

Timor-Leste: Transforming Education Through Partnership in a Small Post-Conflict State

Jude Butcher, Peter Bastian, Margie Beck,
Tony d'Arbon and Youssef Taouk



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**Timor-Leste: Transforming Education Through
Partnership in a Small Post-Conflict State**

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A Diversity of Voices

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Timor-Leste: Transforming Education Through Partnership in a Small Post-Conflict State

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FOREWORD

Education has been recognised as an important factor in helping to overcome disadvantages among the people of developing nations. In the case of Timor-Leste, the after effects of its struggle for independence and the small size of the State left it with grave problems in providing educational capacity building in the years after 1999. In response, a partnership was developed between the Diocese of Baucau, the Marist Brothers in Australia, Australian Catholic University (ACU) and *Instituto Católico para a Formação de Professores* (ICFP) at Baucau. It initially aimed at providing in-service support for current teachers and then a bachelor's degree programme to train primary teachers while also developing the Institute to a point where it would be Timorese-operated.

At first, the goals of the partnership were modest and specific but over time this has broadened into an ongoing and multi-varied form of co-operation. Inspired by Catholic social teaching and an awareness of development aid principles, the partnership has been able to draw upon a wider group of supporters both within Timor-Leste and from Australia and Europe in order to give the project a greater scope. Over time, ICFP has created widely recognised courses and qualifications for its students. Staff and students have also come to enjoy a high standing in the community and good employment prospects. The Institution is continuing to develop its profile in teaching, research, scholarship and community engagement.

The purpose of this book is to examine the co-operative partnership in the development of capacity building in education in Timor-Leste between 1999 and 2012. The study highlights the transformative power of such value based co-operative partnerships.

Most Rev Basilio do Nascimento
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PREFACE BY THE SERIES EDITORS

The nature of international collaboration requires a level of mutuality between the collaborating parties in order to attain a successful outcome. This is particularly the case in those situations in which a project involves institutions with widely different resource bases, both in a qualitative as well as quantitative sense.

If the project reported upon in this book is taken as a case, then there are valuable lessons to be learned. The collaboration is between various organisations with corresponding ideological/religious understandings and within that there is a commonality of mission. The religious underpinning of the project is in line historically of the role of the Catholic Church in Timor-Leste from Portuguese colonial times to the present. There is a clear agreement that the project is to move to full local operation: this is an essential ingredient in both attaining sustainability and in fulfilling the local group's mission and aspiration.

The collaboration is based on the partners deriving outcomes that are not identical but recognise the differences in what constitutes institutional success on the broader scale: in the case of ICFP and the Marist Brothers a viable and respected programme; for the Australian university a successful production of research results as well as addressing the religious promulgation role (as evidenced by the support indicated in the letter from the Bishop).

The reader should study this book in the context of the successes and failures of a multitude of international "development projects" which have been supported by organisations as diverse as the World Bank, government-backed organisations such as USAid, CIDA and SIDA, and NGO's of all types.

Allan Pitman
Miguel Pereyra
Series Editors

ACKNOWLEDGEMENTS

The development and capacity building endeavour of transforming education through the Instituto Católico para a Formação de Professores (ICFP) and its partnership with the Bishop of Baucau, the Marist Brothers, and Australian Catholic University is testimony not only to the work of this group but to the determination of the people of Timor-Leste to build a new society. The warmth and openness of the welcome offered by the Timorese staff and students of ICFP have been much appreciated by the authors of this book.

The authors would also like to acknowledge the vision and courage of Bishop Basilio do Nascimento, Bishop of the Diocese of Baucau, and Brother Jim Jolley, Province Leader of the Melbourne Province of the Marist Brothers in Australia in 1999 and subsequent Province Leaders. Bishop Basilio and Brother Jim recognised the power of a faith-based educational capacity building partnership for establishing, developing and sustaining ICFP as a quality higher education provider within Timor-Leste. The Marist Brothers in their newly formed Marist Brothers' Province of Australia with Brother Jeffrey Crowe as Province Leader have maintained and extended their commitment to the partnership and to the people of Timor-Leste.

It should also be acknowledged that ACU's community engagement commitment to capacity building in Timor-Leste was initiated through the leadership of Professor Peter Sheehan AO as Vice-Chancellor. This commitment has been extended under his successor, Professor Greg Craven, who has endorsed the current range of projects on education, health and wellbeing for the people of Timor-Leste.

Educational capacity building in Timor-Leste was initially reliant in part upon the peacekeeping work of the United Nations Transitional Administration in East Timor (UNTAET). Departments of the interim government of Timor-Leste provided strategic directions and policies within which ICFP was established. The Ministry of Education in Timor-Leste has subsequently been responsible for in-country policies within which ICFP has operated.

The Australian government, particularly through the Department of Foreign Affairs and Trade, has supported, in various ways, the involvement of the Marist Brothers, Australian Catholic University and other partners. This Department provided funding in recent years for staff of ICFP to undertake post-graduate study through ACU. The continued funding from organisations such as Misereor in Germany, Woodside Petroleum, AusAID, Marist Asia-Pacific Solidarity, and the eMerge Foundation contributed substantially towards the staffing and infrastructure costs of ICFP. The financial, volunteer and moral support of a number of people and organisations in Australia, including Palms Australia, has made study at ICFP possible for a significant number of Timorese students.

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The authors acknowledge Dr John Murray's close editing of the draft of the book and Jimmy Kim's excellent work in formatting the text and ensuring correct bibliography and references. They also appreciate the confidence of Michel Lokhorst from Sense Publishers in accepting the submission of this book and for his understanding of the role, nature and importance of transformative educational capacity building in a post-conflict small nation state.

A Note on Terminology

Until the 1999 vote for independence from Indonesia, the name 'East Timor' has been used to describe this area. Although the new nation was not fully independent of United Nations control until 2002, the term 'Timor-Leste' is used for convenience from 1999 to the present.

Also before 1999 the local people are referred to as 'East Timorese' and after 1999 either as 'Timorese' or 'the people of Timor-Leste'.

GLOSSARY

| | |
|----------|---|
| ACU | Australian Catholic University |
| AQAN | ASEAN Quality Assurance Network |
| ASDT | Association for a Democratic East Timor |
| AUQA | Australian Universities Quality Agency |
| CASEPET | Caritas Sweden Educational Project for East Timor |
| CTC | Catholic Teachers College |
| CNRT | National Council of Timorese Resistance |
| ESRP | Emergency School Recovery Project |
| IACE | Institute for Advancing Community Engagement |
| ICFP | Instituto Católico para a Formação de Professores |
| IDPs | Internally Displaced Persons |
| INQAAHE | International Network for Quality Assurance Agencies in Higher Education |
| ISF | International Stabilisation Force |
| JAM | Joint Assessment Mission |
| OECD | Organisation for Economic Co-operation and Development |
| MAPS | Marist Asia-Pacific Solidarity |
| MECYS | Ministry of Education, Culture, Youth and Sport |
| MoEC | Ministry of Education and Culture |
| MOU | Memorandum of Understanding |
| NAAAA | National Agency for Academic Assessment and Accreditation (also known as ANAAA) |
| NGO | Non-Government Organisation |
| TAFE | Technical and Further Education |
| UDT | Democratic Union of Timor |
| UN | United Nations |
| UNAMET | United Nations Assistance Mission to Timor-Leste |
| UNDAF | United Nations Development Assistance Framework |
| UNDP | United Nations Development Programme |
| UNESCO | United Nations Educational, Scientific and Cultural Organisation |
| UNICEF | United Nations Children's Fund |
| UNMISSET | United Nations Mission of Support in East Timor |
| UNMIT | United Nations Integrated Mission in Timor-Leste |
| UNTAET | United Nations Transitional Administration in East Timor |
| UNTL | Universidade Nacional Timor Lorosa'e (Timor-Leste) |

INTRODUCTION

On 30 August 1999, the people of Timor-Leste voted overwhelmingly for independence from their previously forced integration into Indonesia. This result led to widespread violence from pro-Indonesian groups until the intervention of United Nations peacekeepers ensured the final security of the people's independence. The new nation, supported by many international groups and agencies, including a United Nations transitional administration, emerged as one of the poorest in the world. Timor-Leste suffered the combined problems of being a small state in a post-conflict situation. War had destroyed much of the new nation's infrastructure and it had limited resources to provide for a growing population that had low life expectancy and high levels of illiteracy. Timor-Leste's future was to be partly shaped by its past, especially by traditional culture and its inherited colonial legacies from Portugal and Indonesia. It was also to be influenced by its educated elite returning from exile and holding differing views on development and also by international agencies sometimes wanting to impose pre-determined policies upon the new nation. In addition, the Catholic Church was significantly influential in the whole country, and especially in the field of education. In what proved to be extremely complicated situations, Timor-Leste began the difficult task of twenty-first century nation building.

Although authorities do not agree on how best to define a small state, most cite population size as the main benchmark. Small states are generally categorised as having populations of up to two million (Crossley, Bray, Colin, Martin, Atchoaréna, & Bainton, 2009, p. 5; Randma-Liiv, 2002, pp. 374-375). Three out of four developing small states are also islands (Bacchus, 2008, p. 128). Timor-Leste, largely located on the eastern half of the island of Timor and with a current population of around one million, fits into this pattern. Benedict (1966, pp. 25-26) has argued that such states are not simply smaller versions of larger ones. People in these societies are more interdependent, interact more frequently in social situations and play several roles because these societies may provide a large number of such roles in the politico-ritual sphere but little specialisation in the economic and technical areas. In this regard, small states differ greatly from large countries and most of these characteristics can be shown to be true for Timor-Leste. This small nation also faced various post-conflict vulnerabilities including struggling to have its voice heard among international organisations and its neighbouring nation states, adopting policies that were sometimes not appropriate to its economic, social and political realities, and grappling with the problems of increasing globalisation (Kelsey, 2005;

McGillivray, Naudé, & Santos-Paulino, 2008; Bacchus, 2008). As well, Timor-Leste being in a post-conflict stage typically had an international peacekeeping force initially deployed by the United Nations in 1999 to maintain order. It was, however, atypical in that the new nation was subsequently administered by the United Nations rather than by its own government. Elections and a new constitution were to be put in place under this administration and during this process, international aid and reconstruction initially took place. This meant that the nation was not always the master of such development policies and some aid agencies operated to their own agendas.

As in many post-conflict and emerging small states, the development of education was seen as a critical factor for Timor-Leste's future. (World Bank, 2005; Paulson & Rappleye, 2007; Hawrylenko, 2010; UNICEF, 2011). Education has long been seen as playing a key role in creating social cohesion, facilitating economic recovery and repairing shattered societies (World Bank, 2005, p. 27; Lowicki, 1999, p. 4; O'Donoghue & Clarke, 2013, p. 13). It underpins the realisation of other development goals but there are often high expectations on the education system at a time when it may have been adversely impacted by conflict. Studies focusing on post-conflict nations argue that developing and reforming education can take decades and is a long-term process (World Bank, 2005, p. xvii; Buckland, 2006, p. 8). Educational capacity building therefore needs a long-term commitment if systemic change is to be achieved.

However, small states, peaceful or in post-conflict situations, often face major problems in providing this education for their citizens. There are often limitations on their ability to achieve economies of scale in the provision of educational services while the effect of geographical distribution of their population can stymie efforts to create equal educational opportunities, especially for those living in remote areas. It is therefore quite possible that education, for all of its benefits, can also increase social inequality as some sections of the community obtain it while others miss out. As well, developing culturally relevant curriculum materials and being able to provide appropriate higher educational opportunities are major problems (Bacchus, 2008). These states also face financial constraints to expand and modernise their education systems and problems in attaining sufficient qualified teachers and educational personnel to design and implement development policies (Peters, 2001, p. 45). Often qualified teachers are snapped up by international NGOs while there are challenges meeting the needs of out-of-school youth (UNICEF, 2011, p. 10).

Among the efforts needed to overcome these problems is local community participation. External support for education should build upon – rather than competes with – local community and authority initiatives. UNESCO (2011) points out, external actors and/or government do not develop the education sector only, but by “lower level beneficiaries”. It argues “ownership and sustainability should be strengthened by working alongside existing country resources and systems of assessing, strategizing, managing and evaluating capacities and processes” (p. 116). Nevertheless, it also has to be recognised that the closely knit and personalised

relationships existing within small states can also have a direct impact on the dynamics of developing their education systems (Farrugia, & Attard, 1989; Bacchus, 2008). For example, in Fiji villagers were found to be reluctant to comment adversely on a school management committee that might have mismanaged its local school funds because of the strong ties that existed among the population and their desire to avoid conflict in the community (Bacchus, 2008, p. 134).

Higher education institutions can also have a disproportionate impact on small states than in bigger nations because of their limited numbers and prestige. However, the higher education sector may lack the checks and balances that are more evident in bigger systems (Crossley et. al., 2009, p. 5). Small states may find it difficult to offer a large array of educational opportunities in the tertiary sector considering the small number of students they have, and consequently are unable to increase their human capital. They sometimes resort to education abroad as an alternative. This option, however, aggravates rather than mitigates the problem of brain drain – the emigration of skilled workers to developed countries – because many of the students who are educated abroad choose to remain abroad. Furthermore, the poorest people in small states typically cannot afford to study abroad (Atchoaréna, Da Graça, & Marquez, 2008, p. 172). Docquier and Schiff (2009, p. 16) have shown that between 1990 and 2000, the rate of brain drain from small states was 36.1% as opposed to 7.0% for developing countries as a whole.

This book uses Timor-Leste as a case study of a post-conflict small state to explore one aspect of capacity building in education through a co-operative partnership. This partnership was principally between the Diocese of Baucau, the Marist Brothers in Australia, Australian Catholic University and *Instituto Católico para a Formação de Professores* (ICFP) at Baucau. Other development groups and agencies have sometimes been part of this network but the focus of this study is upon the four principal partners in the project. It is hoped that the study will make a contribution to the literature on education in post-conflict small nations because there is very little research on the impact of effective long-term educational partnerships in such states.

Since 1999 a number of international agencies and other bodies have been involved in what they consider to be ‘partnerships’ with local organisations in Timor-Leste. These often involved an external organisation working with some local group or organisation in Timor-Leste in a contractual arrangement and were concerned with the short-term agendas that are often too characteristic of international aid. Medenhall examined the example of a partnership between the Norwegian Refugee Council (NRC) and UNICEF in teacher training in Angola in the aftermath of that country’s conflict. It outlined the frustrations partners faced because of lack of consultation and co-ordination, especially when the NRC had the impression that “UNICEF wanted to run their own race” without consulting their partners (Mendenhall, 2008, p. 152).

The partnership described in this book has been holistic in its scope, intending to be aware of the interests of all parties, open-ended in its time commitment and willing to include and foster capacities from a network of support groups. From its very beginning, the partnership was directed at support for the local people and not

just the immediate delivery of results. While the short-term aim was to establish a primary teacher education college for Timor-Leste, the long-term aim was for this Institute to become a sustainable body fully incorporated into the culture of the country and led and staffed by Timorese personnel: a process we have called ‘Timorisation’.

Over time, ICFP created internationally recognised courses and qualifications for its students. Staff and students enjoy a high standing in the community and good employment prospects. The Institution is developing a profile in its commitment to teaching, research, scholarship and community engagement. Nevertheless, these developments have not been without difficulties. Learning from experience has been important in planning for future development directions especially as many aid agencies lag well behind in devoting resources to researching what has been achieved in their specific programmes (Wood, 2011). The study outlines the history of the partnership and considers the successes and challenges, as well as the lessons that may have a bearing on its future developments.

The original vision for the Institute came from the Bishop of Baucau who realised the necessity for such an institution and provided his endorsement and considerable social and political influence to initiate the project. The Marist Brothers and ACU were well placed to be involved in this initiative. Geographically, they were Australian-based and therefore, relatively close to the island and had the advantage of widespread community and government support within Australia for the Timorese people. Institutionally, they were both successful in the areas of teaching and teacher education with the Marists also having an extensive commitment to teaching projects in other developing nations of the Pacific region. Ideologically, they were committed to the broad principles of Catholic social teaching that included, among other things, a strong belief that education is a key to overcoming disadvantage. ACU had been established in 1991 through the amalgamation of various Catholic colleges across the eastern states of Australia which had been offering nationally approved courses in primary and secondary teacher education, and health sciences while courses in Arts, Information Technology, Psychology and Business Studies had also been developed in some of the colleges. The Marist Brothers, along with the Christian Brothers, were among the founding congregations of ACU. They had played an active role in establishing the colleges in the Sydney region and thus, there was already a well-established link between the Order and many of the staff of the university. On the other hand, such partners were in danger of being seen as foreign organisations that came from a different society and culture to those of Timor-Leste and they needed to ensure that local sensitivities and past histories were carefully considered and addressed.

Amartya Sen, and others have pointed out that there is no one path towards development (Sen, 1999; Pantoja, 2009). Different things work in different places. One of the criticisms of development aid in many countries has been that the aid has been given by the donors for their own geo-strategic motives rather than to address local needs. As a result, the aid has been wasted through local misapplication or has

led to an unhealthy dependence on the donor nation. Instead, the basic approach of development must always be the removal of substantial barriers that restrict and limit human freedom. The links between the components of freedom are empirical and causal. For example, social opportunities created by better education and/or health care, which often require public or corporate action, complement individual opportunities for economic and political participation. These opportunities can also foster individual initiatives by participants who may overcome their previous deprivations (Sen, 1999, p. 11). The *Paris Declaration on Aid Effectiveness* (2005) was sponsored by the OECD's Development Co-operation Directorate and was signed by many countries and aid agencies, including Australia, in order to make progress towards such enhanced aid effectiveness. The guidelines of the Declaration include encouragement of:

- *Ownership*. Developing countries to set their own strategies for poverty reduction, strengthen their own institutions and reduce corruption;
- *Alignment*. Donor countries/agencies to align their objectives behind those set by their developing partners and deliver assistance through local systems;
- *Results*. Developing countries and donors to shift focus to development results and measure them;
- *Mutual accountability*. Donors and partners to be accountable for development results.

Another agreement is the *Accra Agenda for Action* (2008), which complemented the *Paris Declaration* and was drawn up to make aid and development more effective. The Agenda included:

- *Predictability*. Donors to provide a three- to five-year plan to their partner countries so that arrangements for allocation of personnel and other resources can be achieved in a timely manner;
- *In-country systems* to be used as a first option for aid delivery rather than donors' systems;
- *Conditionality*. Donors to eschew prescriptive conditions about when and how aid is spent and adjust the 'when' and 'how' to suit developing countries' own development objectives.

The partnership outlined in this book reflects these international agreements and Catholic social teaching principles in the implementation and operation of the project. The study records and evaluates the history and transforming nature of the partnership until 2012 when it ended in its previous form but still continues in an evolving role. The distinctive feature and flavour of the partnership is that it is embedded in the traditions and practices of the principles of Catholic social teaching. These principles, as outlined in *Principles of Engagement on International Development Through the Lens of Catholic Social Teaching* (Davies, MacLaren, Needham, & Steel, 2010), are inherent in the formation and application of the partnership. They have been developed over centuries, are practice-based, and

include upholding the dignity of the human person, promoting the common good, providing a preferential option for the poor, ensuring that all people have a minimum level of participation, and advancing economic justice.

It must however be acknowledged that the involvement of faith-based groups in such projects are sometimes opposed by development agencies and their governments. They assert that while faith-based organisations provide motives such as love, charity, compassion, and a sense of justice to participate in development, religion should not interfere with the *content* of development; that is, “it should not influence what is effectively a secular development agenda, with its own understandings of what constitutes rationality, progress, social justice, and modern economic development. In other words, faith-based organisations should be little more than Oxfam with hymns” (Thomas, 2004, p. 135). This problem certainly arose in Timor-Leste after 1999 yet, research carried out by the World Bank in 2000 showed that religious leaders and religious institutions were often the most trusted in developing countries (Nayaran, 2000). Some development scholars insist that it must be recognised that faith is essential to communities in developing countries – that religion, with its beliefs, rituals, practices and institutions, is a powerful source of identity in the lives of people in these communities (Thomas, 2004; Myers, Whaites, & Wilkinson, 2000; Deneulin, & Bano, 2009).

The next chapter covers a brief history of Timor-Leste followed by a chapter dealing with educational trends since the arrival of the Portuguese in the 16th century. Two chapters then examine the history and scope of the partnership. This is followed by a discussion of the different roles of the various partners and then an evaluation the effectiveness of the project. The final chapter discusses the key learnings that might prove useful in future partnerships operating in developing countries

PART I
UNDERSTANDING THE CHALLENGE

TIMOR-LESTE: AN HISTORICAL OVERVIEW

The island of Timor lies about 600 kilometres northwest of the Australian coast and has long been inhabited by peoples related to those in the western islands of Indonesia. About 2500 years ago, Malay peoples began settling in the main eastern Indonesian islands of Java, Borneo and Sumatra. After 1293, a powerful Javanese empire emerged in the form of the Majapahit kingdom that extended its influence over many of the western islands of the Indonesian archipelago and included Timor as one of its vassal states. What form this vassalage took remains unclear. The most likely system was through trade with the Timorese exporting sandalwood and some slaves while accepting nominal control over their fairly isolated society. The island largely remained divided into a series of local kingdoms that in turn, delegated power to smaller distinct groups. The *Liurai*, or traditional rulers of each kingdom, headed a hierarchical society with the *Dato* or lesser leaders controlling a smaller population base in what was a series of complex relationships. The Timorese maintained an essentially subsistence economy growing maize and rice as the principal crops and most of the population preferred to live in the cooler, fertile mountain valleys away from the malarial coastal plains. Climatically, the island experiences a marked wet and dry season, and even to the present day the last few weeks of the dry season lead to hungry times among much of the population. None of the great religions of the region, Buddhism, Hinduism and Islam, appears to have exerted any real influence upon the islanders who basically followed animist beliefs. By the early sixteenth century, the Majapahit kingdom was in decline accelerated by the arrival of the Portuguese (Taudevin, 1999, pp. 13-14).

A PORTUGUESE COLONY

The Portuguese established outposts in the Indonesian archipelago to control the spice trade and by the mid-1500s had set up bases on the islands of Solor and Flores and established contact with Timor for trading purposes through a mestizo class of people known as 'Topasse' (usually the offspring of Portuguese traders and local women). The Topasse began to settle in Timor itself during the early seventeenth century and soon became directly involved in the trade and politics of the island. In 1642, the Portuguese moved into Timor, defeating the local chiefs and establishing a Topasse base at what is now Oecusse. This victory, however, was soon to be challenged by the Dutch who had begun to move into the same region seeking to displace Portuguese control over the spice trade. In 1653, the Dutch landed on the western end of Timor but were defeated by the Topasse and left the island. The Dutch

returned in 1746 and the Topasse were forced to appeal for Portuguese assistance. At the battle of Penfui in 1749, the Dutch defeated the Topasse/Portuguese forces and after this time, Timor was effectively divided into two, with the Dutch controlling most of the western half and the Portuguese the east plus a small enclave around Oecusse. Strictly speaking, this division was only finally confirmed in a treaty signed as late as 1915 but after 1750 the East Timorese settled into more than two hundred years of Portuguese colonisation (Taylor, 1999, pp. 3-5).

While Catholicism played an important role in influencing the initial Portuguese quest for empire, Timor proved to be of only marginal interest to Lisbon. For a long period, Portuguese control over traditional Timorese society was minimal except for the conversion of some of the population to Catholicism. As long as they could exercise external authority and impose some religious and cultural values upon the society in a general way, the Portuguese left traditional concepts of kinship and obligation largely unchanged. By the early twentieth century, Portugal was in decline as a great power and attempted to reinvigorate itself by making its colonies more productive from its point of view. Amidst considerable opposition from the local population, the Portuguese began to develop new infrastructure by using forced labour and to introduce more commercial farming. The old kingdoms were also abolished and new administrative units were established as Portuguese control over the interior became more formalised (McGregor, Skeaff, & Bevan, 2012, p. 1131).

Although Catholic missionaries had been in East Timor for hundreds of years, it was only in 1930 that the Church was given representation on local legislative councils. In 1940 the Concordat and Missionary Agreement was signed between the Portuguese government and the Vatican whereby the Catholic Church was to operate freely within the colony pursuing a 'civilising influence' over the people. It now became a legal requirement that Timorese could only obtain Portuguese citizenship if they converted to Catholicism. Between 1932 and 1968, educated Timorese from Jesuit and Dominican schools, known as *letrados*, became the Portuguese-speaking elite in East Timor and were expected to assist in administration of the colonial system (Millo & Barnett, 2004, p. 725). However, as the next chapter points out, these educational efforts were extremely limited. Despite the advantages enjoyed by the Catholic Church after this time, as late as 1974 a large majority of East Timorese remained Animist by religion (McGregor et al., 2012, p. 1133).

These developing Portuguese policies were undermined to some degree when on 17 December 1941, 400 Australian and Dutch commandoes arrived uninvited in an attempt to head off any use of the island as a base by the Japanese in the Pacific War. The commandoes were too small in number to hold back the large Japanese invasion force that seized the capital, Dili, and in February 1942 the Japanese overran most of the island. Many of the troops escaped to the mountains and were able to maintain resistance to the Japanese with the support of locals until they were evacuated to Australia in early 1943. One of these men was Paddy Kenneally, a former wharf labourer, who was to become a long-term supporter of the Timorese cause. Between 1942 and 1945 over 60000 Timorese lost their lives assisting these troops or in

resisting the Japanese occupation. At the end of the war the Portuguese returned to once again administer a devastated economy and a ruined infrastructure. Having joined the United Nations in 1955, the Portuguese government committed itself, in theory, to the eventual process of decolonisation of its old empire. However, it refused to set a timetable for such changes and did little to prepare its colonies for them. Instead, the Portuguese found themselves involved in expensive wars against local independence movements in their African colonies of Angola and Mozambique. This involvement absorbed much of their resources and interests and East Timor was regarded as something of a backwater (Taylor, 1999, pp. 12-19).

Meanwhile other developments in the South East Asian region would have their subsequent impact upon Timor. In the late 1940s, the Dutch East Indies was transformed into the new nation of Indonesia with the support and sponsorship of nearby Australia. From then on, the emergence of such a large and potentially useful trading partner on its doorstep was to figure strongly in Australian foreign policy. On the other hand, having supported the Portuguese return to East Timor in 1945, Australia subsequently paid little attention to the island. Indonesia, under President Sukarno, was an ethnically diverse and often economically mismanaged nation. Sukarno partly consolidated his power within the system and strengthened the central government's control over outlying islands by formenting nationalist claims. He pushed for the occupation of the western half of New Guinea (Irian Jaya) from the Dutch and then opposed the formation of the Federation of Malaysia in 1963 by a campaign of *konfrontasi* (confrontation). Interestingly, Sukarno never made any claims upon East Timor during this time, and his public statements suggested no Indonesian interest in this colonial enclave. There is some evidence that privately, the government expected that, in the long run, East Timor might be incorporated into Indonesia but it was not an immediate priority. In 1965, the army, led by General Suharto, came to power in a chaotic period in which it destroyed the powerful Indonesian Communist party and killed over 500000 people. Australia welcomed the change of government, as the new regime was firmly anti-communist and friendly to the West. Alarmed by the presence of communist influences in South East Asia and wanting a stable pro-western Indonesia along with access through Indonesian deep ocean channels for its nuclear submarines, the United States was also very sympathetic to this new regime.

In 1974, young army officers staged a military coup in Portugal, ending fifty odd years of right wing dictatorship and committing the nation to democracy and decolonisation. Angola and Mozambique were quickly granted their independence but events in East Timor moved more slowly. Since the 1960s, part of the East Timorese educated elite had met clandestinely to consider issues such as independence and these ideas found some voice in a Catholic newspaper, but the police quickly closed it down. In May 1974 the governor of the province now allowed the creation of political associations (not parties) and three main groups quickly emerged. The First was the Democratic Union of Timor (UDT). It wanted autonomy for the province while still maintaining links with Portugal. It had support from many in the

administrative elite, the plantation growers and the *liurai*, although internal divisions would soon appear within these groups. The second association was Apodeti that wanted integration with Indonesia but gained little popular support. Its base was the small Muslim community in Dili and some areas to the south west of the capital. The third group was the Association for a Democratic East Timor (ASDT), which in September 1974 changed its name to Fretilin (*Frente Revolucionario de Timor Leste Independente*). Adopting a mixture of socialism and democracy, it aimed at gradual independence from Portugal (in about eight years) accompanied by a range of reforms to East Timorese society. Its original members also largely came from the administrative elite with a base in Dili but maintained ties with the rural areas by advocating agricultural, literacy and health reforms. The leading figures in association at the time included Nicolau Lobato, Xavier do Amaral, Jose Ramos-Horta, Alarico Fernandes and Justino Mota. Ramos-Horta visited Indonesia in June 1974 and was assured by its foreign minister that his country would support East Timorese independence. Behind the scenes, however, the Indonesian government, especially the military, took a different view of future developments.

In September 1974, the Australian government, now led by Gough Whitlam, indicated in a meeting with General Suharto that it considered East Timorese independence not viable and that the colony should be integrated into Indonesia but in accordance with the wishes of its people. What remained unclear in such a policy was what would happen if integration with Indonesia was not the wish of the East Timorese people. Nevertheless, this policy had essentially been the stance of all Australian governments since the early 1960s. The discovery of rich oil and gas deposits in the seabed off the southern East Timorese coast only added to Australia's interest in supporting Indonesia, as it was felt that it would be harder to negotiate a better deal for sharing these riches with either Portugal or an independent East Timor. In any event, the Indonesian government received clear signals from its neighbour that the integration of East Timor would be the logical and most acceptable course for the future. From this point onwards, the Indonesian government became more vocal and pro-active in seeking East Timorese integration (Taudevin, 1999, pp. 23-31).

In contrast, the Portuguese government was divided over what was the best policy to pursue and tended to vacillate over East Timor's future. Eventually, in July 1975, it set elections to be held in October 1976 for a General Assembly that would determine this question, while declaring that it would end direct colonial rule by October 1978. Well before that date, internal events in East Timor would see a rapid change in the political situation. In early 1975, the UDT and Fretilin entered into a temporary alliance in the face of a possible Indonesian takeover of the colony, but over time relations between the two parties began to deteriorate. The UDT, when it was formed, was the more popular of the two, but Fretilin, with its stance over independence and its increasing rural welfare programmes, overtook it as the stronger party. In July 1975, the Portuguese allowed local council elections, and Fretilin won around 55 per cent of the popular vote.

The UDT leadership was increasingly susceptible to Indonesian propaganda that Fretilin, which had a Marxist faction within it, was really a communist organisation that would soon stage a coup and take over the country. The Indonesians played upon these fears and the fact that they would then have to intervene to prevent Timor going the way of Vietnam and Cambodia, which had recently fallen to communist forces. Spooked by these reports and by the obviously growing power of Fretilin, the UDT decided to forestall such a possibility by staging its own coup. On the evening of 10 August 1975, forces loyal to UDT leader Lopes da Cruz took over Dili's police headquarters and harbour and seized the radio stations and airports in Dili and Baucau in a bloodless coup. They then appealed for international support to counter any moves by Portugal to hand over East Timor to Fretilin. Ten days later, Fretilin staged a counter-coup resulting in three weeks of bitter fighting during which at least three thousand people were killed and the Portuguese governor fled to nearby Atauro Island. Fretilin seized control of East Timor, and the remnants of the UDT fled across the border to West Timor to seek Indonesian assistance. Since the Portuguese administration had effectively left the country, Fretilin formed a new government, although it also asked the Portuguese to return at least for the immediate future.

INDONESIAN CONTROL

Stunned by the success of Fretilin, the Indonesian response by October was to send 'volunteers' from West Timor to seize control of the border towns of Batugede, Balibo and Maliana. This move, it was hoped, would provide an easy road into the rest of Timor but Fretilin forces were quickly able to stymie such advances. It was in Balibo that five journalists (two Australians, two British and a New Zealander) were killed, which was covered up by Indonesian military. The border strategy obviously did not achieve its aims and the Indonesian government was faced with the fact that Fretilin, in an attempt to secure international support, had unilaterally declared the independence of East Timor on 28 November 1975. The Suharto regime now contemplated a full-scale invasion. On 5 December, US President, Gerald Ford, and his Secretary of State, Henry Kissinger, visited Jakarta and informed President Suharto that American military aid to Indonesia would not be affected by any possible action towards East Timor. The Indonesian invasion subsequently commenced with an air and seaborne assault on Dili on 7 December while other troops crossed the land borders. Troops quickly secured control of all of the major towns in the country as the government and much of the population fled into the mountains. Within two weeks of the invasion, the Indonesians had set up a provisional government mainly composed of UDT and Apodeti members. Although the international community, including Australia and the United States, expressed concerns over the invasion, nothing was done, individually or collectively, against Indonesia for its behaviour. The United Nations between 1975 and 1983 regularly called upon the Indonesian government to withdraw its troops without delay, but aside from compiling annual

reports, did little else. In May 1976, a puppet twenty-eight member 'People's Assembly' signed a petition supporting integration of their country with Indonesia. On 17 July, President Suharto signed a Bill of Integration, formally making East Timor a province of Indonesia (Taylor, 1999, pp. 62-65).

Although the Indonesian armed forces found it relatively easy to gain control of the main towns of East Timor, control over the countryside was another matter. For the first three years of the war, at least two thirds of the population actually lived outside of Indonesian control and its authority frequently did not extend much beyond the boundaries of most urban areas. The lack of roads and the rugged terrain made it difficult for a conventional army to operate successfully in most places and many army units became so demoralised by the war that they had to be continually replaced, often by less experienced troops. However, over time, the Indonesians were able to use new military equipment and more troops to destroy food supplies and relocate the population away from the mountain areas. Mobile patrols and regular searches of designated zones made it increasingly hard for Fretilin to sustain its military operations. By the early 1980s, its forces had been greatly reduced and could only operate in small bands in three separate areas of the country – the central, border and eastern regions. In 1981, Xanama Gusmao was elected President of the committee and leader of Fretilin forces. He maintained a long guerrilla struggle despite many attempts to capture him. Even at the end of the 1980s, fifteen years after the Indonesian invasion, there were still around 1200 or so Fretilin guerrillas operating in small bands and engaging in hit and run operations against Indonesian troops. Fretilin also maintained considerable support amongst the local population, even in resettled areas amidst the presence of the military, police and police spies. The village structures, although badly disrupted by the Indonesian upheaval, still remained strong enough to foster and sustain opposition to Indonesian rule (Leach, 2012, pp. 255-263).

The Catholic Church underwent a transformation in this new environment. The Indonesian government tended outwardly to treat the Church with respect and even gave some funding for Christian monuments and cathedrals. As well, under Indonesia's national development policy, all of its people were required to believe in one God and to identify with one of a number of recognised world religions. As a result, by 1994 some 90% of the population had converted to Catholicism partly as a form of protest against Indonesian rule. With the loss of Portuguese clergy after 1974, the native born priests now took on a greater role within country and were identified with the people. The Vatican allowed services to be conducted in Tetum (the main local language and *lingua franca*) rather than Bahasa Indonesia and this strengthened solidarity within the local population. The Church also provided institutional support through schools and medical services that were an alternative to the Indonesian system. Jakarta put pressure upon the Vatican, largely without success, to modify this obvious local religious opposition and bring the local churches under firmer control (McGregor et al., 2012, pp. 1134-36)

Indonesian rule in East Timor used a 'carrot and stick' approach. The military remained an ever-threatening presence with at least 20000 troops stationed there

at any given time. The population was often relocated into controlled villages and made to work on new projects and commercial crop plantations. Some estimates suggest that about 80% of the population was resettled in this way. Any resistance was brutally suppressed and there is considerable debate about how many Timorese died during the entire period of Indonesian control. The best estimate is perhaps as many as 150000 out of a pre-1975 population of over 653000. The government also encouraged new settlers from other parts of Indonesia to immigrate to East Timor. Although the total numbers were fairly small, they did take over many of the commercial farms and business activities of the province. Furthermore, the government made up for the lack of trained administrative staff by bringing in Javanese public servants to administer the province, although they usually came on fixed term contracts. On the positive side, the government certainly built new infrastructure and by 1990, its construction efforts on roads, bridges and schools was far greater than anything carried out by the Portuguese in their hundreds of years of colonisation.

THE COLLAPSE OF INDONESIAN CONTROL

By 1990, opposition to Indonesian rule continued to mount within East Timor and now Indonesia also found itself in a changing world. The erosion and collapse of communism in Eastern Europe and the ending of much of the Cold War tensions saw a greater focus in both Europe and the United States upon human rights abuses around the globe. Portugal came under pressure from other members of the European Parliament to act, and the United Nations began to take a more pro-active approach on the East Timor issue. In October 1989, anxious to show itself in a better light, the Indonesian government allowed Pope John Paul II to consecrate a new cathedral in Dili and conduct an open air Mass at Tasi Tolu before 100000 people. Although the Vatican muted its criticism of human rights abuses in East Timor, the Mass ended with a demonstration demanding independence. The demonstrators were beaten by the police in front of foreign photographers and journalists who reported the event to the rest of the world. Under pressure, the Indonesians then tried a two-handed approach. In 1991, they increased military operations in a bid to crush opponents but also agreed to a visit by a Portuguese parliamentary delegation to monitor the situation. However, at the last moment the visit was cancelled because the military objected to journalists covering the visit. On 27 October, as the visit was being called off, troops surrounded a church in Dili where many pro-independence supporters were gathered and killed Sebastiao Gomes, a young student, while arresting twenty five others. On 12 November, a memorial Mass was held in the church for Gomes and then many began walking towards his grave in the Santa Cruz cemetery. This crowd soon swelled to around two thousand and independence banners were unfurled. At the cemetery, they were met by Indonesian troops who opened fire without warning, killing some 273 Timorese. A British photojournalist, Max Stahl, captured these events, smuggled his tape out of the country, and the massacre was

soon being shown around the world. The result was a growing wave of international opposition during the next five years to Indonesian policies in East Timor

At first, despite the mounting criticism, it seemed that nothing had changed in Timor. The military hardened its policies in pursuing Fretilin and other pro-independence supporters. In 1992, Gusmao was captured, tried and sentenced to twenty years' jail. In 1997, however, Indonesia was caught up in the Asian currency crisis. The stock exchange collapsed, investment dried up and unemployment soared. The Suharto regime, long accused of corruption was now blamed for the hard economic times as well. Eventually, in May 1998 Suharto was forced to resign the presidency, handing over power to B. J. Habibie, a chosen successor, considered safe enough to lead the transition to the post-Suharto era. The new president faced enormous financial turmoil and internal unrest and clearly needed international backing for his failing economy. Among other moves was Habibie's decision to try to improve his international standing and to end the costly military involvement in East Timor by offering, in June 1998, to give the province autonomy within the Indonesian political system. This offer was rejected not only by Timorese independence movement but also the Indonesian military in East Timor. They now began to have doubts about the long-term commitment of Jakarta to maintaining a hold over the province and decided to take matters into their own hands. In the latter half of 1998, they began to recruit around 5000 West Timorese and even regular Indonesian army soldiers, to act as a paramilitary force and moved them into or close to the border regions of East Timor.

In late January 1999, the Indonesian government suddenly announced that it would be prepared to accept letting the people of East Timor go. Habibie had no real plan for doing so, nor had he consulted with the United Nations, Portugal or the pro-independence leaders of East Timor on such a proposal. However, a plan was rapidly developed that the people of East Timor should be allowed a referendum to decide upon their future. This proposal was finally accepted in May 1999 by Indonesia and Portugal, and the Secretary-General of the UN was authorised to conduct such a referendum. In turn, the Indonesian armed forces were to be held responsible for security before, during and after the plebiscite. In fact, since November 1998 elements within the armed forces had begun *Operasi Sapu Jagad*, or 'Operation Global Clean Sweep', which involved using the paramilitary units to conduct escalating levels of violence in order to portray East Timor as being racked by civil war and incapable of self-government. The military hoped that this operation would undermine the referendum and death squads focused on eliminating pro-independence leaders. The plan ran counter to the agreements with the UN, but in Jakarta, the main political parties campaigning for the June assembly elections were all pushing a pro-unity line and were unhappy that what they regarded as a part of Indonesia might possibly be given its independence. In that political climate, the armed forces had little real check upon their actions. The paramilitary violence worsened during the first eight months of 1999, with up to 5000-6000 people being killed and thousands again fleeing from their homes. The small United Nation electoral team (UNAMET)

conducting voter registration and the poll were largely spared any direct violence but found it difficult to operate. There were doubts as to whether voters would turn out on polling day because of intimidation. The referendum was postponed twice because of the problems of violence. However, on 30 August 1999, over 98% of registered voters turned out to cast their ballots and it was announced on 4 September that 78% had voted for independence rather than for the alternative of remaining an autonomous province of Indonesia (Taudevin, 1999, p. 275).

A NEW NATION EMERGES

Stunned by the vote, the Indonesian military then stood by as paramilitary units destroyed buildings in Dili and drove hundreds of thousands of people either into the mountains or into refugee camps in West Timor. Dili itself became a ghost town and over 80% of the East Timor's infrastructure was destroyed, including almost all of its electrical grid. The United Nations now came under pressure to intervene and by 13 September, faced with the possibility of international financial and trade embargoes, Habibie announced that he would accept the entry of a UN peacekeeping force into East Timor. After years of criticism of its policies by Paddy Kenneally and other supporters of the East Timorese, the Australian government finally reversed its long-standing policies in January and agreed to head a force of some 8000 peacekeepers and the first troops landed in Dili on 20 September. The Indonesian Army officially handed over security responsibilities for East Timor to this force on 27 September and it began the immense task of restoring law and order and dealing with paramilitary units still operating along the border regions with West Timor. Once the military situation began to improve, the UN could move civilian administrators into the country to re-establish the structures of government and prepare the nation for independence.

The new administration formed the UN Transitional Administration in East Timor (UNTAET). Although the United Nations certainly went through the outward process of consultation, there is some merit in the argument that its administrators basically arrived with preconceived views for creating a new nation – what are sometimes referred to as the ‘one-eyed giant’ approaches that ignore much of what is needed beyond simple material issues. UNTAET quickly marginalised and ignored the Catholic Church, for example, regarding it as irrelevant to the task of nation building even though it was one of the few remaining institutions with much of its network of structures still intact (McGregor et al., 2012, p. 1137). It also had little real understanding of Timorese society and quickly came to rely upon some key individuals for guidance on these matters.

Various groups that had either hidden in the mountains, been forced into exile overseas or, as in the case of Xanama Gusmao, had been released from Indonesian prisons, began to emerge to join in the transition process. The main umbrella organisation for these groups was the National Council of Timorese Resistance (CNRT). This organisation appointed representatives right down to the village and

hamlet level whereas UNTAET tended to operate only down to the district level. CNRT then sent out field workers to co-ordinate with CNRT representatives at the lower levels of authority. Outwardly, CNRT, with Gusmao as its chairman/president, gave the appearance of national unity and seemed to speak with one voice for the Timorese people. It was on Gusmao's advice and recommendation that a transitional cabinet was set up by UNTAET in July 2000. The CNRT denied the existence of any internal opposition to its policies because it was anxious to display a strong sense of cultural unity and be seen by UNTAET as speaking with authority. However, there were growing and often serious underlying differences within the organisation and across its political groupings, differences that would later become a problem for the new country.

In August 2000, for example, CNRT recommended that Portuguese be the official language of the country (followed by Tetum as the second language) even though less than 10% of the population spoke Portuguese and almost no one under the age of thirty understood it. This decision reflected the generational and educational gaps between the older Portuguese-educated leadership and the younger, Indonesian-educated leaders. The more popular Tetum had the disadvantage of being basically an oral language and required investment of considerable resources to give it a written form. Further differences were exacerbated by *émigré* groups heading back from exile in Australia, Portugal and its other colonies and the United States where each had built up its own ties and links. Many members of Fretilin, for example, saw the Catholic Church as a colonial hangover and did not want to work with it, while some clergy had long disapproved of Fretilin's Marxist roots. There were also long standing regional differences, especially between east-west (*Firaku-Kaladi*) as well as the issue of the older influence of the *Liurai* and how their authority would be incorporated into any new democratic nation state. CNRT comprised sixteen political 'parties' or groups that essentially represented many of these obvious differences. Fretilin, already the largest party and experienced in organising grass roots resistance during Indonesian rule, refused to accept some of CNRT's internal agreements and in August 2000 quit the organisation. It began establishing structures of authority from the village up that ran parallel to the CNRT authority base.

In the August 2001 vote for a Constituent Assembly, designed to draft a new constitution, Fretilin emerged as the largest party, securing 55 of the final 88 seats, and then dominated proceedings. Many members of the newer and smaller parties were only able to join a future government by essentially accepting the authority of Fretilin. The new constitution, modelled upon that of Portugal, created a unicameral legislature elected for five years with a powerful office of prime minister and cabinet over a government that was given strong central powers. The popularly elected president (also with a five-year term) possessed only the ceremonial powers of a Head of State. Once the election for the Constituent Assembly had been completed, UNTAET created a second transitional government based upon these results and Mari Alkatiri, a long time Fretilin member, became the new prime minister. The Constituent Assembly, despite some opposition from minor parties, deemed further

legislative elections unnecessary and in late January 2002 transformed itself into the future legislature of the nation. This left only the need for the presidential election to be conducted and on 15 April 2002 Gusmao, running without any party label, secured 82% of the popular vote. Technically, the UN accepted Timor-Leste as a new state on 20 May 2002 but National Independence Day is celebrated on 28 November, as that day in 1975 was regarded as the nation's real birthday. The UN also remained within the new nation to provide security and technical infrastructure roles through its UN Mission in East Timor (UNMISET).

Gusmao soon found that his power was restricted by the constitution and his authority therefore rested upon some backing from the army, many of whom were ex-Fretilin fighters, as well as upon his obvious personal popularity. Yet the president had little real power over his prime minister or cabinet or the actions of any them. For example, the first Minister for Internal Affairs, Rogerio Lobato not only controlled the police force but went out of his way to stack it with a high proportion of ex-guerrillas. The increasing factionalism within Fretilin meant that the eastern-region police and the western-region army, despite otherwise similar backgrounds, were soon at loggerheads. Intense rivalry between the groups over issues such as pay and prestige, and even clashes between them from as early as 2002 precipitated further civil unrest from a general population unhappy about the nation's economic problems. There were further police-army clashes in December 2004 before even greater violence in 2006.

In April 2006, fighting broke out again between parts of the army and the police force, leading to deaths and destruction, especially in Dili. Alkatiri was accused of using hit squads to try to murder his political opponents and Gusmao insisted that either he or the prime minister should resign. This ultimatum represented the culmination of years of growing alienation between the two men. Although Alkatiri received backing from his party, continued unrest eventually led to his resignation in June. An Australian-led International Stabilization Force (ISF) arrived to restore order in late May. This was supplemented by the subsequent arrival of over 1600 international police as part of another UN mission known as UNMIT. By 2007, the situation was stable enough to hold elections for the presidency and the unicameral legislature. In a crowded field of candidates, Ramos-Horta, the former foreign minister, was forced into a second round against his Fretilin opponent but then easily secured the Presidency with nearly 70% of the popular vote. Gusmao had decided to contest a seat in the Assembly heading a revived CNRT. Fretilin had been discredited by past events and its vote was reduced to 29%. It held 21 assembly seats, making it still the largest party but well short of a majority and only just ahead of CNRT with 24% of the vote and 18 seats. The various parties then struggled to negotiate some form of government and on 6 August, Ramos-Horta announced that he would recognise Gusmao's CNRT coalition as the government and began appointing cabinet ministers. While such a decision would have been acceptable in a more mature democratic culture, Fretilin and other opponents of the government greeted it with dismay.

As a result, political instability and factionalism intensified and in February 2008 both the president and prime minister were the targets of assassination attempts by rogue elements led by Alfredo Reinado. He had been responsible for leading much of the violence in April-May 2006 and had then escaped from prison in August of that year and had taken to the hills as a guerrilla fighter. Gusmao escaped any harm but Ramos-Horta was severely wounded and Reinado was killed in a shoot-out with security forces. The President recuperated in hospital and stayed among friends in Darwin before resuming his post later in the year. The remaining rebels involved eventually surrendered to authorities and in March 2010 received prison sentences of up to sixteen years, but the President subsequently pardoned or commuted most of these sentences. Although peace returned to the island during 2008, the United Nations agreed to a request to extend its security presence for a further five years until 2013. The Australian and New Zealand defence forces also provided an ongoing security presence through ISF with some 390 Australian and 70 New Zealand personnel stationed in the country during 2012. However, on 21 November 2012, the ISF began the closure of its operations with all of its troops leaving by April 2013. A small and separate Australian unit remained to help train the East Timorese army (Doherty & Wroe, 2012).

In March 2012, Ramos-Horta ran third in the next presidential election and was eliminated from the second round of voting, which was contested between Francisco Guterres and Jose Maria Vasconcelos (whose *nom de guerre* is Taur Matan Ruak). In the April poll, Ruak secured 61.2% of the popular vote. The following July Gusmao's party clearly outpolled Fretilin in the next Assembly election although it still fell short of a majority of seats and so the former coalition continued to govern. Unlike previous elections, the poll was conducted with relatively little violence and the parties also accepted the Assembly election results despite some grumbling over it from Fretilin. This was another sign of the slow but steady growth of democratic processes within the new nation, a remarkable change given the violence of the past and the ongoing economic challenges faced by the government.

PROBLEMS FOR THE NATION

Since independence, the various governments of Timor-Leste have struggled to implement economic improvement in what is, by world standards, a small and poor nation. The per capita income in 2002 was around US\$500. Over 40% of the population were living below the poverty line, over 50% were illiterate and one in ten children died before the age of five. Life expectancy for males was only around fifty-five years. To add to the nation's problems, there was also a reduction in crop yields due to late rainfall in 2002 and then floods in 2003. The economy contracted in 2003 and only achieved small growth in 2004-5 before falling again due to violence in 2006. Since that time, it has shown growth but so have inflation and the population (reaching the one million mark by 2009) that add to economic and social pressures. The 2008 global financial crisis created yet another problem to an

economy struggling to get onto its feet and whose best asset, large oil reserves, have proved both a blessing and possibly a curse.

During 2002, the UN administration reached agreement with Australia confirming earlier boundary treaties signed with Indonesia over valuable oil and gas fields in the Timor Sea. Further intense negotiations then followed between Australia and the new Timorese government over the Greater Sunrise energy field further south in the Timor Sea. This was a field over which there were competing jurisdictional claims by both countries. Recent evidence indicates that the Australian government spied upon and even bugged the cabinet room in Dili so that it could gain an advantage in its negotiations over the oil. Eventually, in January 2006, both nations signed a treaty to share the revenues from this field, estimated at up to AU\$40 billion, equally. They also agreed that any future territorial claims on the area would be postponed for the next sixty years. These decisions have recently been challenged by the Timorese government as unfair and remain a source of tension between the two nations. Nevertheless, even by 2005, it was possible for the East Timorese government to establish a Petroleum Fund as its main source of income to be used for future development. By June 2008, it was worth over US\$3.2 billion and this had risen to \$10.2 billion by 2012, even though the government was also drawing nearly 90% of its billion-dollar budget from this fund. These oil and gas resources have not necessarily translated into greater employment or alleviation of poverty amongst the local population, any more than the billions in foreign aid spent over the past decade have done. (Anderson, 2012, pp. 136-139; Schofield, 2005).

Timor-Leste has a chronic shortage of basic infrastructure and remains an essentially agricultural economy (much of it subsistence farming) that comprises at least 30% of the GDP. Unlike some developing nations, it lacks labour intensive industries such as garment making and relies too much upon agriculture that is seasonal in its demands. Although officially the unemployment rate in 2014 is claimed to be around 11%, it may well be two to three times this as it is difficult to estimate in what is largely a subsistence economy. The improving high school system allows 15000 to 20000 students to graduate each year, but only 2000-3000 students then go onto higher education. The children of poorer families usually miss out on such opportunities and often then face few employment prospects. The nation's fledgling justice system and banking sector, for example, remain too inexperienced to function without foreign assistance. In 2010, Gusmao launched the Strategic Development Plan intended to transform his nation by 2030 from the poorest state in South East Asia into an upper middle class society based upon a sustainable and non-oil economy (Shoosmith, 2012, p. 285). In 2011, the government changed the rules of its Petroleum Fund, which had previously been conservatively invested in international bonds to allow up to half the fund to be invested in equities and a further 10% to be used as collateral for loans. This change was intended to fund a state-led development by diversifying investments. Critics of the move, however, fear that inexperienced leadership within the various ministries will lead to large sums being lost and mismanaged through fraud or ill-advised equity dealings. In any

CHAPTER 2

event, Timor-Leste, a small state undergoing post-conflict traumas, remains one of the most oil-dependent nations in the world in terms of its government revenue and has little by way of an advanced economy (Bachelard, 2012).

As the historical overview has shown, Timor-Leste has had a turbulent past and for centuries its people have not been masters of their own country. Other nations have imposed themselves upon the island and set agendas to suit themselves. These have included policies concerning education, or often the lack of it that have played a major role in shaping today's society. To that story we turn in the next chapter.