

# Rights and Sustainability in Timor-Leste's Development

Briefing for media and others

La'o Hamutuk 18 May 2012



## Contents

This presentation discusses several topics that La'o Hamutuk works on which are critical to the future of Timor-Leste. We have inserted more slides to provide additional information.

1. TL is the second-most petroleum-export dependent country on earth. This defines our State, economy and future.
2. TL has almost no industry and an embryonic private sector. Our State Budget increases faster than everyone's except Zimbabwe.
3. Current development plans will not provide a sustainable improvement in our people's lives. These unrealistic dreams rely on Greater Sunrise gas, which is limited and might never come to our shores or treasury.
4. Impunity for past crimes threatens future rule of law.
5. Land is the base of our culture and lives; recent developments may increase injustice and conflict.

## **1. Petroleum Dependency**

**TL is the second-most petroleum-export dependent country in the world. This determines our State, our economy and our future.**

## **Basic Statistics**

- **41-50% of the people live below the poverty line.**
- **80% of the people live in rural areas, largely by subsistence farming.**
- **More children die of diarrhea than malaria.**
- **About 2,000 children under age 5 die from preventable conditions every year ... about 50 times the number of Timorese who die from violence (39 in 2010).**
- **During the last few weeks, at least 10 people died from Dengue Fever and nobody died from election-related violence.**
- **In 2010, TL exported \$16 million (coffee).**
- **In 2010, TL imported \$288 million (everything).**

## Basic Statistics

By 2024, 360,000 babies will have been born, and the only producing oil and gas field will be used up.

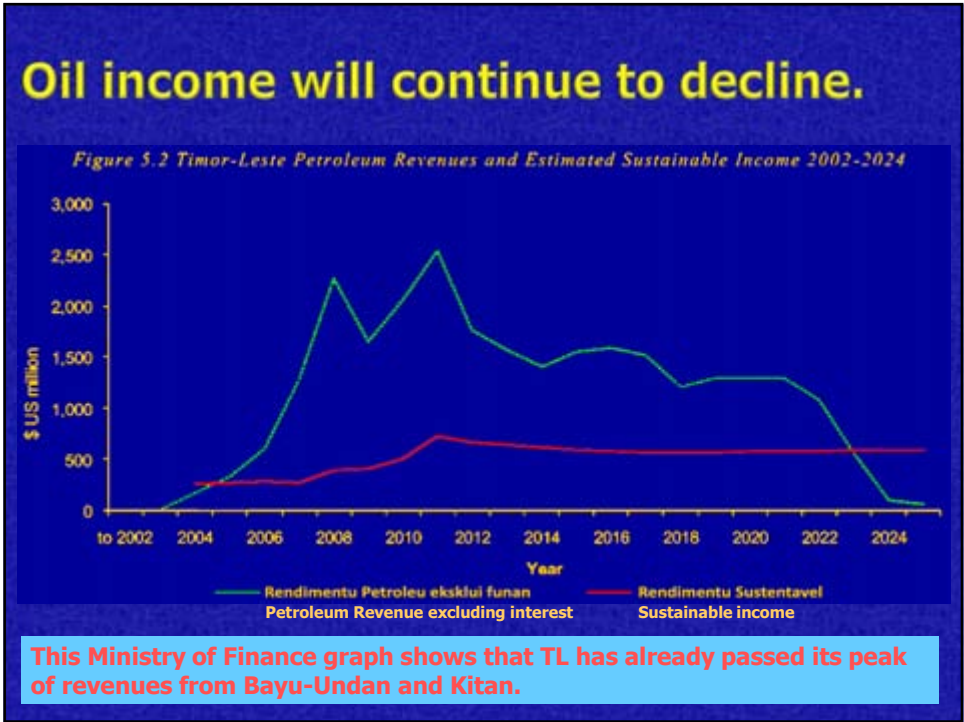
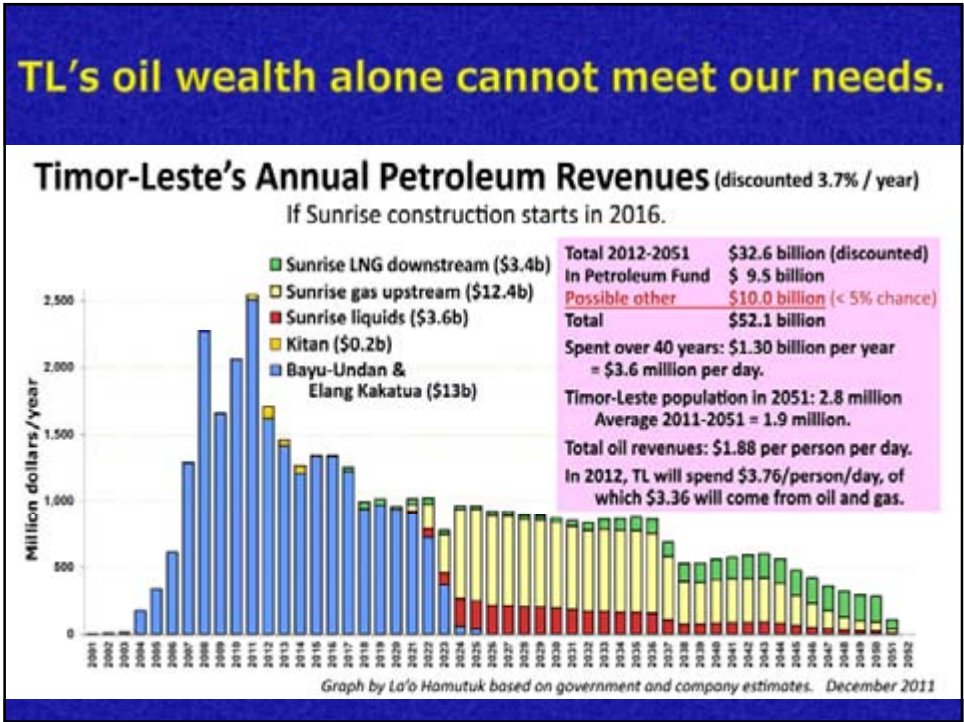
How will they survive?

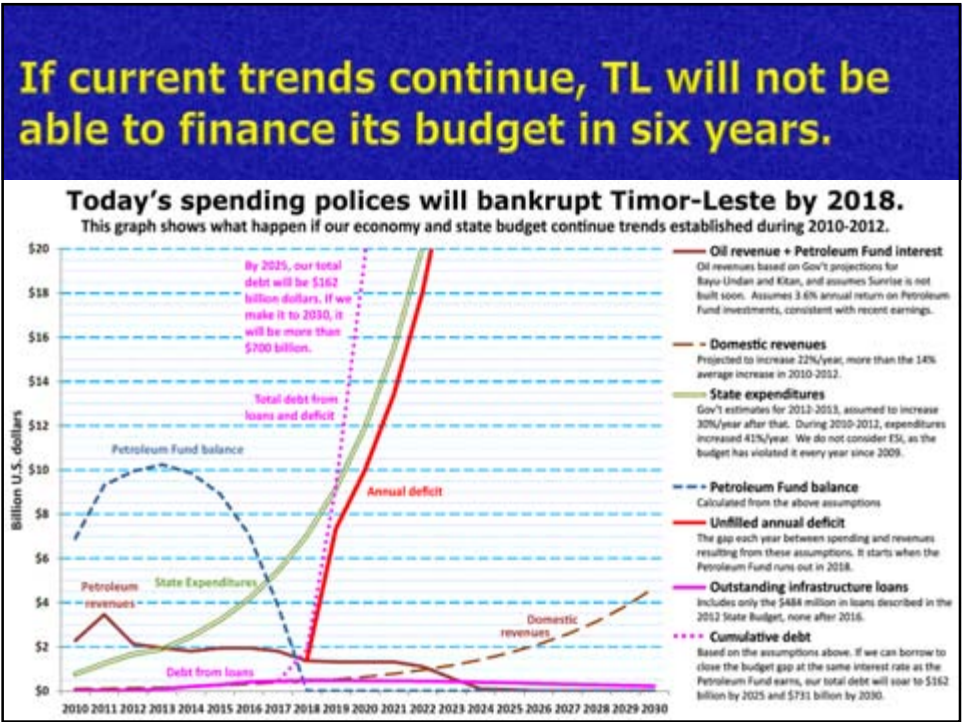
## Petroleum Dependency

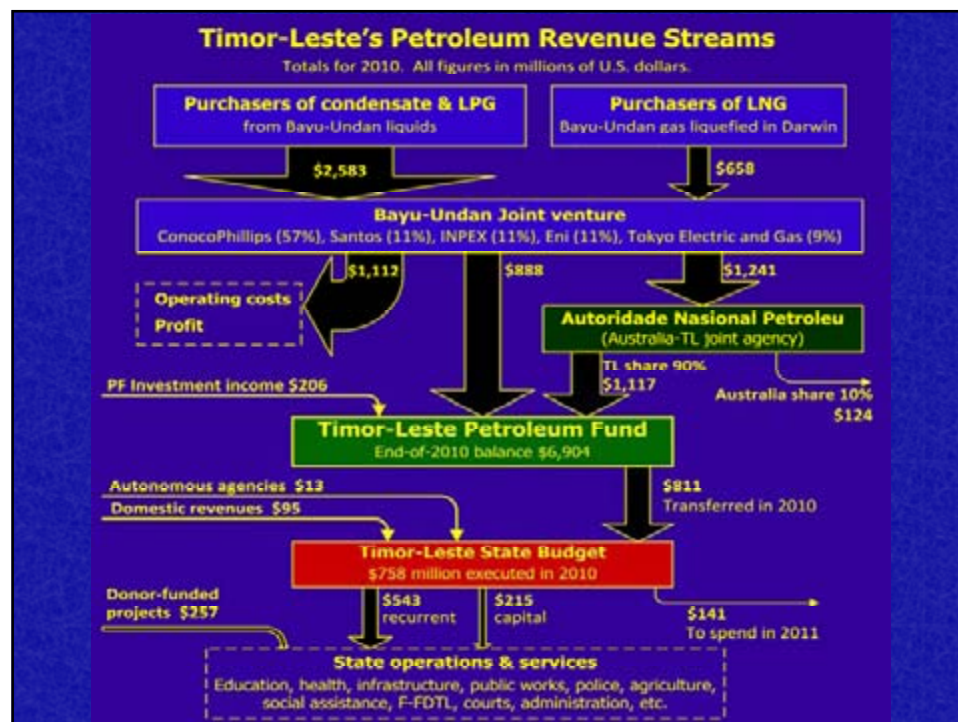
- **State expenditures in 2012:**..... **\$1,674 million**  
**\$1,495 million** (89%) will come from the Petroleum Fund.
- **Non-oil GDP in 2012:**..... **\$930 million**
- **GNI in 2012:**..... **\$3,750 million**  
**\$2,497 million** is from exporting nonrenewable oil and gas. Together with **\$ 324 million** from Petroleum Fund investments, this is 75% of our entire economy and 97% of state revenues.  
It is declining every year and will probably end by 2024.
- **State activities paid with oil money are about half of Timor-Leste's "non-oil" economy as they are recycled through the local economy.**
- **Petroleum income doesn't provide jobs or money for people – it all goes to the State.**
- **Although the Petroleum Fund can improve equity between generations, it does not guarantee good governance or prevent corruption, and will not last long if current policies continue.**

**South Sudan is the only country which depends more on oil and gas exports than Timor-Leste.**









## Signs of the "resource curse" (1)

- **Seeing money as the solution to every problem**  
It's easier to buy a scholarship than to build a university.
- **Spending without thinking**  
State expenditures are growing 28% every year.
- **Lack of realistic long-term planning**  
The Strategic Development Plan is but a dream.
- **Import dependency**  
TL has a billion-dollar non-oil trade deficit.
- **Inflation (17%) from little local productive capacity**  
Our economy cannot absorb the cash in circulation.



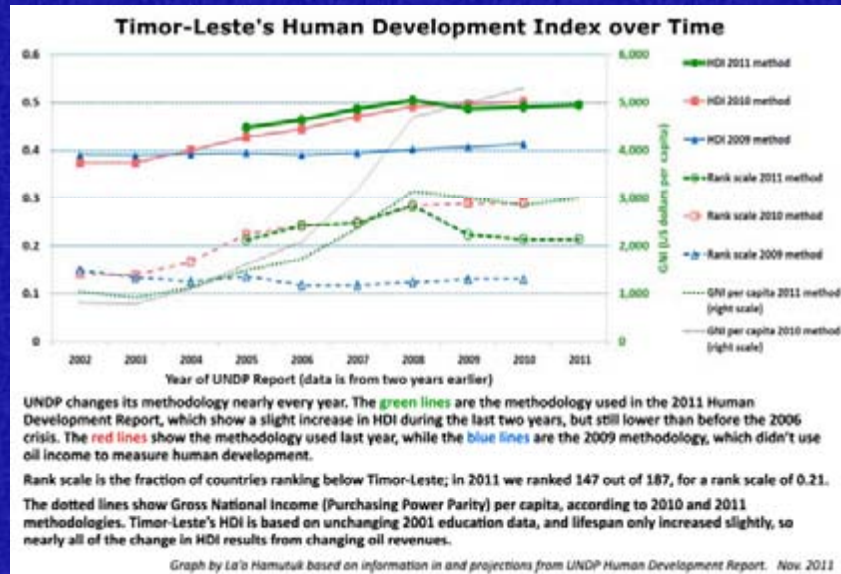
## Signs of the "resource curse" (2)

- **Ignoring non-oil development and revenues**
- **Acting as if oil will last forever**  
Bayu-Undan and Kitan will be dry by 2024.
- **Borrowing today, to repay tomorrow**  
TL will borrow more than \$460 million in the next five years, often for projects with little likelihood of return.
- **Wealth goes mainly to the urban elite.**  
Most people won't benefit from highways, airports and oil facilities, but will feel the burden of loan repayments.
- **Petroleum sector "captures" decision-making.**  
Few creative ideas to develop agriculture, education, tourism, small industries ...

**Most people live in rural areas by subsistence agriculture.**



## UNDP HDI mainly shows oil revenues

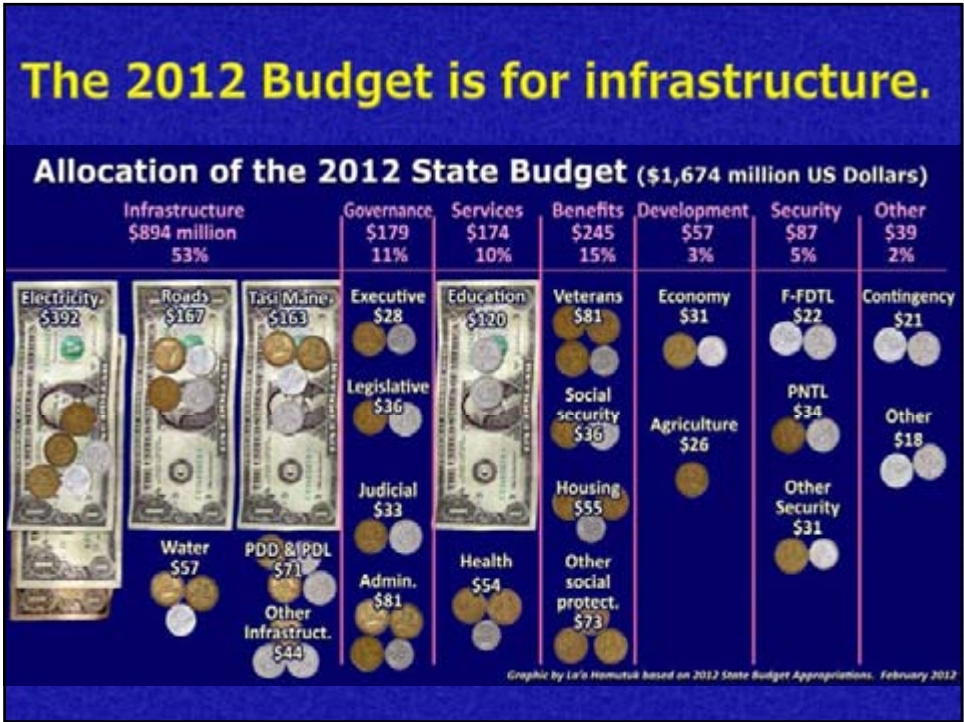
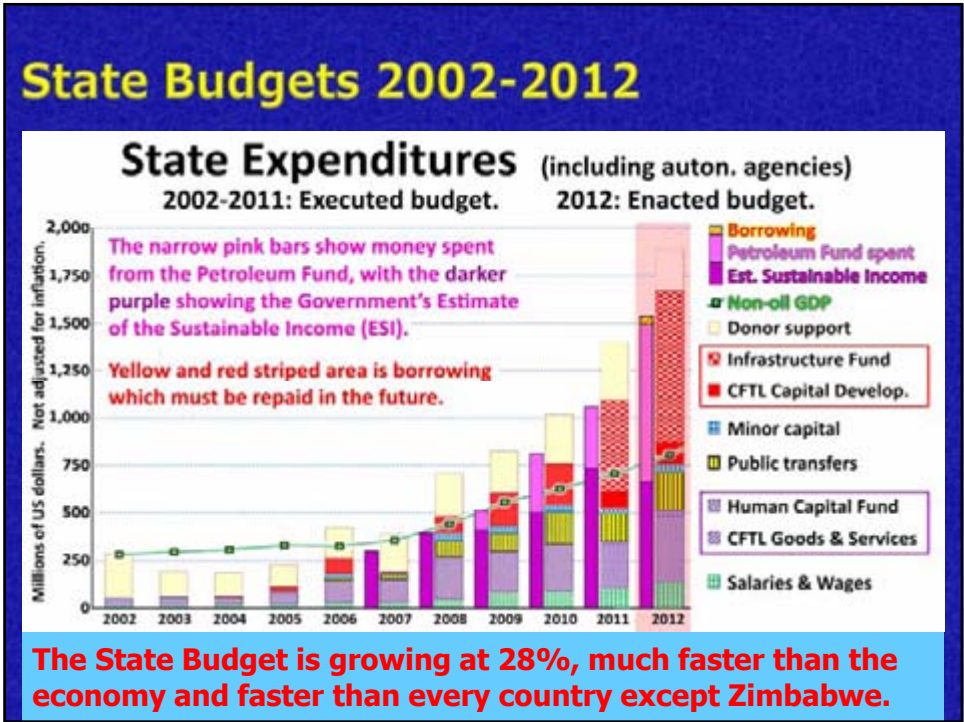


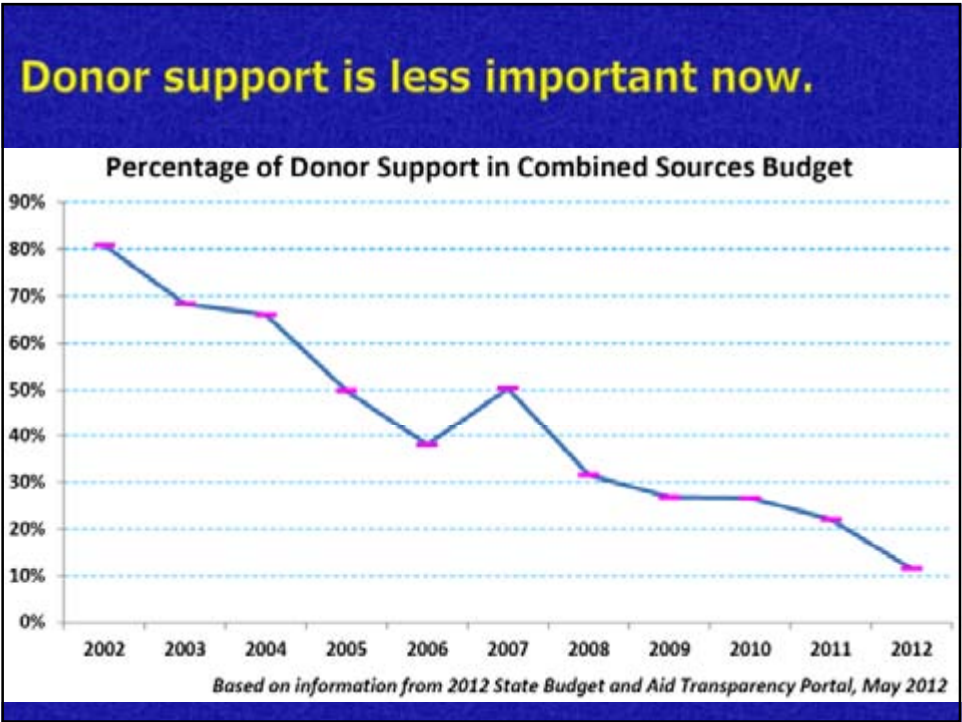
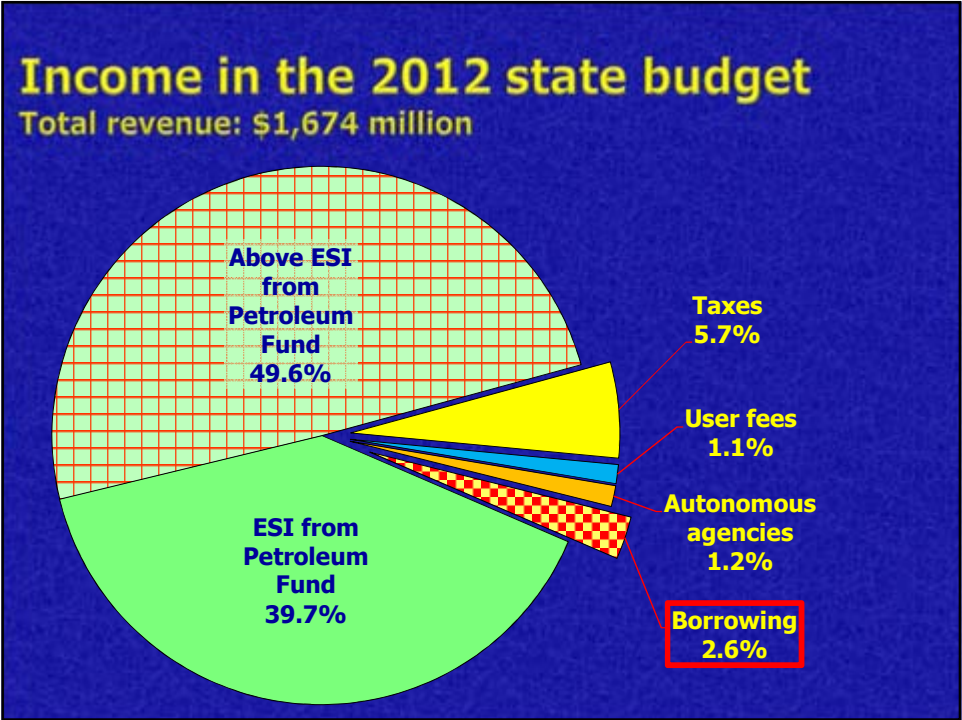
## 2. Unsustainable budget and economy

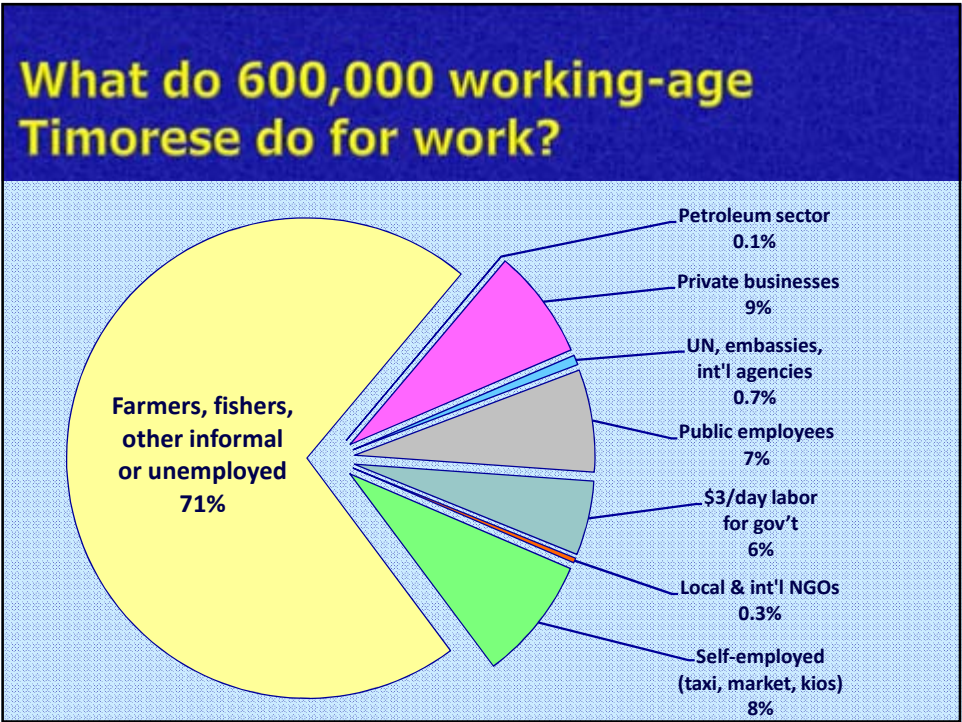
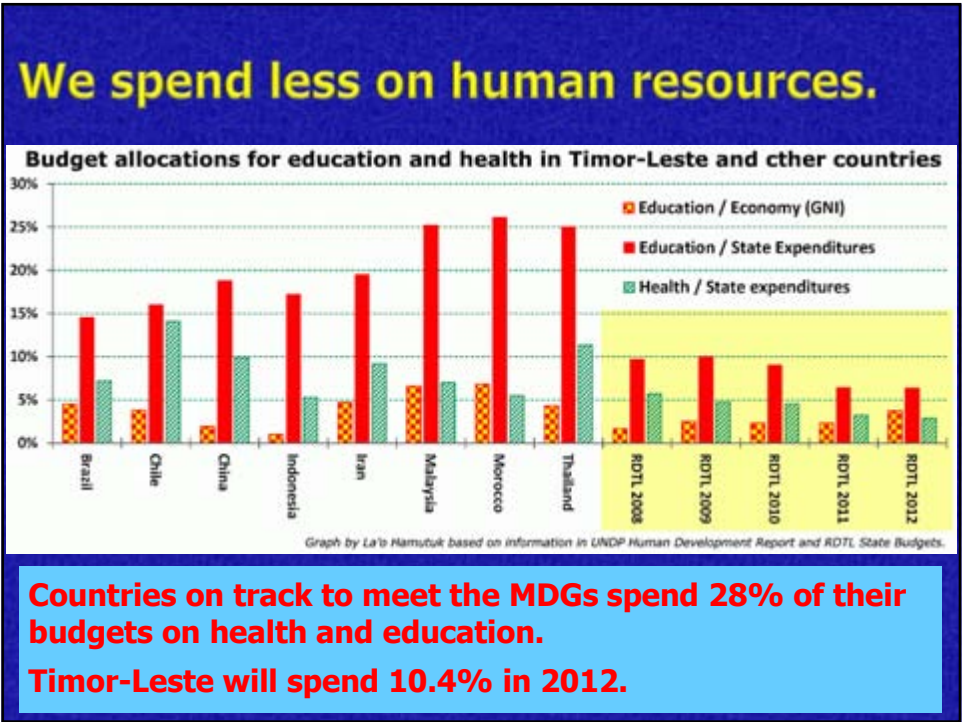
**Timor-Leste has almost no industry and a tiny private sector.**

**Our State Budget increases faster than every country except Zimbabwe.**











### Real Threats to Real Security

- Human security is health care, food, education, employment, housing, etc.
- 50 times as many Timorese children under five die from avoidable conditions as people are killed by violence.
- These children will not be helped by police, soldiers or judges, but the UN and donors prioritize the "security sector" and see everything through a conflict lens.
- We must diversify our economy and strengthen our people and workers to prepare for the day our oil runs out and we can no longer pay for imports.





## Timor-Leste trade in 2010

(million USD)

Category	Imports	Exports	Balance
<b>Goods</b>	<b>\$289</b> (DNE reports)	<b>\$17</b> (96% coffee)	<b>-\$272</b>
<b>Other goods</b> (extra-legal)	<b>\$200</b> (LH est.)	<b>\$0.3</b> (LH est.)	<b>-\$200</b>
<b>Services</b>	<b>\$505</b> (2009, from BPA)	<b>\$3</b> (LH est. remittances)	<b>-\$502</b>
<b>Total excluding oil and gas</b>	<b>\$994</b>	<b>\$20</b>	<b>-\$974</b>
<b>Petroleum receipts</b> (to state)	--	<b>\$2,016</b> (incl. \$294 Petrol. Fund interest)	<b>\$2,016</b>
<b>Total</b>	<b>\$994</b>	<b>\$2,036</b>	<b>\$1,042</b>

## Timor-Leste changes every year.

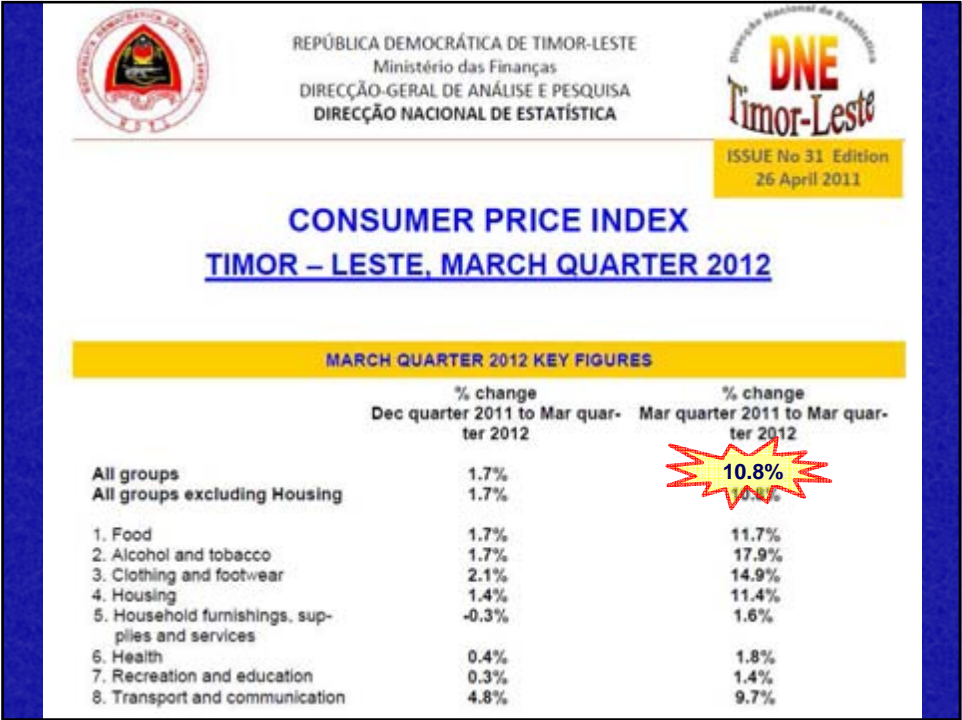
- **Population**

is increasing 2.4% per year, doubling in less than 29 years (the post-war "baby boom" will become parents).

- **Inflation**

According to the National Statistics Department, consumer prices in Dili increased 17.4% from December 2010 to December 2011.

**People's needs and desires will increase as the country develops.**



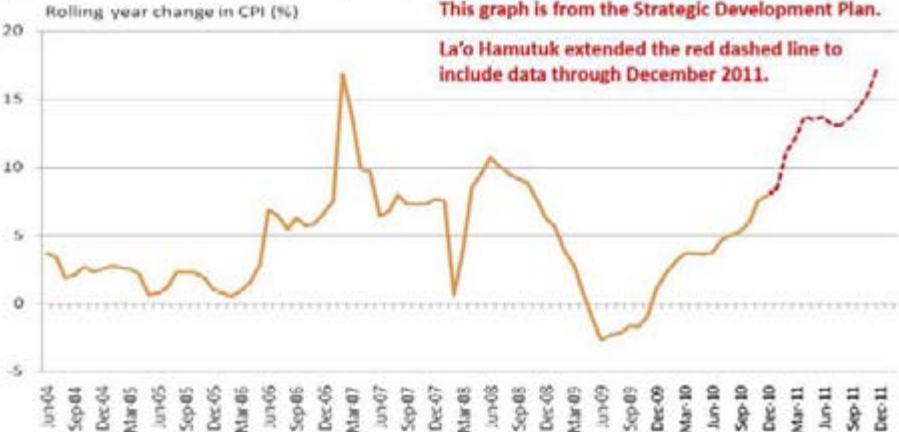


Inflation since 2009 comes from the government spending more than the economy can absorb.

Figure 28 Timor-Leste inflation rate, Monthly Rolling Year Rates

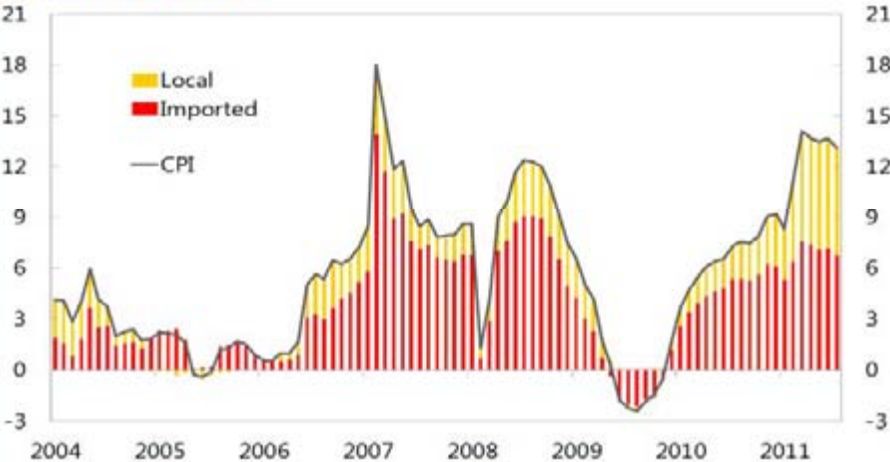
This graph is from the Strategic Development Plan.

La'o Hamutuk extended the red dashed line to include data through December 2011.



Local factors drive recent inflation.

Contributions to CPI  
(In percent, year-on-year)



Sources: Timor-Leste authorities; and IMF staff estimates.

Dili is very different from the districts.

**From Timor-Leste Demographic and Health Survey 2009-2010**

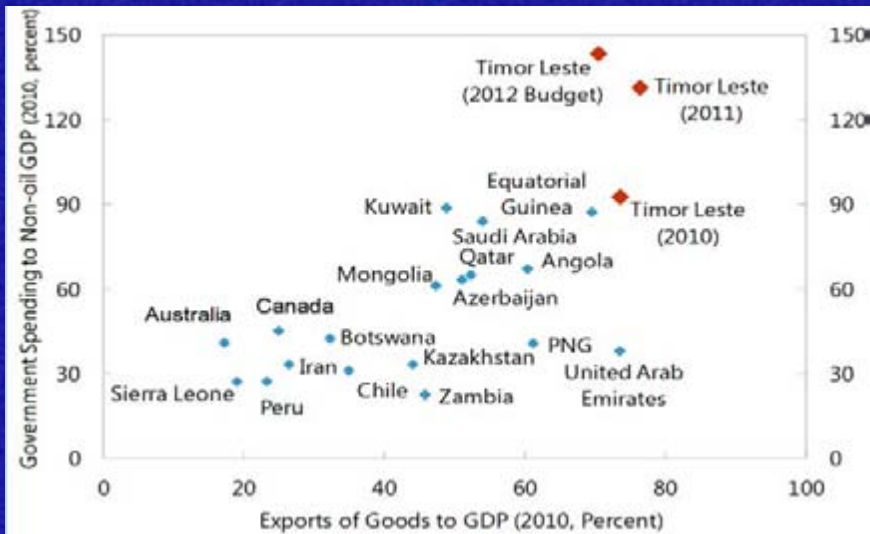
Table 2.11 Wealth quintiles

Percent distribution of the de jure population by wealth quintiles, according to residence and region, Timor-Leste 2009-10

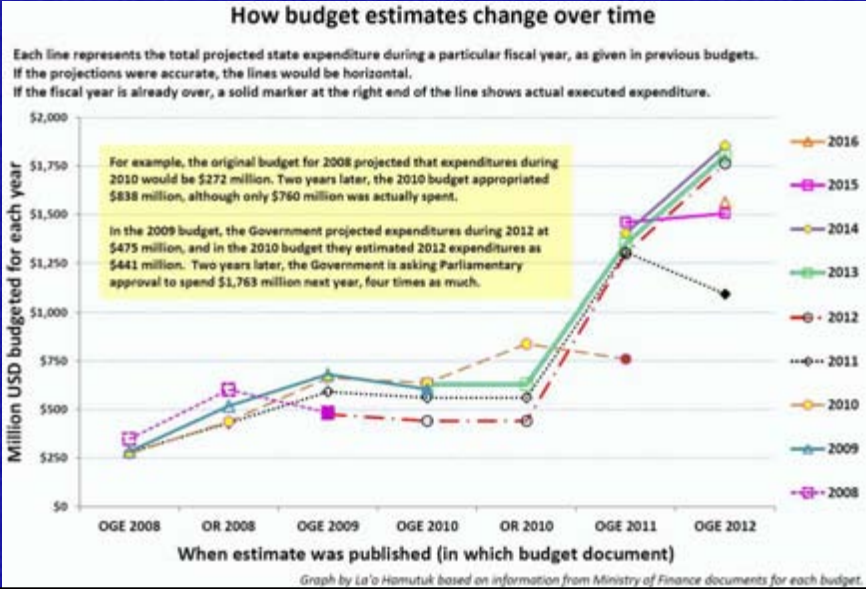
Residence/ region	Wealth quintile					Total	Number of population
	Lowest	Second	Middle	Fourth	Highest		
<b>Residence</b>							
Urban	4.5	6.1	9.3	22.2	57.8	100.0	15,852
Rural	24.6	24.2	23.3	19.2	8.7	100.0	51,134
<b>District</b>							
Aileu	20.6	27.9	25.1	18.2	8.2	100.0	2,785
Ainaro	30.9	32.2	19.7	12.1	5.2	100.0	3,830
Baucau	26.9	28.9	19.3	13.4	11.5	100.0	7,590
Bobonaro	15.2	19.7	26.1	27.8	11.1	100.0	6,323
Covalima	17.2	17.7	23.1	25.1	16.8	100.0	3,993
Dili	0.4	2.1	6.5	20.1	71.0	100.0	10,905
Ermera	9.8	30.2	31.9	21.5	6.6	100.0	8,132
Lautem	28.0	16.7	20.4	24.5	10.4	100.0	4,547
Liquiçá	15.7	18.8	25.3	25.1	15.2	100.0	4,082
Manatuto	22.2	10.9	22.5	27.7	16.8	100.0	3,088
Manufahi	28.3	25.1	18.1	16.6	12.0	100.0	2,699
Oecussi	46.6	17.1	14.4	14.2	7.6	100.0	4,281
Viqueque	35.3	25.5	17.4	13.0	8.7	100.0	4,730
Total	19.9	19.9	20.0	19.9	20.3	100.0	66,985

More than 70% of Dili's population are among the wealthiest 20% of Timorese, while only 2.5% are below the poverty line.  
About 50% of Timorese families outside Dili live in poverty.

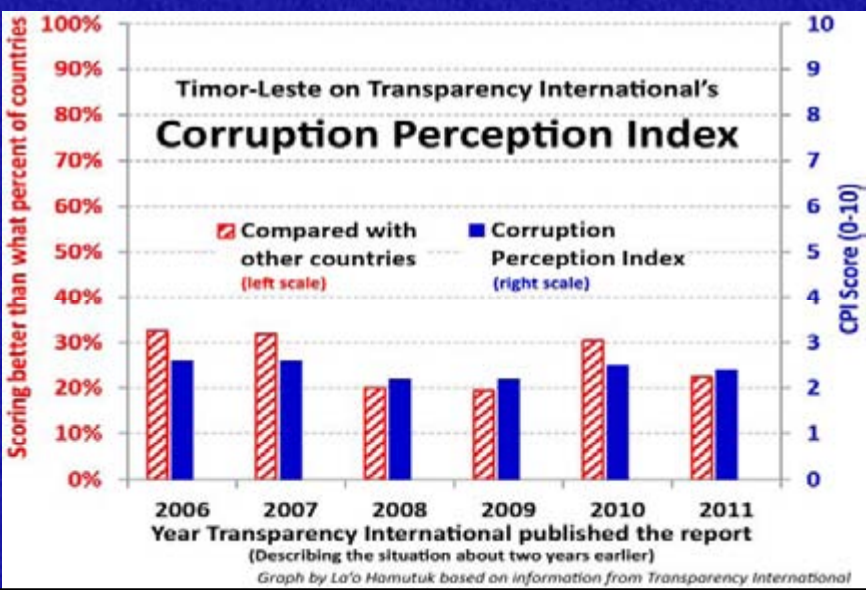
IMF: TL spends much more than other resource-dependent states.



# Budget projections are unreliable.



# How real is perceived corruption?





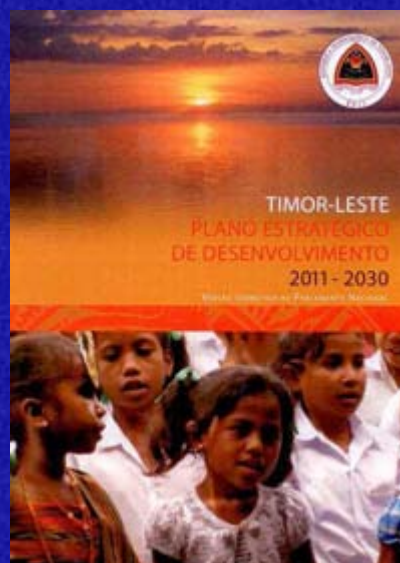
### 3. Unrealistic dreams

**Current plans for future development will not sustainably improve our people's lives.**

**They rely on Greater Sunrise gas, which is limited and might never come to our shores or treasury.**


### The Strategic Development Plan

- Issued July 2011, promises to make TL an Upper Middle Income Country by 2030.
- A vision and dream, not a realistic plan.
- Focuses on physical infrastructure, not sustainable development.
- Will require loans and spending beyond TL's means.




### Tasi Mane petroleum infrastructure project

- In 2010, TL began working on the South Coast Petroleum Corridor.
- During 2011, TL spent \$19 million, and total project costs will be more than \$2 billion (much more if Timor-Leste pays to build the refinery, gas pipeline or LNG plant).
- The 2012 budget allocates \$164 million (including the Supply Base and highway).



The map illustrates the Tasi Mane petroleum infrastructure project along the South Coast of Timor-Leste. A yellow line represents the proposed pipeline corridor, starting from the Suai area in the west and extending eastward through Betano to the Beacu area. Key locations marked include Nova Suai, Nova Betano, and Nova Viqueque. Icons along the corridor indicate planned facilities: a supply base at Suai, a refinery and petrochemical complex at Betano, and an LNG plant at Beacu. A gas pipeline is also shown extending from the Beacu area towards the sea. The map includes labels for 'Supply Base', 'Refinery Petrochemical', 'LNG Plant', and 'Gas Pipeline'.



The left side of the slide contains three small, detailed maps. The top map shows the Suai area with its supply base, industrial estates, and airport. The middle map shows the Betano area with the refinery and petrochemical complex. The bottom map shows the Beacu area with the LNG plant complex and the Viqueque airport. These maps provide a closer look at the specific infrastructure planned for each location along the corridor.

### Tasi mane project will include:

- **Suai:** Supply base area, Industrial estates, Nova Suai, Suai Airport, Crocodile farm
- **Betano:** Refinery and Petrochemical complex, Petroleum city (Nova Betano)
- **Beacu:** LNG Plant complex, Nova Beacu, Nova Viqueque, Viqueque airport.
- **Highway** from Suai to Beacu





## Problems with the Tasi Mane project

- It makes TL more dependent on the oil and gas sector.
- It neglects sustainable sectors (agriculture, tourism, small industries and others).
- Nearly all the money spent will go to foreign companies, providing hardly any local jobs or contracts.
- It will create social conflict, take up valuable land, displace people, worsen health and degrade and endanger the environment.
- We wonder if it will provide a reasonable return on investment.

**The Government has made many unrealistic promises to local communities about jobs and other benefits.**



## Tasi Mane project costs

Project component	2011 expenditure	2012 allocation	2013-2016 allocation	Anticipated loans
Detailed site survey for Beacu infrastructure	\$5.0m	\$0.5m		
Design, construction and supervision of Suai supply base	\$9.0m	\$100.0m	\$220m	
Construction and supervision of roads and bridges for Suai-Beacu highway	\$1.3m	\$45.2m	\$500m	\$220m
Environmental studies	\$0.8m	\$2.1m		
Pipeline route analysis	\$2.0m	\$1.5m		
Design and supervision of Beacu infrastructure	\$0.8m	\$3.5m		
Design, construction and supervision of Suai airport		\$5.0		
Design, construction and supervision of Viqueque airport (budgeted under transport)		\$1.0		
Detailed Geotechnical and Marine study for the Betano petrochemical plant		\$5.0		

- No information on projected benefits or return.
- Omits most future expenditures.
- Exemplifies “petroleum capture” of decision-making.
- What if Sunrise gas doesn’t come here?

**C. Fase detalik (2) - Porta Integrado (All Cargoes)**

- Eksposur ba Perada baratu laivan
- Fatin no Terminal ba kontainer
- Terminal no Ponta Kato ba Pasajero Rô bo'ot
- Bota mos sai Fatin no Terminal ba Indústria Petrol

 Exemplo Imagem Atividades Supply Base

**E. Benefisio no Involvementu oinsa deti maka Timorlean sei hetan husi Projeto Suai Supply Base (SSB)**

**A. Durante Fase konstruksaun**

**Kita Kampu Serbisu Direta (± 300 Vaga Serbisu)**

Timorlean sira nabe sei involue ita fase ida ne'e mai hadi rasiu sei/Metanet on-on hanesan:

- High skill: Operario, Ekspozitista, Abundabilidade, sei.
- Medium skill: Teknisu Profesionais, Mandor, Mekaniku, sei.
- Low skill: Manonisa, sei.
- Unskilled: Ajudante, Security, Cleaner, sei.

**Kita Kampu Serbisu Indireta (± 1000–1500 Vaga Serbisu)**

Hadi projeto ne'e mos sei kita kampu serbisu indireta lubuk ida ba “komunidade lokal” hadi suporte ba projeto ne'e rasik hanesan ba:

- Konstrutor Lokal / Nasional
- Fornesementu hahan
- Transporte
- Laundry/Food Kupa, sei

**B. Durante Fase Operasaun**

**Kita Kampu Serbisu Direta (± 272–370 Vaga Serbisu)**

- ±200–250 Timorlean sei serbisu direta ita operasaun SSB man, no ±72–120 sei serbisu ho Operador sira nabe ataga Minihondase.

**Kita Kampu Serbisu Indireta (± 1000 Vaga Serbisu)**

- ita fase operasaun SSB sei kontinua kita serbisu indireta ba “komunidade lokal” hanesan ita fase konstruksaun.

**Kita Oportunidade Negesiu**

- Industria ba Konstruksaun (Fábrica Cimento, Karpintaria, sei)
- Hospitalidade (Hotels, taverns, salun, travel agencies, sei)
- Fatin ba han no Hamu (restaurants, bar, barbeque, sei)
- Komersi (Supermarket, shops, stasion ba mofa)
- Ofeseramentu (Produto local)
- Investimentu husi Rô Lur (Banku, Telekomunikasaun, sei)

**Desenvolve Rekurso Umanu**

Sei prepara Timorlean atu tur treinamentu ita nibe hotukofu, nabe sei hetan ita Rekurso serek nomis ita Timor larak minisio husi ita modik fase operasaun kulia.

**Contacts:**

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**GOVERNU REPÚBLICA DEMOCRÁTICA DE TIMOR LESTE**  
**Sekretaria Enxadu Rekurso Natural**

**PROJETO TASI MANE**  
**CONSTRUÇÃO E SUPORTE**

**1. Introdução**

2. Saiba mais supply base no Nova Suai

3. Supply Base no Nova Suai ne'e ukatiza ita ne'be?

4. Atividades sira ba Suai Supply Base (SSB) nian: Hatiao ona, tao heta no atu hetan.

5. Atividades Konstruksaun Projeto Suai Supply Base fahu ba fase II (doku)

6. Benefisio no Involvementu oinsa deti maka Timorlean sei hetan husi Projeto Suai Supply Base (SSB).

 Decisao Konstruksaun Projeto Tasi Mane

 Exemplo Imagem Supply Base

### 1. Infrastruktur

Governo Timor-Leste criou o Plano Estratégia Desenvolvimento Nacional (PEDN), o qual prevê a implementação de projetos de infraestrutura. O Plano prevê a implementação de projetos de infraestrutura, incluindo a construção de estradas, portos, aeroportos, e sistemas de água e esgoto.

1. Sui Supply Base no Nova Suai: O projeto Sui Supply Base no Nova Suai é um projeto de infraestrutura que visa construir uma base de apoio para a operação da Sui Liquefied Natural Gas (LNG) Plant. O projeto inclui a construção de um terminal de embarque e desembarque de navios, um sistema de armazenamento de gás, e um sistema de distribuição de gás para as instalações da planta.
2. Betano Refinaria/Processo no Nova Betano: O projeto Betano Refinaria/Processo no Nova Betano é um projeto de infraestrutura que visa construir uma refinaria de petróleo e um processo de gás natural. O projeto inclui a construção de um terminal de embarque e desembarque de navios, um sistema de armazenamento de petróleo e gás, e um sistema de distribuição de petróleo e gás para as instalações da refinaria.
3. Planta LNG Beito, Nova Viqueque: O projeto Planta LNG Beito, Nova Viqueque é um projeto de infraestrutura que visa construir uma planta de liquefação de gás natural. O projeto inclui a construção de um terminal de embarque e desembarque de navios, um sistema de armazenamento de gás, e um sistema de distribuição de gás para as instalações da planta.
4. Auto-Estrada (Highway) de ligação Nova Suai a Beito: O projeto Auto-Estrada (Highway) de ligação Nova Suai a Beito é um projeto de infraestrutura que visa construir uma estrada de ligação entre Nova Suai e Beito. O projeto inclui a construção de uma estrada de ligação entre Nova Suai e Beito.

### 2. Suporte ao Projeto Sui Supply Base no Nova Suai

- Suporte Base: O projeto Suporte Base no Nova Suai é um projeto de infraestrutura que visa construir uma base de apoio para a operação da Sui Liquefied Natural Gas (LNG) Plant. O projeto inclui a construção de um terminal de embarque e desembarque de navios, um sistema de armazenamento de gás, e um sistema de distribuição de gás para as instalações da planta.
- Nova Suai: O projeto Nova Suai é um projeto de infraestrutura que visa construir uma base de apoio para a operação da Sui Liquefied Natural Gas (LNG) Plant. O projeto inclui a construção de um terminal de embarque e desembarque de navios, um sistema de armazenamento de gás, e um sistema de distribuição de gás para as instalações da planta.

### 3. Sui Supply Base no Nova Suai: Visão Geral

O projeto Sui Supply Base no Nova Suai é um projeto de infraestrutura que visa construir uma base de apoio para a operação da Sui Liquefied Natural Gas (LNG) Plant. O projeto inclui a construção de um terminal de embarque e desembarque de navios, um sistema de armazenamento de gás, e um sistema de distribuição de gás para as instalações da planta.

### 4. Atividades da Sui Supply Base no Nova Suai

#### A. Atividades da Sui Supply Base no Nova Suai:

- 2009-2010: O projeto Sui Supply Base no Nova Suai foi iniciado em 2009 e concluído em 2010. O projeto inclui a construção de um terminal de embarque e desembarque de navios, um sistema de armazenamento de gás, e um sistema de distribuição de gás para as instalações da planta.
- 2010-2011: O projeto Sui Supply Base no Nova Suai foi concluído em 2011. O projeto inclui a construção de um terminal de embarque e desembarque de navios, um sistema de armazenamento de gás, e um sistema de distribuição de gás para as instalações da planta.
- Agosto 2013: O projeto Sui Supply Base no Nova Suai foi concluído em 2013. O projeto inclui a construção de um terminal de embarque e desembarque de navios, um sistema de armazenamento de gás, e um sistema de distribuição de gás para as instalações da planta.
- Agosto 2011: O projeto Sui Supply Base no Nova Suai foi concluído em 2011. O projeto inclui a construção de um terminal de embarque e desembarque de navios, um sistema de armazenamento de gás, e um sistema de distribuição de gás para as instalações da planta.
- O projeto Sui Supply Base no Nova Suai é um projeto de infraestrutura que visa construir uma base de apoio para a operação da Sui Liquefied Natural Gas (LNG) Plant. O projeto inclui a construção de um terminal de embarque e desembarque de navios, um sistema de armazenamento de gás, e um sistema de distribuição de gás para as instalações da planta.

#### B. Atividades da Sui Supply Base no Nova Suai:

- O projeto Sui Supply Base no Nova Suai é um projeto de infraestrutura que visa construir uma base de apoio para a operação da Sui Liquefied Natural Gas (LNG) Plant. O projeto inclui a construção de um terminal de embarque e desembarque de navios, um sistema de armazenamento de gás, e um sistema de distribuição de gás para as instalações da planta.
- O projeto Sui Supply Base no Nova Suai é um projeto de infraestrutura que visa construir uma base de apoio para a operação da Sui Liquefied Natural Gas (LNG) Plant. O projeto inclui a construção de um terminal de embarque e desembarque de navios, um sistema de armazenamento de gás, e um sistema de distribuição de gás para as instalações da planta.

**TL has just become a debtor.**

- **Laws passed since 2009 have paved the way for Timor-Leste to take out foreign loans.**
- **The 2012 Budget starts borrowing with \$160 million, including \$43.1 million to be spent this year.**
- **The Government recently signed \$103 million in loan contracts with Japan and the ADB.**
- **During the next four years, the Government plans to borrow nearly half a billion dollars.**

Most loans will pay for roads.

Projects to be financed with borrowed money, 2012-2016



Lenders are

- World Bank
- JICA (Japanese government)
- Asian Development Bank
- China Export-Import Bank

Brown: estimates from La'o Hamutuk

Project	Financed by	Loan	Grace Period (yrs)	Term (yrs)	Interest rate	Total Repaid
Dili-Liquiçá-Gleno roads	ADB ADF concessional	\$9.1m	8	32	1.0% / 1.5%	\$12m
Dili-Liquiçá-Gleno roads	ADB OCR commercial	\$30.9m	5	25	LIBOR + 0.19%	46m
Dili-Ainaro, Same, Ermera roads	WB IDA concessional	\$20m	10	25	2.50%	\$28m
Dili-Ainaro, Same, Ermera roads	WB IBRD commercial	\$20m	5	30	LIBOR + 0.46%	\$32m
Dili-Baucau road	JICA concessional	\$68.7m	10	30	0.70%	\$77m
Dili drainage	China Ex-Im bank	40m	10	25	3.00%	60m
Manatuto-Natarbora road	ADB OCR commercial (?)	\$75m	5	25	LIBOR + 0.19%	\$110m
Tasi Mane highway	unknown commercial	\$220m	10	20	4.00%	\$352m



# Borrowing in the 2012 State Budget

Table 6.1. Financing needs for major infrastructure projects, 2012 – 2016 (\$ millions)

Roads	2012	2013	2014	2015	2016	Total
Dili-Liquica, Tibar-Emera	5.26	10.70	10.70			26.66
Manatuto-Natarbora	2.84	2.85	2.28	5.34	30.00	43.34
Dili-Manatuto-Baucau	0.27	1.35	10.85	18.99	19.77	68.70**
Maubisse-Ainaro/Same	5.00	10.00	20.00	5.00		40.00
South Coast Highway		30.00	40.00	50.00	100.00	220.00
Dili sanitation/drainage		20.00				20.00***

\*\* The total amount to be provided in Loan is 68.7 million. This total is made based on the information provided by JICA. Government will be finding 25% to complete 95 million of the total project cost.

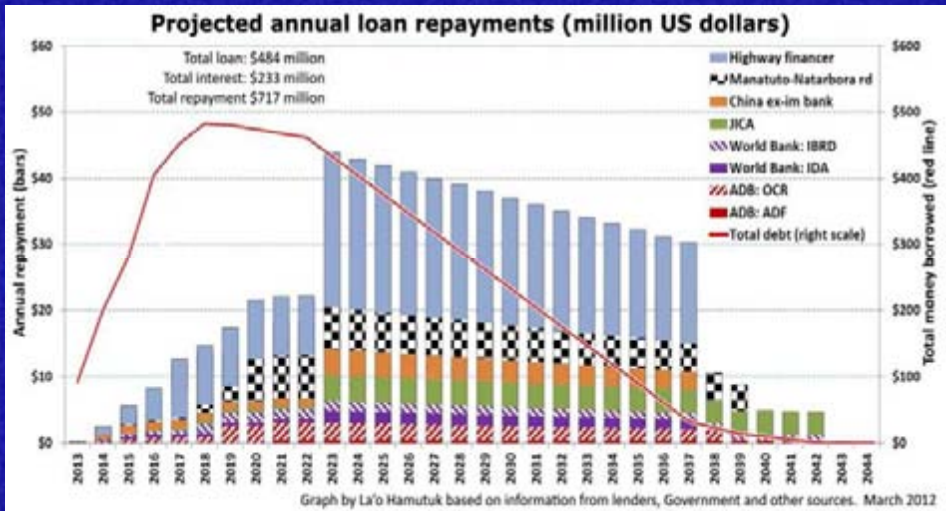
\*\*\* The Exim Bank still need to do design in 2012 therefore there will be no expenses in 2012.

Table 6.2 Loans and Co-financing from the Government, 2012 – 2016 (\$ millions)

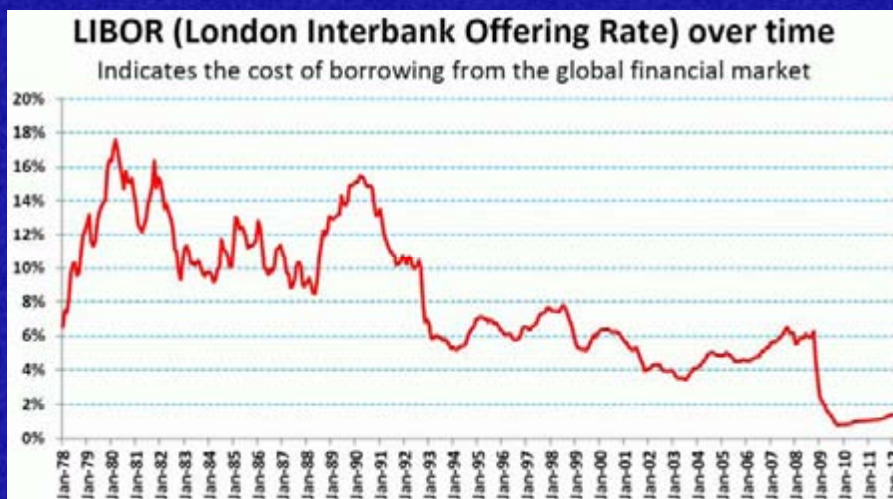
	2012	2013	2014	2015	2016	
Loans	43.10	80.2	81.1	102.8	107.0	414.2
Government Co-Financing	9.93	24.05	24.32	30.85	54.00	143.15
	53.03	104.25	105.42	133.65	161.00	557.35

Source: Major Projects Secretariat, Ministry of Finance, 2011

# Loans will have to be paid back.



## Commercial loans will become more expensive in the future.



## Important to consider



- Implementing the SDP will require billions of dollars more in loans, probably at commercial rates.
- Even at concessional rates, repaying a loan will permanently reduce money in the Petroleum Fund. The yen loan makes us hostage to a strong dollar.
- TL's oil and gas are small and non-renewable, and future oil prices are unpredictable.
- TL will have to make loan repayments before spending money on people's needs or developing other sectors.
- Our children and grandchildren will inherit our debt.

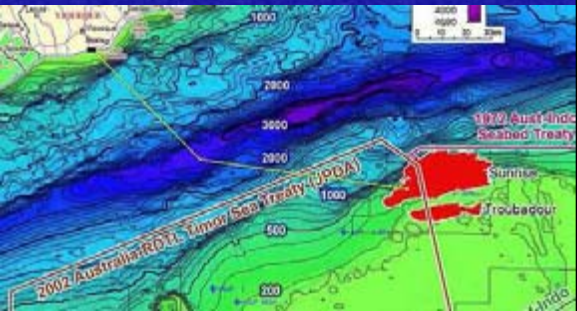
## Sunrise and maritime boundary dispute

- Australian companies began exploring Sunrise in the early 1970s, after Australia and Indonesia divided our maritime resources without involving Portugal. In 1989, they closed the “Timor Gap” to share illegally occupied resources in the Joint Development Area.
- The 2006 CMATS treaty bans maritime boundaries discussion for 50 years. It divides Sunrise upstream revenues 50-50.
- Australia put its greed for oil before respect for its sovereign neighbors or international law.
- Based on UNCLOS , TL owns everything north of the median line.



## The Greater Sunrise stalemate

- The project is stalled because Timor-Leste and the companies do not agree on how it should be developed.
- Woodside and its partners Shell, ConocoPhillips and Osaka Gas believe a floating LNG plant in the sea is the most profitable.
- Timor-Leste wants a pipeline from Sunrise to Beçu, to get more tax revenues and anchor the Tasi Mane project.
- Under contracts and treaties, the companies can choose the path, but both governments need to approve it.
- TL can cancel CMATS next year if the parties haven't agreed yet.







**Beginning the theft of Maubere's wealth**

**Foreign  
ministers  
Gareth Evans  
and Ali Alatas  
toast the  
signing of the  
Timor Gap  
Treaty in 1989  
while flying  
over the Timor  
Sea.**



## 4. Impunity and accountability

**Impunity for past crimes  
undermines future stability,  
security and rule of law.**

### **Impunity and accountability for crimes against humanity**

- 1975-1999: Indonesian invasion and occupation killed about 180,000 people in a systematic and planned policy executed throughout Timor-Leste.
- 2000: Indonesian Commission on Human Rights Abuses in TL (KPP HAM) reported on 1999 crimes and recommended an international mechanism.
- 2001-2004: UN-supported Serious Crimes Unit indicted 391 people for 1999 crimes. All Indonesian and most Timorese indictees live free in Indonesia.
- 2001-2005: TL's Commission for Reception, Truth and Reconciliation (CAVR) researched history and encouraged reconciliation among Timorese. Its extensive report made 200 recommendations, including that if other processes fail, the UN should create an international tribunal.
- 2005: UN Commission of Experts (COE) reviewed legal processes to date and recommended creating an international mechanism.
- 2005: TL and Indonesian governments created the Commission of Truth and Friendship (CTF) using diplomacy to avoid individual accountability.

**Until today, no legitimate processes in Indonesia or Timor-Leste have held major criminals accountable.**



Indonesia's occupation included many massacres.



Above: 1983 massacre in Kraras, Viqueque



Right: Commemorating the 10<sup>th</sup> anniversary of the 1999 Suai Church massacre. Indicted ringleader Maternus Bere was illegally freed due to Indonesian pressure on TL's leaders.



UN Serious Crimes Unit Special Panel

The UN-supported Serious Crimes Unit indicted 391 people for 1999 crimes, tried 87 Timorese and convicted 84.

All Indonesian indictees and most Timorese are living free in Indonesia, and recent efforts to prosecute were blocked by political interference.





**2004: President Xanana Gusmão and indicted ex-General Wiranto**

The Serious Crimes Unit issued an arrest warrant for former Indonesian military chief Wiranto for Crimes Against Humanity weeks before this photo was taken in Bali.

Wiranto later ran twice for President of Indonesia.



## Ongoing impunity creates insecurity.

- Today, all the main perpetrators of crimes against humanity during the Indonesian occupation are free in Indonesia, including everyone responsible for the 99% of occupation-related killings committed between 1975 and 1998.
- They are all protected by the Indonesian government, and many hold high Indonesian political and military positions.
- This ongoing impunity greatly threatens peace, security, democracy, rule of law and moral values in both Timor-Leste and Indonesia.

## What happens next?

- Today, neither Indonesia, Timor-Leste nor the international community has the political will to bring these criminals to justice.
- The Commission of Experts report has never been discussed in the Security Council.
- UNMIT will leave Timor-Leste at the end of 2012, having failed to achieve justice, and future UN processes here will have less power and are not yet defined.
- UN policy and global consensus says that there can never be impunity for crimes against humanity. **Chega!**

**A luta continua. We continue to demand that people who violate the law be held accountable for their crimes.**



## 5. Access to land

**Land is the base of our socio-cultural lives.**

**Recent developments could increase injustice and conflict.**

### **Traditional land system before Portuguese colonization and Indonesian occupation**

#### **Land functions**

- Determines our origin and identity
- Place occupied by our ancestors spirits
- Socio-cultural functions linked to tradition and cosmos
- Collective economic function

#### **Access to land**

- Inheritance
- Traditional system allowing right to collective use
- Property right allowed after occupying land for a long time

#### **Land management**

- Traditional collective management system at the family and village levels (Tara Bandu).





## **Consequences of colonization and occupation**

### **Introduction of a new coercive system**

- Forced displacement
- Transmigration
- Taxes
- Certificates
- Corruption and stealing

### **Changes in land functions**

#### **Land as a strategic tool to**

- Reinforce power and domination
- Support Portuguese and Indonesian economy
- Increase people's dependency and vulnerability

#### **Land as a commodity without soul**

**Privatization: communities lose rights to individuals.**

**Desertification: monocrop agriculture depletes soil.**

## **Land registration in Portuguese and Indonesian times**

- 200,000 parcels already registered.
- 2,843 land titles issued by Portuguese.
- 34,965 land titles issued by Indonesians including 30% through corruption.

**This system transferred land ownership from Timorese families and communities to more than 100,000 non-Timorese private owners.**

## Land law elaboration

In 2009, the Ministry of Justice, with the support of USAID, implemented the cadastre and registration system and created the Special Regime for Determination of Ownership of Immovable Property, Expropriation Law and Real Estate Finance Fund Law.



**These laws were elaborated with very limited community participation.**

## Land law concept

**Establishment of a formal, basic land tenure system to address:**

- needs of the modern
- urban sector
- formal land transactions
- registration.

**It must also respect traditional land and customs.**



## Who will benefit from these land laws?

- **The State.**  
Land "owned" by Portuguese and Indonesian administrations automatically becomes Timor-Leste state property without considering how the occupiers got it.
- **People who got certificates during Portuguese and Indonesian times.**
- **Rich and powerful people.**  
People with a lot of land and money can pay taxes and exert disproportionate influence.

## Likely consequences of the implementation of the Land Laws

### **Social, cultural and economic impacts:**

- Land will become a commodity with no spiritual value.
- Degradation of our cultural system which is based on collective values.
- Land concentration in the hands of rich and powerful people.
- Increasing cases of eviction.
- Poor people will lose their land.
- Less land available for agriculture and production.
- Emergence of slums, landlessness and homelessness.



**Thank you.**

**You will find more and updated information at**

- **La'ó Hamutuk's website**  
**<http://www.laohamutuk.org>**
- **La'ó Hamutuk's blog**  
**<http://laohamutuk.blogspot.com/>**
- **Reference DVD-ROM available from our office.**

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