

## 4. TIMOR-LESTE: A NATION OF RESISTANCE

*Miks Muižarājs*

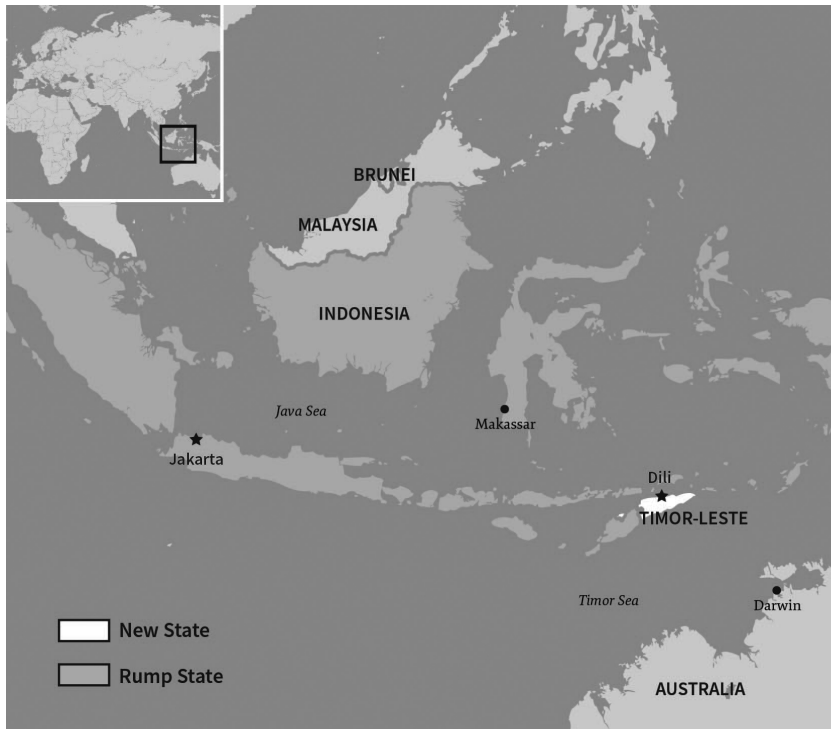
### **TIMELINE**

1515	Portuguese settlers arrive on the island of Timor
1851	After a series of colonial wars, Portugal and the Netherlands begin border negotiations; Portugal gains dominion over the eastern half of Timor
1945	After a three-year-long invasion during World War II, Japan is expelled from East Timor and Portuguese colonial rule resumes
1974	A military coup overthrows Portuguese regime and commits to decolonization
August 1975	After a brief civil war in East Timor, Portuguese complete withdrawal
November 28, 1975	FRETILIN unilaterally declares independence
December 7, 1975	Indonesia invades East Timor, commencing a 24-year civil war
1975–1976	UN Security Council passes two resolutions condemning the invasion and calling for self-determination
1979	Last FRETILIN base falls to Indonesian forces
October 1989	Pope John Paul II visits Dili, sparking a wave of protests

December 1989	Australia and Indonesia sign the Timor Gap Treaty, and begin joint oil exploration and production
1991	Santa Cruz massacre leaves 270 protestors dead and is televised around the world
1996	José Ramos-Horta and Bishop Belo are awarded Nobel Peace Prize
1997	Asian financial crisis
April 1998	The Timorese National Resistance Council (CNRT) is formed with Gusmão as president
May 20, 1998	President Suharto of Indonesia resigns; replaced by B. J. Habibie
May 5, 1999	Indonesia and Portugal agree to hold popular consultation on East Timor
August 30, 1999	Timorese reject special autonomy in referendum that opens door to independence; kicks off retribution violence by pro-Jakarta militia
September 15, 1999	UNSC 1264 authorizes deployment of INTERFET to East Timor
September 20, 1999	INTERFET deploys 12,600 troops in East Timor
October 1999	UNTAET assumes sovereign authority in East Timor
May 20, 2002	Democratic Republic of Timor-Leste declares independence
April 2006	Riots in Dili kick off a wave of unrest
May 2006	Fighting breaks out between F-FDTL and PNTL
May 25, 2006	International peacekeeping forces arrive in Timor-Leste
February 11, 2008	Failed coup attempt; President Ramos-Horta severely wounded

At the turn of the twenty-first century, a small half-island nation emerged from the chaos of conflict against monumental odds. Within just 15 years of independence, Timor-Leste managed to become the most democratic nation in Southeast Asia.<sup>1</sup> Its success was possible due to the skill of its

Figure 4.1. Map of Timor-Leste



leaders, shifts in geopolitics, and unprecedented levels of international support. Leaders were able to unite East Timor's ethnically and politically divided society and transform it into a powerful resistance network that coalesced military, clandestine, diplomatic, and activist efforts at a critical juncture in history. A successful campaign to win the hearts and minds of the global audience and the realignment of powerful interests after the Cold War culminated in considerable pressure on Indonesia to release its grip. Brief UN administration and considerable commitments from Australia, Portugal, the United States, and other nations to construct institutions and deploy troops helped prevent a return to violence. Timor-Leste's savvy and dynamic leadership capitalized on this international support and managed to use its considerable oil reserves to overcome fragility. Despite centrifugal forces, the leadership continues to share aspirations of building a sovereign and prosperous nation.

## THE GENESIS OF A NEW STATE

The island of Timor was inhabited by various groups of settlers, most notably from Papua New Guinea, the Pacific Islands, and Indochina. Due to the island's highly mountainous terrain, these waves of migration created a number of ethno-linguistically distinct societies. When the Portuguese arrived in the sixteenth century, colonial administrators decided against overhauling traditional governance structures, instead governing indirectly through the preexisting patchwork of competing local kings (*liurai*). After a series of wars with the Netherlands, a settlement between the two empires in the mid-nineteenth century sliced the island in half, with Portugal preserving control over the eastern part.

Portugal's imposition of a poll tax in 1901 led to the first anticolonial, proto-nationalist movement, which incorporated multiple chiefdoms. The Portuguese put down the rebellion with force, killing an estimated 25,000 people. Although unsuccessful, this struggle created a shared experience of resistance to external rule, reinforced when the Japanese invaded East Timor during World War II.<sup>2</sup>

The postwar external political environment created favorable conditions for self-determination. After the 1945 UN Charter called for increased autonomy of colonial territories, Portugal rebranded East Timor an "overseas province" to maintain legitimate control. Lisbon also boosted access to education,<sup>3</sup> contributing to heightened levels of political consciousness, with organized cells of educated elite secretly discussing the poor economic conditions and the lack of opportunities for political participation.

In 1974, a military coup overthrew the Portuguese regime and the new government adopted a policy of decolonization. In the political environment that ensued, Timorese elites created political parties. These emerged with contrasting ideological and geopolitical allegiances.<sup>4</sup> Jakarta exacerbated animosities between them by launching targeted information campaigns against the pro-independence Timorese Social Democratic Association (ASDT) party, in part due to its Marxist ideology, which was considered a potential threat to the national security of Indonesia.<sup>5</sup> Tensions resulted in a brief civil war between ASDT (renamed the Revolutionary Front for an Independent East Timor, FRETILIN) and the Timorese Democratic Union (UDT) in August 1975, which led to the complete withdrawal of the Portuguese administration. In the void of administrative

authority and having decisively defeated UDT, FRETILIN unilaterally declared independence on November 29, 1975.

The independent Democratic Republic of Timor-Leste lasted only nine days. On December 7, 1975, the Indonesian National Armed Forces (ABRI) invaded East Timor, commencing a 24-year civil war. FRETILIN and ABRI clashed throughout the country, with especially heavy civilian casualties in the two largest Timorese urban centers of Dili and Baucau, as well as in eastern districts of the island. ABRI's superior firepower and numbers forced FRETILIN to withdraw inland. After four years of relentless ABRI air assaults and ground offensives, FRETILIN's last mountain base fell in 1979. Of the original force of about 15,000 FRETILIN fighters, only 700 survived, dispersed in small pockets across the territory.<sup>6</sup> The total number of casualties, including deaths by hunger and disease, was estimated between 104,000 and 204,000 out of a pre-invasion population of 664,223 (1974).<sup>7</sup>

One of the few surviving FRETILIN leaders, Xanana Gusmão, oversaw internal restructuring. The armed resistance fully adopted guerrilla tactics. Relying on the civilian population for intelligence, a clandestine network of operatives emerged, which allowed FRETILIN to carry out surgical hit-and-run strikes, a tactic FRETILIN would maintain well into the 1990s. These were followed by brutal crackdowns that further alienated the population.<sup>8</sup>

After incorporating East Timor into its administrative structures, Indonesia's economic policies contributed to growing dissatisfaction. Investment was targeted at rehabilitation of physical infrastructure and human capital in an attempt to legitimize the occupation and to integrate the largely cashless rural households into the macroeconomy. These plans led to increased school enrollment and the development of infrastructure, but the economy was dominated by the military and geared toward its own needs. Corruption was rife, with ABRI holding a monopoly on lucrative coffee exports and controlling transfers from Indonesia. Corruption further deterred foreign direct investment and contributed to high unemployment, especially among Timorese youth. These economic grievances provided additional kindling to the pro-independence protests that erupted during the 1990s.

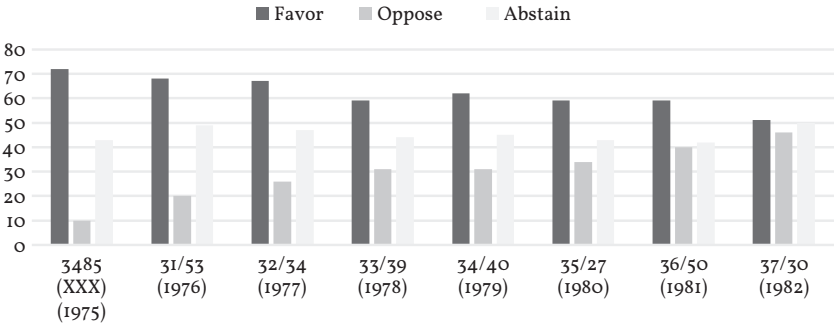
The lure of East Timor's natural resources provided economic incentives for foreign intervention. British and Australian companies conducted onshore oil exploration in East Timor throughout the twentieth

century, but the few existing wells produced low yields, preventing large-scale investment. After the Indonesian invasion in 1975, Australia and Indonesia began negotiating the Timor Gap Treaty, which would permit joint offshore oil production and revenue sharing that had previously failed due to Lisbon’s reluctance to participate in talks.

Portugal, still the *de jure* authority in East Timor, strongly opposed the Indonesian occupation. It cut diplomatic ties with Jakarta and brought the East Timor issue to the UN Security Council. In 1975 and 1976, the Security Council passed two resolutions condemning the invasion and calling for self-determination.<sup>9</sup> Although the UN General Assembly adopted resolutions with similar condemnations each year until 1982, voting patterns showed that international support for self-determination was dwindling (see Figure 4.2). After the near defeat of Resolution 37/30 in 1982, Portugal and FRETILIN’s diplomatic wing<sup>10</sup> focused their efforts on the UN Special Committee on Decolonization and helped galvanize support for Timorese independence in the European Union.

East Timor became embroiled in Cold War politics, with Western states repeatedly opposing self-determination and the Eastern bloc favoring it. After pro-Western regimes fell in Cambodia and Laos, FRETILIN’s Marxist ideology alarmed the United States and deterred it from supporting East Timor’s independence. President Gerald Ford expressed support for the annexation of East Timor during a visit to Jakarta and moved to quadruple arms sales to Indonesia between 1974

Figure 4.2. East Timor UN Voting



Note: UN General Assembly Resolutions calling for Timor-Leste’s self-determination and the withdrawal of Indonesian troops (1975–1982).

Source: <https://etan.org/etun/UNvotes.htm>.

and 1977.<sup>11</sup> Although the administration of President Jimmy Carter drew attention to human rights violations in East Timor, the United States maintained its pro-Indonesian policy course until President Bill Clinton's administration.

Ensuring a stable relationship with Indonesia was central to Australia's regional engagement efforts. Australia feared having a potential "Cuba" on its doorstep and became one of the few countries that de jure recognized Indonesia's annexation of East Timor in 1976.<sup>12</sup> Australia's interest in oil reserves in the Timor Sea also contributed to its pro-Indonesian stance. In 1989, it signed an agreement on joint exploration and production with Indonesia. Until 1998, Australia repeatedly blocked motions on self-determination at the United Nations.

The Vatican, and by extension the Catholic Church, contributed considerably to the struggle for independence. The Church served as a refuge for those in need and kept meticulous records of human rights violations. In keeping the Dili Diocese separate from the Indonesian Catholic Church, the mostly East Timorese priests were less susceptible to interference from Jakarta. They served as conduits of information to the outside world, which greatly contributed to the efforts of the resistance's diplomatic wing.<sup>13</sup> This support also strengthened legitimacy of the Church inside occupied East Timor.

Indonesia's *Pancasila* philosophy required adherence to one of five monotheistic religions, and the Catholic community increased from 28 percent of the population in 1973 to over 90 percent in 2000.<sup>14</sup> The proliferation of Catholicism helped synthesize a distinct East Timorese identity, even among competing resistance factions. In 1983, the Church began holding mass in Tetum, which gradually came to resemble a lingua franca.

Pope John Paul II's much-publicized visit to Dili in 1989 invigorated previously splintered resistance cells. Clandestine networks that had infiltrated Indonesian education institutions sparked civil disobedience, which attracted international attention. The wave of protests that followed the pope's visit culminated in the Santa Cruz massacre in 1991, where ABRI opened fire at peaceful demonstrators, leaving up to 270 dead.<sup>15</sup> After these events were broadcast around the world, transnational activist networks in over 20 countries started pressuring their governments to support independence. They consisted of civil society organizations that had been active in promoting the Timorese cause

since the onset of the occupation. Frequently they were spearheaded by members of the diaspora, particularly in Portugal, Australia, and Indonesia, which hosted the largest communities of Timorese refugees.<sup>16</sup> The massacre helped mobilize the diaspora, amplifying the diplomatic wing's international hearts and minds campaign. The armed resistance gained international support for its 1992 Peace Plan outlining its commitment to democracy and human rights, and which included provisions for disarmament, the establishment of a Portuguese-led transitional administration, and democratic elections.

The Santa Cruz massacre coincided with major geopolitical shifts at the end of the Cold War. Indonesia lost its pivotal role in counteracting the spread of communism in Southeast Asia and, as Security Council members recalibrated long-held positions on East Timor, the balance shifted toward independence. Under increased pressure from activist networks, the changing U.S. stance was particularly consequential. After visiting East Timor in 1993, the U.S. ambassador to Indonesia reported grave human rights violations and called for increased autonomy. Later that year, the UN Commission on Human Rights adopted a landmark resolution that condemned human rights violations in East Timor. Both Australia and the United States supported the resolution. When José Ramos-Horta and Bishop Belo won the Nobel Peace Prize in 1996 for their work in East Timor, pressure on Indonesia increased further.

The Clinton administration began to condition military aid to Indonesia on its human rights performance in East Timor, while the Netherlands, Denmark, and Canada cut aid to Indonesia.<sup>17</sup> Jakarta eventually agreed to resume tripartite talks with Portugal. Although autonomy was not discussed, the negotiations brought different resistance factions and nonpolitical organizations to the table and contributed to the emergence of a national unity body, the Timorese National Resistance Council (CNRT).<sup>18</sup>

Economic pressure on Indonesia was also mounting. The Asian financial crisis of 1997 resulted in Indonesia's economy contracting by 14 points, bank closures, and a significant drop in living standards.<sup>19</sup> Amid widespread violence and allegations of corruption and nepotism, President Suharto of Indonesia stepped down May 20, 1998, and was replaced by B. J. Habibie.

East Timor was increasingly viewed as a considerable burden on the Indonesian economy, and the incoming Habibie administration also was



cognizant of a major shift in international opinion regarding East Timor. A few weeks after taking office, Habibie announced his support for a referendum on wide-ranging autonomy.

On May 5, 1999, Indonesia and Portugal agreed to hold a popular consultation in East Timor, which contained a provision that the rejection of autonomy would lead to independence. The agreement became the centerpiece of UN Security Council Resolution 1246, under which the United Nations Mission in East Timor (UNAMET) was deployed to the island to administer the referendum. Despite intimidation campaigns by ABRI-backed militias, on August 30, 1999, an overwhelming 78.5 percent of Timorese rejected special autonomy, opening the door for independence.<sup>20</sup> In response, pro-Jakarta militias went on a bloody rampage, using scorched-earth tactics as retribution for the vote, marking the beginning of yet another crisis.

### **THE REALITIES OF INDEPENDENCE**

Post-referendum violence plunged the emergent nation into a severe humanitarian crisis. Mobs of pro-autonomy militia freely roamed the country, killing over a thousand people, with UNAMET lacking both the mandate and the military capacity to quell the unrest. Over two-thirds of the population were driven from their homes. Many were evacuated to West Timor.<sup>21</sup> A critical shortfall of labor in the agricultural sector diminished food production. An exodus of Indonesian civilian personnel—over 8,000 senior civil servants, including 81 percent of all physicians and 80 percent of secondary school teachers, lawyers, and police officers—further accelerated the collapse of the civilian administration.<sup>22</sup>

In addition to the displacement crisis, the use of scorched-earth tactics resulted in catastrophic damage. Two-thirds of administrative buildings, including schools, clinics, and doctors' offices, were damaged or destroyed, and housing was decimated.<sup>23</sup> Timor-Leste was born one of the poorest countries on earth.<sup>24</sup> A remark from the inbound UN Transitional Administrator Sérgio Vieira de Mello encapsulated the monumental challenges ahead: "We are starting from scratch."<sup>25</sup>

To evaluate the post-independence success of Timor-Leste, immediate state-building interventions can be assessed through the prism of three dimensions of statehood—authority, capacity, and legitimacy.<sup>26</sup>

## *Authority*

On September 15, 1999, the UN Security Council unanimously passed Resolution 1264, which authorized deployment of the International Forces for East Timor (INTERFET) to restore peace and security, protect UNAMET, and facilitate humanitarian assistance. Two weeks later, 12,600 Australian-led troops descended on Dili and ABRI withdrew. Meanwhile, a negotiated and upheld cantonment of the armed resistance provided INTERFET with the authority to protect the population, rather than serve as a neutral peacekeeping force. INTERFET troops raided militia bases and confiscated weapons. Within three months, the security situation in Timor-Leste was normalized.

The UN Transitional Administration of East Timor (UNTAET) was granted a degree of authority unprecedented in the history of the United Nations, assuming full sovereign authority and preventing a power vacuum. The Transitional Administration set forward provisions that vested executive, legislative, and judiciary authorities in the transitional administrator. At its peak, the UNTAET security sector consisted of 8,000 troops, assisted by 1,500 civilian police (CIVPOL).<sup>27</sup> The sheer number of forces in proportion to the size of the population allowed them to quell violent uprisings and maintain stability.

Most security challenges that UNTAET, and subsequently Timor-Leste, faced stemmed from domestic actors and organized groups on the opposing side of Timor-Leste's western border. Although INTERFET was able to impose relative stability, Timor-Leste experienced a staggering increase in organized crime.<sup>28</sup> Thousands of militia members remained stationed near the border for several years, increasing tensions in refugee camps and border townships.<sup>29</sup> Furthermore, historic grievances, calls for peace dividends, and poor socioeconomic conditions led domestic groups to participate in violent demonstrations and commit acts of arson, intimidation, and murder. Because these groups had close alliances with members of the political elite, political disagreements had the potential to return the country to mayhem.

Returning refugees also proved a serious challenge to state-building efforts. Repatriation became a central political objective of the Transitional Administration, in part to ensure the legitimacy of upcoming elections. UNHCR and IOM provided humanitarian assistance and cooperated

with local leaders and the Church to facilitate reconciliation efforts once refugees returned to their communities.

UNTAET and subsequent UN missions encountered significant challenges in developing Timor-Leste's security capacities. In 2001, vocal demands from the Timorese elite led UNTAET to bring a new Timorese security force, the Timorese Defense Force (F-FDTL), into existence. The F-FDTL was tasked with the defense of territorial integrity and natural disaster management. Attempting to minimize political infighting, Xanana Gusmão was permitted to handle recruitment.<sup>30</sup> He filled the F-FDTL with his allies and competitively recruited officers, to the great displeasure of the FRETILIN elite, his nascent political rival. Due to a critical shortfall of employment opportunities, former guerrilla fighters who were not conscripted gravitated toward fringe groups that rejected UNTAET's authority.

Establishing a Timorese civilian police force received renewed international attention and resources. CIVPOL, however, struggled to implement its mandate. International officers lacked the linguistic skills and cultural knowledge to interact with the local population effectively.<sup>31</sup> CIVPOL quickly established a curriculum for basic police training and started to recruit potential officers to the East Timor Police Service (PNTL). Capacity shortfalls led to the disastrous decision to rely on some former members of the Indonesian National Police. The inclusion of Indonesian police in the PNTL significantly damaged its legitimacy. Indonesian police, after all, had been held responsible for many atrocities during the occupation.

Like the new military, the police force would fall victim to political rivalries. After the handover of the PNTL to the Timorese government in 2004, Minister of the Interior Rogerio Lobato quickly filled the force with his loyalists, in part to counteract Xanana Gusmão's influence in F-FDTL.<sup>32</sup> A confrontation between F-FDTL and PNTL officers in 2004 served as a precursor to the breakdown of the security sector in 2006.

UNTAET established constitutionally mandated judicial institutions. In practice, the judiciary relied heavily on foreign judicial staff well beyond the transitional period. Joint government, donor, and civil society programs gradually built local expertise, but the judiciary remains the weakest branch of government, in part because the Portuguese legal system was adopted, even though most Timorese were trained in Indonesian law.

Bodies created by the United Nations were not solely responsible for the new state's ability to maintain order. A much more influential, yet often neglected, component of state authority has existed underneath the formal nexus of the emergent security apparatus—customary law and governance. These codes were closely linked to complex local laws (*lisan*) that regulate social norms, morality, and rituals. Village elites use these practices to enforce peace and reconciliation by facilitating and mediating dialogue. For this reason, deficiencies in the police and judicial systems did not completely undermine efforts to establish state authority. Customary practices have allowed local leaders to maintain communal order and resolve crimes that went underreported in the formal system.<sup>33</sup> This system also explains the success of interventions that built on this hybrid political order. For example, the UN-established all-Timorese Commission for Reception, Truth, and Reconciliation (CAVR) was able to process 1,371 militia leaders and their followers by using *lisan* reconciliation processes, considerably improving village cohesion.<sup>34</sup>

### *Capacity*

The broad national consensus on the transition to independence, the success of UN peacekeepers in maintaining relative stability, and the quick institutionalization of a governing authority in the form of UNTAET created a favorable environment for building the new state's administrative and economic capacity.

International donors heavily financed the development of the state bureaucracy, introducing mechanisms that allowed for greater coordination and evaluation. Indeed, Timor-Leste received some of the highest levels of annual aid per capita among post-conflict states.<sup>35</sup> Twenty-five international donors and 25 representatives of different sections of Timorese society carried out comprehensive needs assessments early, which helped mobilize international funds from a diverse set of donor countries.<sup>36</sup> Donors' biannual conferences, monthly meetings, and joint missions allowed them to target efforts, maintain momentum in resolving the humanitarian crisis, track sectorial progress, and develop multiyear budgets. Unfortunately, at times, donors' programs undermined local ownership and became diluted once donors transitioned from humanitarian aid to sustainable development interventions.

The Transitional Administration gradually built the executive and legislative branches of government. UNTAET established a consultative body, allocating seats to CNRT and a few pro-autonomy factions. This body was granted increasing legislative and executive authorities until it transformed into proto-executive and proto-legislative structures that ultimately transferred to Timorese control. Rapidly approaching the end of its mandate, UNTAET set in motion provisions for democratic elections of a Constituent Assembly tasked with drafting a constitution, authorizing its transition into the first parliament of the independent Timor-Leste. FRETILIN decisively won the elections and controlled a solid majority in the Constituent Assembly. Upon recommendation of the Constituent Assembly, FRETILIN leader Mari Alkatiri became chief minister and subsequently prime minister of the first constitutional government. After Xanana Gusmão's overwhelming victory in UNTAET-facilitated presidential elections, the main poles of power were established, and May 20, 2002, marked the beginning of the Democratic Republic of Timor-Leste.

Both the Transitional Administration and international donors promoted programs and policies to ensure the emergence of a liberal democratic political system, a market economy, and a lean government. Parts of the executive continued to rely heavily on international advisers after the transitional period, while severe capacity shortfalls were partially mediated by returning members of the diaspora, who brought vital skills and resources to the country.<sup>37</sup>

Greater institutional performance was achieved when preexisting nongovernmental actors were incorporated into the nascent administrative complex, instead of creating entirely new structures. The rapid expansion in health coverage is in part explained by using this approach.<sup>38</sup> Early handover of middle and upper management positions to Timorese nationals and the gradual transition from organizational and regulatory simplicity to increased complexity also helped achieve these objectives. The introduction of international best practices and heavy investments in capacity-building at the crux of increased complexity further amplified institutional performance. This approach was particularly pronounced during the creation of the Central Bank.<sup>39</sup>

## ECONOMIC CAPACITY

Timor-Leste's economic sustainability largely depended on the careful management of its oil resources. The Timorese government recognized that offshore oil deposits would constitute a considerable share of government revenues and would thus require prudent management to avoid the resource curse.<sup>40</sup> The World Bank, International Monetary Fund, and other donors were heavily involved in drafting legislation for the Petroleum fund. Provisions were implemented to assist in public consultations and ensure unanimous political support in the parliament. Experts from the Norwegian oil fund played an important role in transmitting best practices, adding stricter accountability and transparency provisions.<sup>41</sup>

Timor-Leste has become one of the most oil-dependent countries in the world, with 97 percent of government revenues stemming from the petroleum sector, accounting for 76 percent of its GDP.<sup>42</sup> After donors scaled down activities following the transitional period, Timor-Leste's GDP contracted and only began to revive once oil revenues began to flow in 2005.<sup>43</sup> The return to violence in 2006 further contracted the economy, but significant increases in oil production and public expenditure allowed for solid economic performance, which has been maintained ever since.

Economic contraction contributed to an increase in poverty—from 41.5 percent immediately after independence to 43 percent two years later. Family planning policies reduced the staggering fertility rate of 8.3 in 2002 to 5.7 in 2014, but it still outpaces other countries in Southeast Asia and has adverse effects on service delivery and the economy.<sup>44</sup> The demographic bulge has resulted in heavy competition for essential public services, as well as high youth unemployment. Meanwhile, the small middle class, consisting of government contractors and civil servants, remains largely urbanized and contributes to regional inequality.

An array of factors has hampered private sector development and foreign direct investment (FDI). Private sector companies have been in direct competition with the expanding public sector for skilled personnel, with the government able to offer higher wages. Poor infrastructure, a lack of key legislation, and largely inefficient judiciary have undermined the business environment. These factors, along with the small market size, low productivity levels, and higher wages than in other parts of the region, have prevented a considerable inflow of FDI, leaving the economy

poorly diversified. Consequently, two-thirds of the population continue to be employed in the agricultural sector.

The ability to diversify the economy amid rapidly dwindling oil receipts in recent years and to boost the productivity of the agrarian sector will likely determine the long-term economic survival of Timor-Leste.

### *Legitimacy*

#### INTERNAL LEGITIMACY

The widespread use of violence throughout the occupation contributed to a shared sense of trauma. Increases in conversions to Catholicism and the uptake of Tetum strengthened a pancommunal identity. Timor-Leste's new government's legitimacy essentially grew out of the resistance architecture, which had nurtured social and political organization. The resistance network consisted of a hierarchical paramilitary guerrilla front and took other forms (including the FRETILIN party apparatus and clandestine networks), and so transcended the village (*suku*) level, which historically had served as the constituent dimension of governance. The inclusion of clandestine leaders (*nurep*) in the broader resistance network allowed the extension of authority across genealogical lines, as *nurep* frequently held customary leadership roles in their respective *sukus*. The confluence of these forms of social organization contributed to cohesion and introduced a semblance of vertical accountability between the general populace and the resistance leadership.<sup>45</sup> The creation of CNRT helped consolidate the different factions and clans, while also establishing a shared vision of Timorese statehood in the 1998 CNRT Magna Carta. The inclusion of CNRT into UNTAET's proto-government structures and the exodus of a number of pro-autonomy factions to West Timor further increased the legitimacy of the state-building efforts.<sup>46</sup>

The referendum gave the new state democratic legitimacy and instilled a strong democratic undercurrent in Timor-Leste that continues to hold a symbolic value. This is evident in the persistently high voter participation rates, which have averaged 78 percent since independence.<sup>47</sup>

The nascent political elite mostly consists of the 1975 generation of resistance leaders, who share long historic ties and established themselves during the short decolonization period. Xanana Gusmão, Mari Alkatiri,

and José Ramos-Horta are the most recognizable and have featured prominently in the political arena since 2002. Historic feuds, power struggles, and ideological differences among the elite continued to affect Timor-Leste's political stability.<sup>48</sup> Alkatiri and Horta are part of a sizable cadre of exiled political elites who returned to Timor-Leste after the referendum. Their membership in the Timorese diaspora has, at times, undermined their legitimacy in parts of the society and has sparked tensions with elite who remained in East Timor during the occupation.

Unsurprisingly, CNRT began to disintegrate during the transitional period, as diverging interests of pluralistic constituencies, pressures to deliver peace dividends, and competition for resources and authority began to mount. Regional and generational fault lines emerged that affected intra-elite relations and had broader repercussions for state-society relations. These divisions contributed to increased competition in the political arena. Many new parties formed alongside FRETILIN and UDT, and mostly operated within the established political environment, allowing rivalries to be settled in a regulated setting.<sup>49</sup> The sovereign authority of UNTAET during the transitional period allowed it to play an important role in enabling this environment.

Xanana Gusmão is arguably the charismatic leader of Timor-Leste, having held a number of top government posts, including prime minister and president. His background as a resistance leader and his capture by the Indonesian forces in 1992 transformed him into an archetypal martyr of the Timorese self-determination movement. He enjoys broad public support, and the military maintains a deep loyalty to him. He initially operated outside of party structures but morphed into a political kingmaker. His endorsement of candidates has significantly influenced election outcomes. His leadership style has, at times, been described as overbearing, even borderline authoritarian.<sup>50</sup> Paradoxically, he has been a vocal supporter of democratic principles and has demonstrated the ability to unify competing factions of the population.

Until an eventual rapprochement in 2013, FRETILIN's secretary general, Mari Alkatiri, was a bitter rival to Gusmão's dominance. His political standing largely originates from his leadership role in the historic resistance party, FRETILIN, rather than actual military credentials. He spent the occupation period in Angola and Mozambique, a fact aggressively exploited by Gusmão.<sup>51</sup> Nonetheless, Alkatiri was able to transition into power after FRETILIN detached from CNRT and won an outright majority



in the first parliamentary elections. He has benefited from well-established FRETILIN networks and has maintained power ever since.

Timor-Leste established a semi-presidential system with an elected president and parliament that increased the government's democratic legitimacy. This system contributed to the resolution of conflicts within institutional boundaries, as the constitution bestows the presidency with strong oversight functions over the prime minister, who runs the far more powerful executive. The president reserves the right to dismiss the parliament as well as the prime minister on political and institutional grounds. A nonpartisan president was elected in three subsequent presidential election cycles, which allowed the office to serve as a politically impartial check on the executive and as a moderator of political differences.<sup>52</sup>

Corruption increasingly is a problem and undermines the legitimacy of the state. The culture of gift-giving as an expression of gratitude is deeply entrenched in traditional norms. As many former resistance leaders without educational qualifications transitioned into leadership roles in the public administration, corrupt patronage networks, particularly in public procurement, have become increasingly common. Several high-profile corruption cases, such as the conviction of the minister of justice in 2012, show that political leaders are not immune to prosecution, but such cases usually have strong political undertones.<sup>53</sup>

Religious minorities, particularly the Protestant community, have reported denial of services by local authorities and intimidation at the communal level. These incidents are sporadic, and top religious leaders maintain cordial relations. The first prime minister, Mari Alkatiri, hails from the small Muslim community of Timor-Leste. Allegations of discrimination against western Timorese (*loromono*) led to the 2006 crisis, but these have more of a regional and historic identity rather than an ethnic minority, as *loromono* consist of several distinct ethnic groups.

#### EXTERNAL LEGITIMACY

The UN General Assembly's unanimous decision to recognize Timor-Leste bestowed external legitimacy and all the privileges of a sovereign state. Yet post-independence success has been heavily affected by the external environment.

As a small state wedged between two G-20 nations, Timor-Leste has had to deal with complex and, at times, constraining geopolitical realities.

While recognizing the legitimacy of Timorese independence, Indonesia and Australia have approached their new neighbor with caution. Both control strategically important levers that raise their bargaining power in achieving favorable policy objectives, as well as ensuring Timor-Leste's territorial integrity.<sup>54</sup> Australia, in particular, has demonstrated the capability and inclination to deploy troops to the island to prevent the emergence of an "arc of instability" in its immediate neighborhood. The deployment of Australian troops contributed to an undercurrent of distrust between Indonesia and Australia. Since the two countries share strategic interests and engage in various dialogue platforms, Timor-Leste lacks the leverage to play them against each other and risks being sidelined in important geopolitical decisions. Timorese policymakers have sought to overcome these constraints through careful diplomatic maneuvering, occasionally at the expense of national interests.

After the transitional period, Timor-Leste embarked on a conciliatory and pragmatic foreign policy course with Jakarta, carefully managing relations with its leaders. Indonesia demanded assurances that Timor-Leste would not seek international human rights trials for the atrocities committed during the occupation.<sup>55</sup> Instead, partial reconciliation was achieved through the bilateral Commission for Truth and Friendship (CTF) backed by presidents of both countries. Historic familial, business, and cultural linkages between the nations, especially between East and West Timorese, have further contributed to reconciliatory efforts and normalization of relations.<sup>56</sup>

Timor-Leste has sought to reduce its dependence on neighboring states by balancing with rising China. China has been actively engaged in Timor-Leste since independence, contributing forces to the UN police and providing increasing amounts of foreign assistance.<sup>57</sup> Growing Sino-American competition in the Asia-Pacific region also motivated China to foster closer military ties with Timor-Leste. Beijing's interest in hydrocarbon reserves and its burgeoning economic presence has provided Timorese leaders with some leverage in the heated maritime border negotiations with Australia and allowed it to garner support for its quest to join ASEAN, which serves as a counterweight to Chinese influence in the region.<sup>58</sup>

Timor-Leste has sought to solidify its independence, seek defense assurances and foreign assistance, and consolidate a distinct identity through its accession to regional and international organizations. It pro-

mulgated constitutional provisions mandating development of privileged ties with Portuguese-speaking states and joined the Community of Portuguese Language Countries (CPLP). These moves have underlined its cultural disparity from its neighbors and allowed it to forge links with the European Union and other regional powers, such as Brazil.<sup>59</sup> The accession to ASEAN has been one of Timor-Leste's long-standing policy objectives, largely motivated by its founding principles of noninterference in internal affairs. Timor-Leste has not achieved this objective. Despite Indonesian and Australian backing, members remain concerned about the fragile state of Timor-Leste institutions, which could prevent the formation of a single market.<sup>60</sup> Timorese leadership roles in other intergovernmental groups, such as the G-7+, and participation in the Melanesian Spearhead group and Pacific Islands Forum, have helped in diversifying its regional reach and international profile.

#### **RESOLUTION OF THE 2006 CRISIS**

The 2006 crisis occurred because of a convergence of historic<sup>61</sup> and economic factors:<sup>62</sup> the failure to build resilient and legitimate security sector institutions,<sup>63</sup> a lack of reconciliation, and the politically motivated manipulation of communal rivalries. UN peacekeepers neglected to develop civilian oversight bodies, instead focusing on developing security sector forces and quelling threats that undermined the stability of the state.<sup>64</sup> After peacekeepers withdrew, Timor-Leste inherited a military cadre largely consisting of former guerrilla fighters, disproportionately from eastern districts, and a police force with occupation-era Indonesian police officers and politically appointed western recruits. Confrontations between the poorly demarcated security sector institutions ensued, culminating in a nationwide crisis in 2006.

The crisis began when military officers sent a petition to political leaders alleging poor conditions in F-FDTL and discrimination against western Timorese (*loromono*). Following unsuccessful reconciliation efforts with the government and military leaders, 591 soldiers (42 percent of F-FDTL) were dismissed. The petitioners staged a demonstration, emboldened by a fiery speech from President Xanana Gusmão, who denounced the dismissal. It transformed into a full-scale anti-government protest that grew violent and spread across the capital and nearby districts. Without consulting the president, the Alkatiri government deployed military

forces consisting of remaining eastern Timorese (*lorosae*) soldiers to assist the police, killing protesters in the process. A spiral of revenge attacks ensued, and command lines gradually disintegrated. The military and police began to suffer widespread defections. Factions mobilized based on regional and political identities that used their respective forces' arms. The crisis culminated with F-FDTL assaulting the PNTL headquarters and gunning down nine police officers. These attacks led to the displacement of about 150,000 civilians.<sup>65</sup>

Losing control over the security forces, the Alkatiri government requested military assistance from Australia, Malaysia, Portugal, and New Zealand. International forces arrived in Dili within 48 hours, followed later by the return of UN police, who assumed command over PNTL. The peacekeepers had a deterring effect on the conflicting parties, contributing to an immediate reduction in violence. Even with this intervention, certain groups remained at large, scattered around mountainous regions of the country, and posed major security threats for the next two years.<sup>66</sup>

The crisis institutionalized regionally distinct political allegiances and ushered in an era of coalition governments. After significant pressure from President Gusmão, Alkatiri resigned. Subsequent elections led to a rearrangement of the political elite. FRETILIN suffered a humiliating defeat during the heavily monitored parliamentary elections, failing to secure a majority. Other parties proved unwilling to cooperate with the former power, leading to a prolonged stalemate, broken only when the newly elected president, Horta, appointed Gusmão to form a majority government (AMP). This action prompted violence and claims of constitutional violations, but international recognition and support from the Catholic Church helped legitimize the new government.

The AMP government used a whole-of-government approach to resolve the crisis. Donor agencies also adhered to the National Recovery Plan. The immediate response to the crisis was the consolidation of police and military command under the command of Xanana Gusmão, and the disarming of PNTL officers, who were subject to review before being allowed to return to the force. Government expenditures nearly quadrupled in the five years following the crisis, stemming from increased oil proceeds, leading to sustained double-digit GDP growth rates, and increased access to basic services.

The government introduced a number of social protection mechanisms that targeted irritants to stability—petitioners received grants to demobilize and disarm (\$8,500 each), IDPs received generous return subsidies (\$4,000), veterans began receiving generous pensions, and safety nets were expanded to vulnerable members of the public.<sup>67</sup> These policies distributed peace dividends to core pressure groups, buying time for broader reforms. They were also considerable factors contributing to the resolution of the IDP crisis within just two years. Mirroring the CAVR 1999 reconciliation efforts, the government oversaw locally led traditional conflict resolution sessions. These utilized traditional and religious leaders to assist in the resettling of IDPs and petitioners into their communities while addressing broader grievances against the state.

The resolution of the 2006 crisis saw a more assertive political leadership that relied on institutionalized mechanisms to detach them from donors' agendas and to introduce local solutions. These measures allowed Timor-Leste to transition into an era of sustainable development.

## **CONCLUSION**

As the sole Portuguese colony in the archipelago, East Timor stood out among other regions of Indonesia. The Indonesian occupation was tolerated by global powers, particularly in the West, due to Indonesia's strategic importance during the Cold War and broader economic interests. FRETILIN's unilateral declaration of independence in 1975 was not recognized by the international community, leaving a politically weakened Portugal as the *de jure* administrator, constitutionally bound to decolonization. After the fall of the Berlin wall, Indonesia lost its strategic leverage over the West. Human rights violations in East Timor were difficult to ignore after the widely televised events of 1991, the awarding of the Nobel Peace Prize to José Ramos-Horta and Bishop Belo, sustained advocacy, and diplomatic efforts by the resistance, Portugal, and a growing number of other states. With Suharto's resignation, economic instability, and shifting international sentiments, Indonesia succumbed to international pressure to hold a UN-supervised referendum on independence, falsely believing it would fail. Voters' overwhelming preference for independence was internationally recognized. Pressure from nearly 50 nations and multilateral organizations forced Jakarta to respect the referendum's

outcome along with the subsequent deployment of Australian-led peace-keeping troops to quell postelection violence.

The success of the Timorese struggle for self-determination also rested on a few leaders' ability to craft an identity and an organizational framework that could transcend an ethnically and politically fractured society. It built on symbols of resistance, Tetum and Catholicism, and resistance factions' strong political identities, which were linked to customary hierarchies, all underpinned by a shared experience of persecution. This identity filtered through the different wings of the resistance movement, coalescing military, clandestine, and diplomatic efforts aided by a transnational network of activist groups all bearing testament to the incredible resilience of the Timorese people. Furthermore, depoliticization of the resistance, endemic corruption, and protracted violence within the occupying administration tilted allegiances of actors who could have benefited from integration with Indonesia. The national unity body, CNRT, incorporated most pro-independence factions and enjoyed legitimacy among the population as it transitioned into new government institutions.

The UN Transitional Administration established core branches of government and supervised the election of the Constituent Assembly, which drafted a constitution establishing a semi-presidential system. In the long term, this system facilitated the settlement of competing parties' disputes. International donors contributed significant funds to develop institutions, forge policies, and build the capacity of local staff across all sectors. This aid was measured against predetermined benchmarks, which helped ensure coordination while maintaining *de facto* control over certain functions that lacked local capacity to ensure proper functioning in post-independence times. Interventions that linked traditional practices with the formal institutional framework were more successful in achieving their objectives, as were institutions that experienced the earlier handover of middle and upper management authority to Timorese staff. Challengers to authority were initially deterred by an overwhelming presence of international troops. The premature withdrawal of these forces before civilian oversight structures were in place led to renewed conflict.

The establishment of a sovereign wealth fund provided the government with sufficient domestic resources to solve the 2006 crisis with homegrown approaches. Civil strife opened deep fractures that had ex-

isted within the society before. A more comprehensive reconciliation process between security forces, the state, and society in general was needed. Timor-Leste redistributed oil wealth to the population through a variety of means. However, this may prove to be only a short-term solution since oil funds will soon be depleted. Underlying problems of poverty and inequality—the primary culprits in the crisis—remain unresolved and nonoil revenues continue to ebb. On the positive side, Timor-Leste has avoided a repetition of large-scale violence since 2006, and presidents and parliaments have transitioned in and out of office. This progress has ushered in an era of stability and development, allowing a national focus on the building of a just and sovereign nation for which the resistance had fought so hard.

#### NOTES

1. Derived by comparing the Economist Intelligence Unit's Democracy Index among Southeast Asian nations in 2016, <https://infographics.economist.com/2017/Democracy-Index/>.

2. World War II also illustrated diverging *liurai* political preferences and the absence of a cohesive national identity, as some *liurai* sided with the Japanese, while others sided with Allied forces. Comissão de Acolhimento, Verdade e Reconciliação de Timor Leste (CAVR), *Chega! The Final Report of the Timor-Leste Commission for Reception, Truth, and Reconciliation* (Dili: CAVR, 2013), 149–150.

3. Primary and secondary school enrollment increased from 3,249 in 1950 to 57,500 in 1970. That was still a low figure considering the population of about 650,000. CAVR, *Chega!*, 151–152.

4. The conservative Timorese Democratic Union (UDT) favored a federation with Portugal, the Popular Democratic Association (APODETI) called for integration with Indonesia, while the left-wing Timorese Social Democratic Association (ASDT) favored independence. Other minor parties favoring associations with Australia or the creation of customary kingdoms also emerged. CAVR, *Chega!*, 155–156.

5. See Parliament of Australia, "East Timor: Final Report of the Senate Foreign Affairs, Defence, and Trade References Committee" (December 2000), Chapter 7.

6. Irena Cristalis, *East Timor: A Nation's Bitter Dawn* (London: Zed Books, 2009), 110–126.

7. Cristalis, *East Timor*.

8. The Commission for Reception, Truth and Reconciliation in East Timor (CAVR) found that the armed resistance movement was also complicit in human rights violations. According to some estimates, about 25 percent of illegal killings and 10 percent of all violations were committed by FRETILIN troops during the early years of occupation. CAVR, *Chega!*, 1126.

9. These included UN Security Council resolution 384 (1975) and 389 (1976).

10. A splinter cell of the FRETILIN Central Committee left East Timor three days before the invasion. It was led by José Ramos-Horta, Mari Alkatiri, and other leaders, who worked through diplomatic channels to lobby for self-determination for the duration of the occupation. José Ramos-Horta was accepted by the UN as the spokesman for the East Timorese people in 1975. CAVR, *Chega!*, 203–213.

11. From 1975 to 1995, U.S. arms transfers to Indonesia totaled at an estimated \$1.118 billion. William D. Hartung, "U.S. Arms Transfers to Indonesia 1975–1997: Who's Influencing Whom?" World Policy Institute, March 1997, 17.

12. Peter Chalk, *Australian Foreign and Defense Policy in the Wake of the 1999/2000 East Timor Intervention* (Santa Monica, CA: RAND, 2001), 29–46.

13. CAVR, *Chega!*, 246–248.

14. Curt Gabrielson, "The Church in East Timor," Institute of Current World Affairs, August 1, 2001, 2–5.

15. East Timor Action Network (ETAN), "Santa Cruz Massacre," fact sheet, November 2016.

16. Indonesia hosted the majority of roughly a quarter of a million Timorese refugees who had fled occupation, while at its peak only 20,000 settled in Australia and 10,000 in Portugal. CAVR, *Chega!*, 703–706.

17. ETAN, "Santa Cruz Massacre."

18. Attempts to depoliticize the resistance movement and create a national unity body began in 1980s, when Gusmão moved to abandon Marxism and withdraw the military wing of the resistance from the FRETILIN party apparatus. He eventually resigned from FRETILIN himself, to the great displeasure of the remaining party elite. International Crisis Group, *Resolving Timor-Leste's Crisis*, Asia Report No. 120 (Brussels: International Crisis Group, October 2006), 2–6. CNRT included UDT, FRETILIN, the Catholic Church, and CNRM, as well as other smaller factions. The latter emerged after Xanana Gusmão separated the armed forces from the FRETILIN party in late 1980s. CAVR, *Chega!*, 698–702.

19. Steven Radelet, "Indonesia: Long Road to Recovery," Harvard Institute for International Development, 1999, 1–6.

20. CAVR, *Chega!*, 286–299.

21. UN High Commissioner for Refugees (UNHCR), *Evaluation of UNHCR's Repatriation and Reintegration Programme in East Timor, 1999–2003* (Geneva: UNHCR, 2004), 1–10. There are diverging accounts of the extent of the displacement crisis, as other sources claim that nearly 90 percent of the population was displaced. James Dobbins et al., *The UN's Role in Nation-Building: From the Congo to Iraq* (Santa Monica, CA: RAND, 2005), 153.

22. Dobbins et al., *The UN's Role in Nation-Building*, 153–158.

23. Over half of all power stations (13 out of 23) were in urgent need of repairs, hampering power supply. Transmission towers had suffered extensive damage affecting the telecommunications network. Furthermore, the already scarce access to water supply systems was further damaged, exposing the remaining population to the risk of illness. World Bank, *East Timor: Building a Nation: Joint Assessment Mission* (Washington, DC: World Bank, November 1999), 1–13.

24. Timor-Leste's Human Development Index (HDI) score was 0.396 in the immediate aftermath of the violence—the lowest score in Asia. The average Timorese life expectancy was 57, while per capita income was an estimated \$337 in 1999, the lowest among 162 countries surveyed. UN Development Programme, *Ukun Rasik A'an: The Way Ahead*, East Timor Human Development Report (New York: UNDP, 2002), 1–3.

25. This statement eventually characterized the brief UNTAET rule over East Timor, as the incoming donor community often lacked local knowledge and moved to import international best practices and institutions that only partially coalesced with local governance structures, resulting in institutional and legislative hybridity. Lee Jones, "(Post-)Colonial Statebuilding and State Failure in East Timor: Bringing Social Conflict Back In," *Conflict, Security & Development* 10, no. 4 (2010): 547–575.

26. The official name of the country under the constitution is the Democratic Republic of Timor-Leste. The term Timor-Leste will be used henceforth when referring to the state post-referendum.



27. Dobbins et al., *The UN's Role in Nation-Building*, 179–180.
28. UN Security Council, “Report of the Secretary-General on the United Nations Transitional Administration,” United Nations, April 17, 2000, 4–7.
29. Michael Brown et al., “Conflict Assessment: East Timor,” U.S. Agency for International Development, 2004, 5–17.
30. Jones, “(Post-)Colonial Statebuilding and State Failure in East Timor,” 547–575.
31. Eva Svoboda and Eleanor Davey, *The Search for Common Ground: Police, Protection, and Coordination in Timor-Leste* (London: Overseas Development Institute, December 2013), 13–17.
32. International Crisis Group, *Resolving Timor-Leste's Crisis*, 2–6.
33. Todd Wassel, *Institutionalising Community Policing in Timor-Leste* (San Francisco: Asia Foundation/Overseas Development Institute, March 2014), 9–12.
34. John Braithwaite, “Evaluating the Timor-Leste Peace Operation,” *Journal of International Peacekeeping* 16, no. 3–4 (2012): 291–300.
35. Only Bosnia and Herzegovina and the West Bank and Gaza have recorded higher per capita aid disbursements (\$247 and \$213, respectively). Note that the United Nations assesses the total contribution budget at roughly \$1.28 billion between 1999 and 2002, which also includes the costs of peacekeeping troops and civilian staff. This would increase the per capita figure to \$533, more than twice that of the highest recorded expenditure in Bosnia and Herzegovina. Klaus Rohland and Sarah Cliffe, *The East Timor Reconstruction Program: Successes, Problems and Tradeoffs*, Working Paper No. 2 (Washington, DC: World Bank, November 2002), 6–9.
36. Rohland and Cliffe, *The East Timor Reconstruction Program*, 3–5. Arguably, as did political pressure from transnational activist groups. Andrew Rosser and Sharna Bremmer, “The World Bank’s Health Projects in Timor-Leste: The Political Economy of Effective Aid,” in *Development Assistance for Peacebuilding*, ed. Rachel M. Gisselquist (Abingdon, UK: Routledge, 2017), 442.
37. Kimberly Hamilton, “East Timor: Old Migration Challenges in the World’s Newest Country,” Migration Policy Institute, May 1, 2004.
38. The health sector saw a rapid expansion in coverage, from near destruction in 1999 to 87 percent in 2004. The Interim Health Authority signed memoranda of understanding with over 100 local nonstate health providers and began directly financing them. Nonstate actors also played a crucial role in hosting international health professionals, largely provided by Cuba, while locally recruited medical staff received training abroad. International medics had a crucial role in recruiting grassroots counterparts and building their capacities. These actors were gradually incorporated into the nascent Ministry of Health. Catherine Anderson, “Timor Leste Case Study: Ministry of Health,” in *Institutions Taking Root: Building State Capacity in Challenging Contexts*, ed. Naazneen Barma, Elisabeth Huybens, and Lorena Vinuela (Washington, DC: World Bank, 2014), 303–343.
39. The Central Bank went through three iterations of institutional development. An organizational framework with core intended functions emerged early, allowing easy addition of specialized departments once the mandate became more complex. While international advisers initially held all managerial responsibilities, the Banking and Payments Authority that became the Central Bank was among the first institutions to have an all-Timorese leadership. The World Bank and IMF invested heavily in capacity building and linked the institution with regional counterparts, while promulgating regulations that ensured the leadership cycle would remain separate from the political cycle—thus increasing its autonomy. Lorena Vinuela, “Timor-Leste Case Study: The Central Bank of Timor-Leste,” in *Institutions Taking Root*, ed. Barma, Huybens, and Vinuela, 347–371. Similar approaches were used in the creation of the Ministry of Social Solidarity and Ministry of Health.

40. East Timor Planning Commission, *East Timor National Development Plan* (Dili: East Timor Planning Commission, 2002), 89–90.

41. The Central Bank, rather than the executive, is charged with operational management of the fund that absorbs all receipts from oil exports. These are invested in capital markets. There is a ceiling on withdrawals, called the Estimated Sustainable Income (ESI) that demands that only the interest component on the sum of assets can be withdrawn each year, and any excesses require parliamentary approval, which increases transparency. La'o Hamutuk, "Timor-Leste's Petroleum Fund," *La'o Hamutuk Bulletin* 8, no. 1 (March 2007).

42. Extractive Industries Transparency Initiative (EITI), "Timor-Leste," 2014.

43. World Bank, "World Development Indicators: Timor-Leste—GDP Growth (Annual Percent)."

44. Mats Lundahl and Fredrik Sjöholm, *Economic Development in Timor-Leste 2000–2005* (Stockholm: SIDA, June 2006), 16–17; World Bank, "World Development Indicators: Timor-Leste—Fertility Rate (Births per Woman)."

45. The nascent political elite originated from the resistance hierarchy (e.g., Xanana Gusmão, Taur Matan Ruak, and other members of the armed and clandestine resistance), in which leaders of local sacred houses were also incorporated. Thus, families belonging to the sacred houses were indirectly linked to the political elite through the head of their own sacred house.

46. The remaining pro-autonomy groups faced serious difficulties reintegrating into their respective villages. They were targeted and, in certain cases, executed by martial arts groups or their respective communities. Since they do not represent a specific minority group per se and the justice system was slow to prosecute these atrocities, it contributed to increased tensions, suspicions, and violence among the general population. UNTAET established the seats for these groups in consultative bodies.

47. International Foundation for Electoral Systems (IFES), "Election Guide: Democracy Assistance & Election News," <http://www.electionguide.org/countries/id/63/>.

48. A popular belief in Timor-Leste is that the country is only stable when there is understanding between Gusmão, Alkatiri, and Horta.

49. Rui Graca Feijo, "Semi-Presidentialism and the Consolidation of Democracy," in *The Politics of Timor-Leste*, ed. Michael Leach and Damien Kingsbury (Ithaca, NY: Cornell University Press, 2012), 45–68. There are distinct parties and pressure groups such as CPD-RDTL, Sagrada Familia, Conselho Revolucionário Maubere, and others that have largely operated outside of this setting and have organized several violent protests against the government. James Scambray, "Informal Security Groups and Social Movements," in *The Politics of Timor-Leste*, ed. Leach and Kingsbury, 197–214.

50. Dennis Shoesmith, "Political Parties," in *The Politics of Timor-Leste*, ed. Leach and Kingsbury, 121–144; Angie Baxley and Maj Nygaard-Christensen, "The Lost Leadership of Timor Leste," *New Mandela*, November 7, 2014.

51. Institute for Policy Analysis of Conflict, "Timor-Leste After Xanana Gusmao," July 16, 2014, 9–12.

52. These effects were more pronounced after the coalition governments began to form (after the 2006 crisis). During the first election cycle, differences between the president and the prime minister had a destabilizing effect.

53. Francesco Bosso, "Timor-Leste: Overview of Corruption and Anti-Corruption," Transparency International, February 20, 2015, 2–4.

54. Australia is Timor-Leste's leading donor, providing a total of \$1.5 billion in development assistance from 1999 to 2013. These funds played a critical role in the early years of independence, due to a lack of internal revenue streams. Office of Development Effectiveness, *Evaluation of Australian Aid to Timor-Leste* (Canberra: Department of Foreign Affairs and Trade, 2014), 1–6. Once oil production began, oil revenues replaced foreign aid as the

prime source of government revenues. Thus, the economic sustainability of Timor-Leste has hinged on reaching an agreement with Australia on maritime boundaries in the Timor Sea, which holds the hydrocarbon deposits. Indonesia, meanwhile, controls access to the Timorese enclave of Oecussi, and is a major importer of fuel and other vital goods, while the Indonesian military maintains close relations with former militia members that could undercut the internal stability of Timor-Leste. David Willis, "Timor-Leste's Complex Geopolitics," in *Timor-Leste: The Local, the Regional, and the Global*, vol. 1, ed. Sarah Smith et al. (Dili: Timor Leste Studies Association, 2015), 237–243.

55. While this decision sparked domestic and international criticism, Timorese leaders have noted that the pursuit of these trials also posed the risk of antagonizing Indonesian military leaders who still held political authority, as the incoming Reformasi government was still in the process of consolidating power.

56. Since 2002, the two have actively engaged on a diplomatic level with respective embassies operating in both capitals, exchanged military information, and cooperated economically, including in the banking sector. The Indonesian state-owned Mandiri bank has a network of branches in Dili and they continue student exchanges. In 2014, the prime minister of Timor-Leste, Xanana Gusmão, received the Bintang Adipura, Indonesia's highest medal of honor. Gordon Peake, Lia Kent, Andrey Damaledo, and Pyone Myat Thu, "Influences and Echoes of Indonesia in Timor-Leste," *In Brief* 2014/60, Australian National University, 2014.

57. China contributed 55 policemen to CIVPOL—its first contribution of law enforcement officers to a foreign mission. While Chinese aid flows to Timor-Leste gradually increased, these have been vastly overshadowed by foreign aid flows from Australia, Japan, the United States, and Portugal, which remain the largest donors to Timor-Leste. Loro Horta, "Timor-Leste. The Dragon's Newest Friend," Discussion Paper No. 4, Research Institute on Contemporary Southeast Asia, Bangkok, May 2009, 2–9.

58. Selver B. Sahin, "Timor-Leste's Foreign Policy: Securing State Identity in the Post-Independence Period," *Journal of Current Southeast Asian Affairs* 33, no. 2 (2014), 4–21.

59. Selver B. Sahin, "Timor-Leste: A More Confident or Overconfident Foreign Policy Actor?" *Southeast Asian Affairs* 39 (2012): 341–358.

60. Willis, "Timor-Leste's Complex Geopolitics," 237–243.

61. Past feuds between political leaders (e.g., the detachment of FALANTIL forces from FRETILIN in the 1980s), as well as the heterogeneous intensity of armed resistance and the fallout of Indonesian transmigrants and militia in the western districts that contributed to the perception among *lorosae* that *loromono* were Indonesian collaborators or did not sufficiently contribute to the struggle for independence, contributed to the crisis.

62. Stagnating growth in the non-oil sector, high youth unemployment, and increasing rates of poverty in the first years after independence fueled economic grievances. UN Security Council, "Report of the Secretary-General on Timor-Leste Pursuant to Security Council Resolution 1690," United Nations, August 8, 2006, 7–9.

63. There were large gaps in security sector policies and the legislative framework (e.g., lack of procedures for addressing grievances, distribution of arms to the reserve, etc.), and civilian oversight was minimal. Meanwhile, distinct groupings based on identities emerged in the police (ex-Indonesian police, ex-resistance, ex-Indonesian students) that coalesced around senior commanders. In practice, police had several parallel command structures, where the minister bypassed commanders, resulting in increased factionalism, further reinforced by disparities in police training offered by CIVPOL advisers from different nations. Both security arms also had weak coordination mechanisms. Braithwaite, "Evaluating the Timor-Leste Peace Operation"; UN Security Council, "Report of the Secretary-General on Timor-Leste Pursuant to Security Council Resolution 1690," 7–9; UN Independent Special Commission of Inquiry for Timor-Leste (UNISCITL), *Report of the United*

*Nations Independent Special Commission of Inquiry for Timor-Leste* (Dili: UNISCITL, 2006), 22–101.

64. Sarah Dewhurst and Lindsey Greising, *The Gradual Emergence of Second Generation Security Sector Reform in Timor-Leste* (Kitchener, ON: Centre for Security Governance, January 2017), 13–15.

65. UNISCITL, *Report of the United Nations Independent Special Commission of Inquiry for Timor-Leste*, 22–101.

66. The most notable of these groups was under the command of the former military police commander, Major Reinado, who became a vocal advocate of the *loromono* cause. After two years of repeated attacks on Timorese security forces and unsuccessful negotiations, the group led an assassination attempt on the president and prime minister in 2008, critically wounding José Ramos-Horta.

67. Timor-Leste maintains one of the highest social protection expenditures among developing countries (9 percent), while about 60 percent of these funds are awarded to veterans. World Bank, *Timor-Leste Social Assistance Public Expenditure and Program Performance Report* (Washington, DC: World Bank, June 2013), 1–5.