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Uganda</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>U.A.E.</td>
<td>Y</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>U.K.</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>U.S.S.R.</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>A</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Uruguay</td>
<td>A</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>A</td>
<td>N</td>
</tr>
<tr>
<td>Vanuatu</td>
<td>(b)</td>
<td>(b)</td>
<td>(b)</td>
<td>(b)</td>
<td>(b)</td>
<td>(b)</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Venezuela</td>
<td>Y</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Vietnam</td>
<td>(b)</td>
<td>(b)</td>
<td>Y</td>
<td>(a)</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>W. Germany</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Yemen</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>(a)</td>
<td>(a)</td>
<td>N</td>
<td>N</td>
<td>(a)</td>
</tr>
<tr>
<td>Yugoslavia</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Zaire</td>
<td>A</td>
<td>A</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Zambia</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>(b)</td>
<td>(b)</td>
<td>(b)</td>
<td>(b)</td>
<td>(b)</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
</tbody>
</table>

Source: ETAN--http://www.etan.org/etun/UNvotes.htm