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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.

ACKNOWLEDGEMENTS

Firstly I would like to glorify my God Jesus Christ who always loves me, guides me and gives me strength to develop my talent. I initially doubted that this work could be completed on time, though my God always gives me spirit to face any constraints in my life.

Secondly, I would like to thank my supervisor Dr. Donovan Storey for his particular support. His tireless guidance, and the open and friendly atmosphere he has created, are key factors that have contributed to the completion of this work.

Thirdly, I extend my gratitude to Prof. John Overton and Dr. Barbara Nowak who have given valuable assistance and deep understanding during my years of study at Development Studies, particularly when I was being challenged to campaign for my country's freedom, while at the same time working hard to fulfil my academic requirements.

I thank Dr. Sergio Viera de Melo, the head of East Timor's Transitional Administration, who has provided me with reliable sources of information about East Timor's reconstruction. I would particularly like to thank Mr. Xanana Gusmão, the East Timorese President-in-waiting who gave me valuable insights and support in this crucial topic writing. I am also indebted to Mr. João Carrascalão, the Minister of Infrastructure under UNTAET who gave me inspiration to undertake this work. During my field research from March 16 until the end of May 2000, he was a key source of much of my information.

I also thank Manuel Abrantes, SH, (Secretary of the Justice and Peace Commission, Dili Diocese), Aderito de Jesus Soares, SH, (SIL) Manuel Fernando Expoto SH, (Yayasan Hak), Johnson Panjaitan, SH, (ELSAM, Indonesia), Dr. George Yunus Aditjondro (Newcastle University, Australia), Father Jovito de Araújo do Rego, (IPI) Father Domingos Barreto (Caritas East Timor), Ms. Simpson (OXFAM International, Dili), Mr.

Browney (UNICEF Dili), Sra. Maria do Ceu Ferrer (Timor Aid Dili), Drs. Filomeno Alêixo (World Bank, Dili) Drs. Francisco Lelan (UNTAET Dili), Drs. José Aparício (Darwin, Australia) Drs. Amandio da Conceição (UNDP Dili), Drs. Gaspar de Araújo, (UNTAET Land property Unit) Martinho Abani (Joventude Lorico Lifau, Oe-cusse), Dr. Serge Berneau (Agriculture Department, UNTAET), Graham Day (former Head Administrator, Oe-cusse) and others, for their contributive ideas to this piece of work.

My particular thanks to the New Zealand Ministry of Foreign Affairs and Trade (MFAT) in general for the financial support for me and my family during my years of study and to Mr. Charles Chua and Bruce Graham and all the staff at the International Student Support Office. I can not forget to thank the East Timor movement in New Zealand (including the free East Timor coalition), Hon. Matt Robson, Minister of Corrections, Maire Leadbeater, the spokesperson of East Timor Independence Committee, and her partner Graeme, Tim Howard, Colin Iles and Mary Beth, who have given a great support for both my study and struggle.

To all my friends and allies including those whose names are not mentioned here, I would like to thank you all for the warm spirit of kinship and friendliness we have built together, and for the cooperation and support that you gave me directly and indirectly during my study at Massey University.

Finally to my beloved wife Tina Maria Gorreti and sons: Luzerio Donzilio Junior da Conceição Teme and Libertinho João Vítolino da Conceição Teme, I would like to thank them for the courage and support they have given, so that this piece of work could be completed. "Graças a Deus nas altura"

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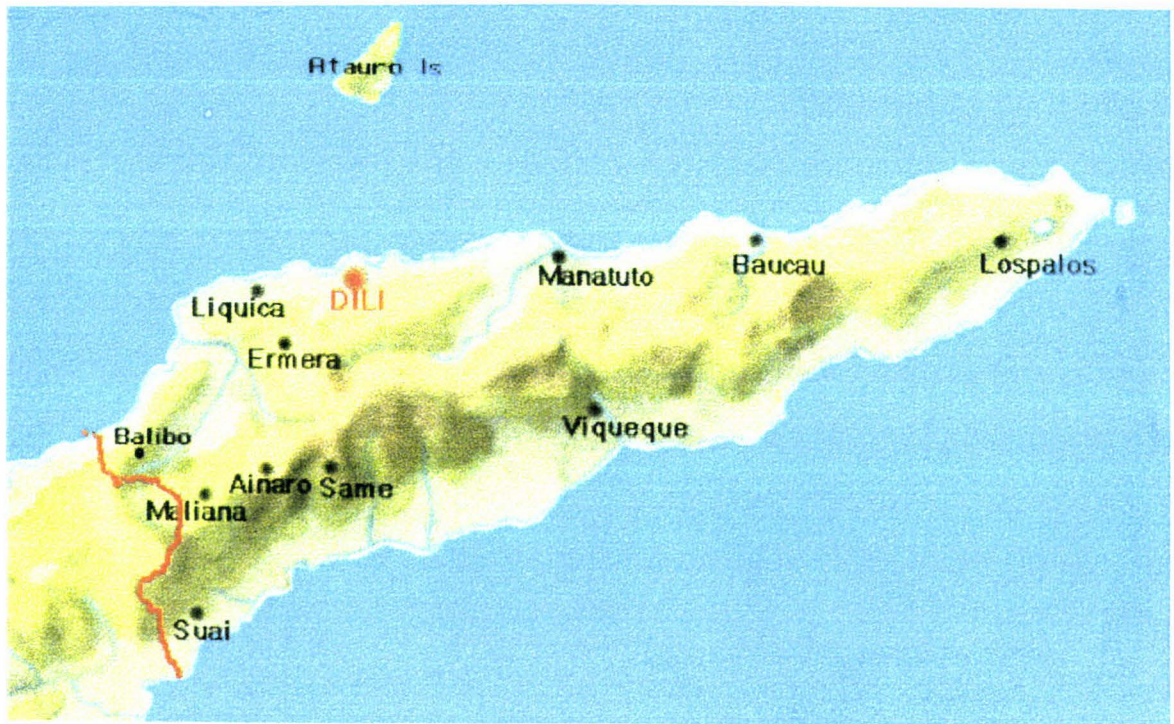
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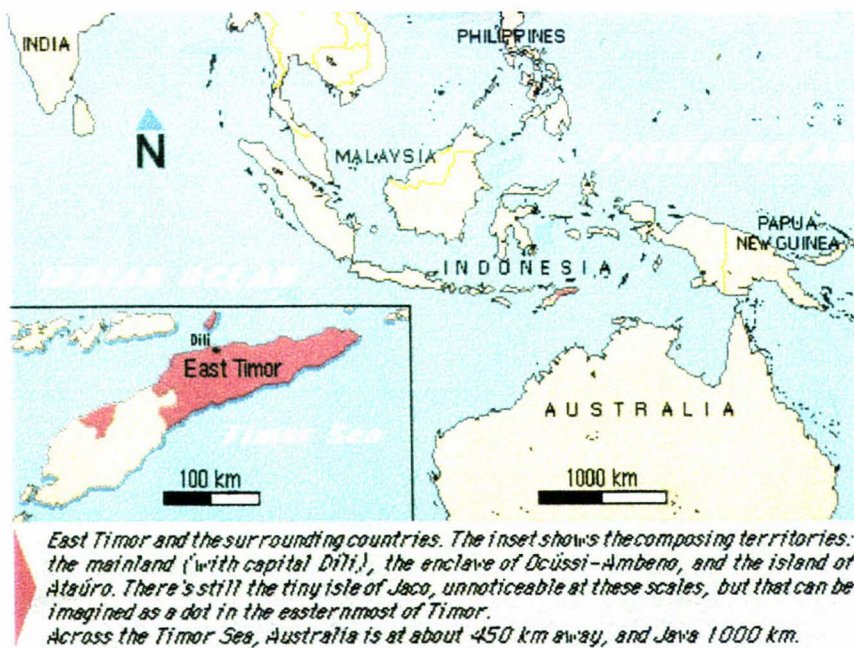
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Map 1: A Simple Topography of East Timor



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CHAPTER ONE

DEVELOPMENT AND RECONSTRUCTION

PERSPECTIVES: AN INTRODUCTION

This introductory chapter gives a brief background to the current aid flows to East Timor and considers the reasoning in Timorese leaders' appeals for aid. It also identifies the scope of this study and the aim of this research, which addresses the impact of foreign aid on recipients in general, and specifically the impacts on East Timor. Concepts of foreign aid, reconstruction and development are introduced, and the problems of defining foreign aid and assessing its impacts are considered. The chapter concludes with the methodology applied in this study, and the structural outline of the thesis as a whole.

1.1 BEHIND THE EMERGENCE OF 'AID'

The beginning of the second millennium has witnessed the massive destruction of East Timor, with its mostly Roman Catholic population, after its population overwhelmingly voted on August 30, 1999 for independence from predominantly Muslim Indonesia. Subsequently, pro-Jakarta militiamen laid waste to most of the country. The government infrastructure, the framework for economic activity, and the civilian infrastructure throughout the country were devastated.

Whatever physical development had happened under the twenty-four year period of Indonesian rule had been totally ruined in an extremely short span of time. Undeniably, such destruction has provided the Timorese with a huge challenge, as they think of how to reconstruct and redevelop their country. Because of this devastation, everything, including all economic activities, has to begin again from scratch.

Maria do Ceu Federer, the Executive Director of Timor Aid, the first national NGO involved in East Timor's reconstruction, states that since the vital infrastructure of the whole country had been completely damaged, East Timor will depend greatly of foreign aid assistance for some time to come. According to Federer, the budget to

rebuild the country will totally depend on foreign aid accumulated from international governments and other donors.

The destruction seriously preoccupied people's minds. Despite speculations that foreign aid by its very nature would create a situation of dependence amongst recipients, the huge level of destruction has led to many Timorese - particularly the key leaders - holding the view that foreign assistance is the only alternative if they are to be able to reconstruct the country. At the heart of the reasoning behind seeing foreign aid as essential was that the economic structure of the country had been annihilated, and the whole range of normal economic activity had come to a full stop.

Following the destruction, Timorese leaders' appeals for foreign assistance had dominated the international mass media. For instance, the most prominent leader, José Alexander Xanana Gusmão, the president of National Council of Timorese Resistance (Conselho Nacional da Resistência Timorese or CNRT), described the country's situation as critical, and desperately sought the solidarity of international governments (*Reuters, November 18, 1999*). To the people of the world he appealed:

"Our people who have suffered so much, their country has been destroyed and they have nothing left. They deserve not only financial assistance but assistance which is given with respect, consideration and love" (AP, December 17, 1999).

José Ramos Horta, the Nobel Peace Prize laureate and currently the Foreign Minister of East Timor under the Transitional Government, also stated that to rebuild East Timor from the ashes, funding would undeniably depend on the hands of foreign governments. Bluntly he says:

"We face a big challenge; there has been huge damage done; people have no clothes, are hungry, sick and homeless. It is up to the international community to quickly respond to such a difficult struggle" (Washington Post, January 5, 2000).

In a similar statement, Bishop Carlos Filipe Ximenes Belo, expresses the view that in order to redevelop East Timor, the solidarity of foreign countries around the globe would be essential (*The Florida Catholic, January 3, 2000*). Bishop Belo's expectation implies the notion that the country's reconstruction absolutely depends on international aid. The Bishop re-emphasised that this dependence was simply because the country's economy was totally destroyed, and not as part of East Timorese culture to beg.

Meanwhile Mr. João Viegas Carracalão, Vice president of the National Council for Timorese Resistance (CNRT) and recently appointed as the Minister of Infrastructure, from Australia, appealed for international governments to assist the reconstruction of East Timor devastated by Indonesian-backed militias. As he stated:

"East Timor has been neglected by the international community for the past 24 years, leaving the people without help under the oppression of the Indonesian regime. Now is the time for the world to act" (The Australian, October 23, 1999).

Apart from Timorese leaders' appeals, the territory's UN Transitional Administrator Sergio Viera de Mello, in describing East Timor as being in a 'state of disaster', formally called for urgent and stronger financial backing from the international donors for a rapid and effective reconstruction of the devastated country (*Lusa*, December 17, 2000). De Mello's expectation was that East Timor would be rapidly rebuilt *only* if the foreign donors are committed to contribute.

These appeals were strongly supported by a meeting of 24 East Timorese NGOs and 20 international NGOs from Australia, Europe, Japan and America. They issued several statements calling for the United Nations (UN) to make a priority out of rebuilding East Timor. As one of the statements reads:

"The East Timorese people had one chance to vote for independence and they paid a high price for it. After 25 years of neglect and promise, the international community has its chance to help rebuild East Timor" (Pacific News Bulletin, February 23, 2000).

In response to these appeals, the United Nations (UN) closely co-operated with foreign governments, international NGOs and international institutions to promptly convene a conference, held in Tokyo on December 17th 1999 as a roundtable meeting. Proceedings at this dynamic roundtable were successfully completed with the setting up of the Trust Fund for East Timor (TFET) and with the mutual agreement of donors to contribute approximately US\$520 million to finance East Timor's reconstruction and development (*AFP*, December 29, 1999).



Picture 1: Dili, the capital of East Timor after the 1999 devastation



Picture 2: East Timor's physical destruction from a closer view

These appeals and decision-making processes paint the picture that explains why foreign aid is now flowing into East Timor. The devastated condition of East Timor not only challenges UNTAET as the administering power, but also the East Timor leaders themselves. The country's situation impels them to invite and expect international donors to support the country's reconstruction. Hence, regardless of the suspicious speculations of some observers on the motives of foreign aid, avoiding dependence on external aid is particularly impossible for the case of East Timor.

This thesis initially conducts a literature review of the debate about the advantages and disadvantages of foreign assistance, and compares this with data obtained in the field concerning the potential and actual negative impacts of foreign aid in reconstructing and redeveloping East Timor.

1.2 THE SCOPE OF STUDY

The study concentrates on analysing the potential impacts of foreign aid in reconstructing and developing East Timor, in the period after the August 1999 popular referendum choosing independence. The intention is to clarify – particularly for East Timorese themselves - the potential and consequences of rebuilding the country while relying on massive aid from foreign donors.

The study is limited to a specific period in order to avoid confusion between implementation of aid in East Timor under Indonesian rule and that after the independence vote. Foreign aid for East Timor during the previous 24 years was operated under the tight control of the occupying Indonesian government, while now it is directly addressed to the newly independent country; the dynamics differ significantly. Furthermore, this study focuses on the impact of foreign aid on the specific situation of a devastated country (East Timor) where the reconstruction budget has been totally dependent on foreign aid. The analysis of the thesis will mainly focus on certain (specific/micro) data because of the difficulties to obtain macro data from the authorities and actors involved in the reconstruction and development of East Timor.

Several examples of other countries receiving foreign aid will also be addressed as a key to understanding foreign aid in a broader context, and to assessing how the recipients may benefit as well as suffer from receiving massive applications of aid.

1.3 THE AIM OF RESEARCH

I have particularly chosen East Timor for my research for the following complex of reasons, the combination of which puts East Timor in a rather unique situation:

First, East Timor is in fact a newly independent country since the end of 1999, after the total destruction of its physical infrastructure that now requires rebuilding. **Second**, in line with the United Nations' mandate, East Timor is still under the administration of the United Nations Transitional Administration for East Timor (UNTAET), which means that the reconstruction process is officially under UN supervision. **Third**, to run the transitional administration and to reconstruct the country, East Timor's budget totally depends on foreign aid. **Fourth**, by focusing on East Timor and highlighting the country's experience of the impact of foreign aid, it is possible to construct a broader argument about development for Third World countries. **Fifth**, I particularly intend to assist the people of East Timor to consider both the positive potential and the negative impact of foreign aid in reconstructing their country.

Finally, I am Timorese myself, and know intimately the struggles of my people for survival and their hopes for a better future. It is my hope that this thesis contributes to the realisation of our Timorese hopes.

There are a variety of views highlighting the potential and the impact of foreign aid to East Timor after the referendum for independence. Physically and economically, East Timor collapsed in 1999, so international assistance was urgently needed for the people to survive and to re-establish basic infrastructure. The World Bank's 1999 assessment mission to East Timor concluded that the country was facing a serious challenge to be rebuilt; in essence, donor countries and other international agencies are expected to play an essential role in reconstruction (IPS, 18 November 1999).

Much research on foreign aid notes that donor recipients will always benefit from the aid as well as suffer consequences, no matter whether the aid comes as grants or loans (George, 1988; Hayter, 1971; Mosley, 1987; Sabelli, 1994). This research is aimed at analysing the substantial impacts of the foreign aid on East Timor, and how people benefit from aid in the reconstruction and development of the country during the transitional period and its aftermath. Furthermore, the study will try to highlight the people's participation in the process of reconstruction in comparison with the constant Timorese experience of alienation from the decisions that affected them, under Indonesian rule.

Nevertheless, many criticisms have been raised concerning the implementation of aid in East Timor within the transitional period. These views particularly question the use of foreign aid, the extent of the people's participation, and the salary gap between the international and local staff. Therefore, the main purpose of this research is to find out whether Timorese have economically benefited from the foreign aid, or whether they have been alienated in a similar way to their treatment by Indonesia over the previous 24 years.

Based on the following questions: "What are the roles of UNTAET, foreign donors and international NGOs in East Timor's reconstruction process and how do they implement aid?", "How do locals participate and benefit from the implementation of aid?", and "What assessment should be made of the overall implementation of foreign aid and its current and future impacts on East Timor?", this thesis attempts to answer the central question: **What are the impacts of the massive foreign aid in reconstructing and developing East Timor post-independence?**

1.4 CONCEPTS OF FOREIGN AID

The term 'foreign aid' has become popular jargon in the context of professional institutions - individuals, businesses and organisations which are conceptually and practically involved in the reconstruction and development of 'less developed' and 'underdeveloped' countries. Regardless of the classification of foreign aid according to different channels and types (as discussed in the following section), foreign donors

and independent authors have tried to conceptualise it as inherently linked to reconstruction and development.

For instance, Tony Killick describes the IMF's concept of foreign aid as a fundamental proposition to restore the viability of borrowing countries to manage repayments. The notion of viability typically means, especially for many developing countries, a current account deficit that can be financed on a sustainable basis by net capital inflows on terms that are compatible with the development and growth prospects of the country (Killick, 1995: 18). The World Bank's president A.W. Clausen endorses a similar concept that stresses that foreign aid is basically a tool to assist reconstructing and developing Less Developed Countries (LDCs). Clausen signals that foreign aid enables developing countries to diversify their exports and leads to them opening their economies to an export orientation (NZODA Profiles, 1998). In an idealistic fashion, the IMF and World Bank present aid as encompassing the reconstruction and development processes, aligned as a continuum.

Additionally, each donor country has its own concept of providing foreign aid. New Zealand's foreign aid scheme for example, according to Don McKinnon (1993), was established on a concept of sharing the economic burdens faced by developing and underdeveloped countries (NZODA, Profiles, 1997-1998). Similarly to New Zealand, as Kerin (1992) point out, the Australian Government's concept of foreign aid is concerned with the promotion of economic and social development and stability.

Likewise, Nishigaki (1998) asserts that Japanese foreign aid is an external development contribution to reconstruct and develop socially and economically developing countries. In the long term, aid is expected to promote intensive policy dialogues with recipient countries regarding their requests and ideas. In addition to this, Ensign (1992) codifies Japanese foreign aid as a 'solidarity action' addressed to development as a whole, emphasising in particular developing countries' issues of poverty, inadequate health care, and (more recently) policy reform and environmental problems.

Rather than as an exercise in solidarity, however, Japan's concept of foreign aid is in fact focused more on the world of development and reconstruction. Nevertheless, the real policy, strategy and motivation of the Japanese in setting up its foreign aid policy and programmes is ambiguous. It is a matter of speculation whether the Japanese government is committed to help reconstruct and develop Third World countries, or whether these are pseudo-motives backed by certain vested interests.

Conceptually, Japanese foreign aid according to David Potter (1998) is not merely focused on world development and reconstruction. It is also an ingredient in the expansion of economic opportunities for Japanese corporations abroad, both as a stimulant for exports and as a facilitator of political relations with developing nations. Potter holds that, even though the loans are non-repayable, Japan always retains essential features conducive to bidding rings. In effect, the notion of foreign aid for reconstruction and development is promoted as a vehicle for Japan to establish its influence over Third World countries (Potter, 1998: 403).

Notwithstanding such critical reflections, the above concepts indicate that aid is generally understood as a set of policy-based decisions of donors to share the development difficulties faced by developing and under-developed countries, by allocating a certain amount of aid money in various forms of assistance. These are described in the following section.

The Categorisation of Foreign aid

Typically, foreign donors are classified into three broad categories: bilateral donor, multilateral donor and Non Government Organisation (NGO). This categorisation is based on the aid channel employed. Bilateral donor assistance is aid provided by a country and given directly to a recipient country. Multilateral aid is sourced from an accumulation of aid by those economically rich countries whose funds are entrusted to international agencies such as the World Bank and International Monetary Fund (IMF) to organise. The last type of donor is usually provided by certain donor countries through international institutions, and then channelled to Non Government Organisations (NGOs) to implement (*World Development Report* 1990: 128).

Invariably, foreign aid is allocated by way of two types of mechanisms: Grant assistance and Soft Loan assistance. Foreign grant assistance is given to recipient countries without requiring any repayment. The policy behind this kind of aid is based on the principle of solidarity and humanitarian concerns. Soft loan assistance, on the other hand, is aid provided by donor countries or international institutions to recipient countries that they have to repay at an agreed interest rate within a certain period of time. Accordingly, the allocation of such aid rests on the presumption that poor and less developed countries desperately need capital assistance to finance their development projects but that they should pay it back (Mosley, 1987).

1.5 THE CONCEPT OF RECONSTRUCTION AND DEVELOPMENT

The idea of reconstruction and development emerged as a response to the devastation of Europe and conveys the meaning of rebuilding both physically and socially. On the other hand, development by its very nature means different things to different interest groups and changes over time and place. Successively many people and institutions have contributed different ideas to the general conceptualisations of reconstruction and development.

To trace the concepts of development and reconstruction we need to raise the following questions: What is the difference between development and reconstruction? What are the paradigms behind the core concepts? By understanding the two terms it should be easier to link them with foreign aid and its implementation.

Reconstruction

The jargon around 'reconstruction' is emerging as a doctrine that needs to be elaborated. Historically, reconstruction was first discussed as a concept after World War II, after the destruction of the countries of Europe. Decades later, the ending of the Cold War led to new questions in people's minds about the concept. Nowadays, the questions go deeper and invite comparisons with the first Post-War era, tracing the link between reconstruction and modernisation.

Etymologically, the terms *reconstruction* and *rebuilding* both refer to a similar process of restarting something that had previously existed. These terms echo the notions of *re-creating* and of *recovering from* both physical and non-physical damage. The Popular Webster dictionary defines the meaning of reconstruction as corresponding with the act of rebuilding or constructing again (Morehead, 1981).

The concept of reconstruction became popular in the era of rebuilding Europe after the Second World War that had left people with personal and collective wounds as well as almost total physical infrastructural destruction. As American journalist Anne O'Hare McCormick wrote in the New York Times:

"There has never been such destruction, such disintegration of the structure of life, the total infrastructure devastation.... The liberated cannot be fed or put on the path to recovery. The sharp increase in the death rate and tuberculosis rate in France during the first winter of liberation...is typical. In Italy the relief sent from the US, though considerable, is only a drop in an ocean of need. In Belgium the situation is politically critical, in Holland it is worse. Therefore, reconstruction would be emerging to return everything to normal" (Reddaway, 1951).

As part of the concept of reconstruction becoming more commonly used and more defined in meaning, rich countries initiated the establishment of a bank with the label 'International Bank for Reconstruction and Development', generally known as the World Bank. The existence of this institution would appear to give hope for countries to get access to financial assistance and recover their economies after the destruction caused by natural disasters or war.

Regardless of the literal meaning of 'reconstruction', this concept is unlikely to be understood in a homogenous manner both in theory and practice. The *reconstruction* label on the International Bank for Reconstruction may convey different meanings for different people. The key question that arises then is whether the Bank's policy really signifies *reconstruction* or *re-destruction*, *rebuilding* or *re-burdening*. It is essential to analyse more deeply to get a better understanding of what reconstruction is really meant. Chapter 3 below considers the World Bank at some length.

Development

Although development theories have attempted to explain the word by focusing on individual conditions, inequalities, and fundamental changes in both, the term

development itself is ambiguous enough to allow people to interpret it in different although overlapping ways.

Metaphorically, according to Gustavo Esteva (1999), 'development' occupies the centre of an incredibly powerful semantic constellation of connotations and related concepts. Esteva describes development as a metaphorical process through which the potentialities of an object or organism are actualised until it reaches its natural, complete and fully-fledged form. The metaphor thus conveys the goal of development and developmental programmes. The debris or sporadic signs of this metaphor used throughout 18th century began to become part of ordinary language in the 19th century, with the word 'development' accumulating a whole variety of connotations in the process (Esteva in Sachs, 1999: 9).

Some authors preferred 'evolution' in the title of their treatises on the subject; others saw in the idea of God the basic concept of development; still others preferred growth in the title, but even they used 'development' in the text as the principal operative term. But by the beginning of the 20th century, a new use of the term became widespread in which urban development has stood since then as the paradigm for an emerging reformulation of the concept of development.

In the terms of the UN proposal for the first Development Decade (1960-1970), 'development' meant growth plus change in the socio-cultural as well as economic aspects of life, with qualitative as well as quantitative dimensions, all aimed at improving the quality of people's lives (cited in Sachs, 1999). Although it might allow some either individuals or communities to do very well and properly, still in such rhetoric, it leads people to being left behind, creates large areas of poverty, stagnation, marginalisation and actual exclusion from social and economic progress. The connection between the concept and the deficient reality seems to be so obvious that it is too urgent to be overlooked.

In certain contexts, development can be seen as a process by which people are lifted out of their traditional cultural commons. Development can thus be imagined as a blast of wind that blows people off their feet, out of their familiar space and places them on an artificial platform and a new structure of living (Sachs, 1999: 96). The

argument behind this metaphor accentuates the implementation of modern developmental approaches and technologies, particularly in some underdeveloped countries still intimately connected with their traditional cultures; the 'wind' of this modernity is likely quite shocking for the local people. This is a critical concern for developmentalists, who need to be aware of the nature of what, how and where development is undertaken.

Rostow (1961) conceptualised development as a process of movement along a continuum from traditional to modern. Countries and societies of the world can be ranked along this continuum so that one country can be seen as more or less advanced than another. He argues that modernisation by itself is development according to western capitalist concepts and it is accepted as a desirable state for the countries to aspire to. This concept describes the western historical experience and the western solution as if they are universal in applicability.

In ordinary language the word *development* is used to denote either a state or a process associated with such concepts as material wellbeing, progress, social justice, economic growth, personal blossoming, or even ecological equilibrium. But under the heading of development, the Petit Robert dictionary (1987) contains the following entry developing country or region, whose economy has not yet reached the level of North America, Western Europe". This euphemism has been created to replace the less acceptable term 'underdeveloped'.

The former Tanzanian president Julius Nyerere termed *development* as a process which enables human beings to realise their potential, building their self-confidence, and assisting them to lead lives of dignity and fulfilment. This process frees people from the fear of want and exploitation. It is a movement away from political, economic or social oppression. He believed that through development, political independence acquires its true significance. Development indeed is a process of growth, a movement essentially springing from within the society itself (Simon and Narman, 1999).

Conceptually, *development* is a proposition that consists of a set of practices that sometimes appear to be in conflict with one another, which lead to general

transformation and destruction of the natural environment and social relations. Consciously or otherwise, its proponents' aim is simply to increase the production of commodities (goods and services), geared by way of exchange to effective demand (Sachs, 1999: 96).

Above all the concepts in the 'constellation' around 'development', the principal defect of most of its pseudo-definitions is that they are based upon the way in which one person or set of persons pictures the ideal conditions of social existence. If development is only a useful word for the sum of human aspirations, the automatic conclusion would be that it exists nowhere and probably never will. Yet, in a sense, development does exist through the actions that the concept legitimates, through the institutions it keeps alive, and through the signs testifying to its presence.

1.6 PROBLEM OF DEFINING FOREIGN AID

The issue of foreign aid being associated with development has become controversial and the source of debates among experts from different schools of thought. Most of them question the definition and orientation of foreign aid by questioning the expected and actual outcomes of people participating in deciding on their own destiny, and the of the benefit aid brings for grassroots communities.

Literally, foreign aid is defined as external assistance set up by a nation to help developing countries that are in need. Naturally, people variably define foreign aid according to their own perceptions and philosophical views. Wolfe (1996) argues that as perceptions and definitions of foreign aid vary, it has often led to confusion for both donors and recipient countries as to how useful the provision of foreign aid is, and as to whether it meets its declared purpose in specific cases.

Moreover, the concept of aid has been described variously as 'foreign' assistance, 'development assistance' or 'external assistance'. It is generally initiated by big donors which are typically classified into three different categories: as providers of multilateral assistance, of bilateral assistance, and as NGOs. The definition of foreign aid is not always precise; it is often blurred due to the nature of people who define it (Soares, 1995).

Cox, Healey and Koning (1997) suggest aid should be seen as support for a nation, based on its endeavours to achieve economic growth in order to contribute to securing social progress and political independence, in conformity with the charter of the United Nations. Such a definition of aid, they say, would be commonly acceptable. Otherwise, development aid would continue to be defined along the lines of (negative) speculations.

It is a fact that donor countries diversely define foreign aid according to principles and orientations that are distinct from and transcend their actual policies of aid provision. For instance, the German government defines its foreign aid as spontaneous assistance to improve the economic and social situation of the people in developing countries and to provide scope for their future. Similarly, the United Kingdom determines foreign aid as prioritised concern to help developing countries to economically recover, and to enhance productive capacity in all aspects of development. Meanwhile, France considers aid as an official policy to adhere to multilateral strategies and policies, to contribute to major development issues such as environment and public health, and to act in solidarity with developing countries that urgently need help (Ibid).

Conversely, Teresa Heyter, defines foreign aid as imperialist conduct which is currently and simplistically described as a transfer of resources from governments or official institutions to developing countries. Aid partially finances the profits and interest which are remitted in increasing amounts from the Third World and enlarges the overseas markets for the products of private companies of the imperialist power. It can also be used to secure the creation of facilities such as roads, harbours and training institutions, committing the Third World's own resources to such projects and thus making the operation of these imperialist companies more profitable (Heyter, 1971). .

However, Heyter's definition - according to International Monetary Fund (IMF) - is an exaggeration. Foreign aid should be defined as a creation of facilities designed specifically to provide assistance to low-income debtor countries facing protracted payments difficulties. It is aimed at restoring viability to the borrowers' balance of payments and running a sustainable current account deficit by appropriate levels of

capital inflow (Killick 1995: 18). The IMF's 'viability' could of course be seen as assurance for the steady repayment of interest and capital to donors.

Similarly, the World Bank president, A.W Clausen, defines foreign aid by closely adhering to the philosophy of World Bank. Foreign aid is a financial policy which is strategically programmed to help countries diversify their exports and to orientate their economy along export lines (WB Report, 1983). On the other hand, Mosley, Harringan and Toye (1991) cynically argue that aid would be more wisely defined as the power of economically re-colonising a country. They blame international organisations for dispensing conventional development finance that enables them to exert control over the domestic decisions of developing countries.

Regarding the problems of defining foreign aid, many of the arguments of the supporters of aid rest on the assumption that the interests of the governments and people of industrialised and non-industrialised countries are compatible, whereas they frequently conflict. The history of aid reveals that in the 1960s foreign aid had more emphasis on social policies, on the redistribution of income and so on, and in general it was more progressive in its generous motives. Since then, however, such orientation seems to have been hijacked by more pragmatic objectives.

Because of the disparity of viewpoints, the difficulty in reaching a globally acceptable definition is likely to continue. People will continue to argue that an acceptable definition may not always apply to the actual implementation of foreign aid unless it is accompanied by a moral commitment to be a genuinely beneficial assistance programme.

1.7 METHODOLOGY

The thesis is developed through a variety of literature resources and through data collected in the field. Walsh argues that a study should be supported by primary sources which is obtained through observations and interviews, and also by secondary sources that mostly concentrate on documents, reports, archives and publications (Walsh, 1996). The survey of literature relevant to the topic being discussed provides the theoretical concepts and perceptions about foreign aid and its

benefits and impacts on recipient countries. The finding of this research, on the other hand, considers and analyses the realities and practicalities of the aid applied on the ground. The researcher attempts to observe both the motivation and the ideal objectives of foreign aid, and how it is actually being implemented in East Timor.

The sources of the data obtained were in-depth interviews and the researcher's observations. The interviews were mostly conducted in Dili, East Timor, during fieldwork between March and May, 2000. Observations were also made in Dili and through a number of visits in April and May to two districts: Lospalos, in the far east of the country, and Oe-cusse, the East Timorese enclave surrounded by Indonesian West Timor.

The participants are classified in four categories, according to their different backgrounds and positions:

The first group consisted of key East Timorese leaders and politicians. Most of those I interviewed are the main actors in policy and decision making for the country. The second group were representatives of the foreign donors, international agencies, NGOs and international institutions which have been involved in foreign aid delivery to East Timor. The third was chosen from independent East Timorese intellectuals and two Indonesian political analysts. The fourth group comprised representatives of the wider Timorese community.

Data gathering techniques

Langley (1994) has noted that primary data is the information collected by someone; therefore, the person should be as careful as possible because even a little mistake or inconsistency may lead to invalid results. He also emphasises the objectivity of data collection, in that a researcher should never underestimate the influence of personal views on the way the research is conducted. Beyond this notion, he recommends researchers choose an appropriate technique for certain data collection in order to avoid biases and mistakes. In line with Langley, Wadsworth (1995) suggests different epistemological assumptions may affect the choice of techniques or

methods used; because the world basically consists of multiple realities, a single technique is not the determinant for all data collection processes.

Based on the above theoretical framework, I attempted to obtain answers for the questions that had been prepared in advance. Therefore, to undertake this work I chose in-depth interviews and observations as the appropriate techniques to be applied.

The interviews were individually conducted for the four selected groups on different occasions. This was to allow the respondents to freely express their views, concepts, opinions and perceptions. All respondents were prompted to answer the questions associated with the flow of foreign aid to East Timor post-referendum and its implementation. Langley (1994) also highlights this technique as appropriate to enable respondents to answer the questions in detail and so accurate information about respondents' "attitudes, values, opinions" can be obtained. An informal atmosphere encourages the respondents to relax so the interviewer can easily adjust questions and change direction as the interview is taking place.

Black and Champion (1976) define interview 'technique' as an act of verbal communication for the purpose of eliciting information and Denzin (1994) gives a similar view by asserting that an interview is any face to face conversational exchange when one person elicits information from another. This technique more closely approximates the spontaneity of a natural conversation and there is much greater opportunity to explore various aspects of the intended problem in an unrestricted manner.

To interview the respondents of the first group, appointments were made in advance. The interviews were conducted on different occasions and in relaxed situations. Timorese leaders (the respondents) whom I met were sympathetic and enthusiastic to answer the questions that I asked such as, "Do you think East Timor can recover its economy after the ruination done by Indonesian-backed militias?", and "What do you think about the flow of foreign aid to East Timor?" and "What is the role/participation of East Timorese in the transitional period and the reconstruction

process?" By asking such questions, I expected their perceptions and views on foreign aid and its implementation in order to answer my hypothesis.

For the representatives of NGOs and international institutions, three of them were directly interviewed because of their availability at the time, whereas the remainder required appointments to be made in advance. These interviews were conducted in an open style. The selected questions I asked to this group were: "What kind of aid delivery does your institution/NGO deal with?", "How do you involve local people in your activities?", "For how long do you think your NGO/institutions will be involved in East Timor?", and "Where does your institution get fund for its operation in East Timor?" Beyond these questions, I was also seeking answers from the NGOs and international agencies regarding the participation of Timorese, the agencies' aid performance and the funds they are using - whether they are self-funded or sponsored by overseas donors.

The most interesting part of my interviews was with the third group because I am personally acquainted with the respondents and they willingly answered all the questions in detail. According to Langley (1994), one of the advantages of informal interviews with people who are already familiar to the researcher is that the atmosphere encourages the respondents to be open and honest in expressing their opinions and perceptions in a free manner. Their answers covered all the questions in even more detail than I expected. The questions that I asked were: "What do you think about the flow of foreign aid to East Timor?", "How would you comment on the views that the flow of foreign aid to East Timor may create dependence?", "What roles do East Timor people play in the transitional period?", "Regarding foreign aid, what consequences do you think East Timor faces in the future?", and "How would you comment on the performances of UNTAET, NGOs and international agencies in delivering the aid"? These questions were intentionally asked in order to get some critical views and opinions from the intellectuals concerning the benefits and the dangers of becoming dependent on foreign aid in the future of East Timor.

To get the opinions of the public community, the interviews were conducted without having appointments in advance. This was intended to obtain spontaneous opinions from them about the implementation of foreign aid in East Timor. Therefore the

questions that I asked were: "How did you feel when you first get the humanitarian assistance?", "What you do think about the aid deliveries done by foreign NGOs?", "What is your comment about the implementation of aid in East Timor?" and "How do you think East Timorese would react if foreign aid is stopped?" Interestingly, all the questions were bluntly answered even with emotional expressions.

On another occasion I was able to invite different aid providers in Oe-cusse such as Caritas, Oxfam, Health Care and UNTAET for a lunch and let them talk, while I listened to them. I intentionally applied this technique in order to discover particular information about the way foreign aid is implemented in East Timor especially in Oe-cusse. Such a technique also enabled me to learn about the views and attitudes of people from different parts of the world working in East Timor, towards the issues of foreign aid.

Besides individual interview techniques, I also applied direct observation through a number of visits to two foreign aid recipient districts in East Timor as previously mentioned. Michael Edwards (1993) asserts that direct observation involves looking and listening carefully to the people of the group being observed. Similarly Black and Champion (1976) also argue that the major purpose of observation is to capture human conduct as it actually happens and to permit the participant to view behaviour in progress.

During my observations in Oe-cusse and Lospalos within April and May 2000, I attended a series of meetings organised by United Nations Transitional Administration for East Timor (UNTAET) to discuss plans, programmes and strategies associated with foreign aid, though I mostly watched and listened. Lincoln and Denzin agree that in direct observation a researcher should observe without joining in any way, thus people's opinion and behaviour will not be so affected by the researcher's presence (Lincoln and Denzin, 1994).

Fortunately I was invited to join in a number of consultant activities organised by the Department of Agriculture under the United Nations Transitional Administration for East Timor (UNTAET). Concerning this technique, Walsh (1996), reminds us that participant observation is difficult especially when facing a situation that is relatively

strange to the researcher. However, he also argues that although it is unlikely that a researcher would get accepted into a group of people who are completely unfamiliar, a researcher may attempt to establish a basic rapport. Black and Champion (1976) emphasise this type of procedure as a part of the natural setting in which the observations are being made, and the researcher may join a group for the express purpose of observing it in some way.

In fact I was initially sceptical about applying this technique but based on the above concepts, I was able to build a good relationship with UNTAET. This contact made it easy for me to adjust to and interact with the people involved in the agricultural programme. I could freely express my opinions and perceptions on foreign aid delivery. In this context, I interpreted and learned more about how the foreign aid is implemented and envisioned what impact might result from the aid.

1.8 CHAPTER OUTLINE

The thesis is structured along the following lines:

Chapter one is an introductory description of the thesis, highlighting and briefly defining key concepts related to foreign aid, and outlining the aims, methodology and techniques applied during data collection.

Chapter two presents a variety of theoretical arguments on why, what, by whom and how foreign aid is applied. This is followed by a political analysis and critiques of foreign aid, going on to consider the motivations behind it. Chapter two also analyses the interests of donors and recipients in foreign aid, showing some of the implications for countries at the receiving end of foreign aid.

Chapter three focuses particularly on the World Bank as an international institution that has been given the responsibility of administering the Trust Fund for East Timor (TFET). This chapter briefly reviews the World Bank's establishment and its experiences both in the 'reconstruction' and 'development' of Europe after Second War World and in the reconstruction of some Third World Countries. Subsequently it summarises the roles, policies and performances of the World Bank, and reviews the '50 Years is Enough' campaign challenging the Bank.

Chapter four provides a geopolitical overview of East Timorese history, beginning with a description of the geography of East Timor, the ethnicity of its population and other demographic characteristics. It scans the history of East Timor under the Portuguese, Japanese and Indonesian colonial regimes, considering in particular the country's infrastructural development under Indonesian rule. This chapter also analyses the political situation of East Timor after Soeharto's downfall from power, the later period anticipating the referendum, and the subsequent destruction of the country. It concludes with a brief commentary on the Indonesian military withdrawal, the establishment of the United Nations Transitional Administration for East Timor (UNTAET).

Chapter five examines the activities of NGOs and UNTAET in East Timor, their policies, agendas and approaches, and to what extent they fit in with the local communities' circumstances and aspirations. It provides an analytical assessment on the practical performance of different types of NGOs, and of foreign governments involved in the delivery of aid throughout East Timor, and weighs up the various strengths and weaknesses of the NGOs and UNTAET.

Chapter six analyses various views – notably those of UNTAET, the World Bank, multilateral bodies and NGOs - on how foreign aid is being applied to East Timor, and to what extent the aid application allows the participation of local people. The views of foreign analysts about foreign aid, and Timorese people's reaction to it, are also considered, together with the perceptions of each about the key issue of local participation. The chapter concludes with a review of local people's spontaneous reactions to aid, and of how UNTAET currently responds to the dissatisfactions of the Timorese.

Chapter seven draws together the threads of the overall discussion of the thesis by articulating responses to key aspects of the question "What is the impact of the flow of foreign aid in reconstructing and developing East Timor post -independence?" Finally, some recommendations are addressed to the United Nations Transitional Administration for East Timor (UNTAET), foreign aid donors, and to the people of East Timor.

Notes:

1. In my interview (**May, 11th, 2000**) with Maria do Ceu Federer, the executive director of Timor Aid, she agrees that to develop East Timor, foreign aid is importantly needed.
2. The categorisation of aid is based on the types of aid that channelled by the donor countries. They are generally known as bilateral and multilateral assistance (**Development Report, 1990:128**)
3. The term 'development' is often defined based on the natural proposition and the person who defines it (see **Esteva in Sachs, 1999: 9**) and (**Petit Robert Dictionary, 1987**).
4. Due to disparity of view points, the definition of foreign aid will remain vary according to the philosophy and concepts of aid providers (see **Killick, 1995: 18-32**)
5. The Timorese leaders' appeals for foreign aid to reconstruct East Timor signal the initial flow of aid (see their statements: **Joao Viegas Carrascalos** in *The Australian*, October 23, 1999, **Xanana Gusmao's** in *Reuters*, 18, Nov. 1999, **Bishop Belo's** in *The Florida Catholic*, January 3, 2000, **Ramos Horta's** in *Washington Post*, January 5, 2000)

CHAPTER TWO

POLITICS AND THE CONCEPTS OF FOREIGN AID

2.1 INTRODUCTION

This chapter reviews different concepts and perspectives on aid, highlighting the range of theoretical debates represented in conflicting theories. It includes a section on critics of foreign aid ranging from the radical to moderate and it also considers the motives linked to certain types of foreign aid. Then follows a discussion about the interests of both donors and recipients in foreign aid. Finally there is a review of the impacts of foreign aid on recipient countries.

2.2 THEORETICAL DEBATES ON FOREIGN AID

Theoretical debate on foreign aid is dominated by two main viewpoints: those who argue that aid is a form of exploitation of recipient countries, and those who favour aid as a vital contribution to world development (Moore and Schmitz, 1995, 27-28).

A moderate argument raised by Narman and Simon (1996), is that theory on aid in many senses is not sufficiently developed to produce a suitable agenda, therefore, more research work needs to be done by donors who wish to be involved in development aid. They also cast doubt on the assumption that aid has positive development effects, as this has not been verified by any of the large number of macro-economic studies done for years in many different countries. While some positive effects can be attributed to specific development projects, the overall result can still be found to be economic stagnation or depreciation. Unintended side-effects have been suggested as the cause, and this must represent something of a fundamental challenge to the usually accepted theory of development aid as such (Simon and Narman in Kalstrom, 1996: 156)

Nevertheless, before examining the theoretical debate on what foreign aid is, how it works, and the benefits or harm to both donors and recipients, it is essential to look back at conventional aid theory.

This theory historically originated from Keynesian economic growth theory which was based on analysis of industrial economies. Principally this theory does not agree with neo-classical economics which considers state intervention in the national economy of a country to be needed only when things go wrong. Keynes' argument is based on the idea that economic stability and full employment occur in particular circumstances, and that without state intervention, unacceptably high unemployment will be the rule rather than the exception (Riddell, 1987: 86).

Keynes' basic idea was later developed more extensively by Harrod and Domar in their model as a way to look at the relationship between economic growth and capital requirement. They introduce the concept of capital output ratio, which was assumed to remain stable over any specific period of time. Their contribution to aid and development debate is a dynamic model of development which is susceptible to government policy influences (Todaro, 1989: 488). The Keynesian theory of growth was further expanded by Water Rostow who is regarded as the link between politics and aid through his theory was more associated with a specific political ideology.

Rostow's concepts have exerted a strong influence over a number of decision makers, for example, through his theories of "stages of economic growth" and the "take off into self-sustaining growth". Nevertheless it is not commonly accepted as a basic theory for economic growth, mainly due to Rostow's failure to fully explain the connections between aid and growth. However, his theory can provide an explanation on how Less Developing Countries (LDCs) might achieve the crucial "take off" to sustained growth and join the community of developed nations (Riddell, 1987: 87-88).

Rostow (1961) proposes three conditions for 'take off': First, the need for a significant increase in the rate of net investment; second, the need for a high rate of growth in one or more of the manufacturing sectors, and finally, there should be an institutionally favourable environment to transmit the impulses created by growth to the whole economy. He ascribes a critical role to economic assistance as it can increase the investment rate and accelerates the process of economic growth. However, he suggests that foreign assistance is only needed within the period of the "take off" that is for more or less 15 years (Milikan and Rostow, 1957: 54). Rostow's

idea should serve as a reminder to halt any foreign assistance that may overwhelm a state that is no longer requires it.

Chenery and Alan Stout concur with Rostow, asserting that aid contributes to under-developed and developing countries by relieving certain specific bottlenecks inhibiting domestic growth and development. In filling this role, aid increases the efficiency of the domestic resources base begins" (Chenery, 1966: 680-681). Basically, their model is characterised by two different kinds of gap: the "investment growth gap", and the "foreign exchange gap", the second being a short supply of foreign aid exchange (because of low export earnings), vis- a -vis import needs.

This foreign assistance model helps to understand the links between the two gaps at the different stages of development, until the self-sustaining stage is achieved (Todaro, 1989: 488). Both writers however, have been careful to avoid making any suggestion that an automatic prescription for changes can be derived from their model and they lay great emphasis on the operation of differing domestic policies within each recipient country, into which external aid flows are inserted (Ridell, 1987: 90-91).

In the introduction to Keynes' theory that was later expanded to a "general theory" he calls on both individuals and the government to borrow if necessary, in order to pump money into the economy of the state. Such loans would be repaid later from the earnings generated by a newly robust economy. This will lead to steady growth of competition between the state and individual capital owners and in turn will encourage professionalism and quality of service and production (Todaro, 1989).

In addition, "trickle-down theories" of the 1950s, 60s and the 70s, which have principally focused on primary human needs and the concentration on structural adjustment in the 1980s, have resulted in a broader understanding of the development process. These theories highlight the importance of the economic benefits that result from aid, their weakness lies in their lack of rationale for how such public loans should be administered in order that increased spending does not promote inflation (as more money chases the same goods) or increase foreign debt as imports rise.

According to Armindo Maia (1993) the arguments proclaiming success for the trickle down effect theories are not entirely reliant on the proof of economic benefit to the recipients. He argues that the historical record has been that by the end of the 1960s and 1970s the growth- oriented theories of the past failed to accelerate development, even with massive aid. He cites numerous underdeveloped and developing countries in Africa, Latin America, Asia and the Pacific.

The 'theory of demand' developed from the new classical theory of 'constrained choice' assumes that all nations are in principle motivated to seek foreign aid in proportion to their need (Caporazo and Levine, 1992: 79-80). This theory reflects the spirit of capitalism and liberalism; allocating foreign aid is a free choice and recipients are within their own rights to accept it. The point is that recipients are also free to refuse any particular offer of aid if the conditions are considered 'fish hooking'.

However, Paul Mosley, does not accept the rationale of self-interest as a standardised measure for free choice, but sees it as a political paradox emerging from right wing doctrine. He argues that, the bulk of theorising about the international politics of aid actually rests on empirical foundations. For instance, the World Bank and IMF are scarcely intending to permanently underpin the economy of recipients (Mosley, 1995:25). For Mosley aid theory includes the axiom that the more donors give aid to recipients, the greater support they expect in international political disputes. He proceeds to speculate on what posture a non-aligned Third World nation should adopt in order to maximise their aid inflows. Further he alleges that on the evidence thus far most donors who provide aid get very little money back but do expect political support as "payment" in return (Mosley, 1995: 37-8).

The above premise, leads to 'return theory' which is concerned not with direct political returns, but rather with the amount of aid required to be given as a necessary instrument to achieve desired political returns (Wolf, 1960. 385). In other words, it is relevant to perceive aid policy as being about winning, holding, and influencing friends. This view leads to the logical assumption that negotiations involved in the programming of economic aid comprise a continuing relationship between donors and recipients.

As Teresa Hayter claims in her book entitled "Aid as Imperialism" the catalyst theory is as an inadequate explanation for aid policies and their implementation. Satirically she labels foreign donors as "tigers" who appear beautiful but are ready to kill. This connotes the notion of kindly offering support, but at the same time imposing conditions that trap recipients into debt burdens (Hayter, 1971: 18).

Watson also alleges donors attempt to intervene in the policies of a country for their own political objectives, but cease lending when their efforts have little chance of succeeding (Mosley in Watson: 1987). When faced with this allegation, the World Bank responds that under its articles decisions of the Bank must be based only on economic criteria and cannot be guided by political considerations (The World Bank: 100 Questions and Answers, 1970: 9).

2. 3 CRITICS OF FOREIGN AID

This section explores critiques of aid from radical to conservative and moderate viewpoints. Most of the criticisms are generally addressed while others specifically refer to certain types of aid donors such as the USA and the World Bank.

2.3.1 Radical/Conservative critiques

Those with a more extreme view have often attacked foreign aid as a practice of neo-colonialism. Their antipathy is based on the idea that aid flows are detrimental to economic development and serve as an instrument to safeguard the interests of capitalist countries. They reject almost all forms of aid as it is considered exploitative of the recipient countries.

Other critics, include Nyerere (1998) and Rugumamu (1997) (of the left wing) who strongly oppose the policy of aid, calling it arrogant and patronising. They blame donors and their allies for using aid to exercise their states' power (Narman 1999: 150). In their view, aid threatens self-reliance, although in many cases the flow of aid is blessed by developing countries especially those with a long history of aid dependency. This often happens as a result of political conspiracy between leaders of recipients and aid suppliers (Mai, 1997: 22). For example, Indonesia has been continuing to rely on aid as an alternative to remedying its economy. The World

Bank and IMF have taken no measures to reduce the massive corruption in this situation due in the past, to a political conspiracy between donors and the former president Soeharto and his cronies to maintain inflows of aid to Indonesia (Tempo, 24 October 2000).

Another strong foreign aid opponent is Tony Killick, who stresses that aid programmes of any type should be halted because they impose too many burdens on recipient countries. Aid in his view is no longer humanitarian assistance but an interest-dominated form of donor politics that has become morally corrupted (Killick, 1998).

Likewise, Teresa Hayter accuses donors of attaching conditions to aid which are intentionally intended to promote economic dependency in underdeveloped countries. As she states:

"The wheel has come full circle and that aid perpetuates colonial relationship in a post-colonial world. There is absolutely no doubt that a number of donors see it as vital to alter the economic policy in less developed countries in a more growth oriented direction and to use their aid as a lever to effect this policy change" (Hayter, 1985).

Referring to the World Bank, Vries (1987) ridicules it as purporting to be a hero for less developed countries as it imposes onerous conditions and allows them little voice in the Bank's decision making process.

Sharing the above views, Mosley (1991) sees aid as conferring power to donors who assure recipients' economic policy. Pointing to the example of the lending system of the World Bank, aid is connoted as a weapon designed to kill two birds with one stone. First, it provides quick disbursement of finance and the enforcement of conditions to deal with the immediate crisis. Second it demolishes those structures and policies it blames both for the widespread incidence of failure in development projects and also for the widening gap in the economic performance of developing countries.

Some radical theorists both from the left and right insist that developing countries should reject foreign aid of any type (Bauer, 1971). Their view is that foreign aid is not the only solution for a development process. In fact some countries have

advanced rapidly without relying on foreign aid, for example Japan before the Second World War.

The prevailing critique of aid is that there seems to be no comprehensive understanding of what development really is. The issue of global development is a slogan used by donors to justify the underlying policies of aid which promote developed countries. Recipients are manipulated in many cases and aid projects are assessed in isolation, seen as positive in their own right even though they may not seem to contribute towards broader development process (Narman 1999: 173).

There is no clear empirical evidence that aid in itself leads to any positive development. In fact, the recent record indicates that aid dependency is dramatically increasing. Donors are now in the middle of a virtual World Cup race, competing with their commitments and ambitions to achieve gold medals from the Third World countries (Narman, 1999: 174).

Furthermore, the two most famous writers on Dependency theory, Baran and Frank (1969) blame capitalism as exploiting the Third World countries. They show that this is why they are left behind and that continuing to rely on foreign aid is their only choice. It is clear that aid does constitute a form of capitalist exploitation whose basic objective is to preserve the capitalist system in the Third World. Frank (1969) suggests breaking all relations with their colonial past through a proletariat social revolution and a policy of self-reliance. Any development based on dependency leading to inequity must be rejected. The giant donors are unlikely to give up positions of power for the benefit of the less advantaged (Frank 1969: 25).

Aid agencies are blamed for tolerating a high level of misappropriation of aid funds and corruption. Subsequently, "dependistas" argue that aid is an instrument used in the relationship between the metropolists (donors) and their satellites (recipients) and functions only as a catalyst for continuing the previous state of underdevelopment. The common expectation is that aid should have become part of the solution not a major contributor to impoverishing the community in the Third World (Ridell, 1987:135-6).

Bauer (of the right wing) claims that aid should be refused as a parasitic type of intervention channelled to recipients in order to create a core of dependency. According to this view, aid obstructs operation of the free market, distorts the price system and impedes private sector development. As he wrote:

"Aid enables governments to pursue policies which potentially retard growth and exacerbate poverty including: persecution of the most productive groups, restraints on the activities of traders, restrictions of the inflows of foreign aid capital, enterprise and skills, voluntary or compulsory purchase of foreign enterprises, forced collectivisation, prices policies which discourage food production, and generally the imposition of economic controls which restricts external contacts and domestic mobility and so retard the spread of new ideas and methods" (Bauer in Mosley 1987).

As a solution to the failure of aid, some writers suggest a greater emphasis on redistribution of resources to uphold growth strategies, while others contend a radical and fundamental restructuring of wealth is required. Another group favours the type of aid that is directed at expanding the private sector within a framework of a gradual lessening of government intervention in the economy, in the context of declining overall aid flows (Ibid: 29)

2. 3.2 Moderate Critiques

Besides extremists, there are moderate critics who try to assess aid from two different angles. These critics not only criticise the imperfections of aid policy and implementation but also propose alternatives as solutions for the problems encountered by both donors and recipients.

Moderate critics are classified into two camps: structural theorists and institutional pessimists. By addressing their criticisms to the recipients, structural theorists assume that it is the interplay of power and economic interests which prevent them from utilising aid in a way that alleviates poverty in their countries. Beyond this notion aid is perceived as a valuable contribution to global development particularly in poverty reduction, even if it is often abused or unevenly implemented due to the conflicting interests of the key aid players (Soares, 1995: 73).

Institutional pessimists, while agreeing with the former, suggest that aid is part of a structural relationship between rich and poor which has evolved over time to produce a state of underdevelopment in the Third World. In order to be successful, aid would

have to support those groups throughout the Third World that are confronting the issues of power-particularly the issue of control over resources. Aid policies of any type always cover a wide range of key development objectives to be achieved in the Third World countries, but such idealism cannot be practically implemented if it does not deal with the institutionalised conspiracy between the classes of donors and recipients (Riddell, 1987:131).

Erikson (1998) pointed to a general lack of competence in relation to the social effects of aid, and the need to integrate aid into a wider foreign policy as a matter of priority. Carbo (1993) stresses that aid communities build their own societies when on tours of duty in recipient countries. Such forays can become opportunities to gain power and wealth rather than a tour of charity.

Economists like Friedman, Bauer, Yamney and Kraus shared the view that because economic development is best promoted by expanding the penetration of market forces, aid as presently distributed should be reduced or preferably, eliminated (Bauer, 1979:239). The most justifiable assertion for this argument is the case of the Newly Industrialised Countries (NICs) of East Asia. The NICs success was attributed to their exclusive reliance on the market and to minimal state intervention. However, a careful analysis of the economic development of those countries reveals that there have been perhaps informal but highly interactive relationships between the public and the private sectors characterised by shared goals and commitments embodied in the development strategies and economic policies of the government (Bradford, 1986: 132).

Despite the common view that Third World governments are the worst impediments to economic growth, Shyam Kamath raises a subtle criticism by highlighting India as the recipient of the most international assistance in the post-War era. Aid in fact has helped expand the country's bloated bureaucracies, financed centrally planned development, and sustained one of the world's largest and most inefficient public sectors. As a result India remains among the poorest nations in the world with increasing numbers living in poverty. India is not alone: Roberto Salinas Leon, explains how the IMF and the WB have played a major role in perpetuating the

legacy of statism in Mexico, the second largest debtor that presently continues to rely on foreign aid (Bandow and Varquez, 1994: 4-5).

Paul Craig Roberts reviews how multilateral aid elsewhere in Latin America encouraged the growth of the interventionist state, setting the stage for the 'lost decade' of the 1980s, in which Latin Americans saw their living standard fall drastically. Aid, instead of helping these countries, has hindered their economic progress. Throughout the Third World countries, aid has subsidised harmful economic programs, financed the growth of already burdensome public sectors, and increased recipients' foreign debt (Bandow and Vasquez, 1994: 4-5).

Vries and Patel (1987) point out the reason why aid allocation particularly, multilateral assistance, is accused of being the new imperialism because many conditions are imposed on recipients as they have little voice in the Bank's decision making process. As an answer to this criticism, they suggest that aid suppliers should re-evaluate their lending policy, pursuing particular development objectives, including poverty alleviation, within existing social structures. Conditions attached to aid must also be made more flexible.

2.4 MOTIVES BEHIND FOREIGN AID

There are different perceptions on foreign aid and it is difficult to bring people to a commonly accepted concept as each country has different culture, politics and ideology. However, it is hard to deny ulterior motives behind certain types of aid allocation. Narman (1999) endorses a view that aid campaigns have been focussed on humanitarian concerns, poverty reduction and internal payment difficulties. Such aims are generally acclaimed, but disguise other motives.

Todaro (1989) argues that within the transfer of resources, these ulterior motives are never openly exposed, but are nevertheless implicitly attached. He also points to the reasons why donors are quite enthusiastic about offering aid. For Todaro, motives govern the idea of resource transfers between donors and recipients. People may wonder at the motives behind the USA's aid for the reconstruction of Western Europe after World War II and more recently in Guatemala, El Salvador, Honduras,

Nicaragua and Panama. The evidence as asserted by Todaro was clear: the US was primarily motivated by its political strategy to block communist influence (Todaro, 1989: 485-486).

The veiled motives underlying foreign aid have led to debates on aid (see also the theoretical debate) in which views often tend to be 'painted black or white'. For instance, some say that the actions taken by donors are mostly reactions to negative criticisms linked to their motives rather than a direct response to a development crisis. By extension, donors need to take into account constructive criticism and re-evaluate their policies in order to improve their implementation (Narman, 1999: 173-174).

Typically, donors' primary motives include ambitions to gain power in politics and economy. An aid provider also has its stated or rhetorical motives such as economic restoration and poverty alleviation. However, referring to the former Soviet Union, Todaro (1989) argues that aid provided to Africa and Latin America during the Cold War was a political instrument to disseminate its ideology. For example, by supporting the dominant parties such as Frelimo in Mozambique and Renamo in Angola, the USSR had intended to implant communism.

Another example was the USA, the biggest donor in both proportionate and absolute terms larger-than the UK, France, Germany and Japan combined. The USA allocated massive aid to China, Egypt and India. Other major recipients were Indonesia, the Philippines and Thailand during the Cold War; they later concentrated on South Vietnam, Laos, Jordan and Israel. This was judged to be part of the USA's strategy to win political support from the recipients (Narman 1999: 243).

With regard to American aid Worsley (1984) assumes that in choosing who to provide aid, motives of power and control seem to be dominant in aid policies. On the other hand, Anders Narman claims commercial impulses are attached to aid, that in fact recipients are always carefully selected for an aid partnership. He points to Japan as an example of donor who is interested in Asia, particularly Indonesia, the Philippines and Thailand, that are rich in raw materials. He argues that the logical

long-term intention of such selection is to build markets in these countries through a campaign of poverty reduction and capacity building (Narman, 1999:162-163).

A common assessment is that aid programs embrace compounded motives. Firstly, donors may seek to overcome their own balance of payment difficulties by "investing" in aid as a means of increasing demand for their exports to recipients, hopefully in excess of the original transfer. Secondly, donors often devise aid schemes to satisfy a commercial pressure group who wish to benefit by getting more access to recipient markets for their goods (Soares, 1995: 75). For example Japan's aid to Fiji and Maldives to build infrastructure such as hospitals and telecommunications came with the condition that all materials and operational backup must be bought from Japan (Orr, 1992: 312)

Karlstrom (1996) introduces the simple logic that if aid programs had been successful, aid dependency should have been reduced but it has dramatically increased because of conflicting motives and ever-growing debt. Strategically, donors promote aid by highlighting the emerging needs in order to justify their programs as part of solving recipients' problems. Teresa Hayter (1985) alleges that the complex motives of aid providers are sometimes barely detectable because they so effectively emphasise poverty as the main reason for aid allocation.

Finally, it is held that the intention behind aid is to create conditions that may bring consequent benefits for recipients while maximising political and economic advantages for donors. Therefore, whether the motives of donors in providing aid are detectable or not, or intend to benefit the recipients or not, the business of aid seems to continue as there are shared benefits and interests for both donors and recipients.

2. 5 POLITICS OF FOREIGN AID

To understand the politics of foreign aid it is important to trace its history. Foreign aid in ancient Rome and during the Renaissance was simply considered a means to establish external relations with other countries. The practice of governments transferring money to their former colonies under the label of 'grant' only began in the nineteenth century. The term 'overseas aid' was never used in state documents or the media until the end of the Second World War (Killick, 1998: 76).

The idea of overseas aid for development first entered political discussions in the 1930s, when donors first started transactions between sovereign states. These first foreign assistance programmes were directed to Asian countries. Many critics interpreted this as a political strategy on the part of the donors. The Korean War (1950-1953) exemplified the worry of the donor (United States) about the spread of communism throughout Asia. Therefore it allocated a transfer of concessional money to vitalise the poor countries of Asia on the communist periphery, i.e South Korea, South Vietnam and Taiwan. On the other hand, aid from the former Union of Soviet Socialist Republic (USSR) to Cuba, North Korea, Vietnam and Taiwan was intended to counter capitalism (Killick, 1998: 77).

Cox, Healey and Konning (1997) hold the view that political and diplomatic interests tend to dominate foreign aid allocation. For most in every aid policy passed is muddled with the donors' political and economic agenda. Todaro made a similar assertion that donor countries supply aid in order to monopolise markets, resources, expertise and gained favourable international recognition (Todaro, 1989: 485). Whereas critics such as Paul Mosley (1987), Teresa Hayter (1971) and Roland Vaubel (1994) claim that aid practice furthered more political interests rather than advancing development promoted.

Stressing political factors, Susan George accuses donors of playing nasty games in which they (giant donors) are more concerned with the world market and how to secure their economic and political strategies than attempting to solve economic difficulties faced by recipients (George, 1988: 255).

In addition, Caporazo (1992) and Hayter (1971) connote foreign aid as 'power politics' aimed at re-colonising the Third World countries. In their views, foreign aid is politically governed by donors' ambitions to obtain power and impress the world with their so-called charity.

In short, politics and aid are inseparable in the sense that in much of the Third World decision making for the economy, aid and business negotiation are basically more slanted towards political considerations (Caporazo and Levine, 1993: 125). Relevant examples can be listed from the socialist countries. The Former Soviet Union

supplied aid to Syria, Cuba and Angola as a political strategy to expand its ideological influence in competing with the USA for influence (Todaro, 1989: 73-74). Both Soviet and American practices were strategically aimed to disseminate their rival ideologies.

2. 6 DONORS' INTERESTS IN FOREIGN AID

The flows of aid to recipient countries can create a windfall for donor countries that motivate them to increase the amount. In the transfer of resources the interests of suppliers are unavoidable. Whether or not aid really contributes to recipients' development, the interests of the donors are more assured. According to Todaro (1989) donors' interests can be categorised under two headings: political and economic. Although aid campaigns focus more on development and humanitarian issues, the primary reason for providing aid is to benefit donors politically and economically.

Indications of donors' interest can also be taken from the experience of the Colombo Plan. The New Zealand foreign ministry accepted and supported the plan in 1953 as the country was interested in providing assistance to recipients to improve their social and political stability. Implicitly the bilateral aid programs New Zealand provides under the plan are not only aimed at advancing the well-being of recipient countries but also encompass the interests and expertise of the aid supplier (Soares, 1993).

Economic interest can be most clearly perceived in the forms of aid that include loans and tied aid. Although concessional, the loans benefit donors as they recoup interest. Donors have exercised loan aid since the 1950s and loan repayment conditions have now become central to most Development Assistance programs (Todaro, 1989: 489). Recent evidence can be seen from loans given by the USA to Indonesia for which the Indonesian government has been strongly pressured to repay US\$465,1 million between 1st April 2000 and 31st March 2002 (*Indonesian Economic Report*, December 8th, 2000).

Besides interest bearing loans, there are loans indirectly given to recipients. This can be exemplified by the way New Zealand and Australian governments award scholarships for recipient countries to obtain higher education at their universities. In this case the recipients would make repayment in the form of a concession. The donors are indirectly benefited through their bilateral trade/market expansion to the recipient countries. To safeguard their interests, donors keep promoting the idea of interest sharing, which leads to the principle of *take and give or mutual benefit* (Mai, 1997: 12).

Hayter (1985) and Mosley (1987) find that donors enthusiasm to give aid is mostly based on their interest in seeking support in international disputes. For them, aid is an instrument to maintain commercial and investment interest even though it may create several problems for recipient countries such as administrative overload, the proliferation of technologies and programs inappropriate for local conditions.

It is argued that political and economic interests of donors may partly depend on their level of income or rate of growth, which in turn depends on their savings propensity. Countries with high level of savings and income are more interested in providing a larger volume of aid on the basis of political and economic considerations. However, among the recipients foreign aid generally comes disproportionately to those who need it least. The higher the income donor countries have the greater amount of foreign aid they may provide in pursuit of their own economic, political and cultural interests (Papanek, 1972: 941, Mosley, 1987, 158-159).

2.7 RECIPIENTS' INTERESTS IN FOREIGN AID

Despite attacks often addressed to foreign aid donors of being motivated by economic and political interests in providing development assistance, recipient countries have sometimes required aid based on their own interests.

From the view of recipients (Less Developed Countries or LDCs), aid is classified into economic and political categories. The neo-classical perspective argues that developing countries are facing two main constraints to take-off and sustainable

growth: these are the saving -investment gap and the foreign exchange gap. This model contends that recipients have to accept aid because they are either in shortage of domestic savings to match investment opportunities, or in a shortage of foreign exchange to finance needed imports of capital and intermediate goods (Chenery & Stout, 1966, Chenery & Cater 1973, Dowling & Hiemenz 1983, Papanek, 1973, Mosley, 1987 & Cassen 1986). Recipients with this condition are strongly motivated to seek foreign assistance despite the risk of later consequences.

Moreover, recipients who have suffered total destruction (caused by war or natural disaster) have little alternative but to rely on foreign aid. For instance, the European reconstruction after World War II and most recently in East Timor after its post referendum sacking. Such emergency situations require foreign assistance to overcome their immediate difficulties. Some economists have questioned this method nevertheless, it is accepted as being in the common interest by most of the countries that seek foreign aid.

Furthermore, Todaro states that recipient countries' interests include political leverage. He argues that aid is often sought to empower the ruling party or the existing leadership in the recipient country (Todaro, 1989, 490). He sees foreign aid as a political instrument to suppress the opposition and maintain the government's position. This premise is supported by reference to the experience of South Vietnam in the 1960s, Central America in the 1980s, Iran in the 1970s (Todaro, 1989, 490). Other examples include the Philippines in the 1980s and Indonesia in the 1980s and 1990s (*Kompas*, 12 March, 2000), and also Latin America (Chile under the Pinochet regime) in the 1970s (Lee, 1986: 4).

In short, the interests of recipients to seek aid are motivated by the following reasons: payment difficulties, shortage of investment or overall economic ruination that may result from natural disaster or war (Europe after the First World War, Japan after the Second World War and East Timor after its referendum).

2.8 THE IMPACTS OF FOREIGN AID ON RECIPIENTS

The detrimental impacts of foreign aid on recipient countries, as argued by critics, include the following main aspects: economic, political and cultural.

Economic growth: Foreign aid can lower domestic savings, crowd-out private investment and, as a consequence, reduce the economic growth rate. According to Griffin and Enos (1970) and Griffin (1978, 1986), foreign aid flows lower domestic savings because the recipient governments will substitute (rather than supplement) Overseas Development Assistance (ODA) flows for domestic savings to the fullest extent possible. In this way they can continue to develop without reducing current consumption. In that sense, foreign aid flows are considered akin to perishable goods (Griffin, 1978).

There are many ways in which ODA has reduced domestic savings and they vary from one place to another. First, public savings may decline as foreign aid flows can cause a fall in tax receipts as they may reduce taxable economic activity or effort in collecting taxes (Griffin, 1978: 65). Secondly, foreign aid flows lead to a change in the composition of government expenditure in favour of public consumption (Griffin, 1978: 62). Thirdly, the inflow of a huge amount of foreign aid compared with the total investment program may reduce the marginal productivity of capital and the real rate of interest. And the fall in the interest rate, in turn, would tend to reduce domestic savings further (Griffin, 1978: 62). Fourthly, capital imports may reduce domestic savings by stimulating the consumption of imports and goods which would otherwise be exported (Griffin, 1978, 66). Fifthly, foreign aid flows lead to a decline in both foreign and domestic private savings. Regarding foreign private savings, the argument was put forward by neo-classical theorists such as Bauer (1971), that foreign aid led to a decline in foreign private savings because these inflows discouraged recipient governments from securing capital on market terms when investment funds are available gratis (Bauer, 1971: 109).

The impact of foreign aid and its detrimental impacts on domestic savings and economic growth can be illustrated in the case of Papua New Guinea (PNG). The foreign aid flows (mainly grants) mainly affected the recurrent budget and have had

little impact on government investment. A one kina increase in foreign aid has been calculated to cause government investment to rise by kina 0.009, but decreases government internal revenue by kina 0.086 (Neal, 1993: 10-15).

In general, Griffin (1986: 41) found that the countries which receive large amounts of foreign capital are likely to save rather little and countries which receive little foreign aid are likely to have relatively high domestic savings.

Not only does foreign aid affect domestic savings, it also affects investment adversely by increasing the investors rate of return thus making investment less effective for the recipient country. This is attributed to the donors' motivation (see also donors interest in foreign aid above) as well as the bias towards the use of foreign aid for infrastructural and social-overhead projects (Griffin, 1978, 1986; Lee et al 1986: 21-24; Arndt, 1979: 40-41). Such investments financed by foreign aid are less effective, as they do not significantly improve productivity in the short and medium term and, as a consequence, increase the Incremental Capital-Output Ratio (ICOR) (Griffin 1978: 67-69).

So far, radical theorists have argued that foreign aid is detrimental to economic growth. In general, foreign aid is not associated with progress and, indeed, may deter it (Griffin & Ennos, 1970: 17). Moreover, the neo-classical perspective's assumption that domestic savings cannot substitute for foreign savings is also criticised. The radical theorists argue that this assumption is excessive in the sense that, in the long run, every economy can either produce capital goods and export goods or import substitutes (Griffin, 1978: 61).

The radical view is that the two-gap model and the neo-classical view of positive effects of foreign aid flows on economic growth is invalid in the sense that foreign aid flows in fact substitute for rather than supplement capital investment. Hence it follows that domestic savings are lower, the ICOR increases, and economic growth is reduced. The assumption of the neo-classical perspective that domestic savings cannot be a substitute for foreign exchange and the keystone of the two-gap model, is also questioned.

Political: Data on foreign aid in 1983 suggests that over 83 per cent of aid provided by Soviet Union channelled to Vietnam, Cuba, Mongolia and Afghanistan was intended to purchase political power. McKinley and Little for example, have argued that the only statistically significant determinant of American, British, French and German aid disbursement in the 1960s was the foreign policy interest of the donor to cultivate political influence. They also concluded that OECD aid flows were simply an instrument of power politics (Mosley, 1987: 31).

Aid is allocated to recipients according to the political interests of donors, in the hope of political support for the donor country in international disputes. Other reasons include obtaining location for military bases, new export markets and a buffer against a hostile state. The logic of this assumption is that recipients should increase their level of support for their 'patron' as their intake of aid from that patron increases and the conversely should reduce support as their intake of aid declines. For instance, among recipients of American aid both the group to which aid is rising and the group to which it is falling exhibit precisely this pattern of behaviour, namely an increase in support for the USA around 1978-1980 and a decline thereafter. But, if looking at recipients of the former Soviet Union, the pattern is more diverse. The level of support in the UN for the former Soviet Union from Vietnam, Mongolia, India and Algeria, did not vary over the years, even though Soviet aid was rising in the first two countries and falling in the last two (Mosley, 1987: 34).

Ayres (1983) stresses that many political trends in developing countries (recipients) are strongly guided by their patrons (donors). He refers to Argentina, Brazil, Chile, El Salvador and Honduras in the 1970s whose internal policies were greatly influenced by the foreign policies of donors such as the USA (even if indirectly through the IMF and the World Bank) that politically conditioned these countries.

More evidence is provided by the post Cold War example of the IMF (sponsored by the USA) pumping money into the Philippines in 1991 with the aim of liberating trade and lowering the country's budget deficit. According to Bandow and Vasquez (1992), this tied aid was a political strategy to control the Philippines. It was politically linked to the tension between Washington and Manila who were at loggerheads for years over six major military bases in the Philippines. These analysts

concluded that development assistance for the Philippines has not been without its political price.

The most recent case was the IMF's agreed lending to Indonesia. On November 8th 2000, Indonesia was threatened with suspension of the lending agreement because of their failure to fulfil three conditions imposed by the IMF. Firstly, Indonesia is required not to allow its regional or provincial governments to borrow on their own account. Secondly, Indonesia is required to allow regional exports and imports to be tax free. Thirdly, Indonesia is required not to allow its provinces to have their own laws on regional trade (*FEER*, November 30th 2000, 7th ad). In the face of such a threat and with the economy seriously deteriorating, the Indonesian Minister of Economic Affairs has reluctantly agreed to continue implementing the conditions rather than refusing. He stated:

"This is a political consequence of relying on external assistance therefore this should become the responsibility for the whole nation" (Kompas, December 1st, 2000).

Above all, the political aspects of foreign aid might not be so obvious as during the Cold War when the Soviet Union and the United States vied for influence, but aid still comes with strings. The question is, how should recipient countries respond to the type of aid which is politically appropriate for them? The answer rests upon each recipient country's internal political policies and economic conditions and its power, vis a vis the donor.

Cultural contamination: In historical terms the world-wide type of Americanisation has been a particularly distinctive form of modernisation, which has been superimposed with great political, economic and cultural force, but more or less randomly, on each recipient country's own society. Other donors' cultures have had similar but lesser effects. Recipient countries are free to resist the projection of donors' power, as they may take what they want from the donors' model and implant their own versions of neo-capitalism. The question is the extent to which the indigenous values, cultures and traditions are able to resist the external influence.

Cultural impacts can be seen arising from the rebuilding of Europe after World War II (see the outcome of European reconstruction) and Third World countries. The US

pumped massive aid through the World Bank for the reconstruction of Europe and Third World countries. Intentionally, Americans are happy to implant some of their substantial ways of life throughout the world. The assumption behind the American strategy was that the Western European and the rest of the Third World countries' community would learn lessons about technology, the market and the forces of communication that they would absorb into their cultures (Ellwood, 1992: 232-233).

The flow of aid to recipient countries may not only intervene in their economic growth and political affairs but inevitably leaves certain scars on the local cultures. Post reconstruction analysis reveals that most of the affected not only European countries but also Asia, Africa and Latin Americans sustained significant cultural impacts. American styles and cultures are greatly imitated. Blue jeans, popcorn and hamburgers became common everywhere, and break-dancing, stripping and night clubs have become familiar for the young people (Ibid, 1992: 234).

2.9 SUMMARY

This chapter has reviewed the politics and the concept of foreign aid, including: theoretical debates on aid, critics of aid, motives linked to certain types of aid, politics of aid, donor and recipient interest in aid and the impact of aid on recipients.

A range of views on how aid works were based on the arguments of each of the theories. There are different theoretical concepts on foreign aid and also some underlying weaknesses and strengths of theories in their elaboration. Based on this grounding aid is on balance perceived as indispensable to those in need. On the basis of its "indispensable character" aid is labelled as a tool to help the poor or those who deserve it.

The imposition of conditions on aid has been criticised and resulted in accusations, that donors were intervening in the recipient state's affairs, aid being seen too often as a tool to pressurize and re-colonise rather than to help.

The radical critics strongly oppose aid allocation, blaming donors for using development issues and poverty as a justification to establish power and widespread

political influence over recipient countries. Moderate critics see aid from both negative and positive sides. They suggest that foreign aid is needed but it should be reviewed and genuinely implemented in accord with its humanitarian vision and mission.

Other authors of foreign aid theories have identified donors' motives shadowing their aid policies, mainly political and economic. Although donors have claimed to be politically impartial, foreign aid, whether as grant or loan, is indisputably linked to political strategy and ideology. Donors have directly or indirectly sought to benefit both economically and through implanting political influence, and at the same time expecting recipients to adopt their ideologies and interests.

Donors are interested in aid to extend their political and ideological influence, particularly to those most in need. They are also eager to provide aid in order to expand their markets by prioritising recipients who are rich in natural resources. On the other hand, recipients have often ignored the risks of being dependent on external assistance because they have little choice if they are to overcome internal payment difficulties. Therefore their interests are more linked with the need to fund their internal expenditure.

Finally this discussion pointed out three detrimental impacts of foreign aid on recipient countries: economic growth problems, political intervention and cultural imitation. It has been argued that receipt of foreign aid discourages domestic saving as well as slowing down economic growth. It can also directly and indirectly distort recipients' internal political affairs in terms of dictating what to do. As for culture, recipients have been strongly influenced into adopting models and styles, traditions and values imported with foreign aid.

Having covered the overall politics and concepts of foreign aid, a similar analysis will be undertaken in the next chapter that mainly focuses on the World Bank and its role in Reconstruction and Development.

Notes:

1. In late 1949 under the Marshall Plan, aid by USA was particularly aimed at reconstructing the war-torn economies of Western Europe, following the end of the Second World War (**Todaro, 1989: 486**)
2. See Rostow, W.W, 1961. The stages of Economic Growth. A Communist Manifesto. Cambridge.
3. There is no because it expands the role of the governments and limits the role of the private sector in the economy, and ultimately prevents the rapid growth of the economy(**Riddell, 1987:46-47**)
4. The only statistically significant determinant of American, British , French and German aid disbursement in 1960s was their foreign policy interest to cultivate political influence (**Mosley, 1987: 31- 35**)
5. Not only effecting the domestic savings but foreign aid also lessens the courage of people to rely on their own (**Neal: 1993: 10-15**).
6. It is the consequence of depending on foreign aid, any threat should be taken into account rather than turn our backs on it (**Kompas, December 1st, 2000**)

CHAPTER THREE

THE ROLE OF THE WORLD BANK IN RECONSTRUCTION AND DEVELOPMENT

3.1 INTRODUCTION

By way of a literature review, this chapter offers a brief background of the establishment of the World Bank, particularly focusing on the reconstruction of Europe after World War II and the Bank's experiences in the development process in Third World countries. Subsequently it also presents a brief resume of the World Bank's experience in post-conflict reconstruction, referring to its role, policy and performance. The "50 Years is Enough" campaign is also covered to convey critical international reactions to World Bank's policies it offers through aid to recipients.

3.2 THE WORLD BANK AT A GLANCE

Historically the World Bank was established in response to the need to reconstruct Europe after the widespread destruction brought about by World War II. From a political perspective, the hope of inducing the Russians to join in post-war economic co-operation led United States officials to propose a bank for reconstruction (Ellwood, 1992).

Towards the end of the War, the financial experts of the USA and its allies considered the prospect of a long period of reconstruction, development and trade restoration in the post-war period. They anticipated a great need for international arrangements to deal with monetary and financial problems. The eventual outcome of this line of thought was the Bretton Woods agreements, the terms of which were essentially multilateral and therefore, some would say, less subject to US self-interest. Such people argue that using a more bilateral approach to aid as a continuing tool of American foreign policy was not initially foreseen (Wolf, 1960:337). On the other hand, others question the US "spin" put on the Bank's aims (see below, Ellwood, 1992).

Following several preliminary meetings, in July 1944 the US and 44 allied nations convened the United Nations Monetary and Financial Conference at Bretton Woods,

New Hampshire, to discuss possibilities for the immediate establishment of the bank. The conference was a success and resulted in the Articles of Agreement, or charters, being drawn up for two complementary international financial institutions: the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD), now known as the World Bank. The main purposes of the World Bank were agreed to be:

- to assist reconstruction and development;
- to promote the role of private foreign investment to guarantee and participate in loans;
- to promote the long range balanced growth of international trade;
- to arrange the loans made for guarantee (Selim, 1983:339).

However, according to US State Department experts specialising in economic and social policy, the above aims were driven by and implemented in accord with the ambition of the US to expand its own economic activities, particularly as a high level of loan maintenance by recipient countries would be required. This has been cited as the main vested interest of the US in actively initiating and sponsoring the establishment of the World Bank (Ellwood, 1992: 122).

Leaving aside the question of the influence of US interests, the World Bank was “owned” by 58 member countries when it began its first formal lending operations in Washington in 1946. It soon extended those operations to many countries with the avowed aim of assisting in the reconstruction of the war-ravaged economies in Europe and Third World countries (Ayres, 1983:1). By 1956 the World Bank had made loans to forty-two countries on six continents. Currently, this has expanded to 206 countries and 17 groups (non-governmental members).

Table 3.2.1 World Bank Lending Priorities for different aspects of development)

Sector	1946-82	1983	1985	1986
	<i>US\$ Billion</i>	<i>US\$ Billion</i>	<i>US\$ Billion</i>	<i>US\$ Billion</i>
Agriculture	26.5	3.7	3.8	4.8
Energy	20.2	2.8	3.6	3.0
Industry	19.6	2.5	1.9	2.5
Transportation	18.7	1.9	2.1	1.5
Education. & Health	5.0	0.7	1.1	1.2
Total	105.2	14.5	14.4	16.3

Adopted from Vries (1987:20)

Amounts in US \$ Billions

The above table illustrates the changing pattern of the Bank's involvement in many development sectors from 1946 until 1986. The Bank has played a pivotal role in the global growth of agriculture. This sector has always been considered most important because the severe food shortages in Third World countries such as India, China, Indonesia and Sri Lanka (Vries, 1987, Shihata, 1995, *OECD*, 1998). But according to Barend. A. de Vries (1987) the Bank's lending for the agricultural sector was poorly directed due to policy errors. Vries refers to the pragmatic approach to irrigation, in which the Bank first concentrated on building infrastructure and then (once the system was in place), began linking its operation with the pricing of water and other inputs such as fertilisers and seed (Vries, 1987: 21-23).

Besides agriculture, the Bank realised new energy investments were needed. The Bank lent for electric power and coal development and later entered the new areas of oil and gas development and providing incentives for exploration. Like many others involved in the energy business, the Bank mistakenly assumed that energy prices would continue to be high. Although the Bank's objective was to assist Less Developed Countries (LDCs) to exploit their energy resources through more effective strategies and better resource use, it found itself having to support some LDCs in taking long term actions to restrict demand and develop new supplies (Ibid, 1987: 24).

Moreover, the Bank also lent funds to LDCs for projects such as small and medium industries and transportation businesses. This lending was aimed at helping increase employment through support for more labour-intensive industries. The Bank also helped in the development of some LDCs' banks', for example in India and Pakistan which were intended to become lending mediators for the World Bank. Consequently, although the flow of foreign aid was rapidly increasing the resulting debt burdens increased as well (Shihata, 1995).

Education was also considered important in the World Bank's lending priority. The Bank's lending for education and training strongly emphasised essential policy improvements. The Bank sought to enhance the contribution of private education and private support for educational expansion, while increasing attention to primary and adult education and project related training (Vries, 1987:30).

In contrast to Bank's lending priorities during the above period, according to Ibrahim Shihata (1995), the World Bank's lending operations in the 1990s, have placed greater emphasis on private sector development and reliance on market forces. The Bank program initially concentrated on macro-economic reform but it was later enlarged to promote free market policies, privatisation of public sector enterprises and the development of financial systems. Other aspects pointed out by Shihata were social development, governance and environment (Shihata, 1995: 11-12).

The Bank's basic lending policy as noted above is to promote effective private investment. Strategically, the Bank studies the economic and financial position of the country concerned, and satisfies itself as to the ability of the country to earn foreign exchange with which to repay the loan. Moreover, the bank has conducted studies, intended to evaluate not only the technical and economic soundness of the projects it finances but also the ability of borrowers to carry them out successfully. Therefore, in order to support the lending and borrowing process, the Bank sets up essential conditions that impose obligations on the borrowers (WB, June 30, 1956).

Later, such conditions imposed by the Bank were questioned and criticised. As Joseph Stiglitz, Chief Economist and a vice president of the World Bank, argues, policies behind aid conditions have fostered economic instability and have been inimical to global and Third World development. Ironically, although the Bank's mission is to help countries in need, these conditions do more to assist investors in seeking to increase their wealth (Stiglitz, 1998: 740). Even so, it can still be argued that the Bank has in fact proved itself to the world to be broadly in line with its stated mission, (Wolfenhson in Shihata, 1995). For instance, in its involvement in the reconstruction of Western Europe and specific Third World countries. The Bank's activities in these arenas are discussed in greater detail in the following sections.

3.3 THE WORLD BANK AND POST-WAR EUROPEAN RECONSTRUCTION

The end of World War II led inevitably to questions of the reconstruction and the division of Europe. While the issues were predictable, the outcomes were certainly not. The redefinition of Germany, the rebuilding of France, the dilemma of Britain to

rebuild the damages, and the range of other physical types of destruction that had swept over Western Europe were central issues of global economic, socio-cultural and political development.

Facing the European balance of payments crisis of 1947 and fears that parts of Western Europe might turn communist, the US promptly involved itself in economic decision-making and the reconstruction of Europe. Prior to the announcement of the European Recovery Programme - the so-called Marshall Plan - on June 3 1947, the US had already decided to replace the previous short-run relief efforts with medium-term aid for reconstruction (Dornbusch, Nolling and Layard, 1993).

According to a 1987 British survey, undertaken by Lord France, the Marshall Plan initiative was a shrewd mix of morality, self-interest and political farsightedness. As he stated, "*I think it was done this quite largely for humanitarian reasons*". General Marshall was deeply moved by the millions of people from East Germany who did not have sufficient means to subsist. In the face of a huge crisis in food supplies in Europe, US stepped in to save the people and preserve Western Europe as a continent of democratic, freedom-loving and prosperous peoples, on the side of the United States (Ibid, 1993).

At that time, Marshall Plan money was dedicated towards boosting European production, especially in the critical commodities of coal and food. Food production was needed to meet the population's basic requirements, and to limit requests for direct supplies from the US only to those countries that could not satisfy their own needs (Ellwood, 1992).

Alongside the Marshall Plan's focus on essential production, the regeneration of Europe in the aftermath of World War II required the reconstruction of its infrastructure. In 1947, the World Bank made its first loan, to France. This was to finance general imports for reconstruction. Similar loans were provided to Denmark, Luxembourg and the Netherlands, all of which had suffered through the war (Shihata, 1995: 41-41).

Then following the Economic Co-operation Act of 1948, amended in 1949, US\$ 8.7 billion was authorised and appropriated for other European countries. These grants were for the promotion of individual liberty, free institutions, and genuine independence that required the establishment of sound economic conditions as a base (Wolf, 1960: 34). The grants were also intended to relieve temporary balance of payment difficulties and so acted principally as a fund for the rebuilding of Europe, supporting the restoration and expansion of international trade (*OED*, 1998: 6).

Western analysts argue that some of the plans related to these grants were abandoned due to both miscalculations and to unforeseen circumstances. The reconstruction task in Western Europe (let alone the development task in the underdeveloped countries) was a much larger one than had been originally anticipated. Moreover, repayments of most of the resources required for European reconstruction could not reasonably be expected.

The abandonment of the multi-lateralism of Bretton Woods was due to profound changes in the international environment, most particularly to the breakdown of co-operation with the Soviet Union and the growing (perceived) threat of communism in Western Europe (Wolf, 1960: 3137).

Regarding the reconstruction of Europe, many observers criticise the World Bank for losing its way, and hold that it urgently needs a more focussed mission and a smaller number of operational priorities (George, 1988:105). Caufield (1996), for example, calls on the Bank to get out of lending and move to grants and small technical assistance.

Beyond the critiques cited above, research has indicated that the \$US25 billion of economic aid that poured into Western Europe since the end of the World War II had a tremendous result. Everyone could see both physical and non-physical changes, particularly the benefits of rising output and wages. National and regional infrastructures were well established, and the benefits of economic recovery were widely felt (Ellwood, 1992: 232-234).

The success of Europe reconstruction can also be seen in Sweden, Switzerland, Britain and other Western European countries. The reports recording and encouraging increased productivity appeared everywhere in newspaper coverage during the fifties and sixties. The World Bank and notably the USA were proud of this achievement. The European Community publicly cheered this tremendous success (*OED*, 1998: 15).

Besides this success, a great US cultural and economic impact was also in evidence. Europeans were fascinated with popcorn, coca-cola, blue jeans and hamburgers. The new socialising effects of Hollywood, Jazz and trans-Atlantic dance music were commented on widely, and the new rock and roll fad soon arrived in Europe in 1956 (Ellwood, 1992: 235).

Furthermore, there were changes to factories and farms, to advertising, shops and restaurants. Women of all classes were demanding kitchen plans on American lines. Frozen food became more popular, and self-service shops were coming into vogue. Working class teenagers in particular liked the new leisure products, comic strips, advertising and commercial television, all of them infused with 'Americanism' (*ibid*, 1992: 236).

The above phenomena suggest the reconstruction of Western Europe was successful and the World Bank, particularly the US, deserves the credit. Certainly, as Ellwood (1992) notes, the US gained the topmost influence after its success in bringing Europe back to prosperous economic conditions. At the same time it was the US that had dramatically influenced European economic, political and cultural developments. The colonising nature of US culture and economics, and the subsequent benefit to the US itself, leaves open the question as to who has benefited most in the long term.

3.4 THE WORLD BANK AND THE RECONSTRUCTION OF THE THIRD WORLD COUNTRIES

The Marshall Plan and the early work of the World Bank were focused on the rebuilding of Europe after World War II. The focus was later shifted from Europe to what are now generally called the Third World countries, many of which emerged in

the 1960s and 1970s as the newly independent states of Africa and Asia, and later on as the Russian bloc (former USSR) countries of Eastern Europe. This section reviews the World Bank's involvement in the reconstruction of three Third World countries, as examples of what happened in the Third World as a whole.

Bosnia and Herzegovina

Four years of reconstruction and growth have brought dramatic increases in income and wellbeing of Bosnia and Herzegovina. The per capita incomes have more than doubled to about US\$1,000, (from US\$456 at the end of 1995). Household surveys provide evidence of increasing per capita consumption. Basic services such as water, education and healthcare are now broadly available in most areas, although they are uneven in quality and cost-effectiveness. This is perceived as successful reconstruction by local authorities, donors and beneficiaries (*Bosnia-Herzegovina World Bank Report*, 2000).

According to Maniza B. Naqvi (2000), progress has also been achieved in some of the other dimensions of human deprivation that affected post-war Bosnia Herzegovina e.g., improved conditions for refugees and displaced people, notably physical security, has led to increasing numbers returning. This success was also linked to the peace implementation agenda which dictated a compressed timetable for launching the reconstruction programme because of the availability of planning resources provided by donors and the World Bank.

The economic recovery process was successfully undertaken in the first year in which the Bank became a central agent in the mobilisation and application of external resources critical to the recovery (*OED*, 1998:58). The tremendous success made in Bosnia and Herzegovina in terms of physical reconstruction and poverty reduction have enhance the World Bank's credibility as an economic institution.

Despite high post-war growth rates, the conditions of Bosnians and Herzegovinians remain far worse than before the war. This country remains the second poorest in the South East European (SEE) region on a per capita basis. The best currently available survey data suggest that 27 percent of Bosnia-Herzegovina's population of about 4.2

million fall below a relative poverty line, while 11 percent fall below an extreme poverty line (Naqvi, 2000).

This success has also been described as an ambivalent one: a political formulation that justifies its programme as a clear moral concern for peace and stability. The Bank has been accused of exaggerating the actual outcomes in Bosnia and Herzegovina. Many analysts conclude poverty is still on the increase. The Bank has failed in its promise to change the lot of the poor because it is concerned about remaining at the same time a profitable institution in its own right, and because it has recently become increasingly preoccupied with the issues of national governance for Bosnia and Herzegovina (Ibid, 2000).

Susan George and Fabrizio Sabelli soften their criticism of this failure by stating that institutional responsibility must not be seen to lie solely with the Bank itself. The other culprits are the Bank's partners, the governments of those countries within whose borders large numbers of the long-term poor are to be found (George and Sabelli, 1994:142). Their thesis is that while the physical reconstruction was well implemented, poverty still remains a question for which the Bank has no effective answer.

Doug Badow claims that the World Bank is unable to translate its fundamental goal of reconstruction of ruined economies into successful result. To address this concern, Stiglitz (1998) argues that it is imperative to set up strategies for development which are prioritised in order of significance. He criticises the World Bank's failure to address those urgent needs, which has resulted in donors increasing their wealth and recipients staying in debt (Stiglitz, 1998: 742, 748).

The challenge ahead for Bosnia -Herzegovina is its transition from rebuilding war-damaged infrastructure to securing long-term peace and sustainability, which will include a focus on building robust, transparent and representative institutions. Years of devastating war have been followed by near-total dependence on external technical and financial assistance. With much of the work of infrastructure rebuilding done, the country must address the issue of economic and social sustainability.

Naqvi (2000) also points out that Bosnia and Herzegovina is at the very beginning of the transition from a centrally planned to a market economy, which judging from experience in other post-communist countries, is likely to be painful. According to Naqvi, during this process, the dominant public sector will have to give way to the private sector, and the regulatory and legislative framework that constructed and protected the former will now have to be adjusted to facilitate the development of the latter.

Evidence from transitional economies as well as from OECD countries clearly suggests that the effectiveness of any active labour market measure will depend on the economic environment within which it is applied. In particular, the higher the growth rate, the more dynamic the labour market and the faster the absorption of the unemployed in rapidly expanding businesses. The authorities are thus challenged to provide a more conducive environment for private initiative that would help to improve the level of employment in general for Bosnia and Herzegovina.

Cambodia

Based on a team case study led by Alcira Kreimer in 1998, the World Bank has assumed a particular role in Cambodia, in defining the different functions and targeted areas for reconstruction and played an important role in aid co-ordination. The report says that the World Bank's lending assistance for Cambodia was mainly focused on budgetary support and on achievement of macroeconomic stability. The result is that the urban economy and society of Cambodia are vibrant, while the countryside has yet to experience the benefits. A rapidly growing market economy based in Phnom Penh has produced an increase in GDP from 1990 to 1995 of 5.9% per annum.

The World Bank has concentrated on achieving satisfactory outcomes in a few important economic areas. For example, rubber was considered more important than forestry. The assumption behind such a consideration was that for the World Bank it was more profitable for donors to take responsibility for that sector. Nevertheless, after several years, the donor's substantial efforts in this sector have not yet succeeded in producing the desired results. Another failure was the neglect of the

Ministry of Commerce, despite the Ministry's importance for external trade, domestic commerce and Cambodia's impeding entry into ASEAN (Kreimer, 1998: 58).

Moreover, priority was also given to the development of 'human capital' and 'human resources' -a much applauded area of engagement. In order to achieve a satisfactory macroeconomic balance, the authorities under-funded social capital recovery and the maintenance of economic infrastructure. The study suggests that the World Bank should have done more to negotiate a commitment to macroeconomic recovery strategies, but the fact was that it did not and instead consigned social capital recovery to the status of mere policy tokenism. The Bank did place due emphasis on human resources development in its reports to the donors, yet the Bank's own strategy on the ground neglected this area (Ibid, 1998: 59).

It was also pointed out that unlike the first Country Assistance Strategy (CAS), even under its high lending scenario the current (CAS) makes no mention of education despite its great importance for the country's development potential. The Bank's staff have not yet developed a project concept that would put education into the pipeline before 1999, a major omission in Cambodia's circumstances.

In respect of civil service reform, it is unfortunate that the Bank has continued to put downsizing of social services at the centre of its response to the problems of administration and capacity building. This involved the installation of a reduction process, when the government began raising the size of the civil services in order to absorb large numbers of the incoming party's functionaries which was never politically realistic as some observers quickly recognised. This is only one example of several problems where the bank did not correctly judge the political feasibility of the policies being urged upon the authorities (*OED*, 1998: 59).

Stiglitz emphasises that a development strategy needs a transformative vision: a guiding image of what Cambodian society will be like in 10 to 20 years from now. Inadvertently, he tends to depict development as linear progress, which portrays societies as moving from traditional ways to modern ways and to scientific ways of thinking (Stiglitz, 1998: 741).

An anonymous observer notes that the World Bank's deficiency in Cambodia was due to its failure to establish a resident mission that could accommodate local resources for the goals of reconstruction. The dual track co-ordination system that evolved, with the Bank co-ordinating the donors externally at the level of resource mobilisation and overall strategy, yielded unsatisfactory results (*OED*, 1998: 60); it did not manage to become grounded in local realities.

The difficult and deep-rooted tasks of state and economy building are still to be done. Cambodia is fortunate in having a profound sense of nationhood but the World Bank has failed to integrate a modern state economy into the country which has suffered from disintegrated underdevelopment. Finally it is clear that the presence of the World Bank and other foreign donors and international NGOs has created a dependency problem for Cambodia in its future development.

Eritrea

After its prolonged war of secession from Ethiopia, Eritrea agreed to become a reconstruction client of the World Bank. A victorious and motivated administration led a united nation into post-conflict recovery with ample international commitment. Through a flexible adaptation of procedures, the World Bank prepared and approved an emergency recovery project in advance of the country's membership. The innovative engagement of the World Bank was notably successful at first, but the subsequent retreat into a more traditional operational mode caused those early gains to be lost.

The progress of reconstruction was considered slow, with delayed implementation of the emergency projects, a disappointing consultative group meeting, and a number of projects being dropped. This reflected continuing difficulties between the governments and donors. The argument is made that if the reconstruction was understood as a measure to restore human capital (which may not appear a priority to the fledgling post-conflict government), it will still need international support and long-term commitment (*OED*, 1998 p.60).

The World Bank itself made an early engagement, but like the rest of the donor community, found it hard to sustain work with an ambivalent government and turned

to more rewarding clients. According to foreign observers, the Bank should have invested more up-front resources, as a form of risk capital, both in material aid and presence of its field staff in order to build government capacity and confidence in developing the overall reconstruction of Eritrea.

Since the reconstruction period is likely to involve a decade or more of activity, measures to restore human capital, which may not appear a priority to the infant government, will need incremental support and long term commitment. Although the World Bank has never had a mandate from the Eritrean government to address human capital issues, comprehensively, it should provide the government with cogent advice on the priority of such investment. Some people question why the World Bank was reluctant to provide appropriate advice for the Eritrean government on this matter.

According to Colin Scott (1998), the Eritrean government has been circumspect about the World Bank's involvement in the reconstruction process. Therefore the authorities have rejected the second recovery and rehabilitation project, and a number of other sectoral loan projects. Even, technical assistance was taken up with little enthusiasm or commitment. Eritrean government was wary about conditions linked to economic measures to which it was not fully committed. It was hard for them to decide whether to refuse or accept no matter what the consequences (*OECD*, 1998: 32).

The Eritrean government is very concerned that massive involvement with the World Bank may endanger its economic future in terms of debt burdens. Nevertheless, according to a more recent World Bank news release (No.128: 2001), it has approved a credit of US\$90 million to assist the government of Eritrea in the process of long-term reconstruction and economic recovery. The Program will finance a set of complementary actions in support of the public and private sectors that will be most effective in restarting the economy. The program mainly focuses on aspects: *Agriculture; Infrastructure Rehabilitation, Private Sector Reconstruction and Social Protection (WB Report, 2001)*.

The main expected benefit of the program will be to lessen the consequences of the ongoing humanitarian crisis by providing assistance to displaced people, as well as to lay the basis for long-term recovery by rehabilitating key infrastructure, jump-starting the economy and helping the government's efforts to restore macroeconomic stability.

Despite their fears of being trapped the above loan has in fact impressed on the Eritrean authorities that the World Bank involvement is essential for the continuation of their country's reconstruction. As, Joseph Stiglitz (1998) states the World Bank is a "Knowledge Bank". It knows when and what financial supports a country needs and knows how to direct a country in a way it thinks the best. Meanwhile, Doug Bandow, (1994) accused the World Bank of having brought many recipient countries, included Eritrea, into permanent debt without doing anything to solve their economic ills.

In the case of Eritrea, the World Bank appears to be concerned to help but cannot put aside its profit making motivation. The Bank implicitly offers Eritrea two alternatives: to borrow (on their terms) and pay back in the longer term, or to refuse assistance while facing payment difficulties for internal development projects as mentioned above. Although sceptical about the World Bank's alleged ability to apply its knowledge experience to the benefit of its recipients, Eritrean authorities have had to put aside their circumspection about the Bank because reconstruction of the country is so pressing.

Above all, it is also inescapable that the World Bank is a giant institution with a long history, powerful mission and motivation, and employs thousands of knowledgeable experts from a range of different backgrounds and nations. Consequently it does have enormous power to influence, agitate and direct what should be done. The recipients of its assistance will always have little voice in the decision-making process. In this regard, not only Eritrea, but significant numbers of other Third World countries have been made powerless in defining their own destinies

3.5 A RESUME ON THE WORLD BANK AND POST CONFLICT RECONSTRUCTION

Post-conflict reconstruction has put to the test the World Bank's ability to address unprecedented devastation of human and social capital. Since 1980, the volume of Bank lending to post-conflict countries has increased over 800 percent, to US\$6.2 billion, and touched every region and economic sector.

An assessment was conducted by the Bank, aimed at enhancing the institution's ability to respond more effectively and efficiently to the needs of societies rebuilding after conflict. It examined the Bank's operational policies related to post-conflict reconstruction and called for a new policy statement that will consolidate, clarify and refine existing policies (*OED*, 1999: 1).

The core of the assessment consists of nine case studies Bosnia and Herzegovina (BiH), El Salvador, Uganda, Cambodia, Eritrea, Haiti, Lebanon, Rwanda, and Sri Lanka. These countries represented a diversity of causes of state failure or collapse, as well as of the factors that influence initiation or resumption of Bank operations (*ibid*).

Post-conflict reconstruction is the central issue for this assessment, comprising a significant portion of the portfolio of the Bank's core activities. In the past, the Bank addressed special needs posed by civil conflict on an ad hoc basis. The Board took steps in 1997 to remedy this with its endorsement of a policy framework to guide its actions in post-conflict situations (*WDR*, January 6, 1998).

The subsequent creation of the Post-Conflict Unit further advanced work in this area by creating a focal point for policy development, cross-country learning, and the development of expertise. Clearly, if the Bank is to improve the relevance, efficacy, and efficiency of its support to post-conflict countries, it needs to continue in this direction and adjust the way it conducts business to accommodate the special needs of countries emerging from conflict (*OED*, 2000).

Policies

This assessment concluded that the Bank currently lacks an adequate Operational Policy on assistance for post-conflict reconstruction. Policy guidance is now drawn primarily from Operational Policy (OP) 8.5, which was originally developed for reconstruction following natural disasters. The Bank should revise the Framework and transform it into an operational policy, with accompanying Bank procedures and good practices to guide Bank staff in providing post-conflict reconstruction assistance (*OED*, 1999).

The assessment recommended that the World Bank review its new operational policies on economic development, external debt, macroeconomic stabilization, infrastructure rebuilding, restoration of human and social capital; macroeconomic and structural policy conditionality; flexibility in programme design, and implementation (*WDR*, January 6, 1998).

The above assessment is quite consistent with the critique launched by Joseph Stiglitz, Chief Economist of the World Bank. Stiglitz suggests a "new paradigm for development" should be immediately initiated and put into practice by the World Bank. Referring to the new operational policies, he argues that the main tenet of the post World War II era had been that low-income countries suffered primarily from capital shortage (Stiglitz, 1998a).

Stiglitz insists the Bank to become the world's (implicitly neutral) knowledge bank instead of dictating knowledge for people (recipients) (Stiglitz, 1998b). Standing (2000), admires Stiglitz's attempt to reposition the World Bank in the development debates as this critique is surely correct in thinking (Standing, 2000). But responding to these critiques, the World Bank has since shifted its large scale infrastructural loans and projects towards the promotion of market institutions and the dismantling of public (state) enterprises (*ibid*).

Roles

The World Bank has a critical role to play in the early stages of post-conflict reconstruction. Often the Bank acted as aid co-ordinator, which was especially important in the transition from war to peace. Through consultative groups the Bank

has been particularly effective for mobilizing resources, including facilitating the clearing of arrears; seeking a co-ordinated approach to macroeconomic issues; and providing information on recovery needs and assistance flows (*WDR*, January 6, 1998).

Similarly, the Bank had the potential to make effective contributions to peace negotiations. It advised the economic development dimensions of peace accord options that could help improve economic governance components. The Bank's participation in the peace negotiations in Bosnia and Herzegovina and in Guatemala are two examples of its potential to contribute to the peace process (*ibid*, 1998).

Performance

The two areas of strongest Bank performance have been support for macroeconomic stabilization and rebuilding physical infrastructure. Supporting the achievement of macroeconomic stabilization was one of the Bank's highest and earliest priorities in post-conflict situations. The macroeconomic issues at stake in post-conflict reconstruction called on substantial policy conditionality. However, depending on the country's implementation capacity and the political environment, it might not be appropriate to introduce wide-ranging conditionalities all at once (*OED*, 1999, 2000).

The Bank should have been well prepared to support the rebuilding of physical infrastructure, with adequate attention to necessary policy and institutional reforms. In relation to the clearance of landmines, for example, the Bank's involvement in such activities should focus primarily on indirect, non-clearance activities, such as co-ordination, information and mine awareness, training, and institution building. In other words, support for mine clearance should be always integrated with a specific development activity (*ibid*).

The restoration of human and social capital has not in the past been a priority in Bank post-conflict portfolios. The case of Bosnia and Herzegovina, where the Bank supported early and balanced social sector work that produced some promising reports, appears to be an exception. Although completion reports in social sector post-conflict reconstruction are still relatively few, it seems that most results of Bank efforts in these sectors have been modest. Uganda operations produced unsatisfactory

results, and modest results only are evident so far in the restoration of social and human capital in Eritrea, Haiti, and Rwanda (WDR, January 6, 2000).

The Bank has done little to incorporate gender issues in its post-conflict portfolio. Only in Bosnia and Herzegovina did the Bank make a specific operational effort to address the particular needs of women. Reconstruction efforts must consider the possible economic difficulties faced by women in post-conflict situations, and should also examine the role of women in rebuilding social capital. Analysis can also identify unequal power relations underlying social organisations to ensure that women are not further marginalized by reconstruction interventions (*OED*, 1999, 2000).

In the case of Cambodia, the Bank has continued to push for downsizing the civil service when the political coalition arrangement under the peace accords was actually based in part on raising the size of the civil service to absorb large numbers of the incoming parties' functionaries. The Bank's position was not politically realistic from the outset. For human capital development, a conventional wisdom among donors is to focus on primary education. But in a country where conflict has eradicated education systems, as in Rwanda, a case can be made for donor assistance (not necessarily directly from the Bank) to the secondary and tertiary education levels (*OED*, 1999, 2000).

3.6 THE "50 YEARS IS ENOUGH" CAMPAIGN

Marking the 50th anniversary of the Bretton Woods conference, at which the World Bank was founded, a diverse group of United States organisations established the "50 Years Is Enough" Campaign. This phrase was chosen as a campaign slogan to express the strongly held belief that the type of development the World Bank has been promoting should be reviewed (*WB and IMF selected Papers*, 1994: 1).

The World Bank has been accused of being profoundly undemocratic, as it consistently denies citizens information about and involvement in major decisions affecting their respective societies. Therefore, the campaign was launched to call for:

1.A reform to make openness, full public accountability and the participation of affected populations in decision-making standard procedures at the World Bank. The World Bank regularly fails to consult with affected communities and continues to lend to and support environmentally destructive projects. For example Gedung Ombo giant dam in Indonesia has greatly affected human and natural environment (*Kompas*, 22 October, 1990). While the World Bank is officially in favour of disclosure of information, in practice the bank has restricted almost every type of information regarding its projects and policy based lending. The World Bank's new information policy requires the public availability of project and programme planning documents for each project (*WB*, 1944-1994:2-3).

2.Full participation of affected women and men in all aspects of World Bank projects, policies and programmes, in terms of formulation, implementation, monitoring and evaluation. Economic stabilisation and structural adjustment programmes imposed on client countries and their citizens by the World Bank have failed to lead to a sustained and equitable growth or, in most cases, to increase productive investment. Instead they have increased external debt and caused great social, economic and environmental destruction while further impoverishing poor and working people. The widening gap between the rich and poor is accelerated by adjustment policies which represent one of the greatest sources of instability in the world today (*Ibid*: 3-4).

3.Ending environmentally destructive lending and commencing support for more self-reliant, resource conserving development. The World Bank has been oblivious to local conditions and the longer-term implications of their lending for the global environment, local ecosystem and natural resource bases, as well as for local social structures. Billions of dollars has been lent by the World Bank and the IMF in support of projects that have turned forests into wastelands, generated energy in a highly inefficient and polluting manner, and displaced peasants from subsistence plots given over to cash crop export production. These projects have also forced the resettlement of millions of poor men, women and children, who now face a diminished standard of living. Furthermore, the World Bank's environmental lending often serves to perpetuate the externalisation of environmental costs.

4. Scaling back of the finance, operations, role and, hence, power of the World Bank, with the re-channelling of financial resources thereby made available into a variety of development assistance alternatives. The above giant institutions have failed dismally in the management of programmes whose ultimate goal is the improvement of human well-being around the globe. The World Bank's loan portfolio has seen only marginal improvement, and two programmes that it either fully or largely manages and that it finances with taxpayers-money -the International Development Association (IDA) and the Global Environment Facility (GEF) - have been ineffective in achieving their mandated purposes. Capital and quota increases have also strengthened the power of the International Bank for Reconstruction and Development (IBRD-the World Bank's hard loan window) to leverage economic policy changes against the will of local populations, undermining more equitable, sustainable and democratic development (Ibid: 5-6).

5.Reducing multilateral debt to free up additional capital for sustainable development. The international debt crisis has now dragged the World Bank down for a dozen years. The debt burden of developing countries now stands at \$US1.7 trillion, of which \$US278 billion or roughly 17 percent is owed to the World Bank. The poorest countries, mostly in sub-Saharan Africa, are simply not able to meet their debt payments, while in many economically better-off nations development has been stymied while interest payments are made. Although the World Bank has large liquid reserves, they refuse to reduce or reschedule the debt owed them, taking no responsibility either for projects that have failed or for stabilisation and adjustment programmes that have led to severe economic recession and exacerbation of national debt burdens (Ibid:7-8).

3.7 SUMMARY

This chapter has given an introductory background to the World Bank. It emphasised that the idea of the Bank's establishment came as a response to the war-torn economy of Europe in the immediate post-War period. The initiation of the World Bank's establishment is believed to be backed by the US in order to financial support the European countries' reconstruction as the US also feared the communism spreading throughout Europe in that time.

The involvement of the World Bank in the reconstruction of Europe and of Third World countries has been successfully undertaken. Besides, the success, it was noted American styles, cultures, and politics have a significant impact on the European countries. It is of course an open question as to whether the import of American culture is an advantage or another form of neo-colonialism.

Alongside the experience of Europe was the reconstruction of Third World countries. Many of these countries are recovering economically, but a number have been indirectly conditioned to depend on the World Bank. This fact has been criticised by analysts of the Bank, but for Third World countries the choice to get rid of this aid is definitely a dilemma.

This chapter has also given a resume of the World Bank's experience in recent post-conflict reconstruction by underlining the Bank's policy, role and performance. After realising the strength and weakness of the World Bank the *"50 Years Is Enough"* campaign is also presented. It significantly represents the public opinion that calls for the World Bank to reform and re-orient its aid programmes with all their related conditions, and expects ones that can fit into the nature of recipients and so benefit both the Bank and recipient countries.

Notes:

1. Following the preliminary meeting in July, 1944, the USA and 44 allied nations convened the United Nations Monetary and Financial Conference at Bretton Wood, New Hampshire, to discuss possibilities for a bank's establishment (**Selim, 1983: 339**)
2. The World Bank's first priority lending was for agriculture, energy, industry, transportation, education and health (**Vries, 1987: 20-25**)
3. The conditions imposed by the World Bank were questioned and criticised as giving too much burdens for recipient countries (see **Washington Consensus**).
4. The World Bank made its first loan to France to recover from the devastation resulted from the war, and this was followed by Denmark, Luxembourg and the Netherlands (**Shihata, 1995: 41-47**)
5. The success of the reconstruction of Bosnia and Herzegovina was described as being ambivalent. The Bank was alleged of melo-dramatize the outcomes. In fact the Bank is cited to fail in the poverty condition of the countries (**Naqvi, 2000**).
6. See **Colin, S (1998)**. The involvement of the World Bank in the reconstruction of Eritrea and the real outcomes.
7. See **OED, 2000**. The policy, performance, and the role of the World Bank in the world's reconstruction and development.
8. The World Bank should reform and re-orient its aid programmes with their all related conditions (**The 50 Years is Enough Campaign; IMF and the WB selected papers, 1994**)

CHAPTER FOUR

EAST TIMOR: THE HISTORY, REFERENDUM AND ITS AFTERMATH

4.1 INTRODUCTION

This chapter focuses on East Timor. After a brief summary of the location, geography, ethnicity, population and economy there is a historical background. Then follows an explanation of the process of the referendum and its aftermath, and how the East Timorese have been involved in the process of finding a solution for their country after being unsettled for 24 years.

4.2 PHYSICAL GEOGRAPHY

Location

The territory of East Timor is comprised of the former Portuguese Timor, principally the eastern half of the island of Timor. This 470km long-island is situated between the eastern islands of Indonesia and the northern part of Australia some 500 km to the south. East Timor also includes the enclave of Oe-cusse (in the western half of Timor), the island of Atauro (about 20 km north of Dili) and the islet of Jaco (at the eastern tip of Timor). The land area of Timor is approximately 38,000 square kilometres of which East Timor covers about 16,000 square kilometres (Rodolfo, 1973).

Geography

East Timor is 265 km in length from east to west with a maximum width of 92 km. Its geography is dominated by the rugged interior, where the Ramelau range forms a mountainous spine with many crests in excess of 2,000 metres, and the highest peak of Tatamailau rises to nearly 3,000 metres. The high ground of this central mountain chain drops away to north and south along deeply cut spurs to the coast, in many places extending to the sea and forming a very steep coastline. In the north the ranges can be seen stretching to the shore of dropping abruptly into the sea, while in the south the slopes have a lesser gradient and there is a wider coastal plain. In some areas there are fringing reefs. Much of the surface is dry and rocky.

The enclave of Oe-cusse or Pantemacasar is also rugged. With evidence of the most recent volcanic activity on Timor island, this area has been identified as having the wildest and youngest relief on the entire island. There are few large plateaus or plains in the country the most significant being the 'palnalto de Fuiloro' in the vicinity of Lospalos in the far east of the country (Rodolfo, 1973).

The steep rudiment presents major impediments to mobility, particularly in the interior of East Timor where vehicle movement is limited to isolated mountain roads along the valleys and ridgelines. Additionally, the mountains are frequently intersected by streams which often cut the roads during the rainy season. The most significant urban area is the capital Dili, situated on the northern coast of the country. A number of smaller towns exist on the narrow coastal plains where there is potential for agriculture (Rodolfo, 1973).

The northern coast of East Timor faces Selat Wetar (Wetar Strait) in the Banda Sea which separates Wetar island from the north of Timor island. The north coast is characterised by mountainous slopes that end abruptly in the sea as well as reefs and mangroves, while in the south sand banks form in the mouths of streams depriving the area of favourable anchorages. The major sea route is to the north of East Timor. There are numerous coral reefs particularly along the Wetar coast, some marked by buoys. Additionally, there are numerous shipwrecks on and around coastal reefs, some of which are marked with buoys. Small pocket of mangrove swamps can be found in some sheltered inlets (Rodolfo, 1973).

Climate

There are two distinct seasons, wet and dry. Generally, the wet season falls between November and April, and the dry season between May and October. The nature of the relief, orientation of the mountains and proximity to Australia, produces different meteorological features among the distinct regions of the island. In terms of annual variation of the air temperature, the climate is oceanic, and according to the annual rainfall average, either rainy or excessively rainy in the places of great altitude. Humidity is between 70% and 80%, which makes the climate humid in year around (*ET Handbook*, 1999: 53).

East Timor is divided into three climate zones: The northern zone, extending from the coast up to 600m above sea level, features an annual average of temperature of over 24 degrees celsius, weak precipitation (below 1,500mm annually), and a very pronounced dry period lasting five months. The southern zone, from the coast up to 600m above sea level, exposed to the winds of Australia, is much more rainy than the northern zone with average temperatures of east Timor generally higher than 24 degrees and a dry period of three months. The mountain zones, lying between the northern and southern zones above the 600m level, has temperatures under 24 degrees, high precipitation (over 1, 500mm), and a dry period of four months (Ibid, 1999).

In East Timor, the annual average temperature is regular. The northern and southern zones are hotter than the mountainous zone, as temperature falls with altitude. Absolute differences are less than 10 degrees. In view of the sharp relief of the territory, just a view minutes drive can bring noticeably different temperatures-especially if ascending several hundred metres, such as between Dili and Dare (with a 4 or 5 degree differences). In any give location however, the variation during the year does not exceed 3.5 degrees. There are separate hot and cold periods coinciding with the wet and dry seasons, the first between November and April, and the other from May to October. The coldest month is in July and the hottest is in November. Overall, however, the temperature in East Timor remains constant, generally 28 degrees (mean) over the sea and varying between 19 degrees to 34 degree over land (Rodolfo, 1973).

Vegetation

The vegetation on East Timor consists largely of native primary forest, distributed throughout highland and lowland regions. Pockets of cultivation can be seen throughout the populated areas, these comprise of rice paddies and minor crops and gardens. Mangrove swamps are scattered throughout the coastal regions, but mainly they are in the sheltered inlets (*ET Hanbook*, 1999: 55).

Administrative regions

The capital of East Timor is Dili, located on the north coastal plain. During the period of Portuguese rule East Timor was administratively divided into 12 districts

(doze conselhos in Portuguese or kabupaten in Indonesian). These 12 districts still remain under the Transitional Government: Ainaro, Aileu, Baucau, Bobonaro, Covalima, Ermera, Liquiça, Lospalos, Manatuto, Oe-cusse, Same and Viqueque.

4.3 ETHNICITY

East Timor is a home to a number of different groups of people, who migrated from different parts of the world. Most of the people of East Timor are believed to come mainly from three big groups/races: The largest group is Austronesian divided into Deutero -Melayu and Proto-Melayu. The former is estimated to be about 65.4% of the male population and 53.7% of females. They speak different languages such as Tokodeda, Baiqueno, Kemak, Bunak, Galoli and Tetum. Deutero-Melayu is less common, making up 15.8% of males and 22.9% of female. The second group was Vedo-Australoid, came from the Asiatic during the glacial era. According to Almeida (1974) there are 11.8% male and 15.8% females in East Timor who still have marked Vedo-Australoid physiological characteristics. The third group is Papua Melanesia with Negro characteristics. Mendes (1957) gave a small percentage for this group, 7% male and 7.6% female. In ritual and traditional art ceremonies they have similarities with Papuans.

In the early days of the sixteenth century the Portuguese missionaries became the first European people to have contact with the people of East Timor. They were followed by the ethnic Chinese and then Persians. There are also Indian and African ethnic groups in East Timor. They were mostly brought by the Portuguese from India, Mozambique, Angola, Guinea -Bissau and Cape Verde, which were also parts of the Portuguese empire. Very much newcomers were the Indonesians, who were originally Malays who only lived in East Timor from the period of Indonesian occupation. A small number still remain as they have chosen to become East Timorese citizens. These different ethnic groups (approximately 89% of the total population) speak Tetum, that might be later adopted as the national language once East Timor proclaims its full independence (*ET Handbook*, 1999: 61)

4.4 POPULATION

The population census conducted in 1974 by the Portuguese government and the Catholic Church found 699,769 people living in East Timor, 95 percent of this number being indigenous people. This figure, according to Catholic Church records, during the 1970s dropped to 521, 620, the dramatic difference of 178, 149 ascribed to large scale killings during the invasion. The Indonesian Bureau of Statistics (1992/93) showed that the total population of East Timor was estimated in 1992/1993 to be approximately 700,000, excluding East Timor guerilla members but including 100,000 Indonesians. Another source cited from East Timor Catholic Church indicated that in 1992/1993, the figure for those Timorese origin was 521,219. Then in 1997 the government of Indonesia quoted the number of population as 881,600 which included Indonesian formal and spontaneous migrants (Gusmao, 1997).

Since the referendum and the Indonesian withdrawal from East Timor the population has fallen significantly. There were thousands of people killed during the late 1999 militia rampage and many thousands are still being kept in refugee camps in Indonesia, although many Timorese living overseas have returned home. The real size of East Timor's population is not known, although a recent provisional estimate done by the Timor Resistance National Council (Conselho Nacional da Resistência Timorense or CNRT) indicates that the population of East Timor at the moment is above 500,000. Due to many difficulties in data gathering, no reliable breakdown of this figure can be made.

4.5 THE ECONOMY

Traditionally the economy of East Timor has been predominantly agrarian, based on subsistence agricultural systems. The agricultural sector absorbs almost 80% of the active labour force. The main activity is the cultivation of food crops (maize, rice and beans) and coffee is the main cash crop for export. Both men and women are engaged in agriculture farming and 90 percent of the food consumed in East Timor is produced by families themselves (Twikromo, 1995).

The industrial sector was poorly developed during both the Portuguese and Indonesian eras. Indonesia built some small factories such as a sandalwood factory, a salt factory and a textiles factory but most of the workers employed were from Indonesia. These factories were destroyed after the referendum and will require some effort to rebuild.

East Timor has also been found to be rich in materials such as gold, silver, marble, magnesium, limestone (for cement making) and oil and gas that until now have not yet been exploited. Moreover, there is also a lot of potential for tourism, which if developed and professionally managed could enable the country to earn more foreign exchange.

4.6 AN OVERVIEW OF EAST TIMOR'S HISTORY

Portuguese Arrival

It was estimated that the Portuguese arrived in East Timor in about 1512 -1515. They came to the East Indies in order to find spices and disseminate the Catholic religion, their ultimate destination being the Malucas Islands (Spices Island). However, the Portuguese decided to stay longer and establish a colony in Timor which was found to be potentially rich in natural resources, especially sandalwood.

To establish their colonisation of the territory, the Portuguese built their first port in Lifau (Oe-cusse) which became the first capital of East Timor. After a mass attack by the indigenous people of Oé-cusse in 1769, the capital was moved to Praça, (now known as Dili). In the following three centuries, the Spanish, Dutch and British successively attempted to seize the island, but Portuguese sovereignty was legally affirmed by two treaties signed in 1860 and 1893 (Twikromo in Forbes, 1846).

Japanese Invasion

The Japanese invasion of East Timor in 1941 encountered widespread resistance organized within the framework of the indigenous political system. However, history has also recorded the gallant campaign of four hundred Dutch and Australian commandos resisting twenty thousand Japanese troops. By the time the Japanese surrendered in 1945, sixty thousand Timorese had died as a consequence of assisting

Australian troops and most of the towns and villages throughout East Timor were destroyed. After the Japanese surrender and the end of the Second World War, the Portuguese regained sovereignty over East Timor (Taylor, 1991).

Formation of Political Parties

The formation of political parties in East Timor in dates from 1974, and was very closely related to the rapidly deteriorating political situation in Portugal (Tomodok, 1994). This occurrence was mainly caused by the dramatic decline of Portugal's economy which could no longer afford to continue paying the administrative cost of retaining its overseas territories. But more importantly, it was caused by the anti-colonial policies among left wing groups in Portugal's carnation Revolution. One major outcome of this conflict was the decision to allow its colonies to form their own political parties and being prepared for self-determination.

Consequently several political initiatives were undertaken in East Timor after April 1974, notably the creation of the first political party, the Timorese Democratic Union (União Democrática Timorense, or UDT) on 11 May. This followed the Portuguese idea of "progress towards independence" through the gradual adoption of western culture by an elite class whose members were recruited from the indigenous system.

Only one day after the UDT was formed, the Timorese Social Democratic Association (Associação Social Democrática Timorense or ASDT) was declared. This party favoured complete independence, and had strong support amongst students and grassroots communities. ASDT subsequently became the Revolutionary Front for East Timor Independence (Frente da Revolucionária de Timor Leste Independente or Fretilin) on 12 September 1974.

These parties were then followed by the East Timor People's Association (Associação Popular de Timor, or Apodeti). This small party's formation process was strongly backed by the Indonesian intelligence agency, who had infiltrated several groups of Timorese people and indoctrinated them to integrate East Timor into Indonesia.

There were another two small parties, such as the Labour Party or *Trabalhista* and the Union of Timorese Princedom (Klibur Oan Timur Asuwain or KOTA). In their political manifestation both were moderate and low profile, and they had no significant mass influence (Taylor, 1991).

The de-colonization process became confused and ultimately violent. In September 1975 a short civil war ensued between the stronger Fretilin and UDT. On November 28th 1975 the victorious Fretilin leaders issued a declaration of independence from Portugal and affirming simultaneously and proclaimed the establishment of the Democratic Republic of East Timor (*Republica Democrática de Timor Lesté* or RDTL) (Sukasah, 1998:6-8).

Indonesian invasion

This proclamation of independence was promptly followed by a massive invasion of East Timor by an Indonesian force and annexation the following year. The invasion in December 1975 was accompanied by violence on account of the fierce resistance put up by Fretilin forces in and around the capital Dili. Indonesian troops indulged in gratuitous killings of the civilian population, and hundreds of people were shot dead in the first few weeks. The relatively prosperous Chinese population, numbering about 20,000, was a particular target of such violence. Indonesia subsequently passed a law on 17 July 1976 proclaiming East Timor as their 27th province, although Portugal was at that time still legally recognised by the United Nations as the administering power (Ibid, 1998: 10-12).

The Nature and the Scale of Conflict

The continuing conflict in East Timor over the next 24 years owed its origin to the East Timorese people's demand for self-determination and consistent refusal by Indonesia to recognize that demand. It was also derived from the heavy-handed military security approach that the Indonesian government typically adopted in dealing with political movements within their country, such as the Aceh Independence Movement (*Gerakan Aceh Merdeka* or GAM), Liberation of Papuan Organization (*Organisasi Papua Merdeka* or OPM) and South Maluku Republic Movement (*Republik Maluku Selatan* or RMS) (Taylor, 1991).

Simultaneously with the military campaign, the Indonesian government launched a program of forced integration of the East Timorese population. This included the imposition of Bahasa Indonesia and the banning of the more widely used Portuguese language in schools as well as re-education measures focussing on the official Indonesian state Ideology of Five Principles of Indonesian Philosophy (Pancasila in Indonesian term). The government also encouraged large-scale migration to and resettlement in East Timor of farmers from Indonesians aimed at replacing the half population killed by Indonesian military.

Despite its determination, the Indonesian military never succeeded in fully controlling the territory, nor did it establish any meaningful support for its annexation among the East Timorese population. In spite of its policies, the social relations and values of the pre-invasion period persisted, providing a framework for continuing opposition. The most vociferous recent opposition to the occupation came from those raised during Indonesian rule. This angered the military, their leaders in particular, many of whom had pinned their hopes on successful socialisation of the second generation. The success of the nationalist movement (mostly second generation) in maintaining opposition to the occupation, despite overwhelming Indonesian military superiority and under extremely adverse conditions, was a remarkable achievement.

4.7 DEVELOPMENT UNDER INDONESIAN OCCUPATION

After the illegal political "integration" of East Timor, the Indonesian government set up several development planning programs as the territory lagged economically behind the rest of the country. The strategy was aimed to counter critical international opinion and accusations over the Indonesian occupation as well as to promote economic integration in the context of embracing East Timor for a better development. This part outlines development strategies for East Timor, planned and implemented by the Indonesian government after the "integration" and up to the referendum in late 1999 (Timor Timur Membangun, 1996).

During the first two and a half years after "integration" a development program for East Timor was begun. It was aimed to prepare East Timor to enter the Indonesia

National Development Program as other provinces completed their second Five-Year Development Plans (Repelita II) which ran from 1974 to 1979. The emphasis in this short-term plan for East Timor was on the development of the whole infrastructure (Ibid). This plan was divided into three stages. The first stage (October 1976 to March 1977) was "rehabilitation". The main objective of this program was to rehabilitate the widespread destruction resulting from the invasion but which that the Indonesian government claimed to be caused by the short civil war of September to October 1975. At this stage the Indonesian government concluded that East Timor was economically far behind compared to its other provinces. Income per capita was below US\$50. In addition, the educational sector appeared as a major concern with only 10 percent of the population educated, mostly primary school graduates (*Quarta classe* in Portuguese term), and only about 20 University graduates (Timor Timur Membangun, 1996). The need to alleviate these conditions was used by Indonesian government in its propaganda to legitimate its sovereignty over East Timor, although the United Nations and many other countries never recognised its de-facto administration.

The second stage (April 1977 to March 1978) was termed a "consolidation program". During this stage the main emphasis was on the consolidation of development sectors such as roads, public buildings, market places and the putting in place of an administrative infrastructure (Ibid, 1996). It is believed that much of millions of dollars allocated was not used to develop East Timor but was corruptly diverted to Indonesia business interests and to finance military operations in East Timor. Hence, this phase was mocked as "the consolidation of confusions and corruption" (Timor Timur Membangun, 1996).

The third stage (April 1978 to March 1979) was aimed at stabilising the overall development implemented during the rehabilitation and consolidation phases. During this stage all members of government civil servants without exception, should follow a program called: Capacity Building and Mono Loyalty Doctrine, an Indonesian doctrine that required each of the civil servants to be loyal to the president of Indonesia. Timorese civil servants were obliged to follow the program known as "The guidance of understanding and internalising the five principle of Indonesian

state ideology" (Pedoman Penghayatan dan Pengamalan Pancasila or P4) (Ibid, 1996).

An Indonesian official report on East Timor stated that by the end of phase three, 90% of Timorese civil servants had completed their State Ideology Refreshment (Penataran P4) and administration training as these programs were simultaneously introduced. According to this source, improvement also included new road extensions of more than 1, 264 km, and with 157,73km already completely asphalted (Timor Timur Dalam Angka 1994). This road construction was focused on the eastern and middle south of East Timor. The main objective of this policy emphasis on road building was to facilitate the Indonesian military operation in the areas where independence guerillas were resisting. Rough calculations suggest that 80% of this period's budget went to military operations and road buildings. There was a 100% "top down" policy implementation, with Timorese puppet leaders at that time following exactly what Jakarta dictated (Aditjondro, 1999).

Immediately after the two years of preparation, East Timor started its First Five-Year Development Plan (REPELITA I), as the other Indonesian provinces were on their third. With the new budget year beginning in April 1979, East Timor came under the framework of national development planning in the Third Five-Year Development Plan (Repelita III).

Running from April 1984 until March 1989, the First Five-Year program was intended to accelerate and equate East Timor's development with other parts of Indonesia. To better achieve this aim, the budget for this development program was broken down into categories of "routine (maintenance) and development". The development budget had two components: firstly a sector budget or developing programs of the central government departments in East Timor and secondly central government project funds for specific purposes, known as Presidential Instructions (Dana Instruksi President or Dana Inpres) (Taylor, 1991).

The priorities of the first Five-years' Development Plan included agriculture, health, communication, education and government apparatus' capacity building. The agricultural sector was given highest priority. Dams and large irrigation schemes

were built in some regions with good potential for paddy farming. Modern agricultural technology was introduced to the farmers throughout East Timor, although it did not fit well with the traditional practices. In the health sector, it was noted that the number of medical doctors and nurses were relatively small but the policy under this program encouraged building of health clinics being built throughout the urban and rural areas. According to an official source, during this period there were only 14 medical doctors and 60 nurse to serve the whole of East Timor, most of them sent by Jakarta (Tomodok, 1994).

A large modern telecommunication center with international toll services was completed in the heart of Dili in 1988. This means of communication was purposefully built to facilitate the military operation in controlling and monitoring the security of East Timor. Timorese people had limited access and were reluctant to use it as they risked the suspicion for communicating political activities.

Education was another target of accelerated development. Based on the Catholic Church record, before 1975, there were only 80 primary schools, 12 secondary schools and two senior high schools. Within this the period of the plan, school building infrastructure was extended. Each village had a primary school and secondary schools were started in all sub-districts, although there were only two to three senior high schools operating throughout the province. In Dili a University known as East Timor University was inaugurated in 1986, then followed by the Dili Polytechnic Institute (Ibid, 1994).

Besides the above higher educational opportunities within East Timor, in the same period the Jakarta government allocated a huge amount of money to send selected senior high school graduates to study in various Universities throughout Indonesia. The number of such awardees was around 150 per school year. Beyond this strategy, Jakarta hoped to gain sympathy from the new generation in supporting the integration of East Timor into Indonesia (Ibid, 1994).

However, according to East Timor independence fighters, the overwhelming majority of the above development was merely considered as part of a fake strategy to impress the world and intentionally aimed at gaining political support for

Indonesian sovereignty over East Timor. For example, in his book entitled, *FUNU*, Ramos Horta's politically countered the Indonesian's massive campaign for poverty and illiteracy in East Timor. As he refers:

"East Timorese were poor and illiterate, though they would never surrender their political idealism once they are rich and clever" (Horta, 1985: 17).

Likewise Bishop Carlos Felipe Ximenes Belo angrily stated after the November 12 of Santa Cruz Massacre that Timorese demand no bread or cloth, not even an academic title, freedom to live as people with dignity (*Inside Indonesia, December, 1992*).

Many foreign analysts had also foreseen that East Timor students who had their studies funded by Jakarta would not forget their home reality. As Benedict Anderson and James Dunn (1995) concluded that the explosive mixture of education, development not halting Timorese to struggle, instead steadily deepening and widening their nationalism, especially among the young (Dunn, 1995: 145). Sharing this idea Mathew Jardine (1997) who visited East Timor a year before his book entitled *East Timor's Unfinished Struggle* was written, testified that despite the increase attention Jakarta gave, particularly for the young, there was an increasing awareness of an opposition to the Suharto's government's conduct and presence in East Timor (Jardine, 1997: 248).

Evidence of the correctness of this assumption came in 1989, when more than 500 Timorese students signed a protest opposing the Timor Gap Treaty signed by the Australia and Indonesian governments. Within the same year, the visit of Pope John Paul II to East Timor was ended with a mass demonstration composed mostly of students and youth, demanding the right of self-determination of Timorese people and the scene was observed and photographed by foreign journalists (Ibid)

Despite such evidence, the Indonesian government continued to treat and portray these disruptions as casual phenomena that would eventually be solved through a just and balanced development, particularly through providing job opportunities for youth. Therefore, in preparing East Timor's second Five-Year Development Plan (REPELITA II, March 1989 - April 1994), the Indonesian government tried to re-evaluate and re-orient the development program. Evaluation of the results of the first

development period had demonstrated huge advances in all development sectors. Per capita income which was estimated to be as low as US\$42 had steadily increased to US\$120 (Timor Timur Membangun, 1996).

Indonesia attempted to implement a new development strategy that aimed to meet the needs of the whole community, but particularly focussing on solving the youth unemployment. To assist implementation of this policy, the Indonesian government encouraged the private sector and Non Governmental Organisations (NGOs) to become involved in the creation of jobs and community services. There was some progress made during this period. First, was the increase awarding of scholarship for high school graduates to study in Indonesian universities. The number of recipients was doubled although not qualitatively restricted so study opportunities became more open for senior high school graduates (*Tomodok*, 1994).

At the same time, the Jakarta government supported the Tiara Foundation, headed by Sitti Herdianty Rukmana, oldest daughter of the former president Soeharto, to recruit thousands of Timorese youth to work in various industries throughout Indonesia. This policy was to reduce youth unemployment.

But the strategy went beyond this policy was to isolate the youth who were often involved in political activities in East Timor. In his speech on the youth departure ceremony, Bishop Carlos Felipe Ximenes Belo, expressed sadness of at losing his men, however he had no power to stop the program since it was directed from Jakarta. However, this policy failed because most of the participants eventually returned home and those who remained working in Indonesian industries were at the same time involving themselves in the East Timor students' movement for independence (*Inside Indonesia*, 1991).

Besides the above priorities, the Jakarta government also encouraged the acceleration of development from the provincial level down to the village level. To support implementation of the development programs, Jakarta embraced international and local Non Government Organisations (NGOs). But the government of Jakarta only allowed compliant NGOs and Foreign Government Assistance who were considered reliable and agreeable to a comprehensive cooperation with the government.

National NGOs active in East Timor were those that closely associated with the former president Soeharto's family. This included Yayasan Tiara, PT Denok and so forth. Yayasan Tiara's involvement was mainly in the creation of job opportunities whereas PT Denok monopolised trade in East Timor in commodities such as coffee and sandalwood. These NGOs were run by appointed military members who acted as civilians. These NGOs were not responsible to the local government gap instead they directly affiliated with members of Soeharto's family who carried out their interests in the guise of government program (Aditjondro, 1991).

Ema Mata Dalan Ba Progresso, or ETADEP was the only local NGO involved in grass-root community development. Indonesian government indirectly controlled most of ETADEP's funds that were injected by foreign donors. As a consequence, this NGO was not operationally independent.

International NGOs and foreign development agencies were mostly from those countries which explicitly or implicitly recognised Indonesian sovereignty over East Timor. They were Caritas Norway, Caritas Australia, CCF, Aidab/Ausaid of Australia and NZODA for New Zealand. Other foreign agencies such as USAID from the USA, was particularly involved in the reconstruction of roads and other large engineering projects whereas, CIDA from Canada prioritised the development of agriculture and small scale business support. The AIDAB, USAID and CIDA were affiliated with their central offices in Jakarta or in other words they were under the control of Soeharto's regime (Ibid, 1996).

Following the above phase was the third Five-Year Development Plan that commenced in April 1994 and terminated in March 1999. Strategically this development period was planned to stabilise the first and the second five-year development periods within the goal of 'national equalisation'. The notion of stabilization was to strengthen and re-emphasise those major development sectors considered key determinants of community prosperity and welfare, hence East Timor could be progressively brought in into line with the other provinces. To put such a plan into practice, the Indonesia government specifically channelled a large amount of money for poverty reduction through the grass-roots community projects, known

as "Presidential Instruction Project for Underdeveloped Villages" (*Inpres Desa Tertinggal or IDT*) (*Timor Timur Membangun*, 1996).

Most of the project managers were selected by Jakarta (a top down approach). As a result the projects did not work due to the unfamiliarity of the managers with the community. Additionally, massive corruption was pervasive during the process of the projects implementation. Although during this phase Indonesia was trying various ways to justify integration as the final solution for the disputed territory, continuing political agitation by Timorese continuing to claim for self-determination was difficult to halt. Thousands of Timorese University graduates who Jakarta had sponsored and expected to become the defenders and stabilisers of East Timorese integration became radicalised and turned up as independence fighters.

The third five year development phase was strongly marked by serious political problems that threatened the continuing Indonesian presence in East Timor. Various attempts were made to reinforce socio-political decisions in order that development activities could be implemented and national stability and integrity could be upheld. Such a strategy totally failed because many development funds were misused as a consequence of widespread confusion as the new era of democracy swept over the whole country of Indonesia. This movement, better known as the "Indonesian reformation era", successfully forced the former President Soeharto to step down after 30 years in power. This automatically weakened the Indonesian military influence in government affairs and also gave greater chances for the East Timorese problem to be openly debated.

4.8 EAST TIMOR AFTER SOEHARTO

The spirit of reformation and Soeharto's massive corruption not only led to the failure of the East Timor's third Development phase but it also gave a new inspiration for the East Timor people to determine their future. The Indonesian transitional president B. J Habbibie attempted another formula to resolve the problem by offering a 'special autonomy' for the territory. To this offer, Bishop Carlos Felipe Ximenes Belo, diplomatically stated that this 'autonomy offer' was not the key for resolution of the problem (Sukasah, 1998: 50). The notion behind the Bishop's reaction was that

the problem of East Timor could not be partially solved. To him, the important factor was the people of East Timor themselves. In a media meeting he stated:

"The withdrawal of the Indonesian military from East Timor is a 'conditio quo non' (an essential pre-condition) for solving the whole problem. People of East Timor have been long haunted and traumatised by the presence of Indonesian military. Timorese want to be free from pressure, torture, intimidation and harassment" (Ibid, 1998).

Similarly Jose Ramos Horta promptly rejected the Indonesian proposal as it was based on old arguments that Indonesia had repeatedly used to manipulate world's opinion. Horta questioned the Indonesian offer by highlighting that the East Timor problem would be settled only if the president of the Timor Resistance National Council was freed from the Indonesian detention in Jakarta (*Int. Herald Tribune*, 1998). To him, a gradual, monitored transition leading to a referendum on incorporation or independence would only be acceptable. The United Nations Secretary General and Bishop Belo also emphasised that the participation of Xanana Gusmao in all negotiations toward the resolution of the East Timor problem was essential.

Meanwhile, Portugal passively went along with the Indonesian proposal for autonomy because they considered a 'referendum' was the most democratic and independent choice for the people of East Timor. This formula was an appropriate measure to legitimate Indonesian sovereignty over East Timor or allow the country to become an independent state. Likewise, Xanana Gusmão called from inside the prison for the proposed 'referendum' to be held immediately under the United Nations' supervision. The uncompromising Indonesian attitude to the referendum led the Timorese to respond: "Pátria ou morte, a luta continua" (our country or death, the struggle continues) (*Lusa, February 11, 1999*).

Facing international pressure and the continuous Timorese demands for a referendum, Indonesia defensively attempted to argue that an extended autonomy would be the most equitable solution for the two groups who were pro-and anti-integration. A referendum, according to Ali Alatas, the former Indonesian foreign minister, would only sharpen the conflict and another civil war would inevitably emerge. However, political analysts criticised the Indonesian government of being involved too much in East Timorese affairs rather than solving significant internal

problems that were more important. The analysts also pointed to the huge amount of money that had been poured into East Timor but which nurtured hatred and antipathy. According to Marzuki Darrusman, a former member of the Indonesian National Human Rights Commission, the annual development fund for East Timor should be reallocated to some other urgently needed purposes, rather than to bribe Timorese to accept integration (Sukasah, 1998: 57).

4.9 THE EAST TIMOR REFERENDUM AND ITS AFTERMATH

Incidents which shadowed preparation for the vote

Although the Indonesian government pressed ahead with its offer of special status with substantial autonomy for East Timor, foreign and domestic pressures which insisted on a referendum for the province became the bitterest pill for the government to swallow. Therefore on Thursday 6 February 1999 President B.J. Habibie suddenly announced a referendum as an option to decide the future of East Timor (*Jakarta Post*, February 7, 1999).

Reacting to the above decision, the Indonesian house speaker angrily stated:

"There is no alternative....a referendum cannot be held because East Timor became part of Indonesia not through a referendum, but through People's Consultative Commission" (Majelis Permusyawaratan Rakyat or MPR) (Jakarta Post March 5, 1999).

Elaborating on the same notion the former Indonesian Foreign Minister Ali Alatas professed fears that the referendum option was filled with dangers, and that there was a greater risk that it would lead to a new civil war (Ibid). He suggested that autonomy within Indonesia would be the best choice for East Timor otherwise they faced the same consequences as in 1975.

Confusion over Indonesia's true intentions towards East Timor reflected internal contradictions, which affected even the government's own foreign ministry. According to *Kompas* (1999), nobody at the ministry was in a position to think to clearly define what a referendum might mean in the context of East Timor. This surprised the Indonesian cabinet since the notion of a referendum had been long officially rejected as an unrealistic solution for East Timor (*Kompas*, 6 February, 1999).

The greatest source of confusion was how the people of East Timor would make their views known to an offer of autonomy. The Indonesian government was strongly opposed to holding a referendum, warning it could lead to civil war, and instead preferred various forms of consultation with East Timorese leaders. Based on this idea, Habibie offered a way that Timorese could express their acceptance or rejection of autonomy through their representatives in a new 'national legislature' planned on June 7 1999. But Western diplomats ridiculed the idea, as there were clear indications that East Timorese would turn their backs on the legislature poll since they never considered themselves as part of Indonesia (*AFP, February 5, 1999*).

Following the announcement of the two options the Australian Foreign Affairs Minister Alexander Downer predicated that East Timor could gain its independence within 18 months. His optimism was based on evidence that the special autonomy offered by Jakarta would be overwhelmingly rejected. At the same time the United Nations Secretary General Kofi Annan expressed no doubt that the question of East Timor's independence was already on the table, and a timetable for secession should become the focus of the talks (*AP, February, 4 1999*).

Despite such optimism, tensions were dramatically increasing between pro-independence groups and those (including militias and civil servants) who still wanted to maintain links with Jakarta. The Indonesian military had begun forming groups of militias and launched a campaign of terror and intimidation throughout East Timor, aimed at forcing the people to choose autonomy as the final solution for the disputed province. According to a reliable source amongst aid workers, as soon as the options were announced thousands of weapons were distributed by the Indonesian military to militias in the capital Dili (*Sydney Morning Herald, February 17, 1999*).

The armed militias began to kill pro-independence leaders who were considered a danger to the autonomy offer. During the preparation towards referendum, numbers of incidences happened caused by the Indonesian backed militias. The biggest incident was the Liquica massacre on April 9, 1999 in which the local church was burned and hundreds of people were killed. To counter international pressure, the regional military high command based in Denpasar attempted to scapegoat the

Fretilin independence fighters by blaming them for the violence (*Antara*, April 19, 1999).

Another major incident was the great assembly of militias on 12 April, held in front of the East Timor governor's office, followed by a rally of militias along Dili's main streets. This later ended up with the burning of the house of Manuel Carrascalão and the killing of his son Manelito and dozens of people sheltering there. The European Union condemned these massacres and expressed concern over the rising tensions that threatened the holding of the referendum in East Timor on the agreed date (*Lusa*, 9 April, 1999).

The above mentioned assembly was purposefully intended to extend the mandate of the Indonesian military to eliminate the independence fighters, especially targeting the leaders. Fearing such a campaign, the independence fighters and leaders went into hiding as their lives were threatened. The situation became more complicated when the Indonesian government appeared to justify the militias as defenders of the unitary state of Indonesia. There was no rule of law: terror and intimidation were common for militias as they obliged by the Indonesian military to kill those pro-independence even their brothers or sisters (*AP*, April 21 1999).

Despite the violence, a date was fixed for the referendum. Although the Indonesian government was quite optimistic that 24 years of development efforts and the huge progress in East Timor would lead Timorese to choose to remain part of Indonesia, many western analysts foresaw that the violence would not prevent Timorese from voting for their future as an independent state. Although the two options strained the two opposing groups, independence fighters kept low profile confident in the believe that the referendum would bring to an end 24 years of suffering.

Initially the agreed date for the ballot was August 8 1999, but due to the continuing violence and terror campaigns launched by Indonesian-backed militias, the United Nations Secretary General Kofi Annan postponed it to August 30. The voter registration was officially opened in on July 16 throughout East Timor and in several foreign countries where the majority of Timorese refugees were based, such as Portugal, the USA, Mozambique, Australia, Indonesia and Macau. The registration

process inside East Timor was over-shadowed by militia attacks and confrontation with civilians who were on their way to register for the plebiscite.

Both Indonesian and foreign analysts doubted that many Timorese would turn out to register, especially in the traumatised districts of East Timor. However, on the first day of registration, hundreds of people braved pro-Indonesia militia intimidation particularly even in Liquiça, the most traumatised district. Observers, witnessing the smiling faces of Timorese as they registered themselves, inferred that they had the confidence to win in the vote (*Joyo*, 17 July 1999). Their smiles were consistent with the popular traditional motto: "mate ka moris ukun rasik an" (live or dead is to be self-governed).

The flag of the Timor Resistance National Council (CNRT) was openly raised on 16 August 1999 before about eight thousand supporters of independence. This massive show of solidarity signalled the likely result of the vote. In his speech recorded from house arrest in Jakarta, Xanana Gusmão, president of CNRT, urged independence supporters to avoid violence against supporters of Indonesia. Xanana pointed out that the militias had been blindfolded and were being manipulated and that for 24 years the enemy had always been the Indonesian military, not integration supporters (*AFP*, 19 June 1999).

Even though the Indonesian government denied the activity of militias, foreign observers (including the United Nations' mission supervising the referendum) unanimously concluded that the militias were only the tools of the Indonesia military. It was widely expected that without bribes and false promises, ninety percent of the voters would opt for independence (*The Independent*, 16 August 1999). Such statements provoked anger and irritation in the Indonesian military, whose presence in East Timor was shown not to be maintaining security, but rather to be behind the militias' attacks.

Finally the voting date of 30th August arrived and the Timorese were able to exercise their rights for self-determination. It was a special moment that Timorese had been patiently waiting for. Very early in the morning large numbers of Timorese eligible voters had gathered in each of the centres where the referendum boxes were placed.

Although Timor was very tense and the people apprehensive, an amazing 99% of the 450,000 who had registered bravely turned up cast their votes (*AP*, August 30, 1999). Such a high turnout in the face of blatant intimidation confirmed beyond any doubt that this would be a significant step to along the road to freedom and peace. As everybody was nervously waiting to know and see what the result would be, the Indonesian-backed militias were continuing with their terrorising actions and preparing for war if the autonomy option was rejected.

4.10 REACTIONS TOWARD THE RESULT OF THE REFERENDUM

Five days after the historical moment the result was announced by the United Nations Secretary General Kofi Annan. The figure indicated that an overwhelming 78.5 percent of East Timorese voters chose independence. They had rejected the Indonesian proposal of special autonomy for East Timor under Jakarta's sovereignty, with only 21 percent voting in favour of autonomy.

In his speech the United Nations Secretary General Kofi Annan stated:

"There are no winners, and losers today. This moment heralds the opportunity for all East Timorese to begin to forge together a common future in what is to become an independent East Timor. Today I ask all the parties to bring to an end the violence that for 24 years has caused untold suffering to East Timor"(*CNN*, September 4, 1999).

Meanwhile president B. J Habibe expressed the Indonesian government's acceptance of the voting result. To the public he affirmed:

"I state that the government of Republic of Indonesia respects and accepts the choice of the people of East Timor. It was the conscience of our brothers and sisters in East Timor. Therefore, as the highest commander, I instruct the commander of the TNI (the Indonesian National Arm Forces) and the head of the police of the Republic of Indonesia to uphold law, security, safety and public order. I also instruct the entire ranks of the Indonesian armed forces to take firm action against all sides who attempt at sullyng the pride of the nation, undermine the authority of the government security and public order" (*AFP*, September 4, 1999).

At the same occasion the Nobel Peace Laureate Bishop Belo quickly appealed to all fellow East Timorese both who had voted for independence or autonomy to accept the referendum. According to him the result was the "voice of God" and that everybody must respect and that the prolonged conflict of the country had been truly solved through such an exercise (*Associated Press*, September 4, 1999). Meanwhile East Timor pro-independence leader Xanana Gusmão urged the United Nations to

immediately send a multinational force to save Timorese from the fresh genocide launched by Indonesian-backed militias after the internationally supervised voting result was announced.

Conversely, anti-independence militia leader Eurico Guterres blamed the United Nations for the chaos and he desperately stated: "*we knew we would lose because the United Nations did not play fair*". His words promptly provoked rampage of violence. The Mahkota Hotel in Dili, where senior UN officials and journalists were staying, was brutally attacked by militiamen although a cordon of Indonesian troops was outside the hotel. This lull was followed by waves of hacking, shootings and burning that forced thousands of people to leave the territory (*Associated Press*, September 4 1999).

The whole country was out of control. The pro-Jakarta militia gangs overwhelmingly controlled the streets of Dili. Throughout the nights the sounds of automatic gunfire were heard everywhere and houses were on fire. The Indonesian troops and police appeared unwilling or unable to control the militias. Hundreds of thousands of Timorese were forced to flee their homes while many others ran to the jungles. The infrastructure throughout the capital of East Timor and the whole country was totally devastated (*ABC News*, September 4, 1999).

This terror went on throughout East Timor until the arrival of the International Force for East Timor (Interfet) on September 20th 1999. The first presence of the multinational force witnessed the physical destruction. Although the action was finally stopped, East Timor had been totally ruined. The Indonesian force finally left the country and a transitional government known as the United Nations Transitional Administration for East Timor, or UNTAET, was immediately established. The devastation left a serious challenge for the transitional government to rebuild the country.

In response to the destruction, East Timorese key leaders appealed to international governments to give their help to rebuild the country. Many donors were quite sympathetic and showed their solidarity by offering aid in various forms (*Sydney Morning Herald*, February 22, 2000). Since then, foreign aid has begun flooding into

East Timor, including that from Non-Government Organisations (NGOs) and other international institutions that later became involved in the reconstruction process.

Appeals for aid to rebuild East Timor is finally realised, but the implementation of aid is far from the hopes of Timorese. In fact, after several months of this massive aid flow to East Timor, people have started to questioning the aid implementation throughout the country. People's judgements on how the aid is to be administered and implemented vary significantly. These concerns will be discussed in detail in the next two chapters.

Notes:

1. The population dramatically decreased after the Indonesian invasion 1975 (see the **Local Catholic Church Records, 19770s**).
2. The estimation of Portuguese arrival was between 1512 - 1515 as they came to findspices and disseminate the Catholic religion (**Taylor, 1991 cited in Forbes, 1846**)
3. Political parties' formation originated from the initiation of Portuguese to de-colonise its colonies after the fall of the former dictator Salazar (Taylor, 1991)
4. The Indonesian invasion has resulted in 200.000 Timorese died (**Sukasah, 1998**)
6. To foster the East Timor illegal integration, Indonesia launched development campaign for East Timor and treated the province differently by raising/ tripling the amounts of budget for the country (**Timor Timur Membangun, 1996**).
7. Indonesian Members of Parliament stated that East Timor became part of Indonesia through an Indonesian decree, therefore, to decide whether it remains with Indonesia or becomes independent, is up the Indonesian parliament (**Jakarta Post, March 5, 1999**).

CHAPTER FIVE

THE FLOWS OF FOREIGN AID TO EAST TIMOR AND DIFFERENT ROLE PLAYERS IN THE RECONSTRUCTION PROCESS

"There is no doubt an element of humanitarianism, or guilt, in the provision of aid. The motives of many people engaged in the business of aid are mixed and the people themselves vary. For many of them a concern about poverty in the Third World must be the main reason for their involvement and they may genuinely believe that their activities are beneficial to the poor. Others may have different vision of the purpose of aid and be committed to different goals. Others again are probably just cynical, aware that they are doing nicely out of the gravy train provided by the aid business and unable to find another one with the same rewards" (Hayter & Watson, 1985: 238).

5.1 INTRODUCTION

This chapter analyses the results of fieldwork data obtained in East Timor over three months (March-May 2000). It focuses on the nature of aid flows to East Timor and their implementation, particularly underlining the tendencies and agendas of foreign donors and Non-Governmental Organisations (NGOs) and includes a review of their role, policy and performance in the light of the fieldwork results. This review aims to highlight the motives behind their roles in East Timor's reconstruction. Finally, it will briefly underline the weaknesses of foreign donors in facilitating this process.

5.2 PRELIMINARY AID FLOW TO EAST TIMOR

Immediately after the establishment of the United Nations Transitional Administration for East Timor (UNTAET), the World Bank sponsored a joint mission to East Timor aimed at assessing the situation and the reconstruction needs of East Timor. The mission comprised 30 experts from the International Monetary Fund (IMF), the Asian Development Bank, Australia, Japan, Portugal, several United Nations agencies, as well as Timorese intellectuals (*WB Mission Report*, November 1999). Headed by Mr. Mario Viegas Carrascalão, a senior Timorese intellectual, the mission began its involvement in East Timor with an assessment visit from 13 to 22 November 1999. As a follow up to the assessment, the World Bank soon initiated a reconstruction fund for the country, known as the Trust Fund for East Timor (TFET). The mission found that the infrastructure of East Timor was 70% physically

destroyed, and further estimated that approximately US\$347 million was needed to reconstruct the country (Ibid, November 1999).

Subsequently the World Bank invited donors and NGOs from many countries (see Table) for a conference to discuss possible ways of organising the Trust Fund. A first meeting was held in Tokyo on December 16th and 17th, 1999. Surprisingly, on December 17th, the donors jointly agreed to pledge US\$520 million to the fund, an amount considerably larger than that suggested by the World Bank Assessment mission. A second conference was held in Lisbon in June 2000, and a third in Brussels on December 5th, 2000. The aim of the Brussels conference was to define priorities and strategies for the territory's countdown to independence

Being the foremost sponsor of the East Timor Trust Fund, on November 23rd 1999, the day after the assessment visit was completed, the World Bank promptly allocated US\$10 million. This was done strategically, in order to encourage the other participants to immediately fund their share of the Trust Fund. At the same time, the World Bank not only praised initial donor participants but also continued with verbal appeals for them to speed up the fund accumulation for reconstruction (*Dow Jones Newswires*, November 23 1999). The table of donors' initial contributions below describes this early scenario.

Table 5.2.1: Initial Contributions to the TFET

No	<i>Institution/Country</i>	<i>Amount</i>
1	UK	Euros 10,100,000
2	Japan	US\$300,658,000
3	Portugal	US\$75,000,000(annually)
4	Australia	AU\$83,000,000
5	The World Bank	US\$10,000,000
6	New Zealand	US\$229,357
7	Norway	US\$ 1,035,000
8	Canada	US\$ 900,690
9	Belgium	US\$750,000
10	Nordic Trust Fund	US\$200,000
11	Asian Development Bank	US\$ 1,000,000
12	Japanese Post-conflict fund	US\$ 2,000,000
13	Sweden	US\$4,600,000

Source: UNDP Dili, 16 August 2000

The above contributions did not end the flow of aid. On February 21st 2000 the World Bank president James Wolfensonhn handed over a further US\$ 21.5 million

which was jointly agreed to by the World Bank, the Asian Development Bank and the United Nations (*Sydney Morning Herald*, February 22, 2000). The East Timorese community and leaders cheered this inflow of aid as an indication of the world's solidarity with the country, seeing the 'fund' as sufficient to meet the reconstruction funding requirements. The table below, providing an analysis of funding by Sector Requirements and by Donor Organisations for the period October 1999- June 2000, neatly matches both sides of the ledger with an accountant's precision.

Table 5.2.2: Sector Requirement Fund

SECTOR REQUIREMENTS	(US\$)
Return and reintegration (incl. shelter)	73, 046,006
Food aid and food security	33,019,900
Health	27,456,075
Water and sanitation	8,971,000
Infrastructure and economic recovery	20,420,000
Education and community action	10,270,400
Humanitarian principles	4,660,000
Coordination and logistics	21,202,718
GRAND TOTAL	199,046,099
FUNDING ORGANIZATIONS	(US\$)
World Food Programme	46,085,500
World Health Organisation	11,419,500
UNHCR	45,350,000
United Nations Children's Fund	27,805,575
UNDP and ILO	9,990,000
UNDP, IOM, UNHCR	7,690,000
Non Government Organisations	9,832,900
UNDP and WHO	300,000
United Nations Population Fund	1,920,400
International Organisation for Migration	25,565,006
Food and Agriculture Organisation	2,850,000
Office for Coordination of Humanitarian Affairs	4,047,700
GRAND TOTAL	199,046,099

Source: UN Office for Coordination of Humanitarian Affairs (OCHA)

5.3 ANALYSING ACTORS' ROLES IN THE RECONSTRUCTION PROCESS

After the Indonesian occupation ended, East Timor has become a focus of sympathy for the world. Whether requested or not, many governments and Non Government Organisations came to East Timor's assistance. As a result one may currently find a bewildering array of actors involved in various activities in East Timor's reconstruction, coming from quite different cultural, political and economic

backgrounds. Each of these actors has its own activities and agendas, which are analysed in this section.

5.3.1 The National Council for Timorese Resistance (CNRT)

CNRT is an umbrella organisation incorporating various arms of the independence struggle, including the military (Forças Armadas da Libertação de Timor Leste or FALINTIL), the political, and an extensive network of local organizations right down to village level, and more recently a committee overseeing the most urgent needs for relief and reconstruction. Officially, CNRT has no responsibility for or control over the reconstruction process, but it has a great influence over the people at all levels. It is the key consultant partner for UNTAET and other actors who are involved in East Timor.

Apart from its significant influence on the community, and even though CNRT has no formal authority to decide, it is often criticised and accused of being over-involved with UNTAET in the decision making process while neglecting other parties' participation. Some others even suspect CNRT of heading towards becoming the single significant political organisation, in turn making East Timor a single party democracy, or worse a dictatorial regime. On the other hand, it must be said clearly that, since the UN transitional government was established, all factions including the former pro-autonomy (that is, pro-Indonesian) party participated in the National Consultative Council (NCC) alongside CNRT. Most recently, the name of the NCC was significantly changed to the National Council (NC), reflecting the shift to an even more broadly participatory and representative structure, including representation from each of the thirteen districts of East Timor.

CNRT seems to be continuously challenged with difficulties, particularly when facing the general election for the country's national assembly and the preparations towards East Timor's full independence.

5.3.2 The International Force for East Timor (INTERFET)

This Force is comprised of military and civilian police personnel, sent to secure East Timor from militia attacks and to maintain peace and order for the country. A

number of forces from different countries (see the list of countries in the appendix) with different cultural and military traditions contributed to this mission.

Australia, the closest neighbour of East Timor was heading the original mission of the 'Coalition of the Willing' which first landed in Dili on 20th September 1999. The official name of this force was later changed to the United Nations Peacekeeping Force for East Timor (UNPFET) operating under the UN mandate. The UN force was first headed by a Filipino commander and later by a Thai. Besides serving as peacekeepers, the international military forces are also involved in various sectors of reconstruction and development, in particular the construction of roads, buildings, and airports.

The UN force is respected by the Timorese, in contrast with the UN foreign staff whose presence is considered to be re-impooverishing the country. Nevertheless in some cases, the force is viewed as harmful to the people's dignity as well as disadvantageous to the country's economy. For example certain members of the Jordanian Battalion in Oe-cusse have been accused of sexually harassing the local women. Moreover, their Islamic background sometimes leads them to kill the pigs, that local people raise as their economic assets (lack of respect for "pig culture" being a problem the Timorese had with the Indonesian military during their occupation). Another example is some members of the Australian Battalion on the border between East and West Timor, between Maliana and Atambua, who are locally alleged to be involved in the black market, (smuggling Indonesian Rupiah into East Timor to buy US dollars which are relatively cheaper there than in Indonesia). The latest example is the allegation about members of New Zealand Battalion who illegally brought petrol from West Timor through the border between Suai and Atambua.

5.3.3 The United Nations Organisation (UN or UNO)

The United Nations Administration for East Timor (UNTAET) represents the United Nations, and is the controlling body responsible for both the transitional administration and the whole process of East Timor reconstruction. UNTAET staff is composed of people from many different parts of the world. UNTAET also co-

ordinates a significant number of UN organisations and other quasi-public international bodies.

Financially UNTAET administers the Consolidated Fund for East Timor (CIFET): US\$ 145 million for Emergency and US\$211 million for administration funding from central government down to village level. CIFET is distinct from the salary payments of the UN staff, Civilian Policy and the UN Force, which are directly administered by the UN. This amount is estimated to be as large as US\$ 770 million, and is allocated through the United Nations Trust Fund.

One year after East Timor was first administered by UNTAET, the territory's leaders as well as the public started to criticise the UN representation for being too slow to change, and its administration for imposing heavy bureaucratic mechanisms. The United Nations assistance and the transfusion of foreign aid have even been alleged to have been massively spent on invalid purposes. But in a thirty minute interview on May 15th 2000 that I had, with the head of UNTAET, Sergio Viera de Mello, he repeatedly stressed that UNTAET's involvement in East Timor is an unusual case because the country was completely destroyed, still, he said, UNTAET's door is open and the organisation is flexible enough to accommodate critiques and suggestions.

5.3.4 UN Agencies

Before the referendum in East Timor, many multilateral agencies were already involved in development assistance for East Timor (see appendix)-notably UNICEF, the European Union Commission on Economic Cooperation (CEC), International Migration Organisation (IOM) and the United Nations High Commission for Refugees (UNHCR). Currently other multilateral agencies such as the World Food Program (WFP), the Organising Committee for Humanitarian Assistance (OCHA), the United Nations Development Program (UNDP) and the United Nations Educational, Scientific and Cultural Organisation (UNESCO) are also involved in various humanitarian assistance programmes, each of which is discussed below.

United Nations Children's Education Fund (UNICEF)

UNICEF was working in East Timor before the country's referendum. To fund this work, it regularly receives funding from foreign governments, notably through AusAID (Australia) and NZODA (New Zealand), and from public donations. Basically UNICEF implements projects in East Timor that are focused on healthy water supply, sanitation and humanitarian relief, particularly launching projects for children such as nutrition education, immunisation and day care.

It launched an immunisation campaign to prevent epidemics and initially provided salaries for primary school teachers until July 2000 before this was taken over by UNTAET. UNICEF is also in charge of re-roofing school buildings destroyed after the referendum. Moreover, UNICEF undertakes teacher training and helps in developing educational curricula. The rural water supply is also under UNICEF responsibility and while it was planned to start introducing rain water collection systems in the year 2001, it has since been discovered to be slightly more labour intensive and complex than first anticipated. The table below is the outlines of the UNICEF's programmes' funds for both years: 2000 and 2001, the requirements and contributions received against the country programme, by each sector.

Table 5.3.4.1 Budget requirement based on UNICEF's programmes

Sector	2000 target (US\$)	2000 funded (US\$)	2001 target (US\$)	2001 fund(US\$)	%fund 2000/20 01
Education	1,500,000	1,191,416	1,500,000	175,000	45.5
Health & Nutrition	900,000	511,722	900,000	175,000	38.2
Water & Sanitation	550,000	63,129	550,000	50,000	9.1
Human Resource	1,375,000	595,684	1,375,000	25,000	22.6
Child Protection	1, 125,000	617,524	1,125,000	25,000	28.6
Cross-sectoral	1,000,000	440,000	1,000,000	300,000	37.0
Total	6,450,000	3,419,475	6,450,000	750,000	32,3

Source: UNICEF Dili, 2001

While the following table shows the contributions received for the 2001 from different sources, with sectoral indications:

Table 5.3.4. 2 Donor funds received for 2001

Donor	Amount (US\$0)	Programme
Australia	431, 880	Human Resource Development
Belgium	130, 964	Education
France	87,927	Children Protection
Japan	855, 452	Education
Sweden	224,322	Health Cross Sectoral Support
UNICEF Australia	57, 509	Child Protection
UNICEF Canada	13, 129	Water and sanitation
UNICEF General resources	750,000	All programmes, Cross Sectoral
UNICEF Portugal	168,804	Human Resource Development
UNICEF Spain	47,090	Child Protection
UNICEF USA	623,798	Education, Health, Child Protect
United Kingdom	28,600	Education
Total	3,419,475	

Source: UNICEF Dili, 2001.

Many criticisms have been addressed towards UNICEF for its ineffective performance in aid delivery such as its slowness to re-roof school buildings, and to provide school facilities, chairs and desks, as well as pointing out the matter of the salary inconsistencies between primary school teachers. However, in response, Mr. Browney, the person responsible for UNICEF in East Timor, does not entirely accommodate those views. As he argues without specifying:

"There are lots of signs of changes: worthwhile improvements can be found everywhere around the country. I am optimistic that we can see recovery rather quickly. We need to remember that East Timor was 25 years with Indonesia and 450 years under Portuguese neglect. We are not able to recover East Timor within six months"(Interview, April 12, 2000).

Browney proceeds to point out that such wholesale devastation is impossible to repaired overnight; it needs patience, time and effort.

Apparently, there is a lack of communication between UNICEF and the people it deals with on the ground. UNICEF does not have an information network to keep people informed about its programmes and the difficulties in implementing them. People understand simply that UNICEF is responsible to fix the schools and fill them with facilities to re-start the teaching-learning process. They assume that as UNICEF is a UN body, and as money was donated by different donors to rebuild East Timor, the educational sector should be able to be financed in this way. There s a range of questions raised by people concerning the UNICEF programmes, from the logical to the absurd, though, in the end it depends on UNICEF itself whether or not they will choose to communicate and explain.

World Food Program (WFP)

WFP is the food organisation of the United Nations. It is the frontline United Nations Agency whose primary mission is to provide food: to sustain the victims of human and natural disasters. In the longer term it also promotes growth to improve the nutrition and quality of life of the most vulnerable people at critical times in their lives; and helps build the assets and promotes the self-reliance of poor people and communities, particularly through labour intensive works programmes.

The WFP mission in East Timor is mainly focused on organising and coordinating food distribution. To implement the WFP programme, branch offices have been opened in each of the districts of East Timor. Besides coordinating food, WFP is also directly involved in food distribution. In the first part of its operation in East Timor, WFP gave people food for free but this mechanism was later found to lead to a situation of dependency.

In its role as a coordinating body, WFP has often been accused of having no control of the food distribution throughout East Timor. The complaints mainly refer to the uneven distribution of food. Some parts of the country are regularly flooded with food supply, while others have been patiently waiting for nothing. As a result of this treatment, people who have been neglected have protested against WFP and insisted on a renewed distribution system.

In response, WFP has set up a new strategy. The village level organisations are required to submit proposals for activities such as cleaning the roads, growing vegetables, and activities that are considered to benefit the local people. In return for carrying out these activities, WFP pays them with food: for example 3 kilograms of rice or maize for six hours work. This programme has worked well, and as such the strategy is strongly supported by Timorese leaders because it encourages the people to work hard for their survival rather than expecting something for nothing. This is consistent, for instance, with the philosophy of Paulo Freire "*Do not give bread to people but teach them how to make it*" Freire, 1978: 123).

The United Nations Educational, Scientific and Cultural Organisation (UNESCO)

UNESCO contributes to peace and security in the world by promoting collaboration among nations through education, science, culture and communication. Responding to the crisis in East Timor, UNESCO and the World Association of Newspapers (WAN) are joining forces to rebuild the newspaper industry in war-torn East Timor.

These two bodies are co-operating with the United Nations Transitional Administration for East Timor (UNTAET), to rebuild the media and promote the future development of media organisations in East Timor. By way of direct assistance, UNESCO is also continuously supporting the country's news development and preparing funding proposals for current and potential donors in the international community who are committed to the rebuild of East Timor.

The East Timor communications media supported by UNESCO are Lalenok, Timor Post, Suara Timor Lorosae, Talitakum, Radio A Vôz de Esperança and Radio Timor Kmanek. The financial support contracts last for one year, after which each of them will survive independently. Development assistance for staff salaries, printing costs and other facilities such as computers, fax machines and telephone connections, as well as the payment of bills.

Such support provides a base for East Timor's mass media, though, the key question to raise is how they will survive when the one year contract terminates. In this sense, UNESCO does not really clarify the future sustainable development of the media,

realising as it does that the financial situation requires longer-term support. As Otelio Ote, the head of East Timorese Journalists Association (Associação Journalistas Timor Lorosae or AJTIL) comments:

"We are now relying on the international financial support but we are not sure about the future of the East Timorese media once UNESCO ceases to help. We are expecting the future government of East Timor to give significant attention to media development as it is important for mass information and civil education" (Interview, 12 May, 2000).

The United Nations High Commissioner for Refugees (UNHCR)

UNHCR acts under the United Nations' mandate on behalf of the world community to provide support for displaced persons. It has a very significant involvement in East Timor. It is particularly responsible for the return of many thousands of Timorese who were displaced after they nearly all went to West Timor.

In undertaking its mission in East Timor, UNHCR staff faces risk and pressure because of the threat of the Indonesian-supported militia. Three of its staff working in East and West Timor have been killed. Under the United Nations' mandate, UNHCR staff were pulled out from Indonesia due to the killings and in terms of the UN resolution, will only return once Indonesia agrees to disarm the militias.

The United Nations Development Programme (UNDP)

UNDP operates in East Timor under UNTAET. It aims to provide technical support in three areas: public administration, the judiciary, and building civil society. To these ends, UNDP has already formulated programmes and projects in these areas of public administration and the judiciary, and has assumed a leading role in governance and overall capacity building.

There are various activities being undertaken by UNDP:

Firstly, UNDP works with the transitional administration focusing on the structural design for governmental institutions, on the new public administration system and on capacity building for the East Timorese leadership. Secondly, it supports institutional development for public administration, national and local development planning and coordination as well as the renovation and re-equipment of public buildings. Thirdly, UNDP supports human resource development, focusing on human resource strategies, recruitment and management, support for the East Timorese Civil Service

Academy, and the development of knowledge and skill transfer through expatriate nationals. Fourthly, UNDP has been providing capacity building assistance in the form of study tours and training to a number of East Timorese judges and prosecutors.

Besides this, UNDP cooperates with the international and national NGOs, particularly providing assistance to the local NGOs in the areas of planning, management, project formulation and implementation. To finance these activities UNDP seeks funds from foreign governments.

Operationally, people tend to associate UNDP with UNTAET in that they both have complex bureaucracies that Timorese have to struggle with in the process of planning and implementing reconstruction projects. Critiques of UNDP's performance are also made in the context of their capacity-building programmes that address leadership. For example, it is noted that UNDP is sending members of people overseas for comparative studies without first assessing the reasonable needs for such a programme and specifying its goals. Many people see this programme as a repeat of the failure programmes undertaken by Indonesian government in the early period of East Timor's illegal integration into Indonesia. At that time, massive amounts of money were spent to send a large number of integrationists to various parts of Indonesia, but there were no tangible outcomes from those visits (*Inside Indonesia*, ed VI, 1995).

The Organising Committee for Humanitarian Assistance (OCHA)

OCHA is a coordinating body organised under the authority of the UN Humanitarian Coordinator. OCHA's role in East Timor is to take the lead in creating and sustaining a unified operation that in which international and local agencies fully participate. It is particularly responsible for ensuring the proper identification of needs, cross-sectoral planning, information sharing, and programmes coordination in the area of humanitarian aid. In addition, it provides temporary space for offices to accommodate humanitarian agencies and for coordinating the rudimentary telecommunications network.

A key aim of OCHA is establishing a platform that would allow the UN agencies and the NGOs in East Timor to work collectively to address humanitarian needs by agreeing upon a clear division of labour and the sharing of assets and expertise. Nevertheless, many people criticise this organising body for having failed to implement appropriate organising strategies in humanitarian assistance and other related programmes. The allegations are again associated with the ineffectiveness of aid distribution as each of the NGOs and multilateral bodies tends to operate on its own without OCHA taking effective responsibility to organise, coordinate and if necessary to control the system.

5.3.5 International Institutions

There are three main international monetary institutions involved in the reconstruction and development of East Timor namely, the World Bank (WB), the International Monetary Fund (IMF) and the Asian Development Bank (ADB). Of these, the World Bank is the most important player in the process of reconstructing the country. Their contributions to the rebuilding of East Timor are briefly outlined in the following sections.

The World Bank (WB)

The World Bank administers the Trust Fund for East Timor's reconstruction (TFET). The total amount of money being administered by the Bank is US\$ 165.9 million. This fund has been targeted at fund the following sectors: community empowerment, employment generation, infrastructure rehabilitation, small enterprises, health, education, agriculture and water and sanitation. The table below indicates the pledges of funds and commitments based o the World Bank's source.

Table: 5.4.6.1 The World Bank-Administered Trust Fund for East Timor

Pledges	Amount in US\$ (millions)
TFET	165.9
Total	165.9
Receipts	
IDA	10.0
Australia	10.9
Japanese PCF	2.0
United Kingdom	1.5
Portugal	5.0
Finland	1.6
Japan	14.0
New Zealand	.2

USA	.5
Total	45.9
Commitments	
Community empowerment	8.55
Dili Community Employment generation	.449
Energy infrastructure rehabilitation	29.0
Small Enterprise project	4.8
Health	12.7
Education	13.9
Agriculture	6.8
Water and sanitation	4.5
Total	80.75
Disbursement	
CEP	2.84
Dili community Empowerment generation	.35
Small Enterprise project	.95
Roads, ports, power	2.67
Health	.72
Agriculture	.50
Education	1.0
Total	9.03

Source: WB Dili, 2001

The World Bank has a much more crucial role than private capitalists in the reconstruction and future development of East Timor. It is charged with coordinating the reconstruction of the country during the interim United Nations administration over the next few years. Klaus Roland, the World Bank's country director for Papua New Guinea and the Pacific Islands, led the international mission to conduct a three week assessment of the country. This was described as the preliminary involvement of the World Bank in East Timor's reconstruction.

An article in the *Asian Wall Street Journal* shed some light on what East Timor would mean to the World Bank. This tiny, devastated former Portuguese colony is to become an important testing ground for the World Bank and a group of wealthy donor countries. It is a testing ground to show the world how to rebuild a macro-economic infrastructure from scratch (Casey, 1999).

Meanwhile, the World Bank's initiative to become heavily involved in East Timor's reconstruction is described by some people as vested economic interest disguised as a charity. Still such suspicions do not halt the number of applicants seeking credit from the Bank. According to World Bank data, the demand is as high as US\$13

million, whereas, the amount provided was only US\$4.8 million as is indicated above. Such keen interest in borrowing by Timorese, is understandable, according to analysts, given the urgent need to restart their family businesses. Although their eagerness to borrow is at one level a matter of free choice, they are pressured into taking such loans to the extent of having no option by the existing emerging conditions.

Despite allegations like those alluded above, the World Bank's massive involvement in rebuilding East Timor seems certain to last not only within the transitional period but beyond then, as it has been trusted to administer the Trust Fund that has been projected for a projected five years development period. The likely danger is that after the UN transitional administration ceases, the new government of East Timor might be inclined not to borrow from the Trust Fund to finance important development projects specially because the World Bank still administers that Fund and other lending procedures.

The International Monetary Fund (IMF)

The IMF is significantly involved in East Timor's reconstruction. Unlike the World Bank, IMF does not provide direct financial contributions to the East Timor Trust Fund, but instead provides assistance in the establishment of a fiscal system and monetary institutions (Central Bank), and co-ordinating experts from various agencies to transfer economic 'know-how' to locals.

The IMF has been in charge of establishing the central bank in Dili. It is also involved with New Zealand assistance- in the training of customs officials. These programmes require a great amount of money which the IMF and to a lesser extent New Zealand have committed to contribute.

People seem to have less negative opinions about the IMF, though as a monetary institution in its own right and as the Bretton Woods' brother of the World Bank and they share a similar motive, which is to expand economic business through its future loans. But in the meantime, the IMF appears as a more caring institution towards East Timor by warning that foreign aid should not harm the country's economy. Certainly, the sincerity of the IMF will only be confirmed in future development of East Timor.

The Asian Development Bank (ADB)

Even though East Timor has not yet become a member group of the Association of South East Asian Nations (ASEAN), the ADB has pledged US\$1 million to strengthen the Trust Fund to reconstruct and develop East Timor. This amount had been budgeted for the reconstruction of certain sectors such as infrastructure, agriculture, health, education, and the macro-economic, judicial and public sector institutions.

Apparently, the ADB sees East Timor as a likely member of the ASEAN, and as a potential recipient of the Bank's future lending programmes. According to Francisco Monteiro, a former local staff member who had worked at the World Bank's Community Empowerment Project in East Timor, the ADB's involvement in East Timor is a strategy to encourage the future government of East Timor to establish development co-operations with the Bank rather than with other lending institutions. Furthermore he asserts that staff members of the ADB are handpicked; they are mostly from those Asian countries whose learning can easily be applied in developing countries with cultures like East Timor (*Interview January 24, 2001*).

Implicitly, the ADB is attempting to extend its lending business and eliminate the influence of giant institutions such as the World Bank and the International Monetary Fund (IMF) as it assumes East Timor is part of its regional operation area. Therefore, as well as the above grant, the ADB is also currently involved in providing expertise for public sector management, governance, infrastructure development and maintenance. It is expecting to have a greater role in East Timor's reconstruction once the country applies to become a member of ADB and ASEAN and is formally accepted.

5.3.6 Foreign Governments

In responding to the rebuilding of East Timor, a number of nations have contributed to East Timor's reconstruction. The participants are: Australia, Austria, Belgium, Brazil, Canada, China, Finland, France, Germany, Ireland, Japan, Korea, Malaysia, Netherlands, New Zealand, Norway, Philippines, Portugal, Singapore, Spain, Sweden, Thailand, The United Kingdom, and the United States.

Among these countries, Australia and Portugal have the most significant involvement because of their historical links with East Timor. Portugal was the longest former colonial master of East Timor, whereas, Australia is the closest neighbour. Historically Australia feels indebted to the East Timorese who had sacrificed more than 2000 lives in defending Australian troops from invading Japanese forces during the Second World War. It is also a key to influence and ensure stability on the northern border.

Meanwhile, the Japanese government is noted as the largest contributor to the Trust Fund for East Timor (TFET). Its contribution could be associated with the three years of Japanese occupation that is distinctively characterised by violence, and the mistreatment and sexual slavery of Timorese women. Some analysts see the Japanese government's contribution as its commitment to help East Timor as it is considered part of Asia, while, some others say it is in Japan's own interest to help countries who are potentially rich with raw materials.

Other countries' contributions are part of the international solidarity movement to reconstruct East Timor which was neglected for many years under both Portuguese and Indonesian regimes. These donor countries might also be motivated by business interest, politics, and other agendas that will only be determined by time. More studies need to be undertaken for a better understanding of their motives.

Despite the above countries' contributions through the TFET, some of the governments are also allocating funds through their overseas development agencies, discussed in the following section.

5.3.7 Foreign Development Agencies

Research has identified a significant number of foreign development agencies involved such as *AusAID (the Australian Agency for International Development)* which had been operating in East Timor even before the country broke from Indonesia. Its main role in East Timor is to provide funds to local and international Non-government Organisations (NGOs). It also implements bilateral projects through managing contractors. Its prioritised sectors are agriculture, education &

training, health, water supply and sanitation, capacity building, and humanitarian relief.

UNTAET's records indicate that *AusAID* has contributed approximately AU\$46 million during 1980-1999 of which AU\$7 million was delivered in the last year. These amounts are in addition to the AU\$20 million the Australian Prime Minister pledged to support the UN East Timor consultation process in August 1999.

Besides AusAID, the *United States Agency for International Development (USAID)* has set up as its primary goal in East Timor to help secure and encourage a political, social and economic environment conducive to a democratic nation-building process during East Timor's transition to independence. Its programmes also include Health, Water Supply and Sanitation, Agriculture and Rural Development, Governance and Law, Capacity Building and Humanitarian Relief. It also prioritises community stabilisation initiatives through the Transitional Engagement for Population Support programme (TEPS II), assistance to independent media outlets to provide balanced and widely disseminated information, support to local Timorese organisations, and funding for civic education programmes.

According to a USAID Field Report, the year 2000 budget was US\$12,537,000, of which US\$10,950,000 was for Economic Support Funds. Since October 1999, grants to East Timor have totalled US\$7,702,729 which was allocated as follows: employment US\$4,104,697, civil society US\$1,222,833, community stabilisation US\$754,820, media US\$1,273,030 and governance US\$347,349 (*USAID Field Report*, October 2000).

The Canadian Agency for International Development (CIDA) and the British Department for International Development (BDID) both provide funding to local and international NGOs, but they place the greatest priority on capacity-building amongst East Timorese as both governments assume this aspect will be vital for East Timor's future development. The New Zealand Overseas Development Agency (NZODA) also provides funding to NGOs, but in the meantime it prioritises agricultural and rural development, governance and law.

The *Norwegian Agency for Development Cooperation (NORAD)*, the *Swiss Agency for Development and Co-operation (SDC)* and the *Swedish International Development Agency (SIDA)* are mainly prioritising health and education as well as allocating funds for the NGOs that deal with these sectors. These agencies considered health and educational sectors essential for rebuilding the country and ultimately for enabling the possible exports of expertise to neighbouring countries.

The last, are the *Portuguese Government Assistance (PGA)* and the *Japanese International Cooperation Agency (JICA)*. Strictly speaking, PGA is Portuguese Government Assistance to the Commissioner for Transition in East Timor. These agencies provide funding for rebuilding and reconstructing East Timor via local and international NGOs. They are also heavily involved in humanitarian relief funding throughout the country.

PGA has been in charge of planning reconstruction programmes by liaising closely with UNTAET. For now, the most significant role that PGA plays is in educational development, particularly in the development of curricula for all levels of education: primary, secondary and tertiary. Portuguese language teaching and its re-introduction to the East Timorese is currently the PGA's topmost priority, as it has been decided that it will replace Bahasa Indonesian which has been widely used since Portugal left East Timor in 1975. JICA on the other hand, is committed to develop the local language (Tetum), it has fully sponsored the establishment of the Nippon Foundation for Tetum Language Development.

At the face value, the work of these development agencies deserves appreciation and gratitude. It is a part of the policy of their governments to be involved in international development by prioritising countries that deserve assistance including East Timor. However, according to Paul Moesly (1987), the Overseas Development Assistance for any country has several motivations, both the genuine intention to help solve recipient's development difficulties as well as for political and business interests.

This argument is quite relevant to the foreign agencies' involvement in East Timor, though it may be invalid to define precisely their motives for offering assistance. Still, a rough guess as to their motives could be made on the basis of these governments' political and economic context. For instance, the USA may have no economic interest in East Timor while Singapore might not be politically favoured in assisting this country.

5.3.8 Non-Government Organisations (NGOs)

Large numbers of both local and international NGOs are operating independently in East Timor, mainly involved in various aspects of humanitarian aid delivery. Operationally they are performing according to their own agendas, backgrounds, philosophy and mission, which are interesting issues to be discussed in more detail later

5.3.8.1 International Non-governmental organisations (INGOs)

Because of the limitation of time, in this research project and the varying situations and fluctuating numbers of international NGOs operating in East Timor (see appendix), it is hard to cover all of them here. This section covers the more significant INGOs and a representative sample of the minor ones.

OXFAM International

The key focus of Oxfam is on environmental health. Currently Oxfam International is involved in community development projects such as water supply, sanitation and health promotion throughout the thirteen districts (of East Timor), and actually takes over responsibility for these in some rural areas. It also provides training for local personnel and local NGOs as part of capacity building.

In a briefing on the performance of Oxfam in East Timor, the local manager, Mrs. Simpson, admitted some ineffectiveness which often happen on the ground due to the nature of the country and unexpected conditions. For example a huge number of water pumps sent by the Auckland solidarity group were kept in the OXFAM's warehouse for quite a long time while people in the remote areas still faced difficulties in getting water. To justify this lack of efficiency, OXFAM argued that

the water pumps could not be distributed because there was no proposal coming from the local people to require them, though, Anna McHardy questions this:

"How can you expect people to make proposals while they have no pens and papers to write on?" (The NZ Dominion, September, 30th, 2000).

Despite this challenging question, Mrs. Simpson, stated Oxfam had done its best by working closely with the local partners and NGOs. Oxfam leads all other international NGOs in employing the greatest number of the local people. This policy was made in response to the issue of unemployment and the demands that other NGOs open up more job opportunities for locals (*Interview*, April 20, 2000).

Moreover, to undertake these programmes, OXFAM'S funds are obtained from a range of sources such as individual donors, foreign governments, international institutions and church communities. Oxfam's exact level of funding in East Timor is unknown, but is estimated to be the highest among the NGOs operating in the country.

CARITAS

Caritas is an organisation of the Roman Catholic Church, based on the long Christian tradition of charity and caring for people who need help. In its mission this NGO bestows help not only for members of the Catholic Church, but assists all people in need without consideration of religion or nationality. Its motivation is doing charity through development, seen as a moral obligation based on the principle of Christian "love and peace" which is part and parcel of Catholic philosophy.

With the financial support of foreign donors, Australian and New Zealand based Caritas organisations have been involved significantly throughout East Timor. The main focus of Caritas Australia and New Zealand is in areas such as health, notably TB reduction and primary health care, relief for displaced people, food security, rehabilitation and credit unions for the poor. Caritas branch offices have been temporarily established in thirteen districts of East Timor, focusing their operations on food delivery and the distribution of shelter material. The food distribution consists of a general distribution and a school feeding programme that are being operated in parallel.

Besides the above programmes, Caritas recently launched an additional scheme called the "seed distribution programme" (programa fahe fini in Timorese), providing in particular green vegetable seeds for the Timorese Women's Organisation (Organisação Mulher de Timor or OMT). This programme is aimed at encouraging Timorese women to grow and cultivate green vegetables for both their family needs and for local market consumption, which is done purposefully to enhance a tradition of small income-generating business. In fact this programme is quite successful, and the local markets have now started selling various vegetables that people can easily buy.

The involvement of Caritas Australia and New Zealand in humanitarian aid delivery to East Timor is financially supported by foreign governments, local church organisations, and by public and individual donations. Caritas has been criticised for its inflexible performance. For example, the distribution of food is often dragged down by Caritas bureaucracy, so that the food supply is often kept in the warehouse for long period, even to the extent that some gets damaged and has to be thrown away or burned. Also, according to Martinho Elu Abani, the head of Oe-cusse youth, Caritas perceived unfair practices have often angered the people but their (workers) always give unclear and manipulative justifications for those practices (*Interview*, April 2, 2000).

World Vision (WV)

WV is a Christian organisation dedicated to serving the poor. It has a global partnership conducting child-focused emergency relief and sustainable community development with more than 4500 projects in 94 countries. In East Timor (one of the 94), World Vision is mainly involved in emergency programmes such as the delivery of health programmes, and the distribution of tents and family kits. This is in response to the fact that 80% of Timorese children suffer from moderate levels of malnutrition.



Picture 3: East Timorese women start harvesting green vegetables: a subsistent economic model



Picture 4: Timorese restart economic life: selling green vegetables and fruits

That was also the reason that World Vision started its programmes in the districts along the border between West and East Timor where the Timorese refugees are mostly based.

In an informal discussion, some refugees who had returned to East Timor, complained non-specifically that World Vision sometimes treated refugees unfairly. As one of the ex-refugees, Antonio Mendonça argues:

"The emergency aid brought by World Vision is always equally divided into two, half for refugees of East Timorese origin and half for West Timorese non-refugees who do not deserve it" (Interview, May 19, 2000).

This assertion appears validated by the recent news of refugees running amok in Tuapukan, Kupang (in Indonesian West Timor). They attacked this village based on their claim that food aid delivered by NGOs including World Vision had gone to local residents rather than the East Timorese refugees who live with a constant shortage of food supply (*Pos Kupang* November 17, 2000).

Dr. Theresia Maria Ela, the lead health officer for World Vision Indonesia, the distribution of food, health care and other international assistance does not yet reach most refugees in remote areas. Nevertheless, she says that World Vision is moving to help provide assistance for refugees the extent that they have the capacity. The more World Vision is supported by its individual donors, the more adequate their humanitarian assistance would be.

Save the Children (SC)

SC is described as the leading British charity working to create a better world for children. It operates in 70 countries helping children in the world's most impoverished communities. It is a part of the International Save the Children Alliance, which aims to be a truly international social server without discrimination.

Coinciding with the East Timor crisis, SC is involved in supporting the lives of thousands of children suffering from the 1999 political conflict. This NGO is specifically involved in emergency relief such as food supply, education and health care for children. Save the Children has also been active in protecting Timorese

children from harm and reunited those who were separated from their families during the crisis.

Many attempts are being made by this NGO to bring back hundreds of Timorese children who were taken by pro-Indonesian militia to parts of Indonesia, notably Java, Sulawesi, West Timor and Flores. According to a reliable source, most of these separated children are being used by certain pro-integrationists as political instruments in their continuing campaign for the re-integration of East Timor into Indonesia (*Kompas*, 26 October 2000).

Like other international NGOs, Save the Children is a non-profit non-government organisation whose funding originates from the United Kingdom government and community, and from other foreign donors that are sympathetic to their programmes. Critiques have been often made of SC's slowness to return thousands of Timorese replaced children, but to be fair it is apparent that militia have been a difficult factor for them.

The International Committee of the Red Cross (ICRC)

ICRC is an impartial, neutral and independent organisation whose exclusively humanitarian mission is to protect the lives and dignity of victims of war and internal violence and to provide them with necessary assistance. It is also in charge of directing and coordinating the international relief activities conducted in situations of conflict.

The humanitarian programmes undertaken by ICRC in East Timor after the referendum include seed distribution for farmers, and boosting health sanitation in resettlement camps inside East Timor as well as in refugee camps in West Timor. This NGO is also involved in improving camp conditions and in providing shelters from the rain. It offers free medical care services in Dili public hospital. Regular visits to East Timorese prisoners and collecting messages from separated relatives are also parts of ICRC's programme in the country, as was also their courageous and finally-balanced role in East Timor during many years of the Indonesian occupation.

When asking Roberto Anuno, a young Timorese man working at ICRC in Oe-cusse, about this NGO's programmes, his initial impression was "what a mess" (arbiru deit in Timorese). He further referred to the overlapping humanitarian assistance programs that ICRC and other NGOs implement in Oe-cusse. Anuno admitted often being annoyed by the activities that been so messy (*Interview*, May 8, 2000).

The World Health Organisation (WHO)

WHO is defined by its constitution as the directing and coordinating authority for international health work, its aim 'the attainment by people of the highest possible level of health'. This NGO is supported by Medicines Sans Frontiers, IMC (International Medical Corps), ADM (Medical do Mundial) in undertaking medical care in East Timor after the Indonesians' official health body left the country.

WHO's main task is: to reopen and activate the main public hospital in Dili, Wirahusada and the local hospitals in the 13 districts of East Timor in order to make health services available for the whole community. WHO is also involved in establishing and maintaining health-related administrative and technical services including epidemiological and statistical services, providing health information and assistance towards eradicating epidemics, endemic diseases and other negative health conditions. This also includes promotion of improved nutrition, sanitation, and environmental hygiene, establishing cooperation among professional groups, and contributing to the overall enhancement of public health.

5.3.8.2 Local Non-government Organisations (LNGOs)

Apart from foreign government agencies, UN agencies, international institutions and NGOs there are at least 197 local NGOs (see the appendix) involved in the reconstruction of East Timor. They are operationally under the co-ordination of the East Timor NGOs' Forum and supervised by the UNDP and OCHA. Among them, the East Timor Catholic Church, Yayasan Hak and Timor Aid are identified as well-performing local institutions who have been chosen as indicative of local NGOs involved in the process of East Timor's reconstruction.

The Local Roman Catholic Church

The Catholic Church is a critical institution in the East Timorese community. In this strongly Catholic country it plays a very important role in the life of the people, commands immense loyalty, and will be a vital part in any reconstruction or community building activity. Traditionally it has been considered a key consulting institution that may have a great influence on any policy made by central government and local authorities.

In responding to the political, social and economic problems that are currently face UNTAET (international staff) and local people, the Catholic Church always emphasises the importance of open communication and dialogue. Therefore, the Catholic Church's role after the country's liberation from Indonesia has focused on helping the UNTAET and CNRT to reconcile Timorese from their past political conflicts. For example, recently the two Bishops of East Timor initiated a key meeting in Dare, near Dili, to find a solution for returning refugees from West Timor and other parts of Indonesia. The Church is also involved in the moral, psychological and spiritual rehabilitation of people who were severely traumatised during the crisis, a very difficult job to undertake.

In some particular cases, the Catholic Church is criticised for been too involved and intervening in the political affairs of East Timor. For example, the appointments of Father Filomeno Jacob as Social Affairs Minister of the transitional government and Father Domingos Soares as East Timor Development Conference organiser, are cited as part of the Catholic Church's ambition to influence the government.

Timor Aid

Timor Aid, known as Tulun Rai Timor, is the biggest local/national NGO in East Timor. Primarily it provides relief, reconstruction and development aid to the people of East Timor. As well, *Timor Aid* is also engaged in long-term development projects, mainly in the areas of health, education, human resource development, the advancement of women and income generating enterprises.

Responding to emergency needs, Timor Aid is mainly in charge of road construction, emergency sheltering and other non-food services, like health care, especially in the western part of East Timor. Timor Aid also conducts community education programmes for disease prevention for people in both villages and towns. It is committed to its philosophical mission of 'looking after the poor of the poor'. The notion of looking after the poor means that Timor Aid makes a priority of working towards poverty reduction and income generation amongst the poorest. Timor Aid is mainly supported financially by foreign development agencies and overseas donors.

Although Timor Aid has been quite broadly known as a leading local NGO, some CNRT leaders still doubt its professionalism. For example, in the matter of capacity building, Dom Bosco Fatumaca Institution is better equipped and more professional than Timor Aid. Anonymous allegations also claim that a lot of funds from donors like New Zealand and Australia has been spent by Timor Aid without leaving a significant result. But such allegations, according to Maria do Ceú Federer, the executive director of Timor Aid, are melodramas to discredit this NGO which is progressively growing as a professional institution.

Yayasan Hak (Legal Aid, Human Rights & Justice Foundation)

Historically this foundation started its activities as an underground organisation in 1976. It was finally legalised in 1997 as a non-profit organisation. As a non-partisan, independent NGO, it has been involved in assisting victims of the Indonesian military and militia violence. It also documents human rights abuses, and does advocacy and education work on human rights issues throughout East Timor. Financially Yayasan Hak is supported by different foreign donors notably from Western European countries.

Yayasan Hak is the second biggest NGO and has credibility with the local community as it has long been struggling to uphold people's rights and justice. Most recently it is mainly involved in humanitarian assistance and capacity building. It works closely with UNTAET, and international and local NGOs, addressing many issues such as skills training, advocacy, and civil society education.

As a Legal Aid organisation, HAK has been critical of inappropriate aspects of the performance of UNTAET and International NGOs. It even strongly criticises the Timor Resistance National Council (CNRT) for some of its policies that are clearly inappropriate for the needs and situation of grassroots communities. For example, Yayasan Hak criticised CNRT's policy to adopt the Portuguese language as the official language for East Timor, seeing Portuguese as inappropriate for the communities in which 80% of people do not speak this language.

Nevertheless, some people hold the view that while Yayasan Hak's involvement in the reconstruction process is publicly applauded, the organisation sometimes appears radical in too often calling for immediate changes. It is also accused of exaggerating simple cases in such a way as to lead to public confusion. Such accusations against Hak are often expressed by CNRT and UNTAET leaders whose own policies and decisions are criticised for being contrary to people's actual situation and opinion.

5.4 MANY ACTORS ~ DIFFERENT AGENDAS

The findings of this study indicate that each of the above actors carry out different activities and is thereby acting out different underlying agendas. An ideal construction of their role is that they are attempting to respond to the emergency needs of the people and help speed up the reconstruction process. However, the process itself is still very slow and the results far from the people's initial expectations. Many foreign and local analysts view these actors as having great potential to assist in the reconstruction process but point out that they have often created obstacles as they undertake many overlapping programmes that confuse people. Jim Ife from the School of Social Work and Social Policy, University of Western Australia, critically refers to:

"various actors, each of which is itself made up of different units or components with varying degrees of integration, the situation is complex, tends to be uncoordinated, and can often be chaotic".

In his view, while these actors share the common aim of assisting the process of reconstruction, with their different agendas and backgrounds, they have little in common that can provide a basis for coordinated actions (Independent Report, *WB Mission Report*, December 15, 1999)

Teresa Hayter shared the same view that organisations of any kind have different agendas and philosophically follow their own priorities and approaches (Hayter, 1985: 238). This concept is certainly valid in the case of the above actors. UNTAET as the transitional government has come and implemented agendas that are different from those of the international NGOs or other foreign governments. The local church has its own vision of assisting the people, for instance, in aid delivery, the church prioritises the poor and the widows, whereas, other international NGOs or UN organisations might apply different principles in assigning aid.

Teresa Hayter has further argued that political or humanitarian organisations are generally committed to involvement in humanitarian affairs but that each has different goals. Some may simply be cynically aware that they are doing nicely out of the gravy train provided by the aid business are unable to find another cause with the same rewards (Hayter, 1985: 238).

One example is the World Bank, whose funding priorities of irrigation, agriculture, health, building roads, education, telecommunication, electric power, water supply, sanitation and income generating business, coincide with the range of basic reconstruction needs for East Timor. The World Bank spokesperson points out that the Bank's agenda consists mainly of projects directed to basic needs, boasting for example that agriculture and rural development comprise a significant portion of the Bank's programme. Other areas such as nutrition, population planning, education, and water supply are also included in the Bank's agenda to provide more service to the poor (Lappé, Collins and Kinley, 1981).

The Non- government organisations (NGOs) operations in East Timor are based on their own missions and agendas. Some are involved as relief funding bodies while others focus directly on the emergency situation, and still other actors emphasise more the development of a community base. Korten Denzi (1990) argues that even though development agencies, NGOs and government organisations differ in objectives, approaches, emphasis and achievement they have similar aims in common. Their basic and principal agendas include voluntarism, finance, democratic participation and empowerment; some, but not all, are involved in rehabilitation.

Evidence from the field study indicates that the main actors in East Timor's reconstruction have undoubtedly shaped public opinion and left impressions about the implementation of their agendas. For instance CNRT, as the main community based political organisation, has often felt neglected in consultation by the UNTAET and NGOs in the implementation of their programs. As a consequence, the programmes, and especially aid distribution, are unevenly applied because UNTAET and NGOs know little about the local community.

The large numbers of actors involved with all their differences has often caused conflict to the overlapping programmes they undertake. This has caused significant confusion for local people or programme recipients. Two case studies where this was found to occur were in the distribution of food and shelter materials at Oe-cusse and Lospalos. People have frequently complained that the distribution was uneven, with some areas missing out and others over-serviced. This frequent phenomenon on the ground appeared to be the most commonly noted failure of the aid providers, and this was due to their having different agendas and to their lack of coordination with local organisations, notably the church and CNRT. NGOs, UNTAET and other groups seem to be reluctant to cooperate and work in a coordinated way, although attempts have been made recently to improve this situation (*Interview*, April 4, 2000 & April 21, 2000).

This phenomenon was highlighted in the findings of the report by Jim Ife that, it is inevitable that different actors and motives be involved in East Timor's reconstruction. Their contributions are, in his view, a tribute to their persistence and professionalism. However, he identified some inadequacies in their ability to deliver effective and appropriate programmes in a coordinated way. He criticised the familiar pattern of many actors who are not always working together in various aspects of aid such as food, refugees, housing, health, education and so forth.

Apart from the difficult conditions found on the ground, it is apparently not unusual in devastated countries that many actors with different agendas, programmes and objectives should inevitably result in an inefficient and slow progression towards reconstruction, as is the case in East Timor. Reality as reflected in the results of the

field study suggests that each actor has faithfully followed its own agenda, whereas ideally they should all have joint objectives and work in a coordinated way so conflict and overlapping between programmes can be minimised. Denzi's theoretical analysis mentioned above, emphasising the commonality of divergent actors' aims, is not reflected in the actual reality on the ground.

5.5 THE PARTICIPATION OF DONORS AND NGOs: Voluntarism or a bonanza?

The people of East Timor warmly welcomed the numerous foreign donors, and NGOs coming to help. The donors and NGOs were applauded for their mission of voluntarism and charity to help the devastated country. East Timorese Christians, who are predominantly Catholic, perceive such voluntarism and charity as 'agendas' (motivations, or missions) that drive people to work towards a society transformed by practical expressions of love. In that envisioned society, people would be able to meet their basic needs of "body, mind and spirit; caring for the world God loves".

Theoretically, 'voluntarism' refers to the 'state of capacity' by which people are mobilised into an organised structure of voluntary group action for promoting self-reliance and self-development (Cernea, 1988: 7). Moser (1993) also describes the idea of voluntarism as the development of solidarity that will lead to common welfare and peace. Consequently, these concepts lead people to understand voluntarism as moral action which does not require payment in return. This of course, refers to the resources provided as aid for no payment, not in practice to the persons who are involved in the delivery of aid.

Because there are such massive numbers of relief workers sent to East Timor, after a few months, the local people began to question their voluntarism. How could the numbers of foreign workers be continuously increasing while the recovery and reconstruction process is becoming ever slower? As the local CNRT leader of Oecusse argues the presence of foreign NGOs and UNTAET is highly visible, they are driving around in four-wheel drive cars but only very little change is seen by the locals. Such a question is quite commonly raised among the local people as they

realise the windfall is passing to the hands of foreign workers rather than recipients/locals.

A similar impression expressed by the local CNRT leader of the Tutuala Sub-district of Lospalos declared bluntly that in a real sense the foreign assistance is hardly felt by the community. Lospalos people are now in a safe state since the arrival of the UN force but donors or foreign NGOs humanitarian assistance has hardly affected the locals. In numerous conversations with locals, people were quite cynical to say that the UN cars rove along the streets but they drop nothing for them. One respondent observed with frankness:

"East Timor is a new profitable project for foreigners after being a bloody project of Indonesia for the past 24 years. They (foreigners) came to Lospalos just to look at Tutuala Lake for a future mega-project, but what they left behind is only the wheel print of their vehicles" (Interview, 22 April, 2000).

Many observers warned that East Timor should be careful to avoid another Cambodia, referring to the time when the United Nations Transitional Authority for Cambodia (UNTAC) spent almost US\$ 2 billion dollars in Cambodia in 1992 while leaving no significant improvements. The phenomenon is seen in East Timor, foreign workers and UN staff enjoy high salaries and rove around in their jeeps past a traumatised people who often do not know where the next meal is coming from, let alone where their future is taking them.

As in Cambodia, the UN in East Timor seems to be bringing as many problems as it solves. The non-government organisations (NGOs) have swarmed in, hell-bent on their voluntary mission to save the East Timorese while they enjoy the comfort of their air-conditioned offices and four-wheel drive vehicles. The performances of foreign workers in aid delivery that clearly give more benefit for them are unlike to be classified as 'voluntary' actions, except donors who might have used the term for the purpose of material support, although in real practices it is more orientated as a profit making project.

To what extent foreign donors/ aid delivers have voluntarily assisted East Timorese is the issue questioned by many people included Anna McHardy, an engineer and

social justice activist who recently visited the country. In an interview with *'The Dominion'* she admitted that aid to East Timor is seen as grant aid and part of international voluntarism. However, based on her observation, most of the aid money has likely gone to pay for the huge salaries and fantastic jobs, holidays and perks of the aid workers. She also notes that the activities of the aid agencies descended like locusts on newly independent East Timor as obscene. She raised this question: *"Is this really voluntarism or a bonanza?"* (NZ *Dominion*, September 30th 2000).

Such aid delivery practices that mostly do not benefit local people have formed a public opinion and suggest that what the East Timorese need is a practical assistance directed at the grassroots. Cash and supplies should be sent directly to local people rather than funnelled through bureaucracies. Principally if the money is sent directly to Timorese people aid workers may not be essentially needed to act on the ground. Timorese should know exactly about what they actually need and they can handle the task by themselves without being dictated to, as to how to use the resources (Ibid, 2000).

The fact is that donors' overwhelming contributions to East Timor's reconstruction is an outpouring of international solidarity and voluntarism, but the practices on the ground suggest a different reality. Timorese have no knowledge about the money because it has been mysteriously allocated despite the evidence that foreigners enjoy luxurious lives while locals are still dwelling amongst the ruined buildings.

The existing economic and social gap between foreign workers and Timorese has led to a public speculation that foreign aid to East Timor is mostly allocated to foreign workers rather than for East Timor's reconstruction. As Father Domingos Barreto, the director of Caritas East Timor estimated that roughly 60% of the total aid flow to East Timor has returned to foreign countries. As he also questions:

"How can we call this kind of aid voluntarism if deliverers monthly salary ranges from US\$1000 to US\$1500 on top of their luxurious facilities?"

Basically, this example signals that foreign NGOs/aid deliverers who are operating under the mission of voluntarism or solidarity is merely a jargon to soften what they might have had in their minds as 'The Timor Project'. Once the money or aid is on

their hands, it is 100% their rights to allocate it based on what they think they could benefit more. In a similar vein, Anna Mchardy also alleges that aid workers around the world have campaigned for donations to allow them to become volunteers in countries with economic difficulties but at the same time they are attempting to make a good living by moving from one country to another who have been traditionally relying on donors (*NZ Dominion*, September 30th 2000).

Supposedly, the trickle down effect theory is adopted as the model for aid implementation in East Timor. But as in many Third World countries, the ordinary people do not always benefit from the aid despite all the campaigns of the aid delivers agencies, and the influx of volunteers and social workers. This is certainly a big disadvantage for East Timor, a devastated country expected to be reconstructed with the money donated by international community.

Realising such a loss, George Yunus Aditjondro suggests to investigate the way in which more than a billion dollars has been pumped into East Timor that are likely used to hire foreigners, consume imported food and beverages (Aditjondro, 1999: 47). This can be justified by the fact that after a short period the expatriates leave the country and there is no significant trickle-down or multiplier effects for the locals.

5. 6 AID TO EAST TIMOR: Rehabilitation or Relief Funding

The flow of aid to East Timor is certainly appreciated by the people, though there are still different views on the nature of aid practices. The community in particular simply considers aid (notably food distribution) as short-term relief donated by the international community. On the other hand, the political elite holds the view that aid to East Timor functions both as temporary relief as well as for longer term recovery of the physical and non-physical damage that resulted from the crisis after the referendum.

The terms "rehabilitation" and "relief funding" both imply the notion of caring for people displaced by disasters (whether natural or humanly induced). Even shared aid may operate either as rehabilitative action or merely as relief funding. In the case of

East Timor, some donors and NGOs are involved in both relief funding and rehabilitation whereas some others work in only one of these areas.

Data obtained from field work indicates that most of the international NGOs' are engaged in different activities emphasising both the rehabilitation of displaced Timorese and providing emergency needs for the people, including food supply, health services, shelter, and clothing. Donors such as foreign agencies, multilateral agencies and international institutions provide aid funds mainly to international and local NGOs that are directly involved both in the rehabilitation and the relief funding programmes.

Many analysts, including Shigemitsu Sugisaki, the IMF deputy managing director, speculate that the volume of aid set to pour into ravaged East Timor may harm the economy of the country if it is not properly used (*Reuters*, February 23, 2000). This warning coincided with the initial spending of money donated through the Trust Fund for East Timor and other channels.

The overflow of aid money may still cause inflation but this has not yet happened as initially predicted. This may be because a huge proportion estimated at 60% by Father Barreto of Caritas East Timor of the aid money has gone for foreigners' pockets and has evidently been used to buy and consume imported rather than local products. This of course depresses the potential increase in domestic income as well as creating dependency on foreign products.

Experience on the ground has strongly suggested that the misuse of aid is now quite common. The case of primary teachers' salaries, for example still remains unsolved by UNTAET and UNICEF well into the year 2000 (*UNTAET Briefing*, August 24, 2000). In other words these two UN agencies have shown no commitment in responding to the issue of salary differences between teachers and how salaries are administered. They give the impression that their focus is inward-looking and see it as unnecessary to explain publicly how the education funds were being used. This has led to local suspicion that UNICEF and UNTAET are misusing the money.

Another example is the extortion of funds for some development projects that have not yet been clarified. The allegations are that the misuse of money allocated to some development projects involves both international and local staff. Such an issue has rolled over among people though UNTAET seems unwilling to take any necessary stand on the problem. This could lead to a further consequence on the management system of the money on a bigger scale, subsequently it can jeopardise the country monetary management.

In addition, a local staff member working at UNTAET testifies that he has seen numbers of reports on humanitarian assistance and other related activities that are commonly fictitious, made without referring to real evidence. There is no effective monitoring, no follow-up to check on their validity and reliability, and for their part UNTAET seems to be satisfied with the figures on the summarised and detailed proposals made before the activities were undertaken. This allows International NGOs and UN bodies to feel more immune towards criticisms and there is no room for people or local authorities to question what exactly their actions are, whether, they are doing relief funding or rehabilitation it is entirely own business.

5.7 CONTINUOUS ASSISTANCE: Commitment or Scenario?

Administratively, the reconstruction and development of East Timor is still under the direction of the United Nations Transitional Administration in East Timor (UNTAET). The physical damage and the collapse of the economy after the militias' rampages have seriously challenged UNTAET to produce a framework for the country's reconstruction. In an interview with the head of UNTAET, Sergio de Mello admitted that it was extremely difficult to meet all the demands for social and economic reconstruction and development. He particularly refers to the credits provided by the World Bank for small and medium enterprises which were limited to approximately US\$5 million, but the total sought by applications was more than US\$13 million. Another difficulty is how to provide jobs for people; it is the most challenging problem that UNTAET is presently facing (*Interview*, May 15, 2000).

Currently, capacity building is regarded the most priority to be enhanced, though it needs time and effort. Therefore, UNTAET holds on the view that, the UN, bilateral

donors and NGOs will still be needed to help with capacity-building for many years to come as in certain areas such as the central fiscal authority and central payments offices are still handled by foreigners. This long-term training is assumed to fill that gap until Timorese are ready to handle. However, people remain questioning of the genuine motive behind this reason. Some even suspect the UN body of intentionally raising the issue of 'capacity building' to allow foreign workers stay longer in East Timor. This could be considered as merely a fake speculation but Paul Mosley (1985) reminds that it is the tradition of foreign donors to bruise the image of recipients as part of their strategy to justify their access in providing resources.

But raising the same issue, Mr. Browney, the head of UNICEF in Dili argues that the idea of ceasing foreign aid operations including capacity building is foolish. His argument seems to be based on the perception that East Timor has never been a rich country. This argument could possibly be justified by the fact that the country has been badly damaged. Nevertheless, the reality shows that except some technical skills, Timorese capacities have already built, it is only the matter of enhancement and adaptation to the new system they would probably face.

Meanwhile, Mrs. Simpson, the person who is responsible for Oxfam International in Dili, also concurs that foreign NGOs and multilateral bodies should remain operating because the country infrastructure was so devastated that it needs substantial and expensive development activities to replace. Apparently, UNICEF sees the commitment of continual presence of foreign donors reasoning the condition of East Timor, both the physical condition and people's qualification to lead. Most of the NGOs/donors from whom the information is obtained agree to the point that since East Timor is still economically sick, foreign donors will be committed in any way possible to assist.

Unfortunately, the arguments supporting the idea of continual assistance and capacity- building process are not specific accommodate on the time length needed. This has of course invited perceptions that the continual assistance means East Timor will be a never-ending economy dependent country on foreign aid. This would be definitely hard for East Timor to get rid of it. Therefore, many people feel difficult of

UNTAET and donors wonder whether it is a genuine commitment or a scenario to keep East Timor remaining as an international project.

Dia (1991) argues that there is an immense range of challenges in reconstructing economically-collapsed countries (implicitly referring to the European reconstruction and Third World) from widespread and persistent poverty to the formation and implementation of national political and economic policies (Dia M, 1991:231). The notion behind this argument is that no matter how massive foreign aid is needed to rebuild a country, for example in the case of East Timor, it may end in a failure if the actors do not truly assert the key programs. This would need further assistance and could be repeated as long as this scenario concurs.

The question is whether or not the NGOs and foreign donors can provide solutions to problems faced by the people and whether they are playing and will genuinely continue to play useful roles in East Timor's development. For the answer one has to refer to the reality on the ground this field study has shown, which is that the greater the number of NGOs and aid donors, the slower the reconstruction work that is undertaken, and the greater the problems appear on the surface. To some, this suggests scenario in which problems are kept unsolved in order to justify the longer-term continued presence of donors and NGOs in East Timor for the purpose of project opportunities.

This argument, according to Anna McHardy, is a phenomenon common to Non-governmental Organisations and other foreign donors. Their politics of exaggerating things on the ground inevitably surface, this has happened as a matter of course in other places and now is faced by East Timor (*NZ Dominion*, September, 30th, 2000). In support of McHardy's argument, Narman (1999) finds in a general way that there is no evidence that aid leads to any worthwhile results. Recent international records prove that aid dependency is dramatically increasing for those countries that have had to rely on aid, and the more the foreign aid is needed, the worse the situation of the recipient becomes.

In the context of East Timor criticism has been addressed to donors and NGOs involved in reconstruction, questioning whether their presence really is intended to rebuild the physical destruction and remedy the wounds of the people, or whether there is a hidden scenario, an agenda to extend the justification for their own services in East Timor by exaggerating people's poverty and by showing the reconstruction process. For the true answer to this question one would have to turn to the international NGOs, the foreign donors, and to UNTAET in particular as the provisional administering power in East Timor- at least for the answer that they are able to provide. Yet, it seems that the Timorese themselves must make their own analysis too, as true self-determination would require.

5.8 ANALYSING DONORS /NGOs' WEAKNESSES

Although the charity of international NGOs and donors in rebuilding East Timor deserves appreciation, they also share some common weaknesses.

First, those donors and international NGOs most directly involved have evidently failed to adequately control their aid to East Timor, and have been unable to integrate cultural values into the implementation of aid delivery. For instance supplies have sometimes been kept too long in the NGOs' warehouses, so that items such as rice and corn become damaged and must be thrown away. Aid often does not reach all people or is unevenly distributed which has often created jealousy and anger amongst locals. This may impair the future of aid delivery systems and the well-being of the people involved.

Second, donors and international NGOs have implemented their relief funding programmes on the basis of standard international practices which they think will be the best for the East Timorese. Most of them claim themselves to be politically impartial and on the basis of that ideology see no need to consult the existing community leaders, notably the CNRT, the East Timor political umbrella organisation. As a consequence, it is not surprising to see foreign aid workers often confronted by mass protests regarding their cultural insensitivity to the local people such as holding meetings on the days of traditional worship or religious ceremonies, or because they utilise locations or property which are traditionally respected for

their own purposes. There are many other examples of traditional contradictions found throughout East Timor. On Sundays or public holidays foreigners often go sun bathing or swimming in bikinis or even naked on the site where the "King Jesus" statue stands. Huge shipping containers have been placed in front of Motael Church which are considered very disturbing for mass services.

Third, local NGOs and corporations are under pressure to satisfy the conditions of foreign donors. This requires them to work on those projects that are acceptable to foreign supporters but which may not necessarily accommodate local cultural norms and values. Even though projects are aimed at benefiting people from all levels, which local NGOs are best able to do, still they have to listen and follow the agendas of donors. Street construction in which some local corporations are involved is a good example. Although most of the local's livelihoods have still not recovered, and many people (particularly in the villages) are still lacking food and clothing, let alone vehicles, street construction seems to be a high priority.

Fourth, international NGOs and donors' programmes are found to overlap because they are conceived in the absence of broad planning strategies and lack coordination. They also fail to be based on a realistic localised assessment of the people's need. One simple example is the distribution of shelter material. According to the World Bank's assessment, 70 % of the houses were destroyed, therefore some NGOs have housing programmes but many people still complain of getting nothing for housing. Some other people get timber instead of 'zinc' (galvanised metal for roofing). People of Malelat village in Passabe Sub-district, of Oecusse region, complain about this policy. For them, timber is not their need as they still have a lot of forest, what they need is 'zinc' for roofing.

Fifth, there appears to be few formal procedures in place to identify the target group(s) for aid. This has allowed room for manipulation and corruption particularly by some of the international NGOs and International bodies which in the end creates social problems. This can be seen from the way UNICEF administers the payment of the primary school teachers' monthly salary. Some teaching staff are paid in Indonesian Rupiah (Rp150.000/ is equivalent to US\$ 20), but some others are paid in

100 US dollars. This practice has in fact caused a serious unsolved problem between those staff who feel unfairly treated and UNICEF. As the coordinating body, OCHA also seems unwilling to solve this matter, which meantime invites suspicion on those NGOs who are doing best out of what some see as a dirty conspiracy.

While one should appreciate the NGOs and other international agencies' contributive charity in rebuilding East Timor from scratch, people do also need to critically view and analyse what they have done (right and wrong) in East Timor.

5.9 SUMMARY

East Timor has become a melting pot of various foreign donors and NGOs who came with different agendas and activities to participate in the country's reconstruction. The World Bank in particular has appeared as the leading financial institution, initiated the assessment and now administers the Trust Fund and strategic plans for reconstruction. Portugal, Australia and Japan are the foreign governments playing the most significant roles in East Timor.

The roles of donors and NGOs range from humanitarian assistance or short term aid to physical reconstruction and capacity building. The main actors have been identified as foreign governments, foreign government Agencies, international institutions, multilateral bodies, international NGOs and locals.

Despite their charity, donors and NGOs' motives have often been questioned by locals as to whether they are engaged in genuine voluntarism or hunting for fortunes. Timorese still have different perceptions on the continual flow of aid, some simply view aid as relief funding whereas others see it as a tool to recover from post-referendum devastation. Speculations also vary as to the continuation of NGOS and donors' assistance for East Timor. Although the flow of aid is primarily an effort to remedy the physical and non physical wounds of the people, it can also be seen as a strategy or scenario to keep promoting the issue of poverty in order to justify the continuation of the aid projects in East Timor.

The last part of this chapter has highlighted the weaknesses of donors and NGOs. Most of them have implemented normal international standards without considering the local conditions. They have failed to accommodate the local ethics, norms and traditions, and as a consequence they often face social friction with locals. Their failure to consult the local people, particularly the political umbrella organisation (CNRT), has resulted in uneven and culturally inappropriate aid distribution. This has resulted in social jealousy among the local people and antipathy towards foreigners by those who have never been reached by aid.

Notes:

1. The World Bank's assessment mission concluded that 70% of East Timor's physical development was destroyed that it needs to be rebuilt by appealing for international assistance (**The World Bank Mission Report, November, 1999**)
2. In numerous informal discussions (**March, 23rd 2000**) with Inacia Tamele, Regio da Cruz, Ana Paula and Antoninho Lafu, from Oe-cusse, they explained that Jordanian Peacekeeping members in Oe-cusse have often done sexual harassment towards the local women. They also shoot at the pigs that local people raise as their economic assets.
3. Members of the Australian Battalion placed in Maliana, East Timor are alleged to smuggle Indonesian currency notes (Rupiah) for black market exchange whereas, the New Zealand battalion are locally believed to brought petrol from West Timor through the border between Suai and Atambua (**Reg. East Timor, 2001**).
4. In an interview with Dili UNICEF manager, (**April, 12th, 2000**), he stated that many changes are on the scene, people now are starting their economic life, many cars are running along the streets. He also admits changes cannot be done over a night, as it needs time, effort and money.
5. Voluntarism refers to the capacity of mobilising a group for acting in way that can benefit people who are in certain difficult conditions (**Cernea, 1988: 7**).
6. In an interview (**22 April, 2000**), with a CNRT leader in Tutuala Sub-district of Lospalos, he bluntly argued that foreigners often come to Lospalos just to visit the lake for a possible project but they left nothing for the people here.
7. A UNTAET Briefing, notes that the misuse of money is related to the circumstances that lead to the state of difficulties to control (**UNTAET, August, 24, 2000**)
8. In an interview (**May, 15, 2000**) with Sergio Viera de Mello, the head of East Timor transitional administration, he agrees that aid might still be needed for East Timor, though, rejected the speculations that the country will totally dependent on aid.
9. Aid may bring positive effect as well as negative ones, depending on how aid deliverers administer, manage and implement the aid (**Dia, M. 1991:231**).
10. In my conversation (**20 May, 2000**) with Father Jovito de Araujo, he pointed out that the foreigners' sunbathing or swimming in front of the King Jesus Statue is one of the cultural phenomena that resulted from the aid flow. Another evidence was the placement of huge containers in front of Motael Church. These tell the people of east Timor to be alert and defensive to their culture and religion values.

CHAPTER SIX

DIFFERENT VIEWS ON THE IMPLEMENTATION OF AID IN THE RECONSTRUCTION OF EAST TIMOR AND PEOPLE'S PARTICIPATION

"Development brings freedom, provided it is development of the people. But people can not be developed, they can only develop themselves. A man develops himself by joining in a free discussion of a new venture and participating in the subsequent decisions; he is not being developed if he is herded like an animal into a new venture"

(J.K. Nyerere, 1974:25)

6.1 INTRODUCTION

Having discussed the origins of the massive flow of foreign aid to East Timor and the role of different actors, this chapter analyses a range of views on the implementation of foreign aid in East Timor and Timorese participation during the transitional period. It will particularly canvas the views of UNTAET, the World Bank (which administers the Trust Fund for East Timor), international NGOs and multilateral donors, foreign observers, and finally the Timorese.

6.2 UNTAET'S VIEW ON AID IMPLEMENTATION

The United Nations Transitional Administration for East Timor (UNTAET) is a mandated government of the United Nations instituted to prepare East Timor economically, politically and administratively for full independence. When UNTAET first went to East Timor it was confronted by a collapse economy and infrastructure, and was challenged to decide where and how to re-start the country. However, with substantial aid money donated by many countries and aid agencies the economy has begun to function again and this has already resulted in tangible changes throughout the country.

The UN representative to East Timor, Sergio Viera de Mello, explained in an interview (May 15, 2000), that aid accumulated from various donors has been allocated to two main sectors: humanitarian assistance and infrastructure development. The humanitarian assistance includes food aid, shelter materials, public health measures and medical supplies. Aid money for infrastructure development emphasises road construction, telecommunications, electricity, and water supply,

post office, banking, agriculture (rebuilding irrigation and purchase of facilities) and establishment of postal, banking, fiscal and tax systems.

De Mello also pointed out that part of the aid money has also been allocated to support private sector ventures such as local NGOs and small businesses, which are expected to provide more job opportunities. De Mello argues that the reconstruction process has been slow due to the appalling conditions and lack of adequate resources when UNTAET began its task. This argument seems to counter allegations that UNTAET has simply failed to control the implementation of aid in East Timor.

Discussing participation by local people, De Mello emphasised the importance of this issue to UNTAET which has been suggesting to donors, NGOs and international bodies that they should open more job opportunities for indigenous people. However, this would only solve part of the unemployment problem, so UNTAET encourages job seekers to become involved in private enterprises or small businesses that may also provide more opportunities for developing the economy. But there is a significant growth of Timorese participation in the decision making process, where UNTAET has appointed some local cabinet ministers, head and deputy administrators for several divisions and for the thirteen districts as indicated in the following table.

Table 6.2.1 Timorese recruits for key positions

No	Name	Position	Department/Sector
1	Dr. Jose Antonio Ramos Horta	Minister	Foreign Affairs
2	Sr. Joao Viegas Carrascalao	Minister	Infrastructure
3	Dr. Rev. Filomeno Jacob	Minister	Social and Education
4	Dr. Mary Alkatiri	Minister	Economy
5	Dr. Ana Pescoa	Minister	State Apparatus
6	Sr. Marito Reis	District administrator	Baucau
7	Dra. Maria Paixao	District administrator	Aileu
8	Candido da Conceicao, MA	Deputy administrator	Oe-cusse
9	Sr. Abel Belo	District administrator	Manatuto
10	Dr. Sergio Lobo	Head Division	Health Department
11	Ilda Maria da Conceicao	Deputy administrator	Viqueque
12	Ruben de Almeida	District administrator	Dili
13	Liborio Pereira	Public Administrator	UNTAET Dili

Source: UNTAET Press Release, Dec. 16, 2000

Even though the initial plans were for humanitarian aid to the end in 2001, UNTAET now thinks that East Timor might require foreign aid for a further three years. But De Mello predicts that aid will still be needed in the longer term, particularly to enhance human capacity in sectors such as central fiscal control, health, education and governance.

This assessment is based on the fact that East Timor lacks people with appropriate qualifications, skills and experience, especially following the withdrawal of all Indonesian teachers and medical staff in 1999. Based on a recent finding by Timor Aid, only 3% of Timorese have university degrees. Considering the shortage of teachers in East Timor, in 1999, only 2% of tertiary level lecturers, 3% of senior high school teachers and 14% of junior high school teachers were Timorese. In the health sector, there were 23 Timorese doctors, and only one surgeon, with no medical specialist of any kind. Those with most government experience are now in exile (*Timor Aid Report*, Feb. 24, 2000).

Even though some see this gap leading to continuing dependency, the UN representative speculates that East Timor could become a self-sustaining country in the future if these human and natural resources are effectively developed, managed and used. To support his argument, De Mello refers to the following facts:

Firstly, oil and gas reserves in the sea between Timor and Australia, now under negotiation, have been estimated to be capable to earning East Timor about US\$60 million per year. Secondly, East Timor can become self-sufficient in agricultural produce such as rice and maize by utilising good seeds and adequate application of fertilisers. Thirdly, coffee is expected to become the major foreign currency earning export as production is increased and quality improved. In fact, this has become the main priority of UNTAET to meet the demand from several countries, especially the USA, who are keen to buy the coffee as it has a unique aroma and taste and extra advantage is that it is organic. Fourth, the sea that surrounds East Timor has considerable fisheries potential, including whaling, though this latter will have to be in conformity with international law. Finally, there are opportunities to develop tourism, particularly at sites such as Tutuala, Jaco Island, Atauro, Oe-cusse, Liquica and Baucau.



Picture 5: UNTAET's Headquarter in Dili, the governor's office of former Portuguese and Indonesian



Picture 6: This scene represents two conditions: foreigners on the left and Timorese on right.

Above all, it depends on the efforts and abilities of the Timorese people themselves to develop, manage and utilise their own resources in order to reduce external dependency. Optimism and spirit or determinations are therefore the keys to East Timor's future prosperity. De Mello has personally found Timorese to be hardworking people who are he expects to contribute much to their country's economic development.

UNTAET asserts that its aid programme for East Timor has been guided by the principles of humanitarianism; that is, to first meet the emergency needs then move on to the reconstruction of infrastructure. De Mello accepts that the pace of change, has been slow, suggesting that this mainly resulting from extreme physical devastation that UNTAET initially faced, and inefficiencies in aid delivery due to unfamiliarity of international staff's with the local conditions (which often happens) and other unexpected circumstances on the ground. UNTAET believes that a tendency towards dependence on foreign aid is emerging, which requires specific effort and strategy to minimise.

In contrast to UNTAET's views, a UN Security Council mission report questions the slow pace of reconstruction in East Timor by contrasting it with the massive inflow of aid. A seven-member mission visited East Timor for two days and concluded that the overall state of East Timor's infrastructure remains devastated while aid continues to flow in. The mission found that only small amounts have so far been expended on reconstruction, and that there is an uneven rate of progress in the rest of the country compared with Dili (*Agence France Presse*, November 21, 2000)

The delegation referred to the complaint of the Infrastructure Minister, João Carrascalão, about a US\$85 million shortfall in funding for the rehabilitation of basic services, in support of their general finding that aid for East Timor's reconstruction is still inefficiently implemented. The mission quotes Carrascalão that at least US\$100 million was needed to restore basic services, but only US\$15 million had been allocated for infrastructure rebuilding in the transitional administration's budget (*APF*, November 11, 2000). In addition, the UN mission also questioned the spending of the money, citing the example of Suai, one of the worst-hit areas in 1999,

destruction, most homes and buildings were flattened and wooden huts without roofs still line the streets.

The above finding obviously support the various critiques of the administration and the use of the massive aid funds to which UNTAET and the World Bank have full access to. It also leads people to keep on asking where the rest of the money has gone.

6.3 WORLD BANK'S VIEW ON AID FOR EAST TIMOR

As previously mentioned, the World Bank is the initiator and administrator of the Trust Fund for East Timor (TFET). Assessing East Timor to be an outstanding case (physically 70% destroyed), the World Bank immediately expressed its intention to involve itself in the country's reconstruction. The Bank then made a special policy made to treat East Timor differently, meaning all aid was to be given in the form of grant or without conditions or repayment.

Some suggest that this special treatment does not really benefit East Timor because at this stage local people have no direct involvement in management of the grant aid. However, the World Bank's president, James Wolfensohn, has repeatedly given assurances that the money belongs to the Timorese and should be used in addressing reconstruction priorities (*Web*, February 21, 2000). This statement is apparently a response to the complaints of the Timorese that the money is allocated on their behalf, but they have no say in deciding how the money is used.

Apart from the above policy, the World Bank's records show that there is about US \$260 - \$300 million (of the fund total of US\$520 million) allocated for the next three years, covering reconstruction and development including macro-economic management, the civil service, infrastructure, judiciary, health, education, and agriculture. In addition, the Bank has released a detailed breakdown of the money allocated for reconstruction programs such as community empowerment, local governance projects, and participatory local institutions. It has also included special niches for local civil society groups, cultural heritage and vulnerable groups (see the table below).

Table: 6.3.1 Detailed summary of reconstruction programs

No	Program	Amount in US\$	Period
1	Community Empowerment	US\$499,000	5 years
2	Key infrastructures (roads, ports, transport, power)	US\$29,5 million	2 years
3	Small enterprises	US\$10 million	2 years
4	Widows	US\$21,5 million	2,5 years

Source: WB Report, April 6, 2000)

The Bank's director for the Pacific Islands region, Klaus Rohland, is optimistic that the massive destruction will be repaired with the money donated by foreign donors, and that, the country's development is moving again (*Associated Press, December 10, 1999*). The rationale behind Rohland's optimism is that foreign aid allocated to East Timor is utilised to rebuild the country, but he does not clarify and give details about how the money is managed and used.

The World Bank's vice president for East Asia, Jean Michel Severino, finds East Timor's condition more challenging than the situation in Kosovo or Bosnia. He therefore suggests that less effective outcomes from aid implementation are to be expected in such a context. The situation is alleged to be more complex and unknown for donors, particularly the World Bank, to ensure a smooth process of reconstruction.

The World Bank also admitted that the lack of participation by locals is a serious short-coming. Without clarifying, how serious a failing this is, Severino argues that Timorese have not yet been put in the driver's seat as they had no local representation under the Indonesian and Portuguese regimes under they formerly lived. Therefore, while the World Bank's priority is to ensure the sustainability of its reconstruction programs, leadership and participation by Timorese at all stages is still a critical issue (*World Bank-TFET, April 13, 2000*).

There is an awareness by the World Bank that some aspects of life in recipient countries might be significantly affected by foreign aid. This worry can be seen from the World Bank Joint Assessment Mission report, which identifies that the presence of international agencies will create distortions in the allocation of capital and labour,

which will in turn have an adverse social impact. In particular, increasing salary levels, rents and prices sources are serious concerns.

The Bank acknowledges the importance of establishing a mechanism to monitor and address the social impacts of development assistance. The Bank is also aware of possible cultural friction that could result from lack of knowledge by foreign workers about local traditions and culture. In addition, certain motives and attitudes that donors bring with aid may distort the political system of East Timor.

6.4 THE VIEWS OF NGOs AND UN AGENCIES ON AID

Immediately after the Indonesian pullout from East Timor, international NGOs and donor countries began arriving with humanitarian assistance. Most of them view what they are doing in East Timor as part of social relief and as a simple extension of their mission that they have carried out in other countries where conditions were broadly similar to those in East Timor.

As stated in the previous chapter, such actors have come with many different agendas and perceptions on aid and its implementation. Although each may claim to perform their best, some have been criticising each other on how effectively they deliver humanitarian aid. However, it is generally accepted that UNICEF, UNDP and Oxfam basically sense the urgent needs of the people and are sincerely committed to help East Timor in both the short and long-term reconstruction. Due to their commitment to humanitarian principle and openness about their strengths and weaknesses, these organisations are less likely to feel threatened by any allegations or suspicions about their mission and effectiveness.

In the views of NGOs and UN bodies, foreign aid to East Timor is essentially to help re-start both the national economy and individual family economies in order that in the future they would be able to be self-reliant. Basically, aid is also considered part of the international community's contribution to respond and assist the damaged country. That is why NGOs and international bodies see no reason for Timorese to feel indebted for this aid, although they may express natural feelings of gratitude. However, such encouragement should not be interpreted as justification for

continuing dependence on foreign aid. For example, the person in charge of Oxfam International in Dili supports continuation of foreign aid, particularly to rebuild the government infrastructure, despite suggestions that East Timor risks becoming a neo-colonial dependency. Such contradictory considerations serve as a reminder that while aid may lift up people from any economic difficulties, it can also lead people to continue putting their hopes on external assistance, or discourage people from standing on their own feet.

The manager of the UNICEF branch office in Dili, in line with Oxfam. Considers foreign aid to East Timor to be short-term response of world solidarity to the conflict and its aftermath. Representing UNICEF, Simon Browney testifies that aid has helped people return to their normal lives, supported by the fact that their economic activities are increasing. He also doubts that East Timor will be able to quickly rid itself of dependence on foreign aid by relying on its natural resources such as oil and gas, tourism, fishery and other potentials. Because of the severe shortage of qualified people, the UNICEF manager predicts that East Timor may depend on foreign aid for about a decade. In his view, the only alternative is to deliberately work to eliminate such reliance, and therefore Timorese should avoid certain demands that tend to create dependency (*Interview*, April 20, 2000).

6.5 AID IMPLEMENTATION AND THE VIEWS OF FOREIGN OBSERVERS

The aid flow to East Timor has also attracted foreign analysts, particularly those who have visited East Timor and directly observed how aid implementation works. Among them are: Mr. Johnson Panjaitan, an Indonesian attorney, acknowledges that East Timor was physically devastated but points out that the spirit and capacity of the Timorese still remains ready to rebuild the country with the aid donated by the international community. From his observations on several visits, he has found that most of the aid thus far appears to have been spent on UNTAET's administration, salaries for international staffs and modern equipment.

Panjaitan reminds East Timorese to learn lessons from their former master Indonesia, concerning foreign aid and its complexities. For him, the substantial purpose of aid to

East Timor should be humanitarian assistance and they should not be not a 'borrowing-lending' transaction with donors. The UN should take responsibility not to allow aid to become another power to control the country, economically, politically and culturally. As an example, he questions the policy of injecting the Portuguese Escudo into East Timor in order that the country later adopts it as the official currency.

The notion behind this argument is that if there are motives tending to re-patronise East Timor, it is the UN's responsibility to intervene, otherwise, the country may face a new disaster. To avoid this happening, Timorese should reunite their political visions to counter external forces brought together with foreign aid.

Meanwhile, George Aditjondro, professor in the Department of Sociology and Anthropology at the University of Newcastle, speculates that the flow of foreign aid to East Timor, may be leading the country to become a colonial state. His view is based on evidence that most of the money has been used to purchase facilities and hardware from overseas that are mostly utilised by foreign workers and for payment of their huge salaries. It is ironical that the money was sought to benefit the Timorese, but the fact is that there is no significant trickle down effect to benefit the locals (Aditjondro, 2000: 47).

Moreover, the international NGOs and foreign donors, particularly the World Bank, have aggressively promoted an economic model which would turn East Timor into a free market, a country that may be economically, politically and culturally dominated by the outside world. Aditjondro also advocates that the World Bank should take more account of the physical condition of East Timor rather than providing soft loans and micro credits. He insists instead that all future loans that might have been planned by the Bank should be turned into grants, in order to compensate for its past legitimising of Indonesian's illegal occupation of this still born nation through its financing of transmigration, family planning and the murderous paramilitary activities in the wake of the referendum (Aditjondro, 2000: 47-48).

Another observer is Professor Jim Ife, Secretary of the Human Rights Commission of the International Federation of Social Workers, University of Western Australia. Following his visit to East Timor, he noted that numerous foreign actors involved in the reconstruction and humanitarian assistance behave as if there is no existing power to control. Each of them appears to operate solely according to their own agendas, while, UNTAET shows no willingness to adequately supervise donors and NGOs. Consequently, the mechanism of aid delivery does not work in a coordinated way, resulting in a where some locals are believed to have never been reached by either humanitarian aid or physical reconstruction aid (Ife, December, 15, 1999).

Besides this, Ife also pointed out that aid deliverers and donors nearly always act without taking the trouble to ask the people themselves about their needs in anything other than a token manner. Many fields have been affected, including: economic development, health services, emergency food distribution, education, future foreign policy, shelter and housing, social development, language and even the choice of currency and time zone.

Some speculate that the reluctance of foreign donors and NGOs to consult with local people is to avoid allowing the Timorese to know much of the detail about how aid is implemented. This also implies that the misuse of aid is strategically planned. Therefore, Ife is not surprised with the views of those who label international NGOs and UN workers as new 'colonisers' who are intentionally promoting East Timor as a country in a state of dire misery so that they can benefit by perpetuating the apparent need for their services.

A veteran relief worker is more concerned about the bewildering amount of resources being poured into expatriate logistics while the more basic needs of the Timorese are ignored. East Timor risks repeating the aid experience of Cambodia where, eight years after the arrival of the UN transitional authority, a multibillion dollar rebuilding effort the relief community is still the only major source of legitimate income. On average, Cambodians remain as poor as they were nearly a decade ago (*Reuters*, February 23, 2000). In fact, in East Timor the 'Cambodia problem' is being repeated but is possibly even worse.

Anna McHardy, a New Zealand Social Worker who visited East Timor late last year, advocates delivery of practical and immediate assistance, in areas such as seeds, tools, farming implements, school materials, housing repairs and basic infrastructure. The presence of NGOs and UN is essentially needed but she fears that Timorese society could be weakened by continued aid dependence and points to indicators that the foreign aid workers appear to be more benefited (*The Dominion*, August, 30, 2000).

Meanwhile, John McBeth of the *Far Eastern Economic Review* concluded in his analysis that in general UNTAET has achieved a lot, restoring East Timor to life. But he points to the problem that many locals feel the United Nations is leaving them out of decisions on their future. He also reports that among East Timorese there has been frustration over the failure of UNTAET to involve more local people in drawing up a comprehensive blueprint of what they want their new nation to be. Foreign aid to East Timor has been entirely managed by foreigners who appear to be the chief beneficiaries from it (*FEER*, November 9, 2000).

One area of criticism McBeth found is about money and how it is spent. Donor nations have pledged as much as \$545 million for East Timor's recovery, which includes \$187 million for bilateral projects and \$166 million for a trust fund administered by the World Bank and the Asian Development Bank for community development and infrastructure improvement. So far, however, the trust fund has disbursed only \$10.6 million (*FEER*, November 9, 2000).

Further he suggests that there will be a 'bubble economy' created by the UN, given that much of the \$592 million earmarked for UNTAET's 2000-2001 budget will flow right out again into offshore bank accounts, either in the form of repatriated salaries or as profits from foreign-run businesses catering to UN workers. About \$230 million of that is earmarked for military personnel, leaving \$230 million for civilian administration and salaries and the remaining \$130 million for operating costs.

In addition, Mark Plunkett, a Brisbane-based former UN Special Prosecutor in Cambodia, also asserts that the UN is on the road to making the same mistakes as it did during its \$US2 billion operation in Cambodia in the early 1990s. According to

him the money allocated to East Timor seems to fall into the wallets of UN staff with allowances ranging between US \$50,000 and \$84,700 a year.

The facts are that many Timorese are hungry, there are no jobs, and the vast majority of the population has no means of obtaining money even though aid is continuously flooding into the country. Plunkett also speculates East Timor is the second case after Cambodia, in which the UN has failed to appropriate the aid money for the intended recipients. But what he specifically notes is the difference between Cambodians and Timorese, in that the people of East Timor are more vocal about the misuse of aid compared to Cambodians (*Lusa*, Nov. 2, 2000).

The above views have given a range of reflections on how foreign aid is implemented. Impacts have been seen either as benefiting or harming the country. For foreign analysts, aid to East Timor may lead to a future as a dependent society and can also form a new model of colonial power. To receive aid yet avoid this fate seems to be impossible. Alternatively, the society needs to be empowered to genuinely understand, speak and act if they find the process is more glaring by contrast.

6.6 AID IMPLEMENTATION AND THE VIEWS OF TIMORESE LEADERS/INTELLECTUALS

".....the truth is that development means the development of the people. Roads, buildings, the increase of crop out put, and other things of the nature, are not development; they are only tools of development" (Nyerere, 1974: 26)

Different interpretations and views of Timorese on the implementation of foreign aid in East Timor and people's participation are presented with reasons, arguments and suggestions which are arranged under several headings:

Foreign Aid and Priorities

"First things first: Strengthening people's capacity to determine priorities, and to organise themselves to act on these, is the basis of development" (Eade and Williams, 1995:9).

This theory suggests that the most important determinant of the success of any development is 'prioritising' what local people know, think and believe to be most important. From this it follows that people's basic and emergency needs should be met before moving on to longer-term issues. But apparently this principle has not been followed in the case of East Timor's reconstruction.

East Timor desperately needs aid to recover, but as pointed by the most prominent CNRT leaders, José Alexandre Xanana Gusmão, the country still remains devastated and the people hungry, despite international pledges of reconstruction help. Basically, he questions the 'priorities' of the aid community as no significant changes are appearing on the scene despite the country being flooded by international donors.

Questions are also addressed to the World Bank concerning their priorities in rebuilding East Timor's infrastructure, as their limited achievements in the first year give the impression they began in the second semester of the year 2000. It is quite hard to believe that numerous NGOs and international agencies have been operating on the ground for 14 months, as the situation still remains stagnant.

In a similar assertion, João Viegas Carrascalão, the vice President of CNRT and currently Minister of Infrastructure, admits foreign aid to East Timor is being delivered on a "conditio quo non" (without pre-condition) basis, mainly because of the urgent needs of a country that was totally destroyed. Unfortunately donors and NGOs who moved to help East Timor, were not screened before starting their aid delivery as a result many of their activities are overlapping. The situation becomes more confusing when people find their priorities are ignored, for example, lacking clothing, food and medicine, while watching international staff enjoying far better lives. This can be offensive to people, in a situation where they are still traumatised.

In addition to the matter of priorities, Bendito Freitas, a Timorese Masters graduate from the UK, questions why hundreds of NGOs and donors are competing against each other to assist East Timor when the facts indicate that after being present for 14 months, no significant changes can be seen. Freitas also questions the main targets that UNTAET has for the implementation of aid during the transitional period.

Cynically, he suggests that UNTAET's priorities are to provide the international staff with fantastic jobs, luxurious accommodation, and high salaries.

Apparently, the question of priorities still remains a nightmare because international staff have their own priorities based on their perceptions, while the basic needs of the Timorese are not on their main agenda. Nelson Belo, an English Department student at the University of East Timor argues bluntly that the world's mass media, both electronic and print, have continually focused on the 'amount' of aid to East Timor. But he says, the money is like a "return-ticket passenger": it arrives in East Timor for a while and departs back to where it came from.

There is a widespread perception amongst Timorese that the pay and conditions of the international staff is a higher priority than their interests. For example, construction of reliable roads is very important for the Timorese, even though they have few vehicles. But it is the international staff who most use the roads, driving around with their shinny new cars. According to Teresa Hayter (1987), this is symptomatic of the practice of 'rhetorical aid' by which the aid agencies seek continuing public support by publicising images of destitution and urgent need, even though the aid inflow will be of minimal benefit to the intended recipients.

Timorese participation

"To involve the 'patients' in their own care was the instrument task which the participatory concept has been assigned by development. The notion of empowerment gives a more active and open role for people to know, plan, initiate and do in order to change their own lives for the better" (Rahnema, 1999:123).

The issue of participation has also been significantly debated and questioned particularly by Timorese. Among them, Aderito de Jesus Soares, a young Timorese lawyer, who emphasises that UNTAET continues to do more than pay 'lip service propaganda' to the participation of Timorese during the transitional period.

The main emphasis of his thesis is that before talking about participation, people need to know about the whole process of their country's reconstruction, otherwise the issue of participation will remain unrealised. From the top to the village level people need to know about the amount of money injected into the East Timor Trust Fund, and the programme for allocation and spending of it. Participation cannot be limited to consultation on the distribution of the emergency food-aid and shelter materials to

the people. It is more a matter of having access to and understanding the process, and being able to pose questions if the system does not work according to people's needs and wishes.

Meanwhile, Xanana Gusmão has repeatedly expressed his hope that increasing Timorese participation in aid implementation should become the top priority on UNTAET's agenda. This expectation is mainly related to the appointment of some Timorese ministers which he says is not enough to be considered participation. Instead, he insists that UNTAET recruitment of Timorese directors-general or heads of departments and their staff as the priority for the first quarter of 2001. Basically, Gusmão sees that there are participation gaps at all levels but that the most importantly are in the posts where the real decisions about money and reconstruction programs are made.

Taking a similar line, João Carrascalão admits that in debating Timorese participation it is quite crucial to consider the context of local qualifications, though the data shows there are at least 400 Timorese with university degrees from different fields and disciplines. However, few of them have yet participated due to various constraints including language skills, notably English. The question is whether this reason is enough to prevent nearly all of them from participating in the reconstruction process or is there a fear that Timorese intellectuals may take over opportunities now enjoyed by international staff.

Carrascalão insists that Timorese work skills should be increased and the 'hard working' as part of their culture must be preserved in order to minimise future dependency. The logic behind this assertion is that once involvement by foreign workers is reduced, the key posts will be under Timorese's control, and they should be better prepared to handle this situation. Carrascalão further suggests that foreign donors should not stay too long in East Timor in order to avoid damaging the natural self-reliance of the local people. If not endanger the future of the country and lead people to develop the habit of expecting things for free.

Communication, Consultation and Coordination

"The situation could potentially alienate the communities' participation if there are gaps of communication, consultation and coordination. If people are not well informed about government policies, they may tend to be apathetic, sceptical and defensive to the government development policies" (Marslessy, C. 1993).

As far as this theory is concerned, poor communication significantly contributes to problems of implementing aid in East Timor, and may be the greatest existing constraint. As Bishop Carlos Filipe Ximenes Belo stressed in an interview with "A Voz de Esperança Radio", communication is vital as a means to finding solutions for problems of aid implementing, participation by the people social unrest. Communication is vital so are aspiration and local knowledge. Their views cannot be simply interpreted based on what foreign workers might think and assume.

In the same interview, Bishop Basilio do Nascimento also pointed out that after six months in East Timor, poor communication remains a constraint on UNTAET's activities. Bishop Nascimento suggest people that the people need to have access to information in order to understand and feel involved with the progress and development of their country. Such an assertion is quite reasonable, because the orientation of reconstruction programmes should be to place the local people as the central actors in the development programmes not as objects or mere observers.

Manuel Abrantes, the secretary of the Justice and Peace Commission of the East Timor Catholic Church, regrets the inability of UNTAET and international donors to implement aid in more appropriate ways. He believes that a transparent form of communication, aid implementation is essential for the proper implementation of aid. He suggests that the establishment of a communication network based on three pillars: UNTAET, CNRT and the Local Churches. These are important in order to find strategies and alternative solutions to the participation problems and constraints that currently hamper to the implementation of aid.

Xanana Gusmão also claims that the effectiveness of aid implementation is reduced by the lack of consultation. He understands some NGOs and donors argue that their stance of political neutrality precludes them from consulting with CNRT.

Consequently, most of them encounter practical difficulties and problems on the ground, particularly with the community, and they often become stuck and leave problems unresolved. One example is food aid consisting of old maize or corn which is refused by the people as they find it inedible, however, aid agencies keep delivering such supplies copying their experiences in other countries.

Father Martinho Gusmão, a young Timorese priest, agrees that aid implementation has failed to meet the people's needs. In an interview with the 'A Vôz de Esperança Radio' he stated that the inefficiency of aid implementation results from the failure of NGOs and donors to closely consult with traditional and local political leaders and the church. The consequence is that people's complaints cannot be accommodated and represented to UNTAET because local leaders themselves have no knowledge about the whole process of aid. Father Gusmão jokingly compares the flow of foreign aid to East Timor a 'blow of wind' that can only be felt but never tasted, and says he is not surprised that foreign workers appear like giants while Timorese remain like skinny cats.

Lack of coordination is also identified as another factor that adds to the problems implementing foreign aid in East Timor. Many arguments found in the field criticise foreign donors' for implementing aid in uncoordinated ways. More importantly, UNTAET does not have any command structure that can control the system of aid implementation. As a result, NGOs and donors are deliberately left to decide for themselves what they think is the best and could be beneficial for them.

As spelled out by Father Jovito de Araújo, aid implementation in East Timor is poorly organised, with no coordination in place to help aid implementation work well in terms of giving positive effects to the people. It appears that there is no horizontal and vertical structure to direct the system. Consequently, the people of East Timor know nothing about the incoming aid and the amount of money that has been used. So many of the people continue to think that millions of dollars have gone into the pockets of the international staff and that UNTAET is playing dirty games.

Similarly, Xanana regrets that many things outside have gone wrong because perceptions are not in tune with the reality in Timor. Lack of coordination,

mismanagement, ineffective structures and a heavy bureaucratic apparatus that, in some cases, descends to corruption, are in evidence. East Timor's reconstruction, and the people to whom the money is addressed, benefit the least, whereas a huge amount of money is available to pay the hundreds of foreign aid workers.

Underlying the above views, is the notion that the miss-allocation of aid has a definite cause. Little or no communication between those involved in delivering aid and those who are supposed to receive the aid, may easily lead to the misuse of aid. Lack of coordination can result in many overlapping activities that confuse the recipients. Similarly a lack of consultation may invite misunderstandings between aid implementers, local leaders and the people on the ground.

Foreign aid and Local Realities

"Go to the people, Live among the people, Learn from the people, Plan with the people, Work with the people, Start with what the people know, Build on what the people have, Teach by showing, Learn by doing, Not a showcase but a pattern, Not odds and ends but a system, Not piecemeal but integrated approach, Not to conform but to transform, Not relief but release" (Dr. Y.C. James Yen).

The above declaration gives a nuance to what reconstruction and development should be all about. This can also be adopted as a guideline to show the ways in which foreign aid to East Timor and its implementation are not appropriate for the local circumstances. It is in evidence that the flow of aid to reconstruct East Timor has had some implications for the local traditions, values and norms. Some people see those trends as a new force that may threaten their identity where some simply view them as useful inputs to enrich the local potentials. But for Aderito de Jesus Soares, while the people were very pleased with the initial influx of aid and expecting it to enhance their potentials, eventually they realise it as a bottleneck, in which they benefit the least from aid, and that their values, traditions and norms are often overlooked.

In his 'New Year (2001) message' Xanana Gusmão has also similarly pronounced his concern by reminding people of a growing phenomenon in East Timor; that of an obsessive acculturation to foreign aid standards which the hundreds of international aid workers wittingly and unwittingly convey. He refers to evidence that school-aged youths have started to copy imported democratic concepts that encourage them to indulge their right to protest by criticising and insulting their teachers, and by

skipping or disturbing classes. As the international staff currently in East Timor try to expand their programmes, forgetting how ignorant they are of the whole process of the Timorese struggle and, therefore blithely encourage various forms of independent expressions as if this was the only way of ensuring democracy (*Timor Net*, January 2, 2001).

To be more precise here, the international organisations (NGOs) come to East Timor to work, have very limited knowledge of Timorese reality. Despite this some aid workers seem determined to implant their values, which they believe to be better than the local life style. What such foreign workers appear to be most concerned about is showing themselves to be superior over the locals. To achieve operational success, it is essential for donors and NGOs to be aware that they have not come to save East Timor but to fulfil a mission support role.

This is a general belief of international aid workers and agencies that Timorese simply lack qualifications. Therefore, the period of 'capacity-building' is promoted and justified as the main reason that foreign workers continue to make all the key decisions to plan and implement the aid effort. As Teresa Hayter and Catherine Watson (1985), remind that there is always a tendency, bred of centuries of colonial rule and racial stereotypes, to underestimate the capacity of ordinary people to do what is needed. In fact, East Timor does not call for a hasty transition period, or an inadequate one "à la Cambodia" where the international staff left a vacuum behind after they pulled out. For this reason, Timorese leaders are promoting a clearly phased strategy for developing political power.

Efficiency and Appropriateness

'The right person in the right place' is an expression which refers to the principle of considering particular abilities and suitability in positioning people to handle certain duties or tasks. The progress or dynamism of workers is mostly determined by their level of skill and experience that is appropriate for the job. But in the case of East Timor, this principle is held by some to be inapplicable, as they claim East Timor is in an 'emergency situation', though others do not see this as enough to justify the claim that efficiency and appropriateness could be ignored.

José Aparício, a young Timorese intellectual and author, asserts that Timorese, participation does not only mean involving them in any decision making, but keeping the people informed about the whole process, and most importantly by employing Timorese because of their local knowledge and skills not just as a token gesture. To him, productivity or outcomes will be optimised only if the person who undertakes the responsibility has relevant skills and experience.

In practice, most employment of Timorese workers on aid programmes and the task to which they are assigned still continues on an emergency need fulfilment. This policy is thought to contribute to the limited ineffectiveness of the aid effort and the slow rate of change because people's capacities are not properly utilised. For example, Mr. Caetano de Oliveira, an English Department graduate teacher, is employed as a security guard to look after international staff's vehicles parking outside UNDP, UNICEF and OCHA's office, and Mr. Francisco Lelan, a Timorese graduate with a Theology and Philosophy degree, is employed as a letter courier for UNTAET staff. There are many other similar cases on record.

João Carrascalão suggests that in looking at the experiences of earlier reconstruction efforts in West European and Third World have demonstrated that foreign aid brings not only advantages but also disadvantages. Therefore he says while East Timor will gain much good from the incoming aid, but the fact is that local people have feelings of being alienated by external domination. For example, some Timorese with university degrees are inappropriately employed as cleaners, interpreters and drivers because UNTAET is not able or possibly unwilling to identify local potential.

Another identified constraint for aid implementation is that not all the foreign workers have specialist skills in the areas they are working in. Indeed some are believed to come to East Timor to have field training and gain experience and money before returning to their home countries. Others are undergraduate students without community service experience, coming to East Timor for data collection purposes while working as international staff. Students met by the author include an undergraduate Nepalese who was working in the environment section at UNTAET,

and two from South Africa, studying in America, who were working with World Health Organisation (WHO).

Considering the massive amount of money poured into East Timor, Manuel Expôsto, a young Timorese lawyer, suggests that the money should be directed towards reconstructing the country, rather than merely employing foreigners to teach Timorese how to write proposals and drive cars. Local people with certain qualifications should be promoted for posts that suit their skills. But to identify local people with appropriate qualification, UNTAET should be taking steps to encourage NGOs and donors to consult Timorese leaders and local institutions in which the communities trust. Examples of the latter could be the local Churches, local NGOs, Student Forums and authorities of the University of East Timor.

Above all many authors speculate that East Timor will follow the experience of other Third World countries, and either benefit or succumb to obstacles. For example, Uganda has been receiving foreign aid since its independence in 1987- although billions of dollars has been poured into the country it is still considered an economically sick country. Similarly, Mexico is a case where the World Bank and the IMF have played a major role in its development, yet the country still positions itself as the World's second largest debtor that presently continues to rely on foreign aid (OED, 1998: 65, Bandow & Varquez, 1994: 4-5).

6.7 PUBLIC REACTIONS TOWARD FOREIGN AID AND ITS IMPLEMENTATION

After several months of UNTAET presence, no major changes are seen and no significant participation by East Timorese is apparent. Unemployment has become the main problem for the transitional government. Many local people are frustrated, having no jobs or income to support their family, except continuous humanitarian assistance which they find runs counter to self-reliant local culture. The accumulation of frustration over these problems have eventually exploded in public reactions:

In a public meeting hosted by UNTAET, people's complaints and criticisms were mostly directed at the UNTAET's policies and strategy for spending the money

donated by the international community. The lack of participation of Timorese, particularly highly educated ones was highlighted. Another spontaneous reaction took place in Dili, on January 2000, three months after UNTAET was established. Protesters questioned UNTAET's policy of discriminating against people based on their language: *"Why should we speak English or Portuguese? Are we living in your country or our country?"* a young man emotionally shouted (Lusa, January 7, 2000). The logic behind this reaction is that language cannot be an absolute condition for employing people. The fact is that among the protesters, are people with higher education and better skills than many foreign workers, except in their ability to communicate in Portuguese or English.

Subsequently, two months that first protest more than 800 angry East Timorese held another protest outside UNTAET's office. They demanded job interviews that UNTAET had earlier promised but cancelled without informing them in advance. Commenting on this protest, Ms Maria Bernadino, a member of an East Timorese group monitoring the UN's performance in rebuilding the country pointed out that foreigners are running every single UN department, expatriate businessmen are making 'fast bucks', and that Timorese are now going from one colonisation to another.

Moreover, there was a mass reaction by at least 100 local staff working at UNTAET protesting against the policy of having a salary gap between foreigners and locals. The protesters found it unjust and demanded wage hikes and better working conditions. By pointing to the eight previous meetings that the strikers had had with UNTAET authorities, Francisco Lelan, who instigated the workers strike, insisted that UNTAET should fulfill what had been repeatedly promised to them (*Sydney Morning Herald*, April 26).

A protest was also held by the youth, in Oe-cusse, insisting that UNTAET must provide a ferry to link the enclave and Dili. Protesters criticised UNTAET for discriminating against the locals, as flights by UN helicopters and Army Hercules are mostly available only for international workers. Not long after this protest, local East Timor judges launched a strike demanding better conditions, including an increase in

their salaries to correspond with their workload. As one of the strikers stated: "*We are working for justice but we are unjustly treated*" (Lusa, November, 2000).

All the above spontaneous reactions clearly indicate that local people are resentful to assistance which is unfitted to their nature and tradition. They are annoyed with treatment, attitudes and ways that contradict their values. They condemn things they realise to be harsh, unfair, and discriminative. The exploitation they have experienced in the past teaches them to be on alert for those who attempt to replace past evils with new mal-practices. This can also negatively effect the reconstruction and development efforts.

6.8 UNTAET'S RESPONSE TO REACTIONS

Responding to these reactions, Sergio de Mello admits UNTAET does have a huge problem with providing jobs for the local people. The main concern of UNTAET is private sector businesses that may absorb more job seekers. But he also points to evidence that the following factors contribute to lower Timorese participation: Firstly, UNTAET does not have enough capacity to provide positions for locals. Secondly, the transitional administration requires language skills in either Portuguese or English, although a significant number of Timorese are employed in various positions in UNTAET, NGOS and UN bodies or international institutions.

Regarding the complaints that Timorese are positioned at the lowest levels, UNTAET has eventually responded by appointing five Timorese as cabinet ministers. José Ramos Horta as Foreign Minister, Mr. João Carrascalão as the Minister of Infrastructure, Mari Alkatiri as Minister of Economy, Ana Pessoa as State Apparatus Minister and Father Filomeno Jacob as Minister of Social-Affairs. Mr de Mello has also tried to go beyond the existing consultative mechanisms, and recruiting qualified East Timorese professionals as deputies to all departmental heads in Dili, and also recruiting a number of Timorese to serve as heads of divisions and district and deputy administrators.

6.9 SUMMARY

According to UNTAET, foreign aid is urgently needed to reconstruct East Timor but is not an easy task to undertake. UNTAET confirms that aid has been used to fund a variety of programs although the pace of many has been unacceptably slow.

While Sergio de Mello does not agree with suggestions that East Timor will be economically dependent on foreign aid, he is quite optimistic at the country's potential and admires the locals as hard working people. By contrast the international NGOs, multilaterals and the World Bank consider that aid implementation in East Timor could be appropriately delivered, despite some inevitable inefficiencies.

On the contrary, a UN mission report concluded aid has been mismanaged. This argument is strongly supported by foreign observers who believe that aid to East Timor has given more benefit to foreign workers than locals. They argue that aid implementation and people's participation in East Timor resembles the experience of aid implementation in Cambodia in the 1990s. Observers also predict that East Timor will be mostly impacted by foreign aid in three broad aspects: economic, political and cultural.

Similarly, there is a continuing debate amongst both Timorese leaders and people on aid implementation and Timorese participation. East Timor key leaders such as Xanana Gusmão, João Viegas Carrascalão and Bishop Belo criticise the whole process of aid implementation and how the people should be more involved in the country's reconstruction. In general, the leaders view is that aid implementation is not optimally controlled in order to benefit the local people.

Outside of the leadership, public opinion condemns the negative performance of aid agencies and notably their foreign workers. The international staff is blamed for their unwillingness to understand the local situation. They are accused of actions that destroy the culture and values of Timorese. Other serious complaints are UNTAET's unfairness concerning employee recruitment, failure to honour promises and the salary gap between foreigners and locals.

In response to these protests, UNTAET has made some changes for example, by appointing five ministers of Timorese origin and administrators or deputies for 13 districts and providing more facilities for the local judges. Meanwhile, the other complaints and demands are still under consideration.

Notes:

1. Briefing me on Timorese participation, (**May, 15, 2000**) Sergio Viera de Melo stated that UNTAET has put the issue of Timorese participation as the main agenda to be immediately considered.
2. A UN Mission report revealed that there is no significant changes were made, even though foreign aid continues to flow into East Timor (*France Presse*, **November 21, 2000**)
3. East Timor may repeat the experience of Cambodia. Billions of dollars has been poured into the country but UN left any trickle down effect on local people (**FEER, Nov. 9th, 2000**).
4. On the 2001 New Year Eve, Xanana Gusmao, the president of CNRT, criticised the implementation of aid IN East Timor by referring to the actual fact of the country (**New Year Speech, Reg. East Timor, 2001**).
5. In an interview with A Voz de Esperanca Radio, Bishop Carlos Filipe Ximenes Belo and, Bishop Basilio do Nascimento and also Father Martinho Gusmao, three of them considered communication and consultation is very important for the success of aid implementation in East Timor (**Cited from Radio broadcast, April, 2000**).
6. In my interview (**April, 2000**) with Mr. Joao Viegas carrascalao, the Infrstructure Minister for East Timor, noted the importance of Timorese skill development. He also regretted that many young intellectuals are yet involved in the reconstruction of East Timor.
7. Manuel Fernando Exposto, from Yayasan Hak, stated that the role of foreign workers are to foster Timorese participation not merely to show them how to write proposal and reports (**Interview, April, 12, 2000**).
8. The local judges went on strike, demanding the fair treatment and the increase of facility (**Reg. East Timor, 2000**)

CHAPTER SEVEN

CONCLUSION AND RECOMMENDATION

7.1 CONCLUSION

This thesis has focused on the flow of foreign aid to East Timor and its implementation in order to answer one key question: **What are the impacts of massive foreign aid on the reconstruction and development of East Timor since independence?**

In Chapters 1-4, a range of possible answers for this central question are considered with their various supporting theories. This provides a basis for judging the success of foreign aid and its implementation as highlighted in the following points:

- As part of the background of the current aid flows to East Timor, this study considers the reasoning underlying appeals for aid by key Timorese leaders. This is in the context of the urgent necessity for aid in East Timor due to the extremely devastated condition of the country after the 1999 referendum.
- The principle of foreign aid is generally understood to be based on a set of policy-based decisions by donors to share the development difficulties faced by developing and under-developed countries by allocating a certain amount of aid money in various forms of assistance. This theoretical basis is then applied to the real-life situation of East Timor's critical condition and desperate need for foreign assistance to overcome its reconstruction and budget burdens.
- The terms reconstruction and rebuilding both refer to a similar process of restarting something that had previously existed. These terms echo the notions of re-creating and of recovering from both physical and non-physical damage and principally this corresponds with the action of rebuilding or reconstructing East Timor.
- This study has underlined problems in defining foreign aid. The issue of foreign aid being associated with development has become controversial and the source of vigorous debates among experts from different schools of thought. Most of them question the effectiveness of foreign aid by considering the actual outcomes against the stated aims of the programmes. Importance is placed on the extent to

which of people participate in deciding on their own destiny, and of the benefit the aid brings to the grassroots community. In the context of East Timor, some take the view that foreign aid is a kind of voluntarism dependent on the will and moral commitment of donors, while others still question to what extent the practice of aid concurs with donor's stated intentions.

This study has reviewed various concepts of foreign aid, including: theoretical debates on aid, critics of aid, motives linked to certain types of aid, politics of aid, donor and recipient interest in aid and the impact of aid on recipients. Some of the key points are:

- There are different theoretical concepts on foreign aid and also some underlying weaknesses and strengths of theories in their implementation. Arguments as to how aid works are considered, based on the justifications for each of the theories.
- Aid is on balance perceived as indispensable to those in need. On the basis of its "indispensable character" aid is labelled as a tool to help the poor or those who deserve it. Based on this theory, East Timor is classified as country which is in an urgent need, as its people were devastated and living in poor conditions. Therefore, it is considered deserving of foreign assistance.
- The theoretical analysis has also revealed that the imposition of conditions on those who receive aid has been widely criticised, resulting in accusations that donors were intervening in the affairs of recipient states, aid being seen too often as a tool to pressurise and re-colonise rather than to help. At this stage one may argue that all forms of aid to East Timor are grants, but already clear signs are surfacing that donors' efforts to intervene in political, economic and social affairs are difficult to resist.
- This study sets out the views of radical critics who are strongly opposed to aid, blaming donors for using development issues and poverty as a justification to establish power and widespread political influence over recipient countries. While the moderate critics think that foreign aid is needed, they suggest that it should be reviewed and genuinely implemented in accord with its humanitarian vision and mission. This theory concurs with the appeal of Xanana Gusmão to the aid donors at the Tokyo conference in December 1999, that while East Timor

is absolutely in need of foreign aid, donors should make their aid simple and effective rather than imposing binding conditions on East Timor.

- This study also cites critics of foreign aid who detect ulterior motives shadowing donor's aid policies, mainly political, economic and cultural. Although donors for East Timor have claimed to be politically impartial or have no particular interests behind their assistance, this may be a way of softening up East Timor for further exploitation.
- In summary, the study has identified three detrimental impacts of foreign aid on East Timor: economic growth problems and dependence, political intervention and cultural distortion. It has been argued that foreign aid to East Timor will increase economic dependency as well as slowing down economic growth. It also impacts on political affairs, effectively dictating what East Timor should do, particularly in terms of the nurturing of democracy, participation, empowerment and equality before the law, and so forth. As for culture, East Timor has been strongly influenced into adopting models and styles, traditions and values imported with foreign aid, for example the way young people dress, the habit of going to night clubs and discotheques and freedom of children from their parents positive guidance.

In addition to the above argumentation on foreign aid, the study has traced the World Bank's establishment and its experiences:

- The World Bank's establishment was a response to the war-torn economy of Europe in the period immediately after World War II. It is believed that the US initiated the Bank in order to provide financial support for the European countries' reconstruction largely because at that time they feared the spread of communism throughout Europe in.
- It is clear that the World Bank's role in European reconstruction has been successfully completed. The recipients have recovered economically, with most of their citizens now enjoying high incomes and high quality cars and facilities.
- Besides this success, it was noted that American styles, cultures, and politics have had a significant impact on the European countries that everyone can see and feel. It is of course an open question as to whether the import of American culture is an advantage or another form of neo-colonialism.

- Coming after the experience of Europe was the reconstruction of Third World countries by the World Bank. Most of the countries who gained their independence during the 1960s and 1970s needed to reconstruct their economic infrastructure. There are two aspects of the effects of the reconstruction process. Many of these countries are recovering economically, but a number have been indirectly conditioned to depend on the World Bank. This fact has been criticised by analysts of the Bank, but for Third World countries the option of getting rid of this aid is definitely a dilemma. Then since December 1999 the World Bank has administered the Trust Fund for East Timor (TFET), which has started to rebuild East Timor from scratch and this seems to have become a 'new test' for the World Bank as to whether it gains or loses credibility from the recipient countries. Some have speculated that while the involvement of the World Bank may help East Timor to recover economically, but it will indirectly condition the country to keep requiring assistance.

Having laid the theoretical frameworks for foreign aid and its implementation in East Timor, this study then summarises the East Timor's old political settings and development under Indonesian occupation, and the process of the referendum and its aftermath. These are illustrated in the following points:

- As the administering power in those days, the Portuguese government totally failed to implement the de-colonisation process in East Timor. The advent of East Timorese political parties in early 1974 contributed to the uncertainty used by Indonesia as a pretext to invade the country, annexing it in the following year. Indonesia continued its illegal administration by claiming political turbulence among East Timor's political parties as a justification to the international world.
- Arguments also suggested that the rapid development of East Timor under Indonesian occupation was strategically and politically intended to impress the Timorese as well as the international world that the Indonesian occupation was not driven by its territorial ambition but by its commitment to develop the country. Ironically, the massive development did not satisfy East Timorese and they even continued struggling for their independence. As a consequence of their struggle more than 200,000 East Timorese were killed.

- It has also been argued that the resignation of President Soeharto, the former Indonesian dictator, gave an 'open door' for Timorese to claim their self-determination. Followed by his successor Habbibie, an expert and technocrat who found no way to resolve East Timor's problem except offering two alternatives for the East Timorese to choose: Independence or autonomy under the Indonesian government. This offer was highly controversial among other Indonesian leaders. Nevertheless, the final drama was to hold an internationally supervised referendum on August 30th, 1999.
- The referendum resulted in 78.5 % of the total voters rejecting the autonomy offer and choosing to be independent. This result was totally embarrassing for the Indonesian government and badly disappointed the pro-Indonesia militias and their military masters. This brought fatal consequences to East Timor. The militias, backed by Indonesian soldiers, went on a rampage and destroyed all physical infrastructure throughout the country and forced half of the population out to parts of Indonesia. East Timor finally gained independence under a transitional UN administration but everything has to be started from scratch. Foreign aid is the only option for Timorese to rebuild their devastated country.

East Timor has become a melting pot of various foreign donors and NGOs who came with different agendas and activities to participate in the country's reconstruction. The World Bank is notable as the leading financial institution, initiator of the preliminary assessment and administrator of the Trust Fund and strategic plans for reconstruction. How the aid programmes arose and their implementation is summarised in the following points:

- The study has found that the roles of donors/NGOs range from humanitarian assistance or short term aid to physical reconstruction and capacity building. The main actors have been identified as foreign governments, foreign government Agencies, International institutions, multilateral bodies, international and local NGOs. They play differing roles according to their own agendas and standards.
- Despite their charity, the performance of donors/NGOs' is questioned as to whether the massive aid being delivered is a voluntarism or are they serving their own ends? There is also speculation as to the NGOs and donors' interest in perpetuating the need for assistance for East Timor. Although the flow of aid is

primarily an effort to remedy the physical and non-physical wounds of the people, there are suggestions of an underlying strategy to keep promoting the issue of poverty in order to justify the continuation of aid projects for East Timor.

- This study has also confirmed that most of the donors/NGOs have implemented their normal standard programmes, failing to consider the local conditions. They have failed to accommodate the local ethics, norms and traditions, and as a consequence they often face social friction with local people. It is pointed out as well that their failure to consult the local people, particularly the political umbrella organisation (CNRT) has resulted in uneven distribution of aid. This has in fact created social jealousy among the local people and antipathy towards foreigners by those who have not been reached by aid.

Having examined the various roles of key aid providers, views on the implementation of foreign aid in East Timor and the participation of Timorese in the process of reconstruction are presented in the following points:

- An analysis of UNTAET's argument about foreign aid is that East Timor still urgently needs aid and will continue to depend on foreign assistance for many years ahead. The World Bank's representative is aware that to rebuild the country is not an easy task, and this justifies the continual flow of foreign aid to East Timor.
- UNTAET has been the target of local people's anger at the misuse of aid and slow pace of East Timor's reconstruction. In defence, UNTAET argues that things cannot be done overnight as it needs effort and patience.
- The study has also revealed the views of international NGOs, multilateral and the World Bank on aid implementation in East Timor, to have been appropriated, although there are some inefficient practices that happened due to specific circumstances such as lacking coordination, and difficulties encountered by international staff.
- The study cited a recent UN mission report which found that some aid has been misappropriated, and that aid money has given little benefit to local people compared to foreign workers. The mission has concluded that the reconstruction is too slow and is not effectively utilising local potentials.

- The analysis also considers highlighted the result of foreigners'outsider's views on the implementation of foreign aid in East Timor. Observers like Dr. George Aditjondro, Professor Jim Ife, Anna McHardy, Mark Plunkett and John McBeth accuse UNTAET and donors of misusing the aid money and suggest that it appears as if UNTAET and donors are re-colonising East Timor. They argue the aid to East Timor has given more benefit to foreign workers rather than to locals. They speculate that aid implementation and Timorese participation resembles the situation in Cambodia in the 1990s. Aid to East Timor is even connoted as the 'ghost in paradise'.
- Furthermore the observers' views concluded that the massive flow of aid to East Timor could be making the country more vulnerable. International donors and business institutions like the World Bank, Asian Development Bank and IMF have indirectly conditioned East Timor to depend on foreign aid. East Timor's domestic products will have difficulty penetrating international markets and will be unable to compete with foreign products in the domestic markets. While being dependent on aid donors, East Timor seems to be in the process of becoming politically affiliated with certain donors whose motives behind their aid are to implant their political systems. Observers have pointed out examples of big donors such as Portugal, Australia, Japan and America who might be interested in supporting certain political parties which they believe have sympathies with their systems. Finally, the massive flow of aid to East Timor has directly and indirectly harmed the local culture. The aid inflows are imported with those external styles such as night clubs and discotheques, and the growing culture of consuming luxurious imported products such as electronics and cars. Youth have been encouraged to oppose or protest against the values of their parents, and do various things that contradict local norms and values.
- As with some other observers, this study has analysed the perceptions of the Timorese people and their leaders on aid implementation and Timorese participation. Key East Timorese leaders such as Xanana Gusmão, João Viegas Carrascalão, Bishop Belo and José Ramos Horta have criticised the whole process of aid implementation and argued that the local people should have been more involved in their country's reconstruction. In general, the leaders agree that aid implementation is not well-managed to benefit the local people. They accuse

UNTAET/foreign workers of being the main beneficiaries of the East Timor reconstruction process.

- East Timorese public opinion on aid implementation in their country has been similarly negative. The international staff are blamed for being unwilling to understand the reality of East Timor. They are accused of importing things that tend to destroy the local culture and values. The public hold the opinion that although East Timor has now escaped from the crocodile's mouth of Indonesian colonisation, it is now re-entering another unhappy limbo.
- This study has also discussed a series of spontaneous protests launched by local people, expressing their dissatisfaction with the policies and treatments they receive from UNTAET and foreign donors. The protests were mainly addressed at UNTAET, demanding for promises, protesting the salary gap between foreigners and locals and demanding justice for facility access. Other minor protests were also launched concerning social and cultural frictions that some believe arise as result of foreign workers failures to understand and value the local culture.
- Finally the analysis noted some changes that UNTAET has made as a response to the locals' demands. For example UNTAET has appointed five ministers of Timorese origins and local administrators/deputies to head each of the 13 districts. Meanwhile, a review of UNTAET's policy on salary increases is still in process.

7.2 COMMENTS AND RECOMMENDATIONS

As this study's analysis is concerned with the flow of foreign aid, its implementations and potential impacts on East Timor, it is essential that this thesis ends with some recommendations addressed to UNTAET, Foreign donors/NGOs and the people of East Timor.

To UNTAET

- As the representative of the UN in East Timor, UNTAET should learn more from the experiences of UN missions in other countries such as Cambodia, Eritrea and Bosnia Herzegovina. The successes and failures that the UN experienced in the

past should become basic references for UNTAET policymaking for East Timor's transitional reconstruction.

- As an administering authority, UNTAET must have a clear agenda and targets that should be achieved during the transitional period. UNTAET should not allow foreign donors and international NGOs to deliver any program on their own choosing, but should co-ordinate aid programmes in a way that avoids duplications and contradictions on the ground. UN staff working under UNTAET should be reminded that they do not know everything, that they are only members of a multinational organisation who have much to learn from the locals, hence their serving under an appointed local leader should not be considered humiliating or a denigration of their attributes and credibility.
- The notion of "capacity building" for East Timorese should be described instead as 'capacity enhancement' to avoid the interpretation that the Timorese have no capacity at all
- UNTAET, which is composed of international staff coming from the rest of the world, should encourage an effort to understand locals, notably their culture, norms and traditions, in order to anticipate and avoid social friction between foreigners and local people.
- UNTAET should be able to listen to the people of East Timor who have been long suffering from pressure. Critiques, ideas, suggestions and recommendations that locals think are suitable to be implemented should be accommodated. Although international standards may be applied in East Timor during the transitional period, they must be adjusted to fit in with the local circumstances.
- CNRT has been broadly known as the umbrella organisation under which the people of East Timor have voted for independence, therefore, any decision making process or policy that UNTAET makes should be consulted and discussed with the CNRT leaders.
- East Timorese are predominantly Catholic, and the local church has great influence on the people's lives, therefore UNTAET should always consult the local Church authorities in order to adjust the development/reconstruction programs with Catholic values.

- Finally it is recommended that UNTAET initiates and establishes some methods of regulations to control the operations of the growing numbers of both local and international NGOs in East Timor during the transitional period.

To Foreign Donors and NGOs

- It is the case that East Timor desperately needs both aid money for the buildings' reconstruction and humanitarian assistance such as food, clothing, medicines and so forth. Nevertheless, donors/NGOs should make their assistance schemes simple and effective. The difficulties that Timorese face should be the main reason donors are coming to help, rather than gaining some advantage for their own causes. Aid delivery should be closely coordinated with UNTAET as the administering power and CNRT as the Timorese umbrella organisation. This coordination is strongly recommended because the finding of this study indicates that the main cause of failure to deliver aid effectively was the tendency of donors/NGOs to implement aid using only their own policies and standards.
- Donors/NGOs should not simply assume that the poverty in Timor can be dealt with in the same way as in Ethiopia, Angola, Somalia and other places that they have traditionally assisted. Timorese's difficulties should be understood as resulting from a 'man-made disaster'. In fact there is no history of starvation in East Timor, unlike the above-mentioned countries. This can be seen from Timorese body conditions compare to those in Somalia and Ethiopia.
- Donor/NGOs should attempt to implement aid in transparent and fair ways. Culturally, Timorese have never experienced dependence on foreign aid, therefore aid should be evenly distributed otherwise some may protest not because of hunger but from a desire to be treated equally.
- Donors/NGOs should take into account the value and the norms of the local population, and learn how to communicate with them rather than expecting or even forcing locals to understand their cultures.

To the people of East Timor

- The inflow of aid after the establishment of UNTAET has been used to rebuild East Timor's infrastructure, economy and politics, albeit at a slow pace. This is seen as a process that directly and indirectly benefits East Timor. However, the

people of East Timor should be aware that foreign aid brings not only benefits, but also potentially harmful impacts as mentioned above: economic dependency, cultural distortions and political influence.

- A variety of foreign donors have been committed themselves to help East Timor. This of course deserves appreciation and gratitude, though the people of East Timor should remain cautiously critical to their assistance, particularly from those donors whose motives are to take advantage of East Timor, and that might later endanger the country's economy, politics and culture.
- After the 1999 referendum, East Timor was totally ruined. To redevelop it from scratch, everything has to depend on foreign aid. This has opened room for likely economic dependency that, once started, may be impossible to halt. Nevertheless, the people of East Timor must rediscover their culture of self-reliance and old methods of subsistence in agriculture systems, in order to minimise being absolutely dependant on continuing foreign aid. Besides, the people of East Timor should try to avoid consuming imported goods that obviously equivalent with domestic products.
- The global aid force has been brought together with the foreign aid, which can benefit as well as harm East Timor. This force can easily penetrate and dominate if Timorese are not prepared to take steps to moderate the incoming influences. Therefore, there is a need for East Timorese to set up strategies in order to be selective in receiving imported methods, systems and styles. Timorese should strongly uphold and develop their culture, traditions, values and norms that have been traditional existed, so that they can be somehow immune to the external forces otherwise Timorese cultural wealth may become extinct in a short span of time because of the external domination.
- Apart from donors' motives in assisting East Timor and some negative impacts that have resulted from foreign aid, the people of East Timor should maintain positive links with those nations who have been economically supporting the country. People of East Timor should not feel antipathy towards the (presence on international solidarity), - just as 'no man is an island', The people of East Timor should develop the culture of resolving problems through communication and dialogues.

- Finally, East Timor must plan now to avoid future economic dependence, political subordination and cultural distortions. In order to ensure this, the people of East Timor should unite their visions on how to develop their country and seek to anticipate undesirable forces that may be imported with foreign aid, now and after East Timor obtains its full independence.

APPENDIX

APPENDIX 1

List of participants in the Roundtable meeting in Tokyo on 17th December 1999

Australia
 Austria
 Belgium
 Brazil
 Canada
 China
 Finland
 France
 Germany
 Indonesia
 Ireland
 Japan
 Korea
 Malaysia
 Netherlands
 New Zealand
 Norway
 Philippines
 Portugal
 Russia (observer)
 Singapore
 Spain
 Sweden
 Thailand
 United Kingdom
 United States
 Asian Development Bank (ADB)
 Care International
 East Timor NGO Forum
 European Commission
 FAO
 ICRC
 International Council of Volunteer agencies,
 Australian Council for Overseas Aid, (ACFOA)
 International Finance Corporation (IFC)
 International Labor Office (ILO)
 International Monetary Fund (IMF)
 International Organization for Migration (IOM)
 Oxfam International
 People's Peace Relief Project (PPRP)
 Timor Aid,
 UNTAET

East Timor Delegation
 United Nations Center for Human Settlements
 UNDP
 UNESCO
 Office for Coordination of Human Affairs (OCHA)
 UNICEF
 World Food Program (WFP)
 WHO
 Yayasan Hak
 United Nations Population Fund
 UNHCR

APPEDIX 2

Foreign Government Agencies

Australian Agency for International Development (AusAID)
 Canadian Agency for International Development (CIDA)
 British Department for International Development (DFID)
 New Zealand Overseas Development Agency (NZODA)
 Norwegian Agency for Development Cooperation (NORAD)
 Portugal, Government of Assistant to Commissioner for Transition in East Timor
 Swedish International Development Agency (SIDA)
 Swiss Agency for Development and Co-operation (SDC)
 United States Agency for International Development (USAID)
 Japanese International Cooperation Assistance (JICA)

UN Agencies and Multilateral

UNESCO
 OCHA
 FAO
 The IMF
 ADB
 The World Bank
 United Nations Development Programme (UNDP)
 European Union - Commission on Economic Cooperation (CEC)
 for International Development (USAID)
 International Migration Organisation (IOM)
 UNICEF (Indonesia) UNHCR

APPEDIX 3

NGOs Involved in East Timor's Reconstruction

International

Asia Foundation

The (TAF)

Australian Council for Overseas Aid (ACFOA)

Australian Education Union (AEU)

Australian Foundation for Peoples of Asia and the South Pacific (AFAP)

Action Contre la Faim (ACF)

Adventist Development and Relief Agency (ADRA~Japan)

Assistance for East Timor (AET)

Alliance of Friends for East Timor

Assistencia Medica Internacional (AMI~Portugal)

Aide medicale Internationale (AMI~France)

APHEDA Union Aid Abroad (APHEDA)

Asia Pacific Support Collective (APSC)

Associacao Saude Em Portuguese (ASP)

Autonom Centrum Amsterdam~The Netherlands (AC)

Arumdaluk Mekar Foundation (ARUMDALU)

CARE International (CARE)

Catholic Organization for Relief and Development (CORDAID)

Centro De Informacao E Documento Amilcar Cabral (CIDAC)

Contingency International (CI)

Caritas Australia

Catholic Institute for International Relations (CIIR)

Catholic Relief Service (CRS)

Cairns East Timor Support Association (CETSA)

Centro Regionale D'Intervento per la Cooperazione (CRIC)

Christian Children's Fund (CCF)

Cooperation Interchange and Culture Portugal (CICP)

Comite d'aide Medicale (CAM)

Clarentian Mission for east Timor (CMET)

Church of the Nazarene, Nazarene Compensation Ministries (CON-NCM)

Christian Vision- UK (VCUK)

Cooperation and Development (CESVI) Educational Course International (ECI)

Concern Worldwide (CONCERN)

East Timor Desk Catholic Bishops of Japan (ET DESK)

East Timor Community Computer Project (ETCCP)

Freedom House (FH)

Foster Parents Plan International (PLAN)

German Agro Action (GAA)

German Doctors for Development (GDD)

GOAL Ireland (GOAL)

Humanos Agricultura Rikuso in Dezenvolvimento (HARD)

Health Alliance International (HAI)

WEC International (WEC-I)
 Medecine Du Monde-France (MDM-F)
 World Christian Frontiers (WCF)
 Medicos do Mundo-Portugal (MDM-P)
 World Vision International (WVI)
 Medicine San Frontiers-Belgium (MSF-B)
 Youth With A Mission (YWAM)
 Missionary Dominican Sisters of the Rosary (O.P)
 Merlin
 OIKOS
 Opportunity International-Australia in east Timor (OIA-OTL)
 OXFAM International (OXFAM)
 Program for Psychological Recovery and Development in East Timor (PRADET)
 Peace Brigade International (PBI)
 Permaculture Development Institute (PDI)
 Pacific Asia Resource Center (PARC-PPRP)
 Peace Winds Japan (PWJ)
 Ryder-Cheshire Foundation (RCF)
 Save the Children Fund (SCF-US)
 Services for the Health in Asia and Africa Regions (SHARE)
 Timor Lorosa'e Nippon Culture Center (TNCC)
 Terre des Hommes-Netherlands (TDH)
 USC Canada (USC)
 International medical Corps (IMC)
 International Rehabilitation Council Torture Victims (IRCT)
 International Rescue Committee
 International Republican Institute (IRI)
 Internews
 Instituto Marques de Valle Flor (IMVF)
 Intercooperacao E Desenvolvimento (INDE)
 Jesuit Refugee Service (JRS)
 Junta Administrativa de Missoes de Timor Losrosae (JAMI)
 Leigos Para O Desenvolvimento (LD-ONGD)
 Health Net International (HNI)
 Handicap International (HI)
 Habitat for Humanity International (HFHI)
 International Catholic Migration Commission (ICMC)
 International Committee of the Red Cross (ICRC)
 Institute of Research Formation Education & Development (IREFED)

National/Local

Ami Timor Oan Kiak Halibur malu servisu (ATOK HAMASU)
 Asia Pacific Support Collective NGO Timor Lorosae (APSC~Timor Lorosae)
 Assosiacao dos Engenheiros De Timor Lorosae (AETL)
 Asosiasi Sarjana Ekonomi Timor Lorosae (ASETIL)
 Assosiacao Mission esperanza (AME)

Assosiacao Saude Por Timor (SPOT)
 Ahisaun Fundasaun (ASA)
 Aitana Foundation (AIFOND)
 Assosiacao Creche 12 November (AC12N)
 Assosiacao Cultural e Desportive Laline (ACDL)
 Amai os Orfaos de Timor (AMOTI)
 Assosia Clacuc Oan Hamutuc Tane Sira rain (CORTASIR)
 Beira Mar Foundation (BMF)
 Bibi Bulak (BB)
 Bia Hula Foundation (BF)
 Bina Sejahtera Lestari Foundation (BSLF)
 Centro Cultural Maubere (CCM)
 Caritas east Timor (Caritas Timor)
 Centro do Desenvolvimento da Economia Popular (CDEP)
 Centro Estudante Buka Hatene (CSBH)
 Christian Church of east Timor /Action Churches Together (GKTT/ACT)
 Clinic St. Antonio Motael
 Community Development Lorosae (CDL)
 Comission dos Direitos Humanos Timor Leste (CDHTL)
 Computer Timor Lorosae (COMTIL)
 Comunidade Edmund Rice (CER)
 Komite Nasional dos Orfaos e Mutilados de Timor Leste (CNOMTIL)
 Comunidade Maristas (COMAR)
 Coffee growers Association of East Timor (CGAET)
 Comissacao provisorio Timor pacific Program (CPTPP)
 Cailaco Foundation
 Dom Carlos Felipe Foundation (Dom carlos)
 Dom Boaventura
 Development of Human Resource Foundation (DHRF)
 Development of Knowledge and Research Foundation (DENORE)
 Board of East Timoree Students Community (DPP IMPETTU)
 East Timor Development of Human Resource (ETDEHURE)
 East Timor in History, Culture and Society (ETHICS)
 East Timor Health (Isin Timor Lorosae)
 East Timor Humanitarian response group (ETHRG)
 East Timor Premaculture Development Institute (ETDPI)
 East Timor Relief Association (ETRA)
 East Timor Self-Helped Projects (ETSHP)
 East Timor Student Solidarity Council (ETSSC)
 East Timor Women Against Violence and Children care (ex Gertak)
 East Timor Dental Professional Work Group (ETDPWG)
 East Timor Midwives Association (ETMIDA)
 East Timor Nutritionist Association (ETNA)
 Esperanca Timor Oan (ETO)
 East Timor Development Agency (ETDA)
 East Timor of Culture Association (ETAA)
 East Timor Constructors Association (ETCA)

East Timor Survey Engineers (ETSURE)
 Ema Haksolok Rai Klaran Haksolok (EMARAI)
 ER-Liho Maubere (ELM)
 East Timor Study Group (ETSG)
 East Timor Human Rights Center (ETHRC)
 East Timor Agency for Rural Community Development (ETARCE)
 East Timor Pacific Development Program (ETDPDP)
 East Timor adventure Club (ETAC)
 East Timor Foresters Group (ETFG)
 Fokupers
 Fini Esperance
 Forti Moris Foun Fundasaun (FORMOSA)
 Foti Ulun Timor Oan (FUTO)
 Forum Democrasia Maubere (Fordem)
 Forum of Timorese Living Nationwide (FONTANA)
 Fraternidade Estudantes e Juventude Maun Fahe (FEJOM)
 Fundacao Centro Informacao de Agricultura no Cantina de Suco (CIACS)
 Funsau Amizade de Timor (FAT)
 Fundacao Fatusinai de Oe-cusse (FFSO)
 Fundacao Reconstruir Nasional de Timor (FRENTI)
 Fundacao Haburas (HABURAS)
 Fundasaun Hadomi Timor Oan (FHTO)
 Fundasaun Inan Diak (INDIA)
 Fundasaun Kna'ar Feto Timor Lorosae (FKFTL)
 Fundasaun Matadoro Timor Lorosae (MATALORS)
 Fundasaun Naroman
 Fundasaun Obras ba Futuru Timor (FOFMOR)
 Fundasaun Obras ba Rai Timor Independente (FORTI)
 Fundasaun Timor Oan Hamutuk (TOHA)
 Fundasaun Yakril
 Fundasaun Haksolok Oan Timor Unidade Lorosae (HAKOTU)
 Fundasaun Solidarity Students (FSS)
 Fundasaun Neon Metin (NEME)
 Fundasaun Haburas Lorosae (FHL)
 Fundasaun Kristal (CRISTAL)
 Fundasaun Gideo Timor Lorosae (FUNGTEL)
 Fundasaun Hari Au Metan (FHA)
 Fundasaun Amizade de Timor (FAT)
 Grupo Feto Foin Sa'e Timor Lorosa'e (GFFTL)
 GBI-Shaddai
 Hadame Feto Timor (HAFETI)
 Hadomi Timor Foundation (HATIMUR)
 Hadomi Maluc (HAMALUK)
 Hafoun Timor Lorosae (HTL)
 Halarae
 Halibur Asuwaiin Timor Lorosae (HATI LOROSAE)
 Halibur matenek Timor Oan ba Progresso (HMTOP)

Halibur Moris Foun (HMF)
 Halibur Oan Timor ba Moris Foun (HOTMOF)
 Halibur Oan Timor Fo Liman Ba Malu (HOTFLIMA)
 Hamoris Timor Oan (HTO)
 Hamoris Oan Timor Fundasaun (HOT)
 Haburas Moris Timor (HAMOTI)
 Hadudur Timorens Media Group (HADULUR)
 Husi Rai Timor Ba Reino Timor (HURATI BARETI)
 Haburas Ekonomia ema Kiak (Halerik)
 Hadomi Malu (HM)
 Hirino Lairamoco (HL)
 Haburas Ita Lian (HILI)
 Hati Timor (HT)
 Hadomi Fo Tulun Foundation (HATU)
 Inan Domin (INDOMIN)
 Industri Kiik Feto Timor (IKFET)
 Igreja Evangelica, Assembleia de Deus
 Institute Study Media dan pelatighan (ISPELA)
 Institute Democracy and Peace (INDP)
 Junta administrativa de Missoes de Timor Lorosae (JAMI)
 Justice and Peace Commission of Dili Diocese (JPC)
 Kadalak Soru Mutuk Se Be Tahan (Kadalak)
 Kdalak Media group (KMG)
 Labour Advocacy Institute of East Timor (LAIFET)
 Kadalak Sulimutuk Institute (KSI)
 Klibur Estudante Tequinamata (KETA)
 Laliu Rai Fuik (RLF)
 Loroleon of East Timor (LET)
 Lorico Rai Nain (LORRAN)
 Loron Aban hahu Ohin (LAHO)
 Lao Hamutuk (LH)
 Mahun Lorosae Foundation (MLF)
 Masin fatuk Foundation (MFF)
 Missiao Organizadora DA Rehabilitacao Intensiva Social (MORIS)
 Mau Siric Foundation (MSF)
 Naroman Lorosae Foundation (NLF)
 National Commission on the Study on the Future of East Timor (CONEFTIL)
 Nofito Vacho (NOVA)
 New Boaventura (NBV)
 O Bom Samaritano (OBS)
 Organizacao Pupular Mulher de Timor (OPMT)
 Organizacao Mulher Timor (OMT)
 Father Antonio Maia Foundation (FAMF)
 Posko Emergency Aid (POSKO)
 Program Pemberdayaan Nelayan (PPN)
 Pronto Atu Servi (PAS)
 Petancosta Church of East Timor

Radio Timor Lorosae (RTL)
 Ratu Rosary Foundation (RRF)
 Research and People Empowerment Institute (REPEI)
 Roman Luan (ROLU)
 Selesian of Dom Bosco (SDB)
 Seara Foundation
 Sahe Institute for Liberation (SIL)
 Sos Children's Villages of East Timor (SOS KDI)
 Small Industry Insitute for East Timorese Women (SIEETW)
 Suai Agriculture Development and Eradication Poverty (SADEP)
 Tane Timor Associacao Amparar Timor (ATAMOR)
 Timor Aid Foundation
 Timor Relawan Untuk Kemanusiaan (TRUK)
 Tatoli Naroman Klorosae Foundation
 To Make Green (TMG)
 Terus Atu Ukun rasik an (TAURAN)
 USC Dili (USC)
 Uniao Nacional de espreios Medios (UNEM)
 Unidade Feto Baucau Ba Progresso (UNFEBAPRO)
 Uniade Bercoli (UB)
 Women Weaven East Timor (WWET)
 Xanana Gusmao Reading Room (XGRR)
 Yayasan Bina Daya CIJ St Jose (YBD)
 Yayasan Etadep
 Yayasan Ex-Heiho Timor Leste
 Yayasan Funan
 Yayasan Halihun (YHU)
 Yayasan Hanai Malu (YHM)
 Yayasan Hak
 Yayasan Kanosa
 Yayasan Leno Dalan ba Povo (LEDAVO)
 Yayasan Mother teresa (YMT)
 Yayasan Oan Lian Laek (YOLL)
 Yayasan Putra Putri Lorosae (YOURS)
 Yayasan Putri Hatikudus (YPHK)
 Yayasan Ratu Rosary (YRR)
 Yayasan Regina Angelorum (YRA)
 Yayasan santa Maria Elisabeth (YSME)
 Yayasan saude de Timor Lorosae (SATILOS)
 Yayasan Social Naroman (Yasona)
 Yayasan Tafen Kuan Oe-cusse (YTO)
 Yayasan Timor Nabilan (YTN)
 Yayasan Unidade Feto timor Ba Progresso (UNFETIP)
 Yayasan Direitos Hanesan (YDH)
 Yayasan El Banca Oan Timor (YEBOT)
 Yayasan Cristiani Timor Lorosae (YCTL)
 Yayasan Agape Timor Lorosae (YATL)

Yayasan Murak Rai (YMR)
Yayasan Cristiani Lorosae Raisuli (YCLRS)
Yayasan Tais Lifau
Yayasan Melodica (YM)

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