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**THE IMPACT OF FOREIGN AID ON RECIPIENT COUNTRIES:
A CASE STUDY OF FOREIGN AID FLOW TO EAST TIMOR IN
RECONSTRUCTING AND DEVELOPING THE COUNTRY
POST-INDEPENDENCE**

**A thesis presented in fulfilment of
the requirement for the degree of Master of Philosophy
in Development Studies at Massey University
New Zealand**

**JORGE DA CONCEIÇÃO TEME
2001**

Dedicated to:

My families: TEME NA' NUBE & SALU MATA,

and the ones I really love:

Tina Maria Gorreti,

Luz & Lib

ABSTRACT

The impact of foreign aid on recipient countries, particularly in the context of the reconstruction East Timor is the main theme examined in this thesis. The analysis highlights that the impact on East Timor is in three areas, its economy, culture and politics.

On the basis of different examined theories, various concepts on foreign aid are elaborated, and their advantages and disadvantages underlined. By its very nature, aid is perceived as indispensable to those in need and on this basis is labelled as a tool to help the poor or those who deserve it. But the imposition of conditions on aid has been attacked as intervening in the recipient state's affairs, and seen thereby as a tool to exert pressure rather than to ease the difficulties. For those reasons radical critics oppose foreign aid allocation, blaming donors for using development issues and poverty as a justification to establish their own power base and leaving the recipients scarred, notably in the key areas of their economic, political and cultural life. On the other hand, moderate critics suggest that foreign aid is needed but it should be reviewed and genuinely implemented in accord with its humanitarian vision and mission.

This dissertation has pointed out three detrimental impacts of foreign aid on East Timor: economic dependency, political intervention and cultural imitation. The reconstruction of East Timor's economic devastation has entirely depended on foreign aid which has laid a solid base for future chronic and massive economic dependency. There is evidence of political distortions whereby international influences are dictating what they think are the best directions for East Timor to take. As for culture, East Timor has been strongly influenced into adopting models and styles, traditions and values imported with foreign aid. This thesis concludes that to escape from this reality is impossible, particularly when one takes into account the total destruction East Timor has suffered. Finally, this work leads to several recommendations to possible ways to improve the implementation of aid in East Timor, and offers some clues to minimise the potential negative impact on this newly independent nation.

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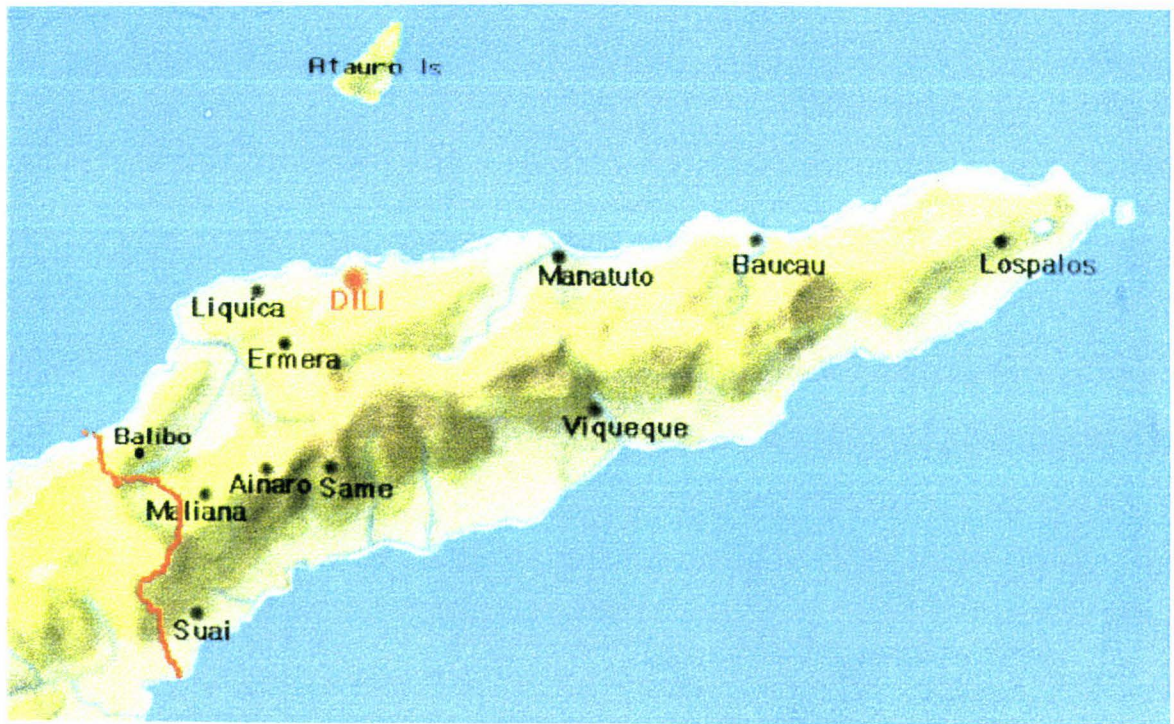
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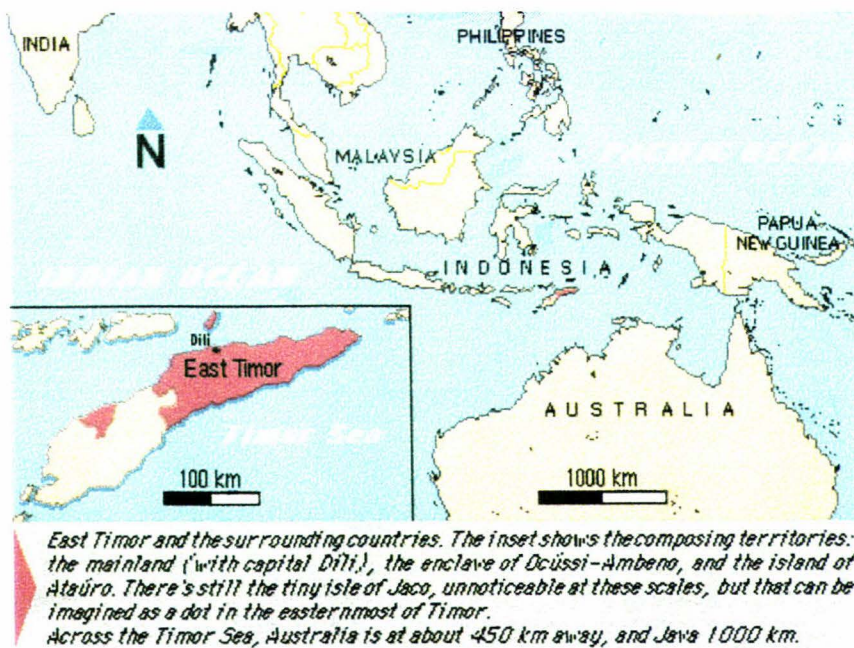
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THE MAPS OF EAST TIMOR



Map 1: A Simple Topography of East Timor



Map 2: East Timor and the Surrounding countries