THE CRISIS IN TIMOR-LESTE:

CAUSES, CONSEQUENCES AND OPTIONS FOR CONFLICT MANAGEMENT AND MITIGATION

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A REPORT FOR USAID TIMOR-LESTE

BASED ON A JOINT USAID-AUSAID
CONFLICT VULNERABILITY ASSESSMENT

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GLOSSARY OF TERMS

ASDT	Timorese Social Democrat Association
ASEAN	Association of South East Asian Nations
AusAID	Australian Agency for International Development
CAVR	Comissão de Acolhimento, Verdade e Reconciliação (Commission for Reception, Truth and Reconciliation)
Chefe de Suco	Chief of Village
CMM	Office of Conflict Management and Mitigation
CPD-RDTL	Conselho Popular pela Defesa de República Democrática de Timor-Leste (Popular Council for the Defense of the Democratic Republic of Timor-Leste)
CSO	Civil Society Organization
CVA	Conflict Vulnerability Assessment
DCHA	Bureau for Democracy, Conflict and Humanitarian Assistance
DG	Democracy and Governance
FALINTIL	Forças Armadas de Libertação Nácional de Timor-Leste (National Liberation Forces of Timor-Leste)
F-FDTL	FALINTIL-Forças de Defesa de Timor-Leste (FALINTIL-Timor-Leste Defense Force)
FOKUPERS	The East Timor Women's Communication Forum
FRETILIN	Frente Revolucionária do Timor-Leste Independente (Revolutionary Front of Independent Timor-Leste)
GoTL	Government of Timor-Leste
IDPs	Internally Displaced Persons
Lafaek	*Crocodile*, "Lafaek" is a children's magazine produced by CARE
Loromonu	*West*, typically used to refer to people from western part of Timor-Leste
Lorosae	*East*, typically used to refer to people from the eastern part of Timor-Leste
National Dialogue	Initiatives under the Office of the President to facilitate national dialogue among key political leaders and social groups
NGO	Non-governmental Organization
OIG	Office of the Inspector General
PM	Prime Minister
PNTL	Polícia Nacional de Timor-Leste (National Police of Timor-Leste)
Provedor	Ombudsman (Timor-Leste has an office of the Provedor for Human Rights and Justice, which is includes human rights, anti-corruption and good governance)
PSD	Social Democratic Party
RENETIL	Resistência Nacional dos Estudantes de Timor-Leste (The National resistance of Timorese Students)
RDTL	República Democrática de Timor-Leste
RTTL	Radio Television Timor-Leste
Simu Malu	*Mutual acceptance*, also the name of a community reconciliation program organized by the Ministry of Labour and Community Reinsertion and the Ministry of State Administration

Suco Council	Village Council
Uma Lulik	Sacred House
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNMISET	United Nations Mission of Support in East Timor
UNMIT	United Nations Integrated Mission in Timor-Leste
UNOTIL	United Nations Office in Timor-Leste
UNTAET	United Nations Transitional Administration in East Timor
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

The violence that erupted in Timor-Leste in late April 2006 has thrown the country into an ongoing crisis that has shaken the foundations of the new nation-state. While the loss of life and physical damage in recent months has been less than the murderous destruction inflicted by pro-Indonesia militia in 1999, the current internecine violence and upheaval have been profoundly disturbing to Timorese and foreign observers alike. The crisis has revealed a number of fundamental weaknesses in the Timorese nation-state. The most disturbing of these issues include: a) deep divisions among the nation's senior political leaders, b) critical institutional weaknesses – and rivalries – as manifested in the police and military, c) a propensity for violence among some elements of the population, particularly young, unemployed males and d) mobilization and amplification of regional differences.

CAUSES OF THE CURRENT CRISIS

The immediate trigger of the crisis was the dismissal in March 2006 of 594 soldiers from the FALINTIL-Forças de Defesa de Timor-Leste (F-FDTL), a group known as the "petitioners". This group constituted approximately 40 percent of the F-FDTL. Most of the petitioners were from the west of the country and had gone on strike in January claiming discrimination and mismanagement by senior officers, who were primarily from the east. This was the spark that ignited the fire of the crisis in Timor-Leste.

In retrospect, however, it is clear that a number of key motives, means and opportunities for violence were coming together over the past few years to underpin the crisis that ultimately erupted in April/May 2006. The most salient underlying dynamics included:

- Disagreements and rivalries among Timor-Leste's political leaders;
- Weak and politicized governance (especially in the security sector);
- Severe inadequacies in the justice system;
- Widespread absence of reliable information and severely limited formal channels for communication; and
- A disaffected, disillusioned and largely disempowered population.[1]

A number of more proximate causes were also aligning over the past year. Among the most important of these was the exploitation by self-interested actors of confused and competitive mandates within key institutions, namely the Ministry of Interior, Ministry of Defense, F-FDTL and Polícia Nacional de Timor-Leste (PNTL). As a result, factionalization and politicization within F-FDTL and PNTL were able to take root, effectively undermining the stability of the security forces. A second proximate cause was the intensification of partisan – and not necessarily democratic – political maneuvering in anticipation of the 2007 elections. Further, politics became increasingly personalized and significant divisions deepened between the President (and his supporters) and the FRETILIN leadership regarding the vision of national and democratic development in Timor-Leste. Against this backdrop, the events of April/May 2006 spiraled out of control and law and order collapsed in Dili. Although the security

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[1] While many of the underlying causes of discontent are tied to rural poverty, to date the violence has been predominantly an urban phenomenon.

situation in other parts of the country did not deteriorate to the same extent, the ripple effects of the events in Dili were felt throughout the country.

When analyzing the current crisis, Timor-Leste's restive youth are also an important factor to consider.[2] Despite the depth of disillusionment and alienation, youth grievances were in fact not a primary *cause* of the current crisis. Rather, disaffected young people, especially Dili-based young males, have played two somewhat different roles in the current crisis. First, many youth engaged in the violence have very likely been utilized by political agitators and conflict entrepreneurs as a means for attacking their enemies, exacting revenge and/or intimidating people. Second, it also seems likely that the lawlessness that has prevailed in Dili has given opportunistic and disaffected youths the chance to loot and exact revenge in response to purely personal or group considerations. Nevertheless, despite the ubiquity of problems confronting youths, it is notable that the majority of young people have avoided becoming embroiled in the violence.

POTENTIAL CAUSES OF FUTURE VIOLENT CONFLICT

As the crisis continues, it is imperative to begin to address the underlying causes of conflict as well as to anticipate and respond to the events that could trigger new rounds of violence. It is also important to understand that the motives, means and opportunities for violence may be changing over time. Looking toward the future, there are seven major potential drivers of conflict, including:

1. Unresolved divisions and rivalries among senior political leaders, which in turn intensifies competition and distrust among State institutions, political parties and social groups, thereby undercutting the formation of functioning institutions. In the short-term, the national elections, scheduled for May 2007, are likely to further fuel political competition and mobilization.

2. Many of the basic elements of a functioning and representative state are still in the early stages of development; they frequently fail to function properly and are vulnerable to partisanship.

3. Severe inadequacies in law enforcement and the judicial system inflame grievances and feed a culture of impunity, lawlessness and retribution.

4. The widespread absence of reliable information and severely limited formal channels for communication fuel misinformation, sensationalism, disempowerment, and insecurity.

5. A large and rapidly growing portion of the population—particularly young Timorese – are disaffected, disillusioned, disempowered, and therefore vulnerable to manipulation.

6. The inadequacy of mechanisms to resolve disputes over land and property rights causes land tenure insecurity and can encourage resort to violence.

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[2] Timor-Leste's population is growing at about 3.2% per year and its current fertility rate of 7.8 is thought to be the highest in the world. At these rates, Timor-Leste's population will double in 18 years.

7. Easterners and westerners continue to mistrust and fear each other and are increasingly segregated in Dili.

Individually, each of the identified drivers of conflict represents a significant risk to peace and stability in Timor-Leste. However, it is the inter-linkages between these underlying conditions, and the possibility that they will align with triggering events, that poses the most urgent cause for concern. To foster stability, all seven of the conflict drivers must be addressed. Given the magnitude of that task, significant donor coordination will be required.[3]

(A list of potential conflict triggers can be found on page 22.)

CAPACITIES FOR CONFLICT MITIGATION AND PEACE-BUILDING

Despite the depth of instability plaguing the country, the picture is not completely bleak. First, it is important to note that Indonesia has not become a major actor in the crisis. Another positive factor is that, at least to date, political parties have not become sectarian in nature. Moreover, there are some existing conflict mitigation capacities within Timor-Leste as well as important proponents of peace and reconciliation. At the local level, there are traditional, clan-based mechanisms for dispute resolution. There are also other conflict resolution and peace-building capacities, notably within the Catholic Church and NGOs. Moreover, in response to the crisis there are some potentially significant new conciliatory activities underway. Donors should look for appropriate opportunities to support and build upon these local capacities and approaches. At the same time, donors need to be cautious of supporting initiatives that may be, or are perceived by the public to be, politically charged or competitive in their mandates.

PROGRAMMATIC FINDINGS AND RECOMMENDATIONS

The current crisis in Timor-Leste is the product of serious underlying socio-economic and political problems. As such, it both reflects the fragility of the young nation-state and poses a serious threat to the nation's future development. The crisis has the potential to send Timor-Leste on a dangerous downward development trajectory: as unabated conflict makes it more difficult to address the country's existing problems and, in turn, these unresolved problems fuel more violence and instability.

USAID Timor-Leste's current strategy reflects an awareness of the potential for conflict in the country. The Mission's programming also addresses a variety of critical development priorities. However, the current portfolio is more suited as a long-term development approach for a stable country, and, as such, is inadequate to respond to the current crisis or substantially address the underlying sources of conflict. All of the Mission's program areas (democracy and governance (DG), economic growth (EG) and health) are potentially conflict relevant. Many of the current programs present important untapped opportunities to mitigate conflict and consolidate peace. In addition, special attention should be given to increasing the participation of women in conflict mitigation and peace-building efforts. Therefore, the team recommends that the Mission consider adjustments to its current programs and develop several new programs targeted at the

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[3] It is crucial to build a "critical mass" of donor support in each area in order to have meaningful impact.

key drivers of conflict. The Mission should seek to build on program successes and broaden programming in areas where USAID can offer particular value added.

As result of the crisis, there is an opportunity for USAID Timor-Leste to consider additional resources in support of conflict management and stabilization as well as reconciliation and peace-building. New programming would help the Mission contribute to restoring stability in Timor-Leste and respond to potential future triggers of violence. High-priority new programming is recommended in the areas of: local level contingency planning and crisis response; support for land tenure and property rights; and rapid support for conflict-prone and "transformational" youth. A second tier of recommended new programming includes: communication and information; addressing the East-West divide; and support for youth employment and education.

Other adjustments that could be made to increase the Mission's capacity to respond to conflict and instability include:
- Enhancement or establishment of mechanisms that allow for quick and flexible grant-making and other types of support.
- Undertaking a regular (every 6 months) program review to examine conflict sensitivity of all programs.
- Incorporating "crisis modifier" provisions into implementation contracts and the new Timor-Leste Country Operational Plan.[4]
- Developing conflict contingency plans and rapid response capacity.

In some cases, USAID Timor-Leste's programmatic interventions must also be coupled with high-level diplomatic engagement. This is particularly true regarding issues surrounding the 2007 presidential and parliamentary elections, the independence of Radio Television Timor-Leste (RTTL), anti-corruption and other key reform issues.

Finally, it is essential that donor interventions are coordinated and supported by concerted diplomatic engagement with Timor-Leste Government officials and institutions.

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[4] A "crisis modifier" is a mechanism that can be incorporated into strategic plans and implementing mechanisms in countries or regions prone to or experiencing crises, such that operating units can respond flexibly with current funding to a major change in the operating environment in order to mitigate negative impacts and facilitate continued achievement of results.

I. INTRODUCTION

The violence that erupted in Timor-Leste in late April 2006 has thrown the country into an ongoing crisis that has shaken the foundations of the new nation-state. While the loss of life and physical damage in recent months has been less than the murderous destruction inflicted by pro-Indonesia militia in 1999, the current internecine violence and upheaval have been profoundly disturbing to Timorese and foreign observers alike. The crisis has revealed a number of fundamental weaknesses in the Timorese nation-state. The most disturbing of these issues include: a) deep divisions among the nation's senior political leaders, b) critical institutional weaknesses – and rivalries – as manifested in the police and military, c) a propensity for violence among some elements of the population, particularly young, unemployed males and d) mobilization and amplification of regional differences.

While observers of Timor-Leste were aware of most, if not all, of these problems, many people have been surprised by how quickly these and other issues merged to create a serious threat to political stability and national unity in Timor-Leste.

In the wake of these unsettling developments, USAID Timor-Leste requested a Conflict Vulnerability Assessment (CVA) in order to:

- Update the last CVA, conducted in 2004, in light of recent developments;
- Analyze and explain the causes and consequences of the violence and instability that has seized Timor-Leste since April/May 2006;
- Identify the most likely future sources of conflict and potential triggers; and
- Understand how USAID's existing development programs interact with these factors and determine where development assistance can most effectively support peace-building and conflict management in Timor-Leste.

AusAID, which is in the process of developing its new country strategy for Timor-Leste, expressed an interest in participating in the CVA, resulting in a joint USAID-AusAID endeavor. USAID and AusAID assembled a tri-national team that carried out the assessment in Timor-Leste in September 2006. The full team consisted of two Americans (Cynthia Brady and David Timberman), two Australians (Steve Darvill and Gavin Williams) and four Timorese (Laurentina "Mica" Barreto Soares, António da Conceição, Sidonio Freitas and Ana Guterres). The team conducted interviews in Timor-Leste between September 11 and October 2, 2006. In total, more than 160 people from many walks of life and representing many different organizations and perspectives were interviewed in Dili as well as in five of Timor-Leste's 13 districts.

The findings and recommendations contained in this report are based principally on extensive interviews and a review of reports, analyses and other documents describing Timor-Leste's progress as a state and the challenges it faces.[5]

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[5] This CVA and all other recent reports on Timor-Leste suffer from the absence of two important sources of information: 1) recent public opinion survey data and 2) recent district-level data on poverty and income distribution. As a result, observations regarding Timorese public opinion must be qualified by the absence of supporting data. Existing district level income and poverty data is from 2001. Without more recent data, it is impossible to determine if there is a tight correlation between socio-economic conditions and conflict.

This report was drafted by Cynthia Brady and David Timberman with a view to informing USAID Timor-Leste's programming decisions. It is based on the findings and recommendations of the entire tri-national team. For this reason, the authors hope that the analysis and recommendations contained in this report will be useful not only to USAID, but also to AusAID and other agencies developing their programmatic options.

The views expressed in this report are the authors' alone and do not necessarily reflect the views of USAID, the United States Government, AusAID or the Australian Government.

II. DEVELOPMENTS SINCE THE 2004 CVA: WHAT HAS CHANGED

USAID Timor-Leste conducted a conflict vulnerability assessment (CVA) in February/March 2004. At that time, the Timor-Leste nation-state was less than two years old. There was still a significant United Nations (UN) presence through the United Nations Mission of Support in East Timor (UNMISET), although its mandate was scheduled to end in May 2005. A complete listing of the CVA's conclusions and recommendations is included as Annex 1. Some of the CVA's more salient findings in relation to the current exercise include the following:

- Both President José Alexander "Xanana" Gusmão and the ruling party, FRETILIN, enjoyed a high degree of legitimacy.
- There was concern that individuals and elites vying for power or seeking to settle historical grudges might manipulate conflict situations from behind the scenes.
- Tensions existed within FRETILIN and between FRETILIN and other political organizations.
- Tensions also existed between the Military and Police, and the competence and professionalism of the Police were of particular concern.
- The formal justice system was not functioning properly.
- Unemployed youth were a cause for concern, as were disaffected veterans groups and martial arts clubs.
- Militia in West Timor were a serious security concern.
- Land and property issues were identified as being potentially conflict-inducing.
- Future conflicts would likely be localized.
- The two most significant potential conflict triggers identified were: withdrawal of the UN and police mishandling of security situations.

The 2004 CVA accurately identified a variety of potential causes of conflict. However, the outlook of that assessment was affected by the fact that in 2004 the country still enjoyed, to a certain extent, the first blush of independence as well as the stability provided by the strong presence and support of the international community. As a result, most of the potential conflict dynamics discussed in the 2004 CVA were more incipient or prospective than real. By 2006 a number of those potential causes of conflict had actually emerged as clear and present threats to peace and stability. Some of the more significant developments between 2004 and early 2006 include:

- UNMISET ended in May 2005 and was followed by a smaller political mission through the UN Office in Timor-Leste (UNOTIL), with a mandate originally scheduled to end in May 2006.
- Beginning in 2004, the economy started to rebound from two years of negative growth. Non-oil GDP growth was 0.4% in 2004 and 2.3% in 2005. In 2004 and 2005 there was solid growth in agriculture, forestry and fisheries, but growth in non-farm private enterprise has been sluggish.
- The government started to receive significant revenues from oil and gas production in the Timor Sea. In FY2003/04 these revenues were $41 million, in FY2004/05 the amount jumped to $266 million (almost 79% of total government revenues), and in FY2005/06 revenues were $351 million (89% of total revenues).
- Despite these positive economic indicators, non-oil GDP per capita has actually been declining since 2001 as a result of high population growth rate.
- Timor-Leste and Indonesia have normalized relations. The cross-border security threat posed by militia groups in West Timor appears to have diminished.
- Portuguese was reinstated as the national language (along with Tetum) in 2002, and increasingly is used for official and legal documents.[6]
- From January to September 2005, Suco or village elections were held in phases, with FRETILIN-affiliated candidates winning about 80% of the Chefe de Suco positions.
- Bishop Belo, the Nobel Prize winning apostolic administrator of the Dili Diocese, retired in 2002. Since that time, and specifically over the last two years, certain Church leaders and individual priests have become more vocal in their criticisms of the Alkatiri Government.
- Fissures within the FALINTIL-Forças de Defesa de Timor-Leste (F-FDTL) became increasingly pronounced. This contributed to the decision by a group within the F-FDTL, constituted mostly by westerners and known as "the petitioners", to claim that they were victims of mismanagement and discrimination by the mostly eastern leadership.
- Political rivalries have intensified (and are likely to continue to intensify) in advance of the 2007 presidential and parliamentary elections.
- A profound schism has emerged in Timorese society between easterners and westerners, with these regional distinctions becoming the framework for expressing a set of accumulated grievances and frustrations.

III. THE CURRENT CRISIS: CAUSES AND CONSEQUENCES

Violent conflict is usually the product of grievance, political and economic competition, irresponsible political leadership, and weak and unaccountable institutions. Typically, violent conflict erupts when multiple causes come together and reinforce each other. Therefore, in order to understand why conflict has emerged in Timor-Leste, and where the crisis is headed, it is helpful to analyze the crisis dynamics in terms of how *motives* (incentives for violence) came together with *means* (mobilization and expansion of

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[6] According to UNDP, an estimated less than five percent of the population can understand Portuguese (UNDP, Human Development Report 2006). Anecdotally, the team was informed by interlocuters that approximately 15 percent of the population speaks Portuguese.

violence) and *opportunity* (or state and social capacity to manage and respond to violence). When these three factors are aligned it is possible for specific *windows of vulnerability* (or events) to trigger the outbreak of violent conflict.

A. ROOT CAUSES

A question that has been oft repeated by Timor-Leste observers over recent months is 'why has violence erupted now?' By many accounts the country was on the way to becoming a nation-building success story. USAID's 2004 CVA, despite its prescient warnings, did not contradict the generally optimistic view of Timor-Leste. Given this backdrop, the severity and volatility of the current crisis as well as the particular manifestation of violence along East-West lines seems to have caught many people by surprise. There have been a number of events, such as the December 4, 2002 riot and the April/May 2005 church demonstrations, which might have acted as triggers for violence in the past – but they did not. So one must ask what conditions existed in April 2006 that caused the demonstrations by petitioners from the F-FDTL to become the trigger for widespread violent conflict.

In retrospect, it is clear that a number of key motives, means and opportunities had been gradually coalescing over the past few years to underpin the crisis that ultimately erupted in violence in April/May 2006. The key underlying dynamics included:

- Disagreements and rivalries among Timor-Leste's small political elite;
- Weak and politicized governance institutions (especially in the security sector);
- Severe inadequacies in the justice system;
- Widespread absence of reliable information and severely limited formal channels for communication; and
- A disaffected, disillusioned and largely disempowered population.

DISAGREEMENTS AND RIVALRIES AMONG THE POLITICAL ELITE

Elite political divisions and rivalries are at the heart of the current crisis; without this factor the other simmering tensions may have remained dormant, at least for a time. As the International Crisis Group (ICG) observed, "the in-bred nature of a tiny political elite with 30 years' shared history allowed matters to spiral out of control".[7] Timor-Leste's path to nationhood has been paved with complicated and overlapping layers of loyalty and betrayal, optimism and despair, destruction and rebirth; in an island state of a million people that shared history has played no small part in fomenting and sustaining the ongoing crisis.

As an independent Timor-Leste emerged in 2002, historical legacies followed and the political elite continued to struggle with one another for power and influence over the new nation-state, unconstrained by effective institutions. Largely due to institutional dysfunction and weaknesses, and in some cases due to a flagrant disregard for the new democratic "rules of the game", the elite struggle evolved from a legitimate contest for political control into a battle of personalities and individual influence. It also ensnared the general population in a test of personal loyalties and the propagation of both longstanding and petty grievances.

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[7] International Crisis Group, "Resolving Timor-Leste's Crisis," ICG, Asia Report no 120, 10 October 2006.

In the case of Timor-Leste, where in the absence of reliable information people are easily swayed by conspiracy theories and rumors, the dynamic between President Xanana Gusmão and former Prime Minister Mari Alkatiri is particularly poignant and has generally become a proxy for understanding the groupings of actors involved in the crisis. However, as the recent Report of the United Nations Independent Special Commission of Inquiry for Timor-Leste (hereinafter Commission of Inquiry) makes clear, it would be an oversimplification to suggest that this power struggle and the crisis it spawned rests solely with the two most prominent political leaders, President Gusmão and former Prime Minister Alkatiri. There were a number of political actors, and institutions, with responsibility for the way events unfolded over the past months. The Commission of Inquiry concluded that the violent events of April and May 2006 were the expression of deep-rooted problems inherent in fragile State institutions and a weak rule of law.[8]

WEAK AND POLITICIZED GOVERNANCE

Given the centrality of the police and military to the onset of crisis, there is a natural and appropriate tendency to focus on the weak governance and politicization that led to a breakdown of the security sector. However, recent events have also brought to light the existence of fundamental disagreements among top leaders regarding the formation of the state and its institutions, well beyond the issues in the security sector. Over time, these political disagreements have ensured that political divisions were reinforced and woven into the overall fabric of the state.[9] As a result, rather than containing and moderating political rivalries, the institutions of State have tended to amplify partisanship and distrust.

For example, the lack of rules and regulations within institutions, such as the Polícia Nacional de Timor-Leste (PNTL), has allowed political opportunists to take advantage of the ambiguity of institutional mandates for their own purposes. In other cases, the lack of clear institutional mandates meant that an organization such as the F-FDTL might be alternately over-managed by multiple players or left without top-level oversight entirely.

Further, FRETILIN's domination of the state apparatus and its style of majoritarian rule meant that the opposition parties remained largely marginalized and defensive. This issue has been exacerbated by a very centralized decision-making structure that does not require, nor benefit from, effective dialogue and consultation within the government or with the public. This has led to a perception among Timorese that the FRETILIN-dominated government is merely doing the will of the party, not the people.

SEVERE INADEQUACIES IN THE JUSTICE SYSTEM

The need for justice in Timor-Leste is palpable. After 24 years of impunity for Indonesian oppression there is a distorted and unclear sense of what constitutes 'justice'. This is coupled with an urgent yearning to see that there are consequences for wrongs committed and that there are accessible legal avenues for the non-violent

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[8] United Nations, "Report of the United Nations Independent Special Commission of Inquiry for Timor-Leste," Geneva, 2 October 2006.
[9] Engel, Rebecca, "The Crisis in Timor-Leste: Restoring National Unity through State Institutions, Culture, and Civil Society," FRIDE Working Paper no. 25, August 2006.

redress of grievances. Many people clearly believe that justice was swept under the rug in favor of reconciliation after 1999; leaving deep wounds unhealed and left to fester.

Despite the best intentions of the UN, and particularly UN Development Programme (UNDP) support to the justice sector, after four years of independence the justice system in Timor-Leste is highly overburdened and severely dysfunctional. According to one high-ranking justice sector official, there is a current backlog of approximately 1,000 cases in the District Courts, with many of them pending since the time of the United Nations Transitional Administration in East Timor (UNTAET). A legal aid organization informed the team that the courts were not even hearing civil cases owing to the backlog of criminal cases.[10] Moreover, the use of Portuguese language in courts – and the requirement to train justice sector officials in Portuguese – has, at a minimum, delayed institutional development and significantly alienated many Timorese from the justice system.

In addition to these administrative issues, one NGO representative suggested that there is also "a black-hole of information about the legal system going back to the people". The general public remains uninformed about formal justice processes and procedures. As a result, there are profound misunderstandings about and a general mistrust of the system combined with growing frustration over the perceived lack of justice, especially for high-level actors. There is a strong popular view that familial and clan relationships affect all aspects of the justice sector, from law enforcement to court systems and corrective services, reinforcing the pervasive view that there is no real recourse to justice through formal channels.

It is imperative to understand the significance of the weakness of the formal justice system in the lead up to the crisis. The justice system represents an essential channel for self-expression and redress, which had been promised at independence. Its failure to function therefore represents a denial of these entitlements and a barrier to social conciliation.

WIDESPREAD ABSENCE OF RELIABLE INFORMATION AND SEVERELY LIMITED FORMAL CHANNELS FOR COMMUNICATION

In Timor-Leste there is a striking absence of consistent, reliable and accurate information. Partially as a legacy of the resistance period as well as due to the tribal/clan-based nature of the society, there has been a strong reliance on informal communication networks. This has resulted in a tendency to only trust information passed through personal contacts. The reluctance of state institutions to share information and the lack of effective communication mechanisms (internally and externally) severely exacerbates divisions between the institutions and between the State and society. The lack of effective communication therefore has contributed to institutional weaknesses within the government as well as to a growing sense of frustration and mistrust among the public. Further, there is a significant lack of recent public opinion data as well as very limited formal channels for the expression of public opinion – effectively undermining the possibility of two-way communication between the public and the State. Moreover, because of the combination of poor communications infrastructure, high illiteracy, and language complications, access to information is

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[10] This impression was not correct according to the justice sector officials with whom we spoke, but the perception remains of concern.

extremely limited, especially outside of Dili. This has led to pervasive misinformation and a rife rumor mill throughout the country.

DISAFFECTED, DISILLUSIONED AND LARGELY DISEMPOWERED POPULATION

Timor-Leste remains one of the poorest countries in the world. Non-petroleum GDP per capita has fallen from about US$450 in 2001 to an estimated US$360 in 2005. Poverty and chronic deprivation continue to be the plight of more than 40 percent of all households and the numbers of those in absolute poverty have likely risen in the last three years.[11] Over the past two years, the employment situation has deteriorated largely due to the withdrawal of the UN and international personnel as well as the closure of businesses that had catered to them.[12] Employment opportunities in the critical public sector and agriculture sector have also registered a significant decline after independence.[13]

According to UNDP, the country ranks below all of its Association of South East Asian Nations (ASEAN) counterparts on a number of social and economic statistics. The UNDP's Human Poverty Index (HPI), a composite measure of deprivation, suggests that progress during recent years in areas such as survival and literacy has been offset by an overall deterioration in living standards.[14] Health and education standards are poor and public service delivery remains limited outside of the capital.

Widespread poverty, unemployment and the perception of deteriorating living conditions have exacerbated the sense of social injustices and heightened frustrations over unmet – but often unrealistic – expectations of the "development dividend" that would follow the achievement of independence. These tensions have been further amplified by perceived injustices resulting from inadequacies in the formal justice sector as well as lack of access to channels for expression of these grievances to elected officials.

ANOTHER FACTOR: YOUTH

Timor-Leste's rapidly growing youth population presents both a serious challenge and a potential resource for the country's development. As a result, it is not surprising that the restive Timorese youth are an important factor in the current crisis.[15] About 34 percent of Timor-Leste's population is 12-29 years old, and the proportion is rising.[16] Every year, 15,000 to 20,000 young people enter the job market. Currently unemployment in rural areas is at least 20 percent and reaches 43 percent among urban youth.[17]

Young people are the most educated group within the population of Timor-Leste. Approximately 60 percent of people aged 15-19 and 30 percent of those aged 25-29 have some secondary education, compared with 72 percent of the total population that has no schooling.[18] However, estimates suggest that 70 percent of youth are literate in

[11] Gomez, Rui, "Socio-Economic Snapshot," UNDP Timor-Leste, September 2006.
[12] UNDP, "Human Development Report 2006: Timor-Leste/ The Path Out of Poverty: Integrated Rural Development," UNDP Timor-Leste, January 2006.
[13] World Bank Timor-Leste Country Brief, Ibid.
[14] UNDP, Timor-Leste Human Development Report 2006, Ibid.
[15] According to national statistics, Timor-Leste's population is growing at about 3.2% per year and its current fertility rate of 7.8 is among the highest in the world. At these rates, Timor-Leste's population will double in 18 years.
[16] World Bank, Timor-Leste Youth Brief. Source: http://web.worldbank.org.
[17] World Bank Timor-Leste Country Brief, Ibid.
[18] Ostergaard, Lene with contributions of Domingos Savio and António da Conceição, "Timor-Leste: Youth Social Analysis", World Bank Timor-Leste, June 2005.

Tetum while only 15 percent are literate in Portuguese.[19] It is notable that an expanding population of higher-educated youth who are faced with limited opportunities to obtain elite political and economic positions can often lead to an increased risk of political violence.[20]

It is the team's view that, despite the depth of disillusionment and alienation, youth grievances were in fact not a primary cause of the current crisis. Rather, disaffected young people, especially young males, have played two somewhat different roles in the current crisis. First, many youth engaged in the violence have very likely been utilized by political agitators and conflict entrepreneurs as a means for attacking their enemies, exacting revenge and/or intimidating people. Second, it also seems likely that the lawlessness that has prevailed in Dili has given opportunistic and disaffected youths the chance to loot and exact revenge in response to purely personal or group considerations. In the absence of effective law enforcement in Dili, many youth have begun to engage in petty juvenile criminality, which is exacerbating and contributing to the ongoing crisis.   Nevertheless, despite the ubiquity of problems confronting youths, it is notable that the majority of young people have avoided becoming embroiled in the violence.

B. PROXIMATE CAUSES

With these serious social, political and economic problems festering, the potential for conflict in Timor-Leste was increased further by several other developments. These new developments can be thought of as proximate causes. First, the government has repeatedly failed to spend its allocated budget. Sensitivity to this issue was heightened over the past year as the public became more aware that state resources were growing as oil and gas revenues came online. This generalized knowledge apparently led to a common perception that the government was either corrupt or more interested in maintaining centralized control over resources than in expending them on development for the benefit of the people.

A second proximate cause was the intensification of partisan political maneuvering, particularly in advance of the 2007 elections. As a result, contentious issues became even more politicized, the stakes were higher and the incentives to compromise were reduced. Moreover, politics became increasingly personalized and significant divisions deepened between the President (and his supporters) and the FRETILIN leadership regarding the vision of national and democratic development in Timor-Leste.[21] It may also be the case that opposition groups encouraged violence specifically to destabilize and discredit the current government.

A third proximate cause was the exploitation by self-interested actors of the confused and competitive mandates within key institutions, namely the Ministry of Interior, Ministry of Defense, F-FDTL and PNTL. As a result of this interference, factionalization and

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[19] 2004 Timor-Leste National Census.
[20] Goldstone, Jack. "Population and Security: How Demographic Change Can Lead to Violent Conflict", Journal of International Affairs, Fall 2002, vol. 56, no. 1.
[21] These significant divisions were exacerbated within the context of an institutionally weak semi-Presidential system dominated by FRETILIN, where the non-partisan President wields immense personal power through his charisma and base of popular support.

politicization within F-FDTL and PNTL were able to take root, effectively undermining the stability of the security forces.

C. CONFLICT TRIGGERS

The immediate trigger of the crisis was the dismissal in March 2006 of 594 soldiers from the F-FDTL, a group known as the "petitioners". This group constituted approximately 40 percent of the F-FDTL. Most of the petitioners were from the west of the country and had gone on strike in January claiming mismanagement and discrimination by senior officers from the east.[22] On April 24 the petitioners began four days of largely peaceful demonstrations in Dili. By April 28, on the unsanctioned fifth day of demonstrations, the scene turned violent, allegedly due to the involvement of unidentified youths and members of criminal gangs. For months many Timorese have strongly believed that agitators were responsible for the outbreak of violence, a view now corroborated by the Commission of Inquiry. However, another point that deserves attention is the fact that it was apparently relatively easy to incite fear to mobilize segments of the Timorese population, which is indicative of serious societal tensions well outside of the security sector context.

It was against this backdrop that the events of April/May 2006 spiraled out of control and law and order collapsed in Dili. While the security situation in other parts of the country did not deteriorate to the same extent, the ripple effects of the events in the capital were felt throughout the country. The breakdown of law and order in Dili resulted in approximately 37 casualties and up to 1,000 buildings destroyed.[23] During late April and into May an estimated 150,000 people were displaced as they fled from their homes due to the insecurity. A series of clashes between the Military and the Police followed, and on May 24, the President, Prime Minister, and Parliament together issued a request to Australia, Malaysia, New Zealand, and Portugal to send security forces to help restore order.

Meanwhile, frustration and discontent with the FRETILIN leadership had been building for years, both internally and externally, but had not found credible expression within the party. The increasing factionalization within FRETILIN demonstrated itself most visibly at the highly-charged FRETILIN Congress on May 17-19 and further complicated the vulnerability in the security sector. At the time of the Congress security forces were fractured and the city was reeling from violence and disorder. Increasingly vocal in their criticism of then Prime Minister Alkatiri's leadership and blaming him for the crisis, the nascent reform group within FRETILIN took the opportunity to mount a challenge to the party's leadership. Alkatiri's supporters voted to implement a change of procedure for party elections at that time, using a show of hands rather than a secret ballot. Since many of the delegates to the Congress were public servants, observers have suggested that the choice of open voting could be construed as a test of their support for Alkatiri and for FRETILIN's policies. The decision to use open voting garnered much criticism

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[22] In 2005 similar grievances were expressed by a much smaller group within F-FDTL. That group had been dissatisfied with the government commission and response to their complaints. As a result, 159 members of F-FDTL signed a petition dated 9 January 2006. This group was then joined by another approximately 250 sympathizers within F-FDTL. The ultimate dismissal of nearly 600 soldiers apparently included not only the approximately 400 "petitioners" but also an additional 200 soldiers who had been on leave without pay for months and even years before the incident. This account of events is corroborated by the findings of the UN Commission of Inquiry.
[23] UN Commission of Inquiry Report.

from some quarters, and an unsuccessful court challenge, but the result of the Congress was an endorsement of Alkatiri's leadership of FRETILIN.[24]

On June 22, in a political standoff over Prime Minister Alkatiri's leadership and amidst allegations that he had a hand in distributing weapons to civilians to quell the opposition, President Gusmão threw his considerable popular weight into the ring and threatened to resign if Alkatiri did not step down. After a number of very tense days, on June 26 Alkatiri announced his resignation as Prime Minister. He stated his intention to accept his own share of responsibility for the crisis and to avoid the President's resignation. However, he maintained that the violence had been part of the plot to overthrow his Government in a coup d'etat. He also retained his position as Secretary General of the FRETILIN party.

Unfortunately, the change in government leadership did not end the violence, which is why it is important to understand that the motives, means and opportunities for violence may have changed over time. From its political underpinnings, the violence in Dili evolved from the initial exacting of vengeance against easterners, to the manifestation of social jealousies, to revenge attacks and then into petty juvenile criminality – none of which could be effectively controlled by the international forces alone. Following the conclusion of this assessment, a surge of violence in Dili erupted in late October. This time it took the form of gang warfare, which many suspect was politically motivated and deliberately fueled by drugs and alcohol. The incentives for violence are clearly not mutually exclusive and the combination has often made it very challenging to halt the cycle of violence, to accurately identify perpetrators and to anticipate events.

D. CONSEQUENCES TO DATE OF THE CURRENT CRISIS

In addition to the causes of the current crisis, many of which remain at the forefront of concern for the future, a number of fault lines and tensions have also arisen or been heightened as a result of the continuing crisis. These consequences must be managed along with the original causes in order to mitigate the likelihood of future violence.

WIDESPREAD INSECURITY

The collapse of law and order accompanied by the disintegration of the PNTL in Dili has caused severe insecurity among an already traumatized population. In addition, the militarization of segments of the civilian population – along the lines of political allegiances (including weapons distribution to the public) – and the politicization of the security sector have exacerbated the public's sense of insecurity as well as distrust and fear of one another. As a consequence of the breakdown of law and order in Dili, many homes and properties have been burned and looted, undermining livelihood security and fueling land-related conflicts not only in Dili but also in some of the districts.[25] Due to the mass movement of people both within Dili and to other districts, food insecurity has intensified as pressures on the food supply shifted and normal cropping cycles were

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[24] On August 11, 2006 the Court of Appeals (CoA) issued a ruling which stated that the vote by a show of hands at the FRETILIN Congress was in accordance with the party statute. However, regardless of the legal basis for the ruling, the CoA decision did not serve to dissuade some from the belief that the vote had been improper and further fueled public perceptions of judicial non-independence and impunity for those at the highest levels of government.
[25] These events, coupled with more recent surges of violence, have demonstrated the importance of restoring basic security in Dili as a precondition for ending the crisis, including the establishment/re-establishment of a credible police force.

interrupted. Food insecurity is likely to further intensify with the onset of the traditional "lean season" in November and continuing through to the next harvest in March/April 2007.

DISLOCATION AND MOVEMENT OF POPULATIONS

In mid-October the International Crisis Group (ICG) reported that Dili remained highly polarized and physically segregated.[26] While estimates vary, as of September 2006 ICG's estimates suggested that there were as many as 140,000 internally displaced people (IDPs) remaining nationwide, with half of them in IDP camps in Dili. Through interviews with IDPs the team determined that the predominant concern for those in the camps is the continuing lack of security. Most IDPs indicated a preference to stay in the camps until they feel it is safe to go back home – if they still have homes to which they can return.

SOCIAL AND POLITICAL REVERBERATIONS

The crisis has opened the door to revisiting a number of historical events and grievances, as exemplified by President Gusmão's speech to FRETILIN on June 22. The internecine violence that has wracked the country over the past months has both exposed and heightened the traumatized nature of society. Moreover, the State's inability to stop the crisis or, even more dangerously, the public perception of leaders' self-interested perpetuation of the violence for personal or political gain has created severe mistrust between the public and the State. The result is a pervasive sense of disempowerment from an ineffective and/or uncaring state.

The crisis has thus revealed the serious shortcomings of nation building since independence. The sense of a common Timorese identity appears to be fading as young people – who make up the majority of the population – are increasingly distant from the sense of common identity (and purpose) generated by the liberation struggle. As a result, marginalized young people are turning to alternative means of self-identification and searching for a sense of belonging by, for example, latching on to the lorosae/loromonu divide or involving themselves in street gangs, martial arts groups and other social groups. These lines of divisions may become part of a new youth culture. Additionally, societal divisions have been exacerbated by the upswing in arson, looting and personalized attacks, many of which have taken on an East-West cast. In situations where trust and security are low or non-existent, it is to be expected that people will seek to increase their sense of security by identifying with one group against another.

The renewed international presence offers hope as well as new challenges. While the increased international engagement may help rebuild the foundations of a stable Timor-Leste, its presence also offers a convenient scapegoat for any number of state and societal ills should reconstruction and nation-building begin to falter. First, a perception of self-interested international involvement risks inflaming the crisis. In this regard, there is already a strong sentiment among some Timorese that the Australians are pro-loromonu and that the Portuguese are pro-lorosae.[27] Secondly, blaming internationals

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[26] For example, one of the main markets has divided into two, with one for *loromonu* and one for *lorosae.*

[27] For example, the team was told by a number of Timorese sources that Australian forces were 'widely known' to ask people whether they were pro-Xanana or pro-Alkatiri. This identification allegedly helps the soldiers determine whether or not individual Timorese are "good or bad". Based on the number of times these claims were repeated to the team, these perceptions are believed by a significant number of Timorese. The claims have not been corroborated or verified by any official accounts.

for the continuing crisis would be a convenient and possibly politically expedient way to distract attention from internal issues or to foment further divisions and violence within Timorese society, thus moving the country further away from stability.

AMPLIFICATION OF PERCEIVED DIFFERENCES BETWEEN EASTERNERS AND WESTERNERS

Manipulation and amplification of East (lorosae) – West (loromonu) identities has become a dominant and self-perpetuating feature of inter-group relations in Timor-Leste. This is significant since once these sorts of divisions have been activated and people are targeted because they belong to a particular group, identity tends to become more rigid and antagonistic. The historical record from around the world shows that once these prejudices solidify, there is likely to be little room for moderation or compromise.

Most Timorese interviewed by the team expressed a strong view that the lorosae – loromonu divide is a political manipulation rather than an entrenched fault line with substantive organic roots. However, conceptualization of problems in identity-based terms has nevertheless become ubiquitous within the broader population. This is fuelled in no small part by fear, but also by an apparent willingness on the part of many Timorese to accept the proposition that there are in fact fundamental differences between lorosae and loromonu. This new identity-based schism is therefore likely to persist as a fault line that can be manipulated as an incentive or used as an organizational means for violence in the future.

ECONOMIC IMPACTS

The immediate economic consequence of the crisis – apart from the cost of the destruction and looting – has been felt in terms of the disruption of the flow of people and goods into and out of Dili and between the East and West. This has led to shortages of and higher prices for many essential commodities including food and fuel. Over the longer term, the dislocation of people caused by the crisis is likely to have a negative impact on agricultural production and incomes. In addition, the dislocation of people has affected the government's tax and revenue base. For example, there has been a marked decrease in fee collection for services such as electricity and water.[28] Moreover, the outbreak of violence along with the exposure of extreme underlying state instability will likely curtail the prospect of significant new foreign investment for some time to come.

On the positive side, the crisis has prompted the government to increase and accelerate budget expenditures for employment generation projects and housing reconstruction.[29] There will also be a significant short-term economic gain from the influx of international support and the establishment of the new UN Integrated Mission in Timor-Leste (UNMIT).[30] Overall, however, rebuilding business confidence is likely to be difficult until a durable solution to the crisis is found.

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[28] This is particularly significant from a rule of law and civic-responsibility standpoint.

[29] While there are a number of potential benefits to be realized from increased expenditures, long-standing institutional budget execution problems have not been addressed and it is therefore likely that public expectations will once again be raised without the correlating strengthening of institutional capacity necessary to ensure program implementation.

[30] It is notable that the entrance to the UN compound, where job notices are posted, is flooded with jobseekers nearly every day of the week.

EMERGENCE OF "CONFLICT ENTREPRENEURS"

Some groups and individuals, loosely termed 'conflict entrepreneurs', stand to gain power, influence and/or wealth from instability and conflict. Conspiracy theories abound in Timor-Leste concerning those who may have intentionally caused the crisis for political gain, including President Gusmão, former Prime Minister Alkatiri, former Minister of the Interior Rogerio Lobato, FRETILIN, the opposition parties and opposition political movements, criminal gangs, the Australians and Americans, among others. The UN Commission of Inquiry has clarified as well as disputed the validity of some of these claims. However, the reality remains that instability does open windows of opportunity and someone always stands to gain. Identification of conflict entrepreneurs and "spoilers" will be critical to ensure that donor support does not legitimize or is not manipulated by them.

IV. LOOKING AHEAD: CAUSES OF FUTURE CONFLICT

The current crisis has unfortunately served to reinforce or exacerbate the underlying pressures and tensions that make Timor-Leste particularly vulnerable to conflict. The existence of multiple potential conflict drivers, coupled with a range of potential triggers, is ultimately a reflection of the current fragility of the Timorese nation-state. Each potential driver of conflict represents a serious risk to peace and stability. However, the larger significance lies in how these drivers and triggers are likely to interact.

A. SEVEN DRIVERS OF FUTURE CONFLICT

At the outset, it is important to be clear that the individual conflict "drivers" discussed below overlap and are inter-related. However, differentiation of individual sources of conflict allows for greater analytical specificity and provides a useful framework for considering programmatic responses.

CONFLICT DRIVER 1: UNRESOLVED DIVISIONS AND RIVALRIES AMONG SENIOR POLITICAL LEADERS INTENSIFY COMPETITION AND DISTRUST AMONG STATE INSTITUTIONS, POLITICAL PARTIES AND SOCIAL GROUPS.

The events of April and May 2006 demonstrated how quickly disputes amongst political elites could produce violence in an easily mobilized and highly reactive society – whether intentionally or unintentionally. In Timor-Leste there are many layers to the problem of elite political competition, and the crisis has highlighted many of the central challenges, including:

- The long running rivalry between President Gusmão and Secretary General of FRETILIN Mari Alkatiri. This strained relationship plays out dangerously in the context of an institutionally weak semi-presidential system dominated by FRETILIN.
- Increasing factionalization within the FRETILIN party.
- An increasingly unhealthy and volatile rivalry between FRETILIN and other political parties and movements.

- A variety of unresolved political issues including, historical grievances as well as disagreements with the Constitutional framework and the new democratic "rules of the game."
- Mounting frustration over generational differences, accentuated by language divisions.
- Despite government attempts at wide consultation, such as the process that resulted in the East Timor Vision for 2020, there remains a serious lack of a shared vision/national agenda for the country at all levels.

In the absence of strong communication channels and in the face of politicking in the lead up to the 2007 elections, almost all of these fault lines are likely to be exacerbated by unrealistic expectations both within the public and among state actors. The situation may well be further complicated by concerns over the fairness of the proposed election law and administration of elections.

CONFLICT DRIVER 2: MANY OF THE BASIC ELEMENTS OF A FUNCTIONING AND REPRESENTATIVE STATE ARE STILL IN THE EARLY STAGES OF DEVELOPMENT; THEY FREQUENTLY FAIL TO FUNCTION PROPERLY AND ARE VULNERABLE TO PARTISANSHIP.

The Timorese nation-state is new and still has a very limited capacity to govern effectively. State institutions have limited ability to deliver basic services, including, as recent events have shown, basic security and justice. At the same time, the State is also highly centralized and characterized by FRETILIN domination of most of the state apparatus. Checks and balances within the political system are relatively weak, and governmental and non-governmental capacities to ensure transparency and accountability are still in the early stages of development. As a result, many Timorese view the State as essentially partisan in nature. At best, this combination of weakness and politicization limits the ability of the State to play a leading role in conflict mitigation. At worst, the weakness and politicization of state institutions may contribute to future conflict.

CONFLICT DRIVER 3: SEVERE INADEQUACIES IN THE JUSTICE SYSTEM INFLAME GRIEVANCES AND FEED A CULTURE OF IMPUNITY, LAWLESSNESS AND RETRIBUTION.

There are two distinct, but related aspects to the failures in the justice system. The first aspect is the near total failure of the justice system to date to credibly adjudicate important substantive and symbolic legal cases. For instance, interlocutors in the justice sector claimed that a number of corruption investigations undertaken by the Office of the Inspector General and then submitted to the Prosecutor General's Office have not been adjudicated. This lack of resolution on corruption cases contributes to a widespread sense of impunity and the perception of the lack of accountability in both politics and government.

The second aspect is the very limited accessibility of the formal justice system to the average citizen. Non-Portuguese speakers are disadvantaged and disempowered within the judicial sector as a result of the language policies without adequate translation services. The formal justice system also remains dependent upon a relatively small number of Portuguese-speaking foreign judges, lawyers and advisors in order to function. Moreover, there are only four District Courts, and one Court of Appeals. Consequently, the courts and prosecution services are overburdened by cases and are

generally unable to process cases in a timely manner. Further, it is difficult, time consuming and expensive for many people to get to court.

Absent a formal justice system willing or able to dispense "high" and "low" level justice in a credible way, it is not surprising that many Timorese are inclined to forgo formal legal channels and 'take justice into their own hands'. At a community-level, the justice "gap" has been filled to some extent by traditional and non-formal dispute resolution mechanisms. However, these have not been resourced or legitimized so that their full potential remains largely untested.

CONFLICT DRIVER 4: THE WIDESPREAD ABSENCE OF RELIABLE INFORMATION AND SEVERELY LIMITED FORMAL CHANNELS FOR COMMUNICATION FUEL MISINFORMATION, SENSATIONALISM, DISEMPOWERMENT, AND INSECURITY.

There is a remarkable absence of communication within the government, between the government and citizens, between the government and civil society and across regions (and to some extent, generations). Timor-Leste's communications culture has been shaped principally by a few key influences, namely, the high level of illiteracy, Indonesia's occupation and Timorese resistance to it, and recent exposure (in Dili, at least) to modern telecommunication systems – especially mobile phones. As a result of these influences, there is (a) heavy reliance on face-to-face verbal as opposed to written communication, (b) mistrust of "official" information, and (c) a tendency on the part of many government officials to engage in top-down information campaigns[31] and to hold information closely. In addition, information dissemination and exchange is further complicated by the use of multiple languages and the limited reach (and generally low quality) of print and broadcast media.

Most Timorese have only limited access to reliable and informed knowledge of local and national developments. They are highly susceptible to rumours, misinformation and sensationalism. In addition, the fundamental lack of effective communication mechanisms severely limits the government's ability to foster interagency collaboration and to explain its policies and programs to citizens. Moreover, there is only a very limited tradition of true dialogue or direct public sector engagement with civil society, which, in any case, appears poorly equipped to articulate and communicate vital messages about public opinions and community aspirations. In effect, the government is cut off from constructive public feedback and input. Consequently, its ability to understand and respond to public concerns is severely limited.

CONFLICT DRIVER 5: A LARGE AND RAPIDLY GROWING PORTION OF THE POPULATION— PARTICULARLY YOUNG TIMORESE – ARE DISAFFECTED, DISILLUSIONED, AND DISEMPOWERED.

Anecdotal evidence, including interviews conducted during this assessment, suggests ample reasons for many Timorese to be dissatisfied with the "development dividends" that have flowed from independence. These reasons include:

- Insecurity and uncertainty: Tens of thousands of IDPs in Dili and the districts continue to be afraid to return to their homes, and many more Timorese remain wary of traveling to Dili or between the eastern and western districts of the country.

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[31] In Timor-Leste this form of top-down messaging is known as "socialization" of information.

- Unmet expectations: Timor-Leste's political leaders promised peace and development following independence. People's expectations were further buttressed by the economic impact of the large international presence and the prospect of oil and gas revenues. Instead of heralding a new era of progress and prosperity, however, the reality for many Timorese is continuing violence and insecurity, limited employment opportunities and poor or non-existent government services.

- There has been little improvement in people's welfare: Although there are no recent surveys of the incidence of poverty, anecdotal evidence suggests that poverty has increased since 2001. At the same time, inequality in income distribution almost certainly has gotten worse. On the positive side of the ledger, government health care and education services have improved over the last five years.

- The national language policy is causing many Timorese to feel excluded: With the adoption of Portuguese as the primary official language within government, educated non-Portuguese speakers increasingly feel excluded from government employment and opportunities. Non-Portuguese speakers are also disconnected from understanding and utilizing the country's new laws and regulations, which are primarily written in Portuguese. Timorese who speak neither Portuguese nor English tend to feel further disadvantaged in terms of access to lucrative employment opportunities within the expanding community of international organisations and the entities that cater to them. By any measure, official language policies are divisive issues in Timorese society.

- Political disempowerment: The tendency toward top-down "socialization" of information prevents citizens from having an influence on decision-making. In addition, the overall weakness of civil society and the media ensures that public interests are not well represented to government. Many marginalized groups, including youth, do not have advocates in the policy-making process.

Public opinion surveying is needed to better understand just how serious these issues are, especially across age groups and regions. However, due to recent developments, it is reasonable to assume that there are significant numbers of Timorese who are sufficiently angry, desperate or unafraid of punishment to engage in violence as means to achieving their goals or expressing their views.

CONFLICT DRIVER 6: THE INADEQUACY OF MECHANISMS TO RESOLVE DISPUTES OVER LAND AND PROPERTY RIGHTS CAUSES LAND TENURE INSECURITY AND CAN LEAD TO VIOLENCE.

Land is a very strategic socio-economic asset, particularly in poor agri-based economies where food consumption, income and security are largely measured by control of and access to land. For many societies, including Timor-Leste, land also holds significant cultural and/or symbolic value linking present generations to their ancestry and defining social hierarchies. Based on global experience, we know that when symbolically or economically important land or property issues are at stake, the probability of conflict and violence increases. Further, when this is combined with weak or ambiguous legal,

institutional and traditional/customary protections for land tenure entitlements, the incidence of land-related conflicts escalates significantly.[32]

It is unsurprising then that one of the primary manifestations of violence in both Dili and the districts has been directly related to land and property disputes, many of them dating back to overlapping claims from Portuguese or Indonesian times. The targeted burning and looting of homes and commercial properties has highlighted these latent tensions. At this stage, it should also be kept in mind that conflicting claims and land tenure insecurity will be a primary obstacle to the return of IDPs. Unfortunately, the government's current plans for return and reintegration are designed as a crisis-response mechanism rather than as a tool to resolve long-standing land and property issues. The new housing plans appear to be neither realistic in terms of timelines nor particularly well designed to avoid causing or exacerbating future conflict.

In the longer-term, initializing a formal system for reconciling conflicting claims and legally recognizing rights to property are both a challenge and a cornerstone for stability, security, and equitable economic growth in Timor-Leste.[33] A new draft land law was developed by the Ministry of Justice National Directorate of Land and Property, the entity responsible for implementation and administration of land legislation. However, as of the writing of this report, the draft had not yet been put forward to Parliament for review and legislative approval. In the absence of new land laws, conflicting land tenure and property rights cannot be effectively reconciled. Moreover, at least some Timorese are under the impression that the new land law is not going forward specifically because certain high-level politicians have an interest in maintaining the legal status quo for personal landholding reasons. In a society lacking reliable information and prone to rumors, such a view is likely to become more pervasive over time if the new land law is not promulgated.

CONFLICT DRIVER 7: EASTERNERS AND WESTERNERS CONTINUE TO MISTRUST EACH OTHER AND ARE INCREASINGLY SEGREGATED IN DILI.

The extreme polarization of Timorese society along a geographical identity-based divide has taken many observers by surprise. It has brought into the question the commonly held view that there was a strong sense of Timorese national identity in the post-independence period. In the space of a few months, this division has become perhaps the most profound schism in the country.

While communal factionalism is not new to Timor-Leste, there is no modern history of concerted political violence between easterners and westerners as unified and opposing groups.[34] Although the team heard many views on the origins and nature of this factionalism, it is clear that there was some level of underlying tension related to issues such as the respective roles of easterners and westerners in the resistance, and the attributes associated with those roles (e.g. aggressive vs. passive), linguistic differences, and perceived economic differences – especially in Dili. Moreover, a number of sources suggested the fault line had actually emerged within and between the F-FDTL and PNTL over the previous few years, so that, in many ways, the eruption of the crisis within the security sector earlier this year merely brought the issue to a broader audience.

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[32] USAID, Land and Conflict: A Toolkit for Intervention.
[33] ARD, Inc., East Timor: Land Law Program Two (LLP2). Source: http://www.ardinc.com/projects/detail_region.php?id=14
[34] Report of the United Nations Special Commission of Inquiry for Timor-Leste, 2 October 2006.

B. WINDOWS OF VULNERABILITY: FUTURE TRIGGERS

As the crisis continues motives, means and opportunities for violence increase and become more pervasive. If these building blocks of violence coincide, then there will be windows of vulnerability or moments when particular types of events can trigger the outbreak of full-scale violence. Many of the more predictable triggers, concern events that threaten to rapidly and fundamentally change the balance of power between key players. Another category of trigger events includes those that are less predictable but equally destabilizing because they point to weakness, inefficiency or corruption within State institutions. The following is an illustrative list of potential windows of vulnerability in Timor-Leste:

PREDICTABLE – SHORT-TERM

- Investigations and subsequent prosecutions following from the UN Commission of Inquiry report.
- Outcomes of politically sensitive and highly charged judicial processes.
- Passage of a new electoral law.
- Management of IDP resettlement and housing reconstruction.
- Onset of the rainy season and deterioration of conditions for IDPs.
- Outcomes of the PNTL screening process, including the reconstitution of an effective/ineffective PNTL.
- Food insecurity.[35]
- The 2007 elections including the campaign period, voting and vote counting, and any post-election dispute resolution as well as acceptance of the results as legitimate by all parties.
- The university accreditation process (originally scheduled for early in 2007 and expected to result in the closing of most private universities).

PREDICTABLE – MEDIUM TO LONGER TERM

- Decentralization scheduled to begin in 2007-2008 (along with dispersing authority, decentralization can also disperse conflicts).
- The use (or misuse) of revenues from the Petroleum Fund.
- The emergence and handling of corruption scandals.
- Passage and implementation of new land laws.
- Outcome of oil/gas pipeline location negotiations with Australia.

UNPREDICTABLE

- Serious incidents involving international security forces.
- Natural disasters: especially drought, but also floods/landslides due to deforestation and the consequences of seismic events (earthquakes, tsunamis etc).

The bad news regarding these windows of vulnerability is that there are so many of them. The good news is that most are predictable and therefore efforts can be made in advance to defuse or contain their conflict potential.

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[35] An estimated two-thirds of Timorese suffer from food insecurity.

C. CONFLICT MITIGATION AND PEACE CAPACITIES

The prospects for near-term peace and stability in Timor-Leste are not entirely bleak. As a starting point, it is important to note that Indonesia has not been or threatened to become a major actor in the current crisis. It is also significant that, at least to date, Timor-Leste's political parties are not regional or sectarian in character. Moreover, within Timor-Leste there is a variety of existing and potential conflict mitigation and peace-building capacity as well as a number of important proponents of peace and reconciliation.

First, while some elements of the population seem to have propensity for violence, the majority of Timorese have been the victims of violence in the past, know its terrible costs and therefore are conflict averse. It is also possible that following the events of April and May, Timor-Leste's political leaders may have a greater awareness of the underlying volatility of Timorese society and will adjust their behavior accordingly.

Second, despite the heightened awareness of differences between easterners and westerners, many Timorese still appear to believe in a common Timorese national identity (as exemplified by the concept of "Timor Oan") as well as a shared history and culture. Timorese culture and social values emphasize inclusiveness and interconnectedness. Tetum is a unifying language. These cultural connectors provide important building blocks for defining a national identity and fostering national unity.

Thirdly, most Timorese share a common spirituality – a mix of Catholicism and animism – and the Catholic Church is a respected and influential national institution. However, the role of the Catholic Church in Timorese politics and society is complex. During Indonesia's occupation of Timor, Catholicism became an important dimension of Timorese efforts to preserve their identity as a distinct people as well as a symbol of resistance to a majority-Muslim occupying force. The Church was an important defender of Timorese welfare and rights. At the same time, the Church's approach to most other social and political issues has remained relatively conservative. The Church, itself a large landowner, has never adopted an explicitly pro-poor orientation. It is opposed to artificial family planning methods and believes that the state should support religious education in public schools. Over the last two years the Church has been critical of the Alkatiri Government and has portrayed Alkatiri himself as being a secularist and communist (in fact, he is Muslim). Therefore, while the Church is an important unifying force on the spiritual level, in other arenas it is a rather partisan player.

Fourth, while formal civil society organizations (such as NGOs and professional associations) are still quite weak, there are other indigenous social groupings, including a variety of youth groups and traditional formations that can play positive roles in peace-building and reconciliation. In rural areas, for instance, where most Timorese live, there are well-established and effective clan-based systems of mediation and dispute resolution.

Fifth, there are at least two aspects of governance that, if managed well, can help to mitigate future conflict. Effective use of the revenue streams from oil and gas production could contribute significantly to the government's ability to effectively meet the development needs of the country. In addition, effective implementation of decentralization can help to diffuse power and also mitigate the potential for violent power-struggles. Conversely, while oil and gas reserves represent a potential financial

windfall, history has shown that such assets frequently tend to create problems or exacerbate existing ones. If a country has poorly developed financial, judicial, and governance systems, oil- and gas-generated revenues often worsen problems such as corruption, lack of governmental accountability and income disparities.[36] As well, poorly implemented decentralization could increase competition between districts and between districts and the central government thereby creating additional tensions across the country.

Sixth, the international context is reasonably favorable. Despite ongoing instability in the region, Timor-Leste's relations with its two large neighbors, Indonesia and Australia, while complex, are essentially cordial. Moreover, for a tiny nation, Timor-Leste has a relatively high profile in the international community, and many foreign governments and international organizations have made significant commitments to helping it become a viable nation-state.

Finally, Timor-Leste is not suffering from an absence of conflict resolution and peace-building capacity. Even before the crisis, there were a number of conflict resolution and peace-building activities underway and as a result of the crisis some significant new initiatives have been generated. A partial inventory of conflict resolution and peace-building activities in Timor-Leste is included in Annex 2. It is notable that there is a mix of traditional approaches, formal capacities (predominantly through the Church and NGOs) and some potentially significant new activities underway.

Donors must be cautious of initiatives that are, or are perceived by the public to be, politically charged and competitive in their mandates. However, donors must take care not to impose solutions since peace/reconciliation must be owned by those in conflict if it is to be durable. As a closing note to all of these considerations, it is important to recognize that peace and reconciliation processes work much less effectively, or fail completely, if there is not extensive linkage between the different tracks, including government, civil society and grassroots peace-building initiatives. With the ability to "intervene and support" at each track (1, 2 and 3), donors can help to create vertical linkages and introduce ideas experiences from elsewhere.[37]

V. PROGRAM FINDINGS AND RECOMMENDATIONS

This section presents the team's findings regarding USAID Timor-Leste's current programs and its recommendations for how the Mission can adjust and expand its programs in response to the crisis.

A. GENERAL FINDINGS

- First, the Mission's current strategy demonstrates an awareness of the potential for conflict in Timor-Leste. However, taken individually and collectively, the current constellation of programs reflects a traditional long-term development agenda for a stable country. Without some modification, the programming is

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[36] USAID Oil and Gas and Conflict Toolkit (forthcoming).
[37] Siebert, Hannes. Peace Process Support Study for USAID (internal document).

inadequate to respond to the current crisis or to substantially address the major drivers of conflict as identified by the assessment team.

- Second, there are no obvious cases of Mission programs contributing to conflict although there are examples of Mission programming being affected by the conflict.

- Third, all of the Mission's program areas (democracy and governance (DG), economic growth (EG) and health) are potentially conflict relevant and many present important untapped opportunities to mitigate conflict and consolidate peace.

- Fourth, the Mission's small grants program has provided the Mission with valuable flexibility and these sorts of mechanisms will continue to be useful in mitigating or responding to conflict.

B. STRATEGIC AND PROGRAMMATIC ISSUES

The Mission must decide if it sees the recent eruption of violent conflict as a serious long-term threat to Timor-Leste's development and, if so, whether it is prepared to make the programmatic adjustments required in order to address the crisis and the underlying causes in a meaningful way. If the Mission decides to adjust its programs, it has two broad options:

1. Modify and possibly expand existing programs and activities to make them more conflict sensitive[38] and to focus them on addressing drivers of conflict.
2. Develop new programs to directly address drivers of conflict.

In the team's view, the current crisis in Timor-Leste is the product of serious underlying socio-economic and political problems. As such, the crisis reflects the fragility of the young nation-state and poses a serious threat to the nation's future development. Further, the crisis has the potential to send Timor-Leste on a dangerous downward development trajectory: as unabated conflict makes it more difficult to address the country's existing problems and, in turn, these unresolved problems fuel more violence and instability.

Without dedicating resources in the short-term to adequately address the crisis, and the underlying sources of conflict, the Mission's long-term development portfolio risks being undermined or made irrelevant. Therefore, the team recommends that the Mission consider adjustments to its current programs and develop several new programs targeted at the key drivers of conflict. Succinct and focused goals for each program need to be defined for the short, medium and long-term to reflect the transition from crisis to recovery to long-term development.

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[38] By "conflict sensitive" we mean that all program activities are designed and periodically reviewed to ensure that (a) they do not inadvertently create or exacerbate conflict, (b) they factor in the possible impact of existing or potential conflict on staff, implementing partners and the activities themselves and (c) seek appropriate opportunities to mitigate tensions and consolidate peace and reconciliation.

C. SOME KEY ASSUMPTIONS

The team's thinking regarding the Mission's program options is conditioned by a variety of assumptions about the situation in Timor-Leste and the role of the international community. The most important of these assumptions are:

1. The situation in Timor-Leste:
    - It is unlikely that the "East-West" issue will disappear independently.
    - Politics will continue to be characterized by a high degree of partisanship.
    - The 2007 elections will be an important determinant of political and social developments in the short-to-medium term.
    - In the short-to-medium term (1-2 years), there will not be a rapid or dramatic improvement in the quality of people's lives due to revenues from the oil fund or higher economic growth.

2. The role of the UN and the international community:
    - Many Timorese have high expectations of the UN, especially regarding the UN's role in ensuring the 2007 elections are peaceful and democratic.
    - At the same time, there is an ever-increasing degree of Timorese sensitivity, suspicion and frustration regarding the involvement of the UN and Australia and, to a lesser degree, Portugal and the United States, some of which is influenced by domestic political agendas.
    - The environment within which donors will operate will continue to be highly partisan and polarized.
    - In the short-to-medium term, donor resources will be limited due to donor fatigue and competing priorities. Longer term, the increase in the government's revenues should reduce the need for foreign assistance.

3. Limitations on the role of donors:
    - Donors' ability to influence the behavior of key political actors in Timor-Leste is limited.
    - Donors must respect Timorese sovereignty and preferences.
    - Most Timorese organizations have significant capacity constraints and limited absorptive capacity.
    - The security environment may affect where programs are implemented and who implements them.
    - Political uncertainty can make long-term planning difficult.
    - Politicization and polarization can limit program options.
    - Donor financial and human resources for Timor-Leste are limited by donor fatigue and competing interests among high-level policymakers.

D. POSSIBLE MODIFICATIONS TO EXISTING USAID PROGRAMS

The Mission must ensure that its existing programs are conflict sensitive and should explore ways that current programming in the DG, EG and health sectors can contribute to conflict mitigation and management. Further, to the extent feasible, the team recommends that all programming should include explicit peace-building and reconciliation components to help restore relationships and promote broader social transformations (i.e. move from conflict prevention to peace-building).

Taking into account USAID Timor-Leste's organizational and programmatic structure (e.g. sectoral approaches to programming and its existing mix of programs and implementing partners) it is useful to maintain a focus on the relevance of three key crosscutting themes:

- Information and communication;
- Youth; and
- East-West identity divisions.

Additionally, special attention should be given to increasing the participation of women in conflict mitigation and peace-building efforts. Despite the greater demands placed on women as a result of crisis and conflict, they are not passive victims and should not be treated as such.[39] First, to increase efficacy, all development programming should incorporate an understanding of the many ways that gender shapes various determinants and dimensions of conflict. Second, to the extent possible, programs should promote a substantial role for women in the prevention and resolution of conflict, both for the normative purpose of promoting greater gender equality and for the pragmatic benefits of enlisting the distinct knowledge, networks and resources that women offer to these broader social processes.[40] It is notable that participation rates of women in almost all aspects of Timorese public life are low, so there must be special emphasis placed on actively involving women. A possible first step is to engage women working in healthcare and education.[41]

1. THE ECONOMIC GROWTH PROGRAM

A number of socio-economic problems – including poverty, unemployment, and urbanization – have contributed to the current crisis. The EG program can more directly address the drivers of conflict by: 1) ensuring existing activities are conflict sensitive, 2) supporting economic and commercial "connectors" (between East and West), and 3) placing greater emphasis on sustainable employment generation.

Recommended adjustments to the existing EG program include:

- Ensure that there is sensitivity to potential conflicts in EG activities that provide economic policy support and advocacy (e.g. regarding land policies, the location of major investment/development projects).
- Explore opportunities to support economic and commercial activities that connect easterners and westerners in constructive and positive ways (especially within Dili).
- Ensure that there is sensitivity to the East-West issue and land/property issues in the development of rural banking and credit programs.
- Consider how the EG program's focus on labor intensive, small business development could be adjusted to address sources of conflict (e.g. to create job opportunities for youth).

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[39] Certain groups are inevitably made more vulnerable by circumstances surrounding conflict, including children and women without male household members—these groups require protective measures to prevent exploitation and abuse.
[40] USAID Women and Conflict Toolkit (forthcoming).
[41] Healthcare workers and teachers, occupations predominantly filled by women, are notably credible, visible, and neutral in the Timorese context. This could be a valuable avenue for cultivating women's participation in addressing the crisis and reducing tensions.

- Encourage the Timor-Leste Business Council to be an advocate for responsible leadership, youth-oriented vocational training and employment.
- Work with the private sector, especially oil companies, to encourage opportunities for youth-oriented leadership development, skills-based training and employment.

2. THE HEALTH PROGRAM

The health sector in Timor-Leste is one of the few sectors where there has been some tangible progress over the last five years. From a development perspective, this is good news. However, from a conflict perspective, there remains significant scope to utilize the health programs more effectively to reduce conflict and promote stability.

The health program can more directly address the drivers of conflict by: 1) ensuring existing activities are conflict sensitive, 2) reducing the vulnerability of Timor-Leste's health care system to future conflicts/instability, and 3) ensuring that the health care system is exploring ways of utilizing the public health delivery system for conveying messages and information that address conflict drivers.

Recommendations for adjustments to the health program include:

- Explore how to use hospitals, community health centers (CHCs), nurses and midwives for messaging and information that address sources of conflict. For example, producing flipcharts and posters for display in CHCs or hospitals to convey tolerance messaging or information about election registration and voting procedures, etc.
- Utilize volunteers in CHCs to help empower women and children through offering basic literacy and numeracy education, while they are there for healthcare needs.
- Examine plans for future hospitals and community health centers to see if their location and staffing patterns can make them "connectors" between easterners and westerners.
- Explore ways to establish hospitals as "zones of peace and tolerance" in conflict-affected areas, particularly in Dili.
- Explore opportunities to empower the East Timor Medical Association (ETMA) and East Timor Nurse Association (ETNA) as professional organizations that can act as vehicles for promoting reconciliation and tolerance.
- Explore ways to engage youth in the provision of health care services (e.g. basic patient care and services, administrative and maintenance support)
- Examine how to make the health system less vulnerable to disruption in the event of future conflicts/political instability.
- Analyze the contribution of health programs to strengthening/weakening government accountability and adjust programs accordingly to help strengthen government credibility.

3. THE DEMOCRACY AND GOVERNANCE (DG) PROGRAM

Four out of the seven sources of conflict we have identified directly involve politics and governance issues. The current DG program addresses several critical conflict drivers: justice, parties and elections, and accountability. Political party strengthening is a particularly important contribution in this regard. New and planned programs to support media development and decentralization are also highly relevant. Yet, it is not clear that

there is a "critical mass" of activities to ensure meaningful impact in any one of these areas, except perhaps in the area of electoral support.

The DG program can more directly and significantly address the identified sources of conflict by: 1) ensuring that it is creating or contributing to a "critical mass" of programming to address conflict drivers; 2) bolstering its electoral program, including by having a better capacity to anticipate and address unmet needs; 3) placing greater emphasis on supporting access to justice, and 4) adding an explicit conflict dimension to the new media program.

Recommendations for adjustments to the DG program include:

- *Elections support*: Although elections are often complex undertakings, the electoral environment in Timor-Leste is made even more complex by the current crisis, the dual roles being played by the UN, and the uncertainty surrounding the electoral law, the election schedule and the security situation. Since the team did not have the opportunity to delve into electoral issues in depth, we are not in a position to make specific program recommendations. Rather, we raise the following general issues for the Mission's consideration:
  a) Staffing: As preparations for the elections accelerate, the electoral effort will become far more time consuming for the Mission. It will be important to monitor election-related developments and play an active role in shaping and coordinating donor approaches. Given the small size of the Mission, it may not have sufficient staff – not just to keep up with developments but also to be at the forefront of them. If the Mission determines that it is understaffed for these responsibilities it should consider scheduling a series of temporary duty staff to bring in additional support as needed.
  b) Technical expertise: Expertise on almost all aspects of elections will be needed to assist Timorese stakeholders with the electoral process and to ensure USAID's credibility in its interactions with the UN and other donors. The Mission should consider whether it has – or can access through its partners – the technical expertise it will need.
  c) Rapid response capacity: The Mission should consider whether it has the resources and mechanisms available to allow it to respond quickly to the plethora of problems and needs that are likely to arise in the context of elections.
  d) Public opinion surveying: It would be very valuable to have a minimum of three public opinion surveys conducted before and after the election. The first, which should be conducted as soon as possible, would explore people's attitudes towards elections, their levels of knowledge and trust regarding the electoral system, and the issues that are most important to them. The second poll, which would ask the same types of questions, should be conducted about 3 weeks before the elections to monitor developments. The third poll would be conducted several days after the election and would attempt to capture people's views on the conduct of the elections, including the administration balloting and the extent of intimidation, fraud and violence.
  e) Addressing contestants' unrealistic expectations and inflammatory rhetoric: USAID and other donors should support an effort to monitor the expectations and rhetoric of political parties. Unrealistic expectations regarding electoral processes and outcomes need to be identified and addressed as early as

possible. Likewise, rhetoric that is threatening or encourages violence needs to be monitored and countered.

f) <u>International monitoring</u>: If it hasn't already, the Mission (perhaps with other donors) should consider the costs, benefits and modalities of supporting international election monitoring. Timor-Leste is small enough that international election monitoring can be done at relatively low cost. Moreover, if the international monitoring effort is explicitly linked to domestic monitoring efforts, it can bolster the quality and prestige of the domestic monitoring efforts.

- In the *justice sector* we recommend:

  a) Greater emphasis on access to justice. Recommendations include supporting alternative dispute resolution and legal aid and legal education, mobile courts, linking traditional and formal justice systems, making the legal system more accessible to the illiterate and Tetum-speaking population.

  b) Expand support for Track 2 and 3 justice initiatives with a focus on community level programs. While the government moves forward with development of the formal justice sector, it will be important to strengthen complementary conflict resolution capacities at the local level, which can provide near-term access to justice. This will contribute significantly to reducing low-level tension over civil disputes and thus reduce overall incentives for violence. Track 2 and 3 programming should be viewed as an alternative that can help fill existing judicial sector gaps, not as a replacement for the formal justice sector.

  c) More clustering of and coordination across existing activities within the sector to increase accountability on the whole: e.g. linking programming in support of institutions, legal reform, media, and civil society monitoring.

  d) Given limited resources, in the short-term the team would recommend curtailing support for the Office of the Provedor and the Office of the Inspector General, given the prevalence of other donors' support to the formal justice system, and shift support to community-level access to justice efforts.

  e) Facilitate a dialogue with the public, through appropriate partners, on the issue of how to best manage justice in respect of the current constraints within the justice sector.

- With regard to *media*, we recommend:

  a) Add training on conflict sensitive, unbiased, constructive and ethical reporting amongst journalists from both print and electronic media, of all major language streams, to the scope of the program plan of the new media program.

  b) Support efforts to monitor the fairness, balance and conflict sensitivity of RTTL broadcasts.

  c) Explore (perhaps with other donors) ways to monitor the media during times of heightened tensions and ensure the continued operation of accurate, balanced, and conflict-sensitive news reporting during periods of conflict and instability.

  d) Consider support for school newspapers, produced by students. Global experience shows that information conveyed through school newspapers is often shared between students and parents – thus expanding the potential reach of a relatively neutral source of information on topics of interest to

young people, expanding opportunities to reach a broader audience with topical information, and bypassing literacy and language issues (since students can convey the written information verbally if necessary) as well as empowering and training the young generation to express their views.

e) Encourage the broadcast media to take an active interest in both civic education and tolerance programming.

f) Explore ways to increase the ability of media to be participatory and to project the concerns and needs of common citizens, with a focus on channeling that information back to government.

- With regard to *local governance and decentralization*, we recommend:
  a) Commission a joint (government-NGO) assessment of the performance of Suco Councils and their relationship to traditional authorities.
  b) Conduct a needs assessment to determine priority interventions.
  c) Consider supporting efforts to build the capacity of Sucos, specifically in the area of mediation and conflict resolution.
  d) Ensure that the process of decentralization does not fuel conflict by creating new or exacerbating existing tensions. This could include paying special attention to delimitation, fiscal decentralization, and conflict-sensitive budgeting.

E. RECOMMENDATIONS FOR NEW PROGRAMS AND ACTIVITIES

The recent crisis offers an opportunity for USAID Timor-Leste to justify additional resources in support of conflict management and stabilization as well as reconciliation and peace-building. In order to realize the full benefits of USAID's current programmatic investments, Timor-Leste must move beyond the current crisis and back toward a stable development trajectory. The team therefore recommends shifting some resources, at least in the short-term, out of the health and EG portfolios in order to prioritize support for near-term crisis response activities.[42] The following programmatic recommendations will help the Mission strategically contribute to restoring stability in Timor-Leste as well as respond to potential future triggers of violence.

In developing priority recommendations, three key criteria were considered: 1) direct contribution to stabilization and conflict management; 2) basic needs (gaps in overall donor programming); and 3) USAID's relative capabilities and value added. All of the high-priority programmatic recommendations in this section meet these criteria. The options within the second category of recommendations for new programs meet most of the criteria, but not all, and have therefore been recommended as second-tier priorities.

The team recommends high-priority new programming in the areas of: local level contingency planning and crisis response; land and property; and rapid support for conflict-prone and "transformational" youth. The second tier of recommended programming priorities includes: communication and information; addressing the East-West divide; and additional opportunities to support youth employment and education.

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[42] While EG and health programming fulfills important development needs, within the current USAID portfolio these two sectors offer the best opportunity for resource trade-offs to support crisis management and stabilization programs.

In addition, it is worth noting here that addressing conflict dynamics within and directly related to the security sector is essential to crisis management as well as long term stability in Timor-Leste. However, since the security sector is already a primary focus of international support, including through UNMIT, the team does not recommend that limited USAID resources be devoted to this sector as a priority intervention. Instead, USAID should look for opportunities to reinforce and bolster the efforts of other donors in this area.

HIGH-PRIORITY RECOMMENDATIONS:

1. CONTINGENCY PLANNING AND CRISIS RESPONSE

The situation in Timor-Leste is likely to remain unstable, and volatile, at least until the 2007 elections and likely thereafter. In order to restore stability as well as to mitigate the potential for future violence, Timor-Leste must be better prepared as a country to identify and manage underlying tensions before they become causes of conflict. There is a definitive lack of formal contingency planning and crisis response mechanisms in the country. Therefore, to reduce the risk of continued conflict and political instability the Mission could support relevant actors in developing local level capacities to respond rapidly and effectively to various types of crises or emergencies, from gang violence to natural disasters.[43] The involvement of communities, in Dili as well as the more conflict-vulnerable districts, will be critical in terms of empowering people, connecting citizens to each other and to the state, and rebuilding a shared sense of responsibility for peace.

Possible Activities:

- Analyze areas in Dili that have not experienced violent conflict since April and assess why this pattern of non-violence has occurred in order to garner best practices and lessons learned.
    - For example, there have been reports of Suco chiefs and community leaders intervening early on in the crisis to assert community values that preserved social cohesion and averted the threat of violence even as neighboring suburbs imploded. If true, this is an important local model for early warning and crisis response that could be fostered and potentially replicated in conflict-prone areas.

- Identify areas in Dili considered "hotspots" for potential violence (e.g. areas such as Comoro, Seaport IDP Camp, Airport IDP Camp, etc.) and identify the more conflict-vulnerable districts. Rapid appraisals and surveying could be conducted on a pilot basis in a couple of targeted districts or sub-districts to collect baseline data and measure changing attitudes in order to gauge opportunities for conflict mitigation and peace-building as well as to anticipate and respond to the likelihood for violence.

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[43] UNDP recently commissioned a study to look at the rationale for developing an early warning system (EWS) for Timor-Leste. While no decision has been taken by UNDP on whether or not to support an early warning capacity in Timor-Leste, the concept outlined in the paper is for a track-one and track-two level EWS, with UNDP in the lead coordinating role. The paper provides useful background and context for thinking about the need and processes for the development of early warning systems in Timor-Leste. (See: Harrington, Andrew. "An Early Warning System for Timor-Leste: A Framework Concept on the Need and Possibility of an Early Warning System for the Timorese People." (4 October 2006).

- Develop and pilot a model (or models) for contingency planning and crisis response in Timor-Leste.[44] In order to mitigate the spread of conflict within Dili and into the districts, it is important to develop crisis response capacity at the local level. One approach is to support crisis planning/response training and systems development. The crisis planning component would emphasize building capacity in target municipalities to effectively monitor and plan for a wide range of crises, and building networks for crisis prevention, mitigation and response among a wide variety of actors (national government, local government, international actors, media outlets, civil society, the private sector and citizens). The purpose of this approach is twofold: first, it builds capacity in the community to monitor the causes of crisis and respond rapidly, and second, it increases public awareness of what happens in the event of a crisis, including lines of responsibility, hopefully promoting a wider sense of public security. This approach would also strengthen ties between citizens and municipal/national government.

2. SUPPORT FOR LAND TENURE SECURITY AND PROPERTY RIGHTS

Given the critical importance of land and property issues to the current crisis as well as to longer-term stability in the country, this will be an essential area for donor support in both the short and medium-term. The land tenure and property rights programming and technical assistance supported by USAID from 2002-2005 was generally regarded as highly successful and effective by those parties involved in the programs. As a result, USAID is viewed as having a good track record in this area and is therefore particularly well placed among donors to engage further on land and conflict programming.

Owing to the broader mandate and focus of the team during the CVA, we were not able to devote sufficient time to understanding the needs and priorities for programming in this very complex area. It is recommended that the Mission explore options for gaining a more nuanced understanding of the issues, for example through a land and conflict assessment.

Possible Activities:

- Convene a donor and partner roundtable to discuss priority areas and options for land and property-related interventions.[45]

- Conduct an assessment of indigenous or local-level land arbitration systems to identify opportunities outside of the formal justice sector for dispute resolution.

- If the new land law is passed, there will be an urgent need for training of government leaders and members of the justice system on provisions of the new law to support fair and timely implementation. There will also be an immediate need for public education and assistance to citizens to help them understand and exercise new legal land tenure and transaction rights.

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[44] USAID/Serbia's "Serbia Contingency Planning and Economic Security Program" (SCoPES) under the Instability, Crisis and Recovery Programs (ICRP) Indefinite Quantity Contract provides an innovative model.
[45] Oxfam has commissioned an in-depth study of land issues, which was to be released by November 2006. The Mission may be able to glean useful programming options and ideas from that report.

- If the new land law is not passed in the near-term, there will be a need to build dialogue around land conflicts and land policy. The programmatic focus could be on creating government and civil society capacity to promote dialogue and the peaceful resolution of land-related disputes. Key actors working on land issues could be trained in areas such as communication and conflict resolution, negotiation, mediation and conciliation. These key actors could then help create the broader conditions and processes that will help enable a transition from confrontation toward a culture of greater dialogue around land and property issues.

3. RAPID DEVELOPMENT OF STRATEGIES AND PROGRAMS FOR CONFLICT-PRONE AND TRANSFORMATIONAL YOUTH

There are two important categories of youth that need to be reached as a priority in Timor-Leste. The first group consists of those young people likely to perpetuate violence, or the conflict-prone youth. The second group consists of those youth with the motivation and skills to mobilize positive change in their communities, or the "transformational" youth.

With regard to the first group, experience has shown that when young people – particularly young men – are uprooted, jobless, alienated and have few opportunities for positive engagement, they can quickly become a ready pool of recruits for groups or individuals seeking to mobilize violence.[46] This pattern has already repeated itself in Timor-Leste. Unidentified youths were largely blamed as key actors in the violence that broke out in April/May. More recently, beginning in late October reports began to surface of drug-fueled gang warfare wracking Dili with new rounds of violence and the main perpetrators were once again young males. In order to end the crisis, it is critical that the needs and interests of these conflict-prone youths are understood and addressed in the short-term, as well as the long-term.

The second category of youth was discussed extensively in the AusAID Survey of Gangs and Youth in Groups in Dili. The AusAID study determined that "far from being merely victims or potential perpetrators, there are highly distinct groups within Timorese youth actively seeking solutions to improve their lives and the lives of their communities. These groups are in many cases elementary, grassroots civil society organizations, which play a crucial role in their own communities in engaging youth in constructive behavior, as a circuit breaker for youth alienation".[47] Further, these groups have the potential to play a vital unifying role within their communities and to provide leadership and focus for youth. These are the youth who should be supported in their immediate efforts to transform society in positive and constructive ways.

With these two target audiences in mind, existing youth programming can be strengthened and enhanced. Further, in light of the current crisis, and the needs it has spawned, programming may need to be reoriented or otherwise newly designed to achieve rapid implementation and to address very near-term objectives.

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[46] USAID, Youth and Conflict: A Toolkit for Intervention.
[47] Scrambary, James, "A Survey of Gangs and Youth Groups in Dili, Timor-Leste," prepared for AusAID Timor-Leste, 7 September 2006. Pg. 11.

Possible Activities:[48]

- Convene representatives of government, youth groups, the Church, and other key stakeholders, to review the new National Youth Policy in light of the crisis. The Policy should be considered in the context of the potential need to recategorize, reprioritize and identify new needs as a result of the ongoing crisis. A primary focus of the exercise should be on developing an actionable near-term agenda to address the needs of conflict-prone youth and to support the objectives and activities of transformational youth. Mission resources should be explicitly dedicated to supporting follow-on activities/project development.
- Support a nation-wide survey of youth and about the roles and responsibilities of youth.
- Conduct an assessment of vocational education capacities, strengths/weaknesses, needs, and links to livelihood opportunities.
- Encourage youth participation in election administration, voter education and election monitoring activities.

SECOND-TIER PRIORITIES:

1. STRATEGIC INFORMATION AND COMMUNICATIONS

A key cross-cutting problem in Timor-Leste is the pervasive lack of reliable information. This issue contributes to and reinforces all of the other underlying sources of conflict by fueling frustration, misunderstandings, rumors and insecurity. Public information campaigns that ensure the public has reliable and accurate information can (a) provide citizens with a basis for more appropriate expectations of the government's responsibilities and capabilities, (b) help the population hold the government more accountable, (c) help the government become more transparent and accountable, and (d) ultimately build government credibility.

A strategic information and communications capacity is developed to quickly deliver targeted messaging campaigns to the public in anticipation of potential conflict triggers.[49] The wide availability of accurate and reliable information will serve to undermine a key source of conflict as well as to bolster the government's ability to govern well and communicate effectively with the public.

One possibility would be for the Mission to design a pilot project around a single identified conflict issue/conflict trigger and work with relevant institutions to develop and disseminate strategic communications around that event. Local capacity would be utilized to do the information dissemination. If the project is successful, then the model could be replicated for other issues and with other institutions. For example, strategic communications could be designed together with the Ministry of Labour and Community Reinsertion, and other relevant institutions, to communicate with the public about the processes and implementation of the new housing plans and IDP returns.

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[48] The USAID youth working group will be convened in Washington to further consider this issue and to make additional recommendations to the Mission.
[49] This capacity is fundamentally different from a longer-term media strengthening program and should be kept separate from the Mission's new media program. However, complementarities between programs should be sought. For example, journalists could be trained through the media program on how to report on the strategic communications campaigns.

While this is a unique, innovative and potentially meaningful intervention, given the overall number of existing donor initiatives related to information dissemination this has been recommended as a tier two priority.

2. ADDRESSING THE EAST-WEST DIVIDE

It is important that steps are taken in the near-term to prevent this new societal fault line from becoming a permanent source of tension and instability in Timor-Leste. As a relatively recent phenomenon, there may still be a window of opportunity for reversing the trend.

Possible Activities:

- Convene a donor roundtable to determine what is currently being done to address the East/West issue and what needs to be done as priority to address the issue in a timely fashion (before identity-based divisions become further entrenched).

- Conduct surveys on knowledge, attitudes, and practices to better understand popular perceptions, how strongly those views are held and where there may be room for compromise and moderation. It is important to find mechanisms that put people's needs and preferences `on the table' of the national political debate. The role of these types of surveys is to create better understanding among government, political parties and civil society of what people believe are the important components of resolving the crisis and restoring stability to Timor-Leste, including addressing the East-West divide. The surveys would provide civil society and responsible leadership with a mechanism to elicit people's interests and concerns with regard to the crisis as well as on related issues, and to respond appropriately. Further, the survey results also inform NGOs and donor agencies that can use the findings to better target their own support.[50]

- Support civil society, including the Church, NGOs and human rights groups, to effectively monitor and report on East-West violence and related human rights abuses.

- Support multi-media approaches to help ensure that communicated messages are understood and to the extent possible are conducted in combination with other activities (e.g., advocacy, training workshops, public fora) to enhance impact. In addition, media campaigns should be cognizant of the potential to raise expectations and the frustrations that could ensue if those expectations are unmet.

It is critical that attention is given to this issue in the near-term but due to the number of other donors and institutions supporting dialogue processes, many of which already do or could – with the right encouragement – attempt to address the East-West issue, this is recommended as a second-order priority for USAID. At a minimum, the Mission should

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[50] As an example of successful surveying, USAID supported Social Indicator, a nonpartisan survey research center, to undertake nationwide Knowledge, Attitudes, and Practices Surveys (KAPS) of Sri Lankan citizens with respect to the peace process.

take all opportunities to foster donor and partner attention to this issue where appropriate.

3. YOUTH EMPLOYMENT AND EDUCATION

Program ideas span the entire portfolio and would include generating economic opportunities through skills development and job training (tied to the prospect of actual employment possibilities); support to youth organizations, especially ones that emphasize civic action and create bonds with the larger community; and working with political parties to encourage responsiveness to the needs and aspirations of young people. All of these programs expand opportunities for young people and anchor them more securely in community institutions. Psycho-social support also remains a potentially valuable intervention. USAID's Youth and Conflict Toolkit provides additional programmatic guidance in this sector.[51]

Possible Activities:

- Build in a youth focus across programming. This focus may include entrepreneurship and job training and civic leadership as well opportunities to encourage interaction between youth from East and West through cultural events, sports, or other activities. A constant theme repeated during the assessment was that youth need constructive activities to simply fill their time. Doing something visible and practical for young people in the age 15-25 cohort has a range of benefits. First, it can help young people develop the competencies required to become more productive. Second, it sends a symbolic message to disaffected young people (esp. those engaged in confrontations with international forces) that America, and the international community, cares about the young generation and the future of the country. A partnership for youth development provides a framework on which to build a sense of joint purpose and solidarity.

- Evaluate program models for individual development and job training that could be expanded to target youth specifically at risk for engaging in violence. The Mission should consider providing additional training to the most conflict-prone young people in order to deter their incorporation into gangs or other groups likely to engage in violence. Youth should also be targeted to receive conflict mediation training, which can be incorporated as an aspect of individual development and job training programs.[52]

- Engage youth in public opinion surveying and needs assessment by training young people in youth led data collection. By employing youth to engage their peers through data collection the process becomes a developmental approach to information collection as well as skills acquisition. The young people themselves become empowered stakeholders. While information is collected on negative trends in order to anticipate the likelihood of violence, it should also be collected to indicate and help the Mission respond to positive trends.[53]

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[51] See AusAID's Survey of Gangs and Youth Groups for additional ideas about support to youth centers and employment generation opportunities (pgs. 8-9).
[52] An interesting model to examine is the Peace Corps' Rural Youth at Risk project, the "casa de la mujer" model (including computer/job training, health, education/literacy, conflict prevention skills).
[53] There are a number of models for this type of activity including programs designed by Mercy Corps and AED.

While this sector will be essential for medium-to- long-term stability of the country, it may be somewhat less relevant than other interventions in terms of near-term impact on crisis management and stabilization. Therefore, it has been identified as a second-tier priority for USAID.

F. OTHER OBSERVATIONS AND RECOMMENDATIONS[54]

- To have meaningful impact on conflict drivers and potential triggers, programming must be timely, targeted, and able to achieve "critical mass" of activities in key sectors. Donor coordination is essential to achieve this goal.

- In some cases, programmatic interventions must be coupled with high-level engagement on the part of the U.S. Embassy. This is particularly true regarding elections, the independence of RTTL, anti-corruption and other key reforms.

- If the Mission has not done so already, it should map and assess the geographic locations of all the activities it supports to gain a more comprehensive understanding of the relationships between its programs and potential as well as current conflict dynamics (e.g. conflict 'hot spots', etc.).

- Possible adjustments to increase the Mission's capacity to respond to conflict and instability include:
    - Enhancement of mechanisms that allow for quick and flexible grant-making and other types of support. For example, a number of USAID indefinite quantity contract mechanisms allow grants under contract.
    - Have a regular (6 month) program review to examine conflict sensitivity of all programs.
    - Develop conflict contingency plans and rapid response capacity.[55]

- Given the likelihood of future conflict and/or instability in Timor-Leste, it is advisable to incorporate "crisis modifier" [56] provisions into implementation contracts and the new Country Operational Plan.

- USAID and other donors need to support the collection of accurate and relevant information concerning peoples' attitudes, needs and knowledge to better design and target programmatic interventions.

- Donors must always remain cognizant of the inherent conflict potential of their interventions, including behaviors and practices, when designing and implementing programs. For a list of suggested operating principles see Annex 3.

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[54] See Annex 4 for non-USAID specific recommendations regarding additional program ideas and options to address the underlying sources of conflict in Timor-Leste.

[55] USAID/Serbia's "Serbia Contingency Planning and Economic Security Program" (SCoPES) under the Instability, Crisis and Recovery Programs (ICRP) Indefinite Quantity Contract provides an innovative model.

[56] A "crisis modifier" is a mechanism that can be incorporated into strategic plans and implementing mechanisms in countries or regions prone to or experiencing crises, such that operating units can respond flexibly with current funding to a major change in the operating environment in order to mitigate negative impacts and facilitate continued achievement of results.

ANNEXES

1. KEY CONCLUSIONS AND RECOMMENDATIONS FROM THE CONFLICT VULNERABILITY ASSESSMENT CONDUCTED IN 2004

KEY CONCLUSIONS

- From a conflict vulnerability perspective, Timor-Leste's situation has some advantages including: a small and unified population that achieved victory against a common enemy; an exceptional President who prioritizes unity and reconciliation; and a careful leadership in government that, in many ways, seems to be taking sensible steps forward in a cautious manner. All is not perfect, but things are pretty good given what the country has been through and its inherent limitations.

- Widespread destabilizing conflict is not likely, but localized violent outbursts/conflicts are inevitable.

- The most significant root cause of conflict relates to the mix of poverty, unemployment and limited access to basic services (coupled with high expectations following independence).

- Addressing the root causes of conflict (above) – even minimally – will dramatically undercut the potential of disaffected groups to mobilize segments of the population to be involved in conflict activities.

- Some key actors include:

  - The segments of society most easily mobilized to participate in conflict include: unemployed youth, particularly young men; veterans and ex-combatants; as well as marginalized, and often illiterate, rural poor.

  - Various disaffected groups will try to mobilize the segments of society listed above, in order to direct frustration toward government. These groups include CPD-RDTL, Colimau 2000, Sagrada Familia and Osnaco (see Annex C for details).

  - Martial arts clubs can be manipulated as vehicles to get their members (i.e., young males) involved in violence and conflict.

  - Individual/elites vying for power or with historical grudges often manipulate conflict situations from behind the scenes.

- National security forces should be able to manage conflict in the country, albeit imperfectly.

- Some concerns regarding the two security forces include the tensions that exist between them, police heavy-handedness, and plans to equip a new Special Police Unit with heavy arms.

- The formal justice system is not functioning properly.

- The two most significant potential trigger events include the withdrawal of the UN Peacekeepers, and police heavy-handedness or mishandling of situations.

- From a conflict management perspective, the border zone warrants attention.

Key Recommendations

In very general terms, the recommendations are summarized below. At the level of a general strategic approach, two recommendations are proposed:

- Apply a dialogue building and conflict prevention approach as a crosscutting theme.

- Prioritize districts most vulnerable to conflict as a function of their economic situation (i.e., the border zone districts of Oecussi, Covalima, Bobonaro and Ermera).

The programmatic recommendations regarding Economic Growth are noted below. Many of these are intended to address the underlying economic root causes of poverty in Timor-Leste (i.e., poverty and unemployment).

- Prioritize subsistence production and food security by increasing productivity, as a means addressing underlying root causes of conflict.

- Promote financial services for the rural and urban poor (through micro-financing including micro-credit), as a means of addressing underlying root causes of conflict.

- Prioritize vocational skills training and link this to post-training activities such as self-employment, working as an employee or using the new skills to improve subsistence level food production.

- Increase market opportunities and improve market linkages for domestic consumption of locally grown agricultural products, as means of addressing underlying root causes of conflict.

- Expand export crop and other income generating agricultural practices where feasible (i.e., coffee), and promote sustainable agricultural practices.

- Promote a 'border regime' to control border activities and promote cross-border cooperation with local communities and relevant security forces (i.e., weekly traditional markets at all border crossings, day passes to facilitate local crossings for routine activities, and a review of import taxes on common goods).

- Promote ongoing development of relevant land law and policy.

The programmatic recommendations regarding Democracy and Governance include:

- Promote and strengthen dialogue regarding key issues, key actors or important initiatives. Details are in the main text, but ideas include:

  - Ongoing support to the President's Program of National Dialogue;

  - Dialogue between the two security forces (police and military);

  - Dialogue between the martial arts clubs;

  - Dialogue between the main actors involved in the justice sector (the judges; the Government, especially the Ministry of Justice; the Prosecutors and the Public Defenders);

  - Dialogue between CPD-RDTL leadership and the heads of government (including the Prime Minister, the Speaker of Parliament and the President); and

  - Dialogue within or perhaps between political parties.

- Support establishment of a government information office to improve access to information and thereby limit the impact of strategies that use misinformation, innuendo and rumor as a key tactic.

- Support potential mediators and facilitator through capacity building of individuals and organizations with relevant experience.

- Support ongoing initiatives to recognize veterans and ex-combatants, and consider initiatives to recognize members of the clandestine movement.

- Strengthen the formal justice system (as addressed in the Democracy and Governance Assessment) and promote links between the formal and informal justice systems.

- Support regarding local governance may be appropriate once the details are clearer regarding the new mechanisms that will result from the upcoming village (Suco) elections.

- Consider strengthening civil society's ability to provide effective civilian oversight of the country's security forces (police and military).

The following programmatic recommendation is proposed regarding Health:

- Support provision of basic health services as a means of addressing the underlying causes of conflict that relate to limited service delivery and the conditions of poverty.

2. PARTIAL INVENTORY OF CONFLICT RESOLUTION AND PEACE-BUILDING ACTIVITIES [57]

"TRACK ONE"ACTIVITIES (HIGH-LEVEL, GOVERNMENT-BASED)

- The UN's new mandate explicitly authorizes it to provide its "good offices" to help resolve the current political crisis.
- The EU's "Club of Madrid" has offered facilitation and /or mediation.
- Norway also has offered facilitation and/or mediation.

TRACK ONE-TWO LINKING INITIATIVE

- President Gusmão has called for and is organizing a "National Dialogue" among key political leaders and social groups.

"TRACK TWO"ACTIVITIES (INVOLVING GOVERNMENT AND CIVIL SOCIETY)

- The Truth and Reconciliation process (CAVR), now completed, which focused on crimes committed between 1974 and 1999.
- There are a variety of official and ad hoc Church initiatives, including activities by the Church's Justice and Peace Commission.
- Activities by the National Youth Council, RENETIL and other youth groups.
- Dispute resolution projects sponsored by human rights and legal aid groups.
- Use of "Lafaek" children's magazine (produced by the Ministry of Education and CARE) to promote tolerance and pluralism.

"TRACK THREE"ACTIVITIES (COMMUNITY BASED AND FOCUSED)

- Simu Malu ("*mutual acceptance*"). A government-sponsored grassroots reconciliation program which aims to provide assistance to IDPs in Dili at the same time that it promotes inter-group trust and tolerance.
- Promotion of "Uma Lulik" (spiritual/values focused)
- Traditional mediation by clan elders.
- Church-based spiritual/peace education.
- Mediation by some Suco councils.

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[57] This list was compiled on the basis of the fieldwork conducted in September 2006 and is meant to be illustrative rather than exhaustive.

3. KEY OPERATING PRINCIPLES TO HELP GUIDE DEVELOPMENT ASSISTANCE IN TIMOR-LESTE

For the foreseeable future, violence and conflict, whether latent or ongoing, are likely to be prominent characteristics of the environment in which development assistance will be delivered in Timor-Leste. On one hand, development assistance represents an opportunity to address many of the multiple grievances that underpin peace-conflict dynamics. On the other hand, well-intentioned activities that introduce resources and alternative decision-making processes can themselves exacerbate latent tensions and increase competition between individuals, communities and identity groups. Development and humanitarian actors must be cognizant, therefore, of the inherent conflict potential of their behaviors and practices when designing and implementing programs. A conflict-sensitive approach involves three fundamental steps:

1. Understanding the local context in which development cooperation programs are being implemented.
2. Understanding the interaction between interventions and the context.
3. Acting upon the understanding of this interaction, in order to avoid negative peace-conflict impacts (i.e. principle of "do-no-harm") and maximize positive peace-conflict impacts (i.e. principle of "supporting capacities for peace").

The following principles are intended to help guide conflict-sensitive development practice in Timor-Leste. They represent a checklist of potential peace and conflict impacts to assist those engaged in planning development interventions to think about priorities, sequencing and distribution of assistance.

- Take time to understand context and develop appropriate interventions. Take time to build relationships and trust.

- Ensure that technical assistance is appropriate and sensitive to the prevailing context. There are no blueprint solutions to the problems confronting Timor-Leste.

- Identify and build upon common values, experiences and symbols that contribute to nation building.

- Be conscious of distribution of developmental benefits. Ensure that development programs do not create or contribute to rivalries or grievances. Be aware of the ways that interventions and relationships may alter power relationships.

- Make an effort to put the spotlight on well performing government partners, and give appropriate recognition to these partners for achievements.

- Use and strengthen existing local capacities and initiatives where possible, including building competencies and capacities of private sector.

- Empower local communities. Build the demand for good governance.

- Understand and respect the traumatised nature of the population.

- Balance flexibility with strategic vision.

- Monitor programmatic impacts closely – including peace and conflict impacts.

4. ILLUSTRATIVE PROGRAMMATIC RESPONSES TO ADDRESS THE KEY DRIVERS OF CONFLICT IN TIMOR-LESTE

The following are illustrative programs and activities that could be adopted by USAID, the U.S. State Department and other donors to address the seven key drivers of conflict in Timor-Leste.

DRIVER 1: UNRESOLVED DIVISIONS AND RIVALRIES AMONG SENIOR POLITICAL LEADERS INTENSIFY COMPETITION AND DISTRUST AMONG STATE INSTITUTIONS, POLITICAL PARTIES AND SOCIAL GROUPS.

SHORT-MEDIUM TERM PROGRAMS:
- Support international facilitation/mediation for senior leadership. (Should be supported by concerted diplomatic engagement)
- Support processes that clarify and promote agreement on key institutional checks and balances and lines of authority, such as:
    - Lines of authority with respect to security forces.
    - Relationship between FRETILIN and the state apparatus.
- Support government and NGO efforts to ensure 2007 elections are peaceful, fair and credible. (Concerted diplomatic engagement needed.) This includes:
    - Promoting East-West unity within political party strengthening programs;
    - Facilitating passage of an election law that achieves broad consensus;
    - Establishing mechanisms to ensure non-partisan administration of the elections;
    - Ensuring both that RTTL is non-partisan and that there are alternative media;
    - Voter education; and
    - Multi-party fora and codes of conduct.

MEDIUM-LONG TERM PROGRAMS
- Support a national "visioning" process.
- Strengthen nongovernmental checks on leaders including strengthening media (esp. investigative journalism) and conducting regular public opinion surveys.
- Foster a new generation of political leaders.
- Support political party development programs that include training on constitutional, governance and development issues.

DRIVER 2: MANY OF THE BASIC ELEMENTS OF A FUNCTIONING AND REPRESENTATIVE STATE ARE STILL IN THE EARLY STAGES OF DEVELOPMENT; THEY FREQUENTLY FAIL TO FUNCTION PROPERLY AND ARE VULNERABLE TO PARTISANSHIP.

SHORT-MEDIUM TERM PROGRAMS
- Build Timorese capacity to administer elections in 2007 and beyond competently and in a non-partisan fashion. (Concerted diplomatic engagement needed).
- Support processes that clarify and promote agreement on the roles and authorities of key government institutions, for example, foster public information and dialogue on the control over and roles/responsibilities of the security forces.

- Clarify and strengthen mandates and authorities of accountability bodies (e.g., Provedor, OIG, auditing entities).
- Ensure clarity on roles and authorities of municipalities and Suco councils.
- Undertake a joint government/donor assessment of the performance of Suco councils.
- Conduct regular public opinion surveys regarding government performance.

MEDIUM-LONG TERM PROGRAMS
- Support efforts to professionalize and depoliticize the civil service.
- Support legislative strengthening (especially budget and oversight capacities).
- Support programs to educate all political parties about principles of democratic and accountable governance, including their own rights and responsibilities.

ADDITIONAL RECOMMENDATIONS FOR KEY SECTORS

SECURITY SECTOR PROGRAM OPTIONS:
- Effective community policing has a positive impact on reducing neighborhood crime, helping to reduce fear of crime and enhancing the quality of life in the community. It accomplishes these things by combining the efforts and resources of the police, local government and community members. It is founded on close, mutually beneficial ties between police and community members and therefore may not be feasible in Dili until the PNTL has been reconstituted, retrained and has been accepted by the public as a legitimate security force.
- Support radio station broadcasts through RTTL and community radio on community policing to communities where fear and mistrust has been generated as a result of the crisis. This program helps to build trust between citizens and police.
- Provide grants to civil society organizations and universities to work with representatives of community organizations, civil society organizations, the media and other stakeholders in order to strengthen the capacity of civil society to monitor and improve police behavior, governance practices and sensitivity to international human rights norms.
- Organize "Peace Games". Timorese youths from different regions of the country participate in a program involving two days of seminars on conflict resolution and tolerance as well as athletic competition. This type of initiative could be utilized to constructively engage youth and the security sector in a number of ways.[58]

OIL AND GAS-RELATED PROGRAM OPTIONS:
- The government has taken a number of strategic steps to ensure accountability and transparency within the sector, including creation of an oil stabilization fund, joining the Extractive Industries Transparency Initiative, and posting payments on a public website; these systems should be explored as opportunities to engage the population, especially disaffected groups, in national development and to promote a shared sense of responsibility and accountability.
- Strengthen the capacity of local actors and institutions to influence national, regional and international policies. For example, provide education to citizens

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[58] A "Peace Games" initiative was conducted in Mali in September 2006 and may serve as an appropriate model. The program was a joint effort of the U.S. Department of Defense, the Military Information Support Team and U.S. Embassy-Bamako.

groups, government officials, and other "watchdogs" on the processes that have already been developed in Timor-Leste for transparency and accountability; foster responsible reporting on fraud and perceived abuses; and help communities learn how to lobby for funding for their communities.

- Promote good governance, human rights and environmental best practices by building communities' capacity to express their needs to the international oil companies, the government, and the international community.

DRIVER 3: SEVERE INADEQUACIES IN THE JUSTICE SYSTEM INFLAME GRIEVANCES AND FEED A CULTURE OF IMPUNITY, LAWLESSNESS AND RETRIBUTION.

SHORT-MEDIUM TERM PROGRAMS
- Increase access to justice, including civic education regarding legal processes and court capacities.
- Support quick and credible resolution of key court cases.
- Support public information distribution regarding the status of pending cases.
- Support passage of land law and anti-corruption laws.
- Survey public attitudes towards justice and justice sector.

MEDIUM-LONG TERM PROGRAMS
- Build capacity of justice sector actors (government and non-governmental).
- Improve accessibility (language and location).
- Improve physical capacity (number and location of courts, equipment support).

DRIVER 4: THE WIDESPREAD ABSENCE OF RELIABLE INFORMATION AND SEVERELY LIMITED FORMAL CHANNELS FOR COMMUNICATION FUEL MISINFORMATION, SENSATIONALISM, DISEMPOWERMENT, AND INSECURITY.

SHORT-MEDIUM TERM PROGRAMS
- Apply a dialogue building and conflict prevention approach as a cross-cutting theme.
- Promote and strengthen dialogue regarding key issues, key actors or important initiatives, such as:
    - Dialogue between the martial arts clubs;
    - Dialogue between the main actors involved in the justice sector (the judges; the Government, especially the Ministry of Justice; the Prosecutors and the Public Defenders);
    - Dialogue between leadership and the heads of government (including the Prime Minister, the Speaker of Parliament and the President); and
    - Dialogue within or between political parties.
- Facilitate and encourage participatory communication. Link public communication to citizen participation.
- Create capacity for short-term information/message dissemination in anticipation of or response to conflict triggers/events.
- Use existing media to capture views of citizens.
- Media monitoring.
- Public opinion surveys.

- Mobile cinema with peace messages/election-related messaging/public info announcement.

MEDIUM-LONG TERM PROGRAMS
- Strengthen RTTL in tandem with developing other independent radio stations.
    - Use diplomatic engagement to ensure RTTL independence.
- Improve journalistic skills, especially with regard to conflict-sensitive reporting.
- Explore options for repairing the AM radio broadcast tower and distributing radios to the public (for individuals, families, or groups).

DRIVER 5: A LARGE AND RAPIDLY GROWING PORTION OF THE POPULATION—PARTICULARLY YOUNG TIMORESE – ARE DISAFFECTED, DISILLUSIONED, AND DISEMPOWERED.

There is dramatically increasing disillusionment largely due to unmet expectations since independence. While many of the underlying causes of discontent are tied to rural poverty, to date the violence has been predominantly an urban phenomenon. Therefore, it is important to note that Dili is the epicenter of the current crisis and will require special programmatic attention.

SHORT-MEDIUM TERM PROGRAMS
- Conduct rapid surveying (could be focus groups) to identify/map principal concerns at the district or sub-district level.
- Expand activities and opportunities for disaffected youths:
    - Sports, cultural and other recreational activities;
    - Community development projects;
    - Small scale food production; and
    - Vocational and language education.
- Provide psychosocial support to traumatized individuals and communities.
- Support programs that empower people:
    - Community driven development projects;
    - Public information regarding rights;
    - Community-based security/ "neighborhood watch" groups;
    - Youth-led youth initiatives; and
    - Empowering Suco councils.
- Increase access to justice and alternative dispute resolution opportunities.
- Strengthen governments' ability to explain programs and progress toward goals.

MEDIUM-LONG TERM PROGRAMS
- Give priority attention to language and education.
- Support youth development/empowerment initiatives.
- Bolster civic education and tolerance training. With respect to impressionable youth who are now being exposed to the rhetoric of a divided society as well as to a range of historical grievances and divergent narratives to explain that history, it is imperative that young people be exposed to both civic education and tolerance training. Standardizing school curricula across the entities is an uphill battle, but the Ministry of Education is developing new primary school curricula and there is a window of opportunity to build in civic education, tolerance training and peace messaging. Civic education programs are more likely to be successful

in motivating younger people to become involved in the public sphere if classroom learning is done in tandem with practical projects in the community. Political parties that make a concerted effort to attract younger voters could also reinforce the content of civic education curricula and materials. This is a long-term activity and it is critical that civic education is ultimately linked to inclusion of youth by political parties or access to other forums for action; without an outlet for engagement this type of programming could actually lead to increased youth frustration.
- Equitable and transparent distribution of benefits from oil revenues and economic growth.

DRIVER 6: THE INADEQUACY OF MECHANISMS TO RESOLVE DISPUTES OVER LAND AND PROPERTY RIGHTS CAUSES LAND TENURE INSECURITY AND CAN LEAD TO VIOLENCE.

SHORT-MEDIUM TERM PROGRAMS
- Facilitate passage of the new land law.
- Support public education/information campaigns (in Timor-Leste and in relation to the Diaspora and Indonesians with Timorese land-holdings).
- Support for alternative dispute resolution and legal aid.
- Assistance with land claim registration.
- Ensure sensitivity to and management of the East-West dimension of land and property disputes, especially in Dili. For example, pay particular attention to post-conflict resettlement issues as they relate to former Indonesian civil service accommodation.

MEDIUM-LONG TERM PROGRAMS
- Support Ministry of Justice National Directorate of Land and Property.
- Natural resource management and wealth
    - Ensure conflict sensitive development of on-shore oil and gas resources.

DRIVER 7: EASTERNERS AND WESTERNERS CONTINUE TO MISTRUST EACH OTHER AND ARE INCREASINGLY SEGREGATED.

It will be important to balance donor support across communities as well as to ensure that programming does not inadvertently exacerbate existing identity-based divides (do no harm approach). Further, programming and activities should be used to stimulate constructive and peaceful interaction between lorosae and loromonu communities, especially within Dili, where feasible.

SHORT-MEDIUM TERM PROGRAMS
- Explore opportunities through partners to gather key parties (including, for example, heads of government, leaders of political parties/movements, leaders of martial arts groups, leaders of youth and women's organizations, etc.) and engage in dialogue surrounding priority issues and needs as well as conflict resolution and reconciliation. Encourage partners to use these opportunities explicitly to bridge the widening gap between easterners and westerners.
- Explore opportunities for collaborative activities (especially, but not exclusively, in Dili) and support organizations with an inclusive unifying agenda.

- Promote opportunities to strengthen or foster social, environmental, commercial linkages.
- Media
    - Use radio dramas, musicians and celebrities for promoting peace, national unity and tolerance. Some portion of the messaging should be explicitly targeted toward the youth population.
    - Use film/video, photography and the arts to project unifying aspects of Timorese national culture and identity. This could be done by sponsoring photography and art exhibitions, producing short films/videos that address aspects of national unity and creating mobile projection units to show them.
    - Explore opportunities to use well-known Timorese cartoon characters to do peace messaging targeted to young people.
    - Use prominent Timorese leaders or celebrities to promote tolerance messages.
- Conduct public opinion surveying.
- Support national visioning processes.

MEDIUM-LONG TERM PROGRAMS
- Curriculum development:
    - National identity and unity;
    - Values (respect, tolerance, non-violence) ; and
    - Civic education.
- Trans-regional infrastructure development.
- Build higher-education capacity throughout country (ensure that education is not Dili-centric).

5. LIST OF PEOPLE INTERVIEWED

NAME	TITLE	ORGANIZATION
Beba Sequeira	Staff	Asia Pacific Support Colective Timor Lorosa'e (APSC-TL)
Laura Abrantes	Staff	Asia Pacific Support Colective Timor Lorosa'e (APSC-TL)
Gil Alves	Secretary General	Associação Social Democrática Timorense (ASDT)
Robin Scott-Charlton	Counsellor (Development Cooperation)	AusAID, Australian Embassy
Donna-Jean Nicholson	Second Secretary	AusAID, Australian Embassy
Ray Murray	Australian Police Consultant for PNTL	Australian Federal Police
Brian D. Hanley	Senior Program Officer	BELUN
António da Costa	Civil Society	Buruma, Baucau
Guilherme da Costa	Member	Cailalo (NGO in Baucau)
Madre Guilhermina	Cannosian IDP Camp Coordinator	Canossian Sisters
Ginny Kintz	Project Manager	CARE, Lafaek Magazine
Father Nelson da Costa Freitas	Director Caritas Baucau	Caritas Baucau
Bishop Ricardo Alberto da Silva	Bishop Diocese Dili	Catholic Church
João Vicente	Staff	Catholic Relief Services (CRS)
Rita Ximenes	Office Manager, CRS Baucau	Catholic Relief Services (CRS)
Manuel da C. Pinto	Coordinator of Civic Education	Centro Educasaun Civica (CEC)
Claudio Ximenes	President of Court of Appeal (Chief Justice)	Court of Appeal, RDTL
Osório Correia	Staff - Private Sector Development project	DAI - Development Alternatives Inc.
João Boavida	Founder Democratic Party	Democratic Party (PD)
Fernando La Sama	President	Democratic Party (PD)
Adriano João	Deputy of PD for District, Member of Veteran's Association	Democratic Party (PD), Bobonaro
Augusto Junior	Coordinator Front National for Peace and Justice	Dili
Name not recorded	Youth	Dili
Name not recorded	Newspaper seller, youth	Dili
João Cancio Freitas	Director	Dili Institute of Technology (DIT), PSCDP
Estevão Lopes	Vice President of District Business Association, member of Veteran's Association, Deputy of PSD for District	District Business Association, PSD Bobonaro, Veteran
Guglielmo Colombo	Head of Office	EC - European Commission

Lino Lopes	Lawyer	Edukasaun Comunidade Matebian (ECM)
Júlio A. da S. de Jesus	Director	Edukasaun Comunidade Matebian (ECM)
Taur Matan Ruak	Brigadier General	F/FDTL
Lere Anan Timor	Colonel	F/FDTL
Falur Rate Laek	Lieutenant Colonel, Commander 1st Battalion	F/FDTL
Gastao Salsinha	Lieutenant, Head of the Petitioners	F/FDTL
Florindo dos Reis	Lieutenant, Petitioner	F/FDTL
Natália de Jesus	Staff	Fokupers
Manuela Leong	Director	Fokupers
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Maria Barreto	Staff	Fokupers
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