

The Globalism Institute

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Oxfam Australia

Oxfam Australia has been supporting long-term development work in Timor-Leste since 1975. Oxfam works in partnership with twenty-six local partner organizations, the Government, and community groups in three districts to improve people's access to basic services; ensure marginalized groups have the opportunity to take part in decisions that affect their lives; and address the root causes of conflict to build lasting peace.



Fishing group, Maquelab, January 2007

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ISBN 978-0-646-48687-1

Social and Economic Development in Oecusse, Timor-Leste



A research report produced by Oxfam Australia
and the Globalism Institute, RMIT University, Melbourne

Kym Holthouse and Damian Grenfell



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ISBN 978-0-646-48687-1

Cover image: The spectacular mountains that form the backdrop to Pante Makassar, viewed from the back deck of Oecusse's new ferry, the Nakroma, provided with assistance from the German government in 2007, May 2007

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The views expressed in this publication do not necessarily reflect the views of Oxfam.

Acronyms

BPU	Border Patrol Unit
CNRT	National Council of Timorese Resistance
ECOZONE	Designated area within Oecusse where the special economic, investment and tax regulations would apply.
FFSO	Fundação Fatu Sinai Oecusse
FONGTIL	National NGO Forum of Timor-Leste
INTERFET	International Force for East Timor
MAFF	Ministry of Agriculture, Fisheries and Forestry
NTT	Nusa Tenggara Timor (Indonesian province to which west Timor belongs)
OEZDA	Oecusse Economic Zone Development Authority (body that would oversee an SEZ area under one proposed model)
SEZ	Special Economic Zone
TNI	Tentara Nasional Indonesia – National Indonesian Army
UNDP	United Nations Development Program
USAID	United States Agency for International Development

Glossary

Adat	Often used to denote ‘tradition’ and ‘ritual’, but also encompasses beliefs, values and customary law that order social, familial and political relations.
Atoin ahunut	original settlers in an area
Atoin amunit	new settlers in an area
Belis	bride-price (although it can also refer to other offerings not related to weddings).
Chefe de suco	village head
Jalan tikus	literally, ‘rat routes’
Kanaf	clan
Musim lapar	literally, ‘hungry season’
Nael	clan head
Naijuf	village/suco chief
Otonomi khusus	special autonomy
Pemali	prohibitions on certain foods
Pinang	betel-nut
Tobe	ritual forest custodian
Usif	king



Map of Timor-Leste, with Oecusse map inset

Introduction

Since Timor-Leste's independence there has been a range of proposed solutions to Oecusse's newly created isolation, especially in relation to the district's economic development and security. Oecusse is cut off from the remainder of Timor-Leste and from many communities with which it has strong socio-linguistic and trade ties but which now are effectively 'across the border'. Moreover, access to the territory is severely limited, with only a ferry providing regular public access from Oecusse to the remainder of Timor-Leste and poor communications infrastructure within Oecusse. The challenges facing Oecusse are, to say the least, immense.

The current discussions on economic development options for Oecusse can be classified into two categories. The first is comprised of initiatives which, it is argued, would boost the productivity and profitability of Oecusse's current economic base. Agriculture, including the commercial cattle sector, features strongly within this category, as does the argument that Oecusse needs to revive its long-extinguished forestry industry, albeit along sustainable lines.

The second option discussed with regard to economic development in Oecusse represents a substantial break with past practices. This approach is essentially one of applying various incentives to attract investment from outside the district, primarily from overseas but also from the small pool of East Timorese citizens with the means to start private enterprises. Potential sectors identified for such investment include low or unskilled manufacturing, export processing, food and beverage processing, and various models of tourism development.

Cutting across both of these broad approaches are questions related to the border, which impact the ability for economic development and also the provision of security in the enclave. The longer-term economic development of Oecusse will require a clear set of integrated programs that address issues of trade and the movement of people, in conjunction with clear and reasonable border policies.

Although only a minority of the Oecusse population has experience with formal employment-based economic activity, the research for this report indicates attitudes toward almost any form of job creation as overwhelmingly enthusiastic, particularly among young people. However, there is little indication that the costs of future development—such as exploitative labour conditions, spin-off industries that jar with local customs and values, exclusion of women from the job market, and environmental impacts—have been considered adequately. For a variety of reasons, a degree of sensitivity surrounds discussion of possible directions for Oecusse's future development, making debate more difficult.

The aim of this report is straightforward: to provide a brief overview of the current discussions relating to the socio-economic development of Oecusse. This is not to say that these discussions are the most appropriate or should be as dominant in public debate as they currently are. However, on talking to a range of people in government, civil society organizations and from the Oecusse community, there were four issues—governance and autonomy, Special Economic Zones (SEZs), agriculture and forestry, and border issues—that people often felt were critical. When writing a report such as this in a brief period of time, researchers tend to concentrate their time on the most resourced people and organizations in any given society, as this is where forms of easily accessible information are readily found. As such, this report tends to reflect the views of a particular set of people—a point that suggests the need for a much lengthier study in Oecusse so as to enable a broader gathering of perspectives. Within these limits, we hope this report will be a useful introduction for members of government, international development and other agencies, the donor community, the public, and students who may be unfamiliar with the different debates surrounding Oecusse. We also hope that this report can be used to understand both

what is currently being given priority to in relation to territory, and equally, what is not. We understand that with the election of a new government in 2007 much may change over the coming years. However, we feel that many of the issues discussed in this report will continue to be relevant for the foreseeable future.

Research Environment

This report is extensively based on a study commissioned by Oxfam Australia and undertaken by Globalism Institute staff from RMIT University, Melbourne. Material was collected over a three-week period from 12 May to 1 June 2007, with the initial report presented to Oxfam soon after. This initial report had the dual aims of providing a scoping study of socio-economic issues related to economic and border policy options in the enclave of Oecusse and developing a suitable Terms of Reference for a more in-depth future study. During the three-week timeframe, researchers from the Globalism Institute spoke with a wide variety of people from a range of organizations to ascertain the dominant issues being discussed in the broader community about the material conditions, prospects and aspirations that shape the day-to-day lives and opportunities of those living in the enclave. The researchers also examined documents that are often difficult to access but shed light on the major issues present in Oecusse.

Methods invariably reflect the environment in which the research is conducted. Timor-Leste presents a number of challenges to researchers, including constraints imposed by limited communications and transportation infrastructure; a culture that emphasizes embodied relationships and personal familiarity; a relatively low level of official documentation; a scarcity of printed material from non-government sources such as media; and, similarly, limited supply and accessibility of locally held archival material. Finally, even for researchers skilled in one or more local languages, the diversity of languages in Timor-Leste can add a further layer of logistical challenges. None of these factors make quality research impossible, but they do necessitate a flexible, creative and persistent approach to information gathering.

An additional factor to be considered in this current study was the timing—just weeks before a national parliamentary election on 30 June 2007. Bilateral negotiations on a range of issues related to Oecusse that had been initiated between Indonesia and Timor-Leste had stalled due to the possibility of a new Timor-Leste government being formed. Secondly, government officials may have been more guarded than usual, given the potential electoral sensitivity of some issues under discussion. Finally, the elections had a practical impact in increasing the time pressures facing members of parliament and other organizations.

Information Sources

In tandem with the documents referenced in this report, a range of interviews were undertaken with a wide variety of people. Interviews were sought with two government ministers whose ministries are highly relevant to any discussions of Oecusse's future development: former Minister Arsenio Bano (who is from Oecusse) of the Department of Labour and Solidarity (now named the Ministry of Social Services, and led by Minister Maria Domingas Alves Fernandes) and former Minister Ana Pessoa of the Department of Internal Administration (now led by Minister Archangelo Leite). Unfortunately, due to their very busy schedules and the short timeframe of the research, these meetings did not eventuate, although Ms Pessoa's office kindly arranged an interview with the former Deputy Minister Valentin Ximenes instead.

Three of the four then members of the National Parliament from Oecusse—Francisco Lelan (Fretilin), Ananias do Carmo Fuka (Partidu Povo Timor or PPT) and Antonio da Costa Lelan

(Independent)¹—were also interviewed. Franciso Lelan and Ananias do Carma Fuka were interviewed at the National Parliament, and Antonio da Costa Lelan was interviewed at his home in Oecusse. Luisa da Costa (Fretilin) was contacted by telephone and an interview requested, however, due to her travel schedule this did not eventuate. Tight travel schedules also prevented an interview with the Secretary of State for Oecusse, Albano Salem, although his Economic Advisor, Richard Mounsey from Australia, provided a wealth of information.

At the local government level, a number of officials were met, namely the Oecusse District Administrator Francisco Xavier Marques and the District Development Officer Zeferino da Cruz. Additionally, information was gleaned from district-level representatives of each department of the Ministry of Agriculture, Fisheries and Forestry (MAFF): Jose Oki, Gustodio Bobo and Angelo Sit, respectively. Jose Anuno, another staff member of the local administration and co-author of a draft *Law on Special Autonomy for Oecusse* (2003), provided valuable input on the history of attempts to have Oecusse's special status, as enshrined by the constitution, defined by legislation. As a member of the Democratic Party (PD), he also provided an opposition political party perspective, as did Salvador da Cruz (PSD).

Brian Frantz of USAID, Kim Hunter of the Asia Foundation, Chris Walsh of Caritas Australia (Oecusse-based), and all the staff of Oxfam Australia in Dili and Oecusse, particularly Herman Koopman, Waltraud Novak and Luis Fernando, generously offered their insights on a wide range of issues. Arno Suni spoke both as a representative of local Oecusse-based NGO, Fundação Fatu Sinai Oecusse (FFSO)—involved in staging cross-border dialogue between communities in Timor-Leste and Indonesian west Timor—and as the leader of an Oecusse youth group. Fatima of Centro Feto, a local women's NGO in Oecusse, helped to provide a perspective on how women in Oecusse might view opportunities to gain paid work. Constancio Ote, editor of the local newspaper *Lifau Post*, provided his perspectives on Oecusse's economic development prospects. Local shop, hotel and restaurant owners in Oecusse town, traders at the Tuesday Tono markets and members of the Border Patrol Unit (BPU) at Citrana also provided information on issues related to the border and trade.

The authors would like to thank the participants from government, organizations and the Oecusse community who offered their time, experience and views to this study. Many thanks also to Oxfam staff in Dili and Oecusse for their cooperation and assistance. The authors appreciate the support of the other Globalism Institute staff working in Timor-Leste—Carmenesa Noronha and Mayra Walsh, and especially Anna Trembath for her contribution to the final report—and Todd Bennet in Melbourne for assisting with layout.

¹ This member was forced to nominate as an independent only because of an administrative problem that resulted in a late nomination as a Fretilin candidate. Sr Costa Lelan describes himself as a Fretilin member of Parliament for all voting purposes.

Socio-cultural Introduction to Oecusse

Oecusse, constituting an area of some 815 square kilometres, is noteworthy for its status as an enclave. Separated geographically from the twelve other districts that make up Timor-Leste, Oecusse sits entirely within an area encircled either by Indonesian west Timor or the Ombai Strait. Without a land bridge connecting it to the rest of Timor-Leste, the enclave is situated approximately eighty kilometres to the west of the main international border separating Timor-Leste from Indonesian west Timor² at Batugade.

This geographical separation from the remainder of Timor-Leste stems from the division of Timor by Dutch and Portuguese colonial powers in their final border agreement reached in 1916. Under the agreement, the Portuguese formally acknowledged most of the western half as Dutch Timor. Oecusse's status was considered exceptional to this east-west division, however, due to its historical significance to Portugal, notably as the site of Portugal's first landing and settlement at Lifau and the first point of Timor's contact with Catholicism.

With Portuguese colonialism concentrated in the east of the island of Timor, many Oecusse communities were among the last in Timor to have contact with foreigners. For instance, some mountain villages were not reached by Portuguese missionaries until as late as the 1950s.³ The starting point of sustained European contact for these villages thus came a few decades later than in surrounding west Timor, where the Dutch had extended their missionary reach and political authority throughout the territory by the early 1900s. It is not surprising then that Anuno describes the 'acculturization' effect of the Portuguese on the 'thick Oecusse culture' as shallow, and mainly limited to matters of religion, in particular the gradual move from polygamy to monogamy.⁴

Notwithstanding this relative independence from colonial influence, the territory has continued to strongly identify with former Portuguese Timor, a fact given tacit recognition by the Indonesian government when it maintained Oecusse's administrative links to the eastern districts by making it part of the province of Timor-Timur.⁵ Under Indonesian rule the territory did not receive the same concentration of resources as the remainder of the province, perhaps helping to explain the current characteristics of Oecusse, such as comparatively low rates of literacy. According to one survey, the Oecusse literacy rate in 2001 was still only 31 per cent, following twenty-four years of Indonesian education. This was around just half the national average for Timor-Leste as a whole.⁶

Oecusse suffered greatly in the post-referendum violence of 1999. Militia in Oecusse were able to continue to enact violence undisturbed for longer than in other parts of the country due to the greater time taken for INTERFET peacekeeping forces to arrive. Nearly all Oecusse's public buildings were destroyed, along with some two thirds of homes. The electrical and water systems were dismantled and removed to west Timor. Other stolen items included metal roofing, solar panels and vehicles.⁷

When the attempt to integrate all of Timor into Indonesia ended in 1999, Oecusse joined the rest of former Portuguese Timor in preparing for independence as part of Timor-Leste. In

² The lower case 'west Timor' is used here as west Timor does not refer to any administrative or political region within Indonesia. The four *kabupaten* (districts) located in west Timor—Kupang, South Central Timor, North Central Timor and Belu—are part of the province of Nusa Tenggara Timur (NTT), which also includes the islands of Flores, Solor, Sumba, Rote and Wetar. The capital of NTT is Kupang, situated on the far western tip of Indonesian Timor.

³ Laura Meitzner Yoder, *Custom, Codification and Collaboration: Integrating the Legacies of Land and Forest Authorities in Oecusse Enclave, East Timor*, unpublished PhD thesis, Yale University, 2005, p. 19.

⁴ Jose Anuno, (Indonesian language) 'Untitled', unpublished book manuscript by an Oecusse author on Oecusse's status, culture and future development, 2002, p. 6. Available at www.Timor-Leste.org.

⁵ *ibid*, p. 4.

⁶ The Asia Foundation, *National Survey of Voter Knowledge*, Dili, May 2001.

⁷ UNDP, *Oecusse Integrated Development Strategy*, 2001, p. 15.



**The mostly dry bed of the River Tono at the end of May 2007.
The river swells in the wet season to flood the sandy areas on either side**

1996, whilst still under Indonesian rule, Oecusse's population was officially 55,132.⁸ In 2001, reflecting the mass exodus of refugees fleeing violence, this number had dropped to 45,042⁹, however, with refugees gradually returning it climbed back up to 57,616 by 2004. This represented an almost 30 per cent increase in three years.¹⁰

Traditionally, human settlement in Oecusse has been concentrated in the mountainous interior, rather than near the coast—as is generally the case across Timor. This preference has been noted as characteristic of settlement patterns across the Indonesian archipelago.¹¹ Multiple factors are likely to contribute to this; altitude offers better defence against invaders, a much lower incidence of malaria, and relief from the heat of coastal areas. Oecusse's higher altitudes also receive substantially greater rainfall over a rainy season that can last two months longer than in the coastal strip, and groundwater reserves are more plentiful.¹² Finally, in the absence of irrigation technologies or large populations that require them, mountains make the channelling of water for small-scale cultivation relatively simple.¹³

During the Indonesian period, part of the population was forcibly relocated to the coastal fringe between the border posts of Sakato and Citrana and the low-lying alluvial flood plains along the River Tono in the sub-district of Pante Makassar—Oecusse's 'rice belt'.

⁸ *Timor Timur dalam Angka 1996* (East Timor in Figures), BAPPEDA Tk, I Propinsi Timor Timur dengan Kantor Statistik Propinsi Timor Timur (Regional Development Planning Board and Statistical Office of East Timor Province, 1997.

⁹ East Timor Transitional Administration, ADB, World Bank and UNDP, *The 2001 Survey of Sucos: Initial Analysis and Implications for Poverty Reduction*, 2001.

¹⁰ *Timor-Leste Census of Population and Housing 2004 Atlas*, National Statistics Directorate, Dili, 2006, p. 28.

¹¹ Anthony Reid, *An Indonesian Frontier: Aceh and North Sumatra*, Singapore University Press, Singapore, 2005.

¹² Frederic Durand, *East Timor: a Country at the Crossroads of Asia and the Pacific: A Geo-Historical Atlas*, Silkworm Books, Bangkok, 2002, pp. 39–40.

¹³ Joachim K. Metzner, *Man and His Environment in Eastern Timor*, unpublished PhD thesis, ANU, Canberra, 1977 p. 246.

This was ostensibly to maximize use of cultivable land, but it also allowed the state greater control over the population.¹⁴ Since 1999, some of these people have abandoned the coastal lowlands and returned to the mountains. Of those who have not returned many still look to the mountains as the centre of their family, social and ritual activities.¹⁵ Although Pante Makassar, which includes the district capital, boasts the highest population of the four sub-districts, the smaller mountain sub-districts of Oesilo and Passabe remain the most densely populated.¹⁶

There is not a great deal of anthropological material available specific to Oecusse. Laura Meitzner Yoder's recent PhD thesis on traditional and state forestry authorities is a valuable exception. However, there is a large body of work on the Atoni people of west Timor, the ethno-linguistic group to which Oecusse's original inhabitants belong. There is a readily emphasized cultural affinity between the people of Oecusse and the Atoni of Indonesian west Timor, a connection that is often carried through marriage and continuing clan ties. It is both reasonable and helpful, therefore, to draw on this material to better understand Oecusse's socio-cultural context.

The indigenous people of Oecusse refer to themselves as belonging to the *Atoni pah Meto*, which literally means 'people of the dry'. The ethno-linguistic group is alternately referred to as Atoni, or Meto, and also includes the vast majority of the population of Indonesian west Timor. The Atoni mother-tongue is alternately referred to by the Portuguese *baiqueno*, the local *uab meto* (literally, 'speech of the dry') or the Indonesian, *bahasa Dawan*, which is the name most used in west Timor. Although several dialects exist, with considerable variation found even within Oecusse, western Timor features a far greater degree of ethno-linguistic homogeneity than the eastern half of the island.

Baiqueno is rarely used as a written language and has yet to be fully transliterated. Tetun is being increasingly used, while Indonesian remains the most common language for writing. Efforts to revive the use of Portuguese through both adult classes and primary school curriculum are continuing with support from Portuguese teachers. However, the language is rarely encountered outside these contexts.

Mirroring other groups across Timor, Atoni society is strongly patriarchal, and gender roles are both clearly defined and based in ideational connections to the natural world.¹⁷ From a young age, boys learn the knowledge and skills associated with agriculture and house building, while girls are typically prepared for their future as wives and mothers. Although attitudes to gender and education in Oecusse may be slowly changing¹⁸, profiles of gender relations in Atoni communities suggest that boys' education is generally given greater priority.¹⁹ In the process of undertaking research for this report, it certainly appeared that participation in the public sphere is more limited for women, both in the sense of public decision-making and opportunities for waged employment. While inheritance of land and property in Oecusse society is generally patrilineal, Meitzner Yoder found some variation to this general principle among lowlanders, where female ownership of irrigated rice fields was common and men would move into their wives' homes upon marriage.²⁰

¹⁴ Interview with Louis Fernando, Oxfam Livelihoods Officer for Oecusse, Oecusse, 25 May 2007. See also Meitzner Yoder, *Custom, Codification, Collaboration*, p. 20. For more on the objectives of Indonesian state attempts to redistribute, settle and concentrate dispersed or mobile populations, see James Scott, *Seeing Like a State*, Yale University Press, London, 1998, pp. 187-88.

¹⁵ Meitzner Yoder, *Custom, Codification, Collaboration*, p. 16.

¹⁶ *Timor-Leste Census of Population and Housing 2004 Atlas*, National Statistics Directorate, Dili, 2006, pp. 26-27.

¹⁷ Anuno, 'Untitled', pp.1-2. See also David Hicks, *Tetum Ghosts and Kin: Fertility and Gender in East Timor*, Waveland Press, Illinois, 1976, 2004.

¹⁸ Interview with Fatima, Centro-Feto, Oecusse, 28 May 2007.

¹⁹ Andrew McWilliam, *Paths of Origin, Gates of Life: A Study of Place and Precedence in Southwest Timor*, KIVTL Press, Leiden, 2000, pp. 256-57. Also, for a comprehensive study of the role of gender in Atoni conceptions of power and social structure, see Tom Therik, *The Female Land: Traditions of a Timorese Ritual Centre*, ANU-Pandanus Books, Canberra, 2004.

²⁰ Meitzner Yoder, *Custom, Codification, Collaboration*, pp.101.



Farmers after work, with terraced fields in background, Aldeia Bimano, January 2007

Both local and outside observers have observed that Oecusse people seem to have retained stronger connections to their traditions than other areas of Timor-Leste, and many Oecusse inhabitants appear both conscious and proud of this perception. A visual expression of this that strikes most visitors to Oecusse is the relatively widespread use of traditional dress. On a political level, local ritual leaders are still revered, as was demonstrated in 2003, when the community argued for a formal district-level body comprised of *adat* (customary) leaders, such as *usif* (king), *naijuf* (village chief), *nael* (clan head), and *tobe* (ritual forest custodian), with membership based on genealogy, to oversee the observance of *adat* law in Oecusse. An official name change to 'Oecusse-Ambeno' was also advocated to acknowledge the territory's history as the Kingdom of Beno Sila (aka Ambeno).²¹

One of the most important aspects of Oecusse culture to be understood, particularly in the context of strategies for economic and social development, is the importance of people's relationship to the past. Much more than merely 'history' or 'memory', the past has a powerful, living presence in the ordering of daily life in Oecusse. One of the first detailed studies of Atoni political society was undertaken by Schulte Nordholt, who concluded that the past represented an 'ideal'. The past is in effect a powerful reference point for the living, who constantly try to recreate the past conditions through the 'correct' ordering of political, social and ritual life.²² While present circumstances continually interfere with these attempts, the past continues to frame everyday life as a point of socio-cultural orientation which, for example, frames the formation of social hierarchies.

Father Richard Daschbach, who has lived among highland people of Oecusse and west Timor since 1966, has characterized the Atoni worldview as 'focused on the past,' meaning that in people's minds the lives of their ancestors are very much involved in the lives of the living, giving guidance and punishment'.²³

²¹ Jose Anuno and Joao Muni Salo, (Indonesian language) *Draf Undang-Undang Status Khusus Enclave of Oecusse-Ambeno, Maret 2003, Pasal 30 –Lembaga Adat (Draft Legislation on the Special Status of Oecusse-Ambeno, March 2003, Article 30—Adat Body)*. Available at: www.Timor-Leste.org.

²² HG Schulte Nordholt, *The Political System of the Atoni of Timor*, Martins Nijhof, The Hague, 1971.

²³ Meitzner Yoder, *Custom, Codification, Collaboration*, pp. 41-42.

Following James Fox in particular, many anthropologists working on eastern Indonesia, including west Timorese societies, have described how social structures that ‘determine who is to be first, foremost, elder, superior, greater, or to occupy the centre’²⁴ typically are based on notions of ‘what has gone before’. In this vein, Meitzner Yoder writes that traditional political and ritual authority figures generally assert their legitimacy through a claim to the original settlement of an unsettled area (for *usif*-kings) or continuous ancestral presence that predates the arrival of all other contenders (for *naijuf*-*suco* chiefs).²⁵ The same author’s case study of a communal betel-nut (*pinang*) forest in western Oecusse highlights how claims to the order of settlement underpin the complex arrangements governing rights to ownership, custodianship and use of land.²⁶ Atoni language also reflects the significance of precedence, with specific terms for those who settled first (*atoin ahunut*) and more recent arrivals (*atoin amunit*).²⁷

An individual’s social, economic and political standing in their community is greatly impacted on by the esteem in which his or her family and clan are regarded.²⁸ Clan (*kanaf*) names are inherited from the father and are reinforced and extended through marriage. In Atoni society the marriage implies a political alliance between families or *kanaf* segments that carries specific obligations of gifts, mutual dependency and support, known as *belis*. These relationships, while at times seen as taxing, can also be viewed as a form of insurance against hunger, important in terms of sustainability in such a harsh environment.²⁹

In Oecusse there is the observation of *pemali*, namely the prohibition of the eating of certain foods by certain clan groups. One of the most commonly prohibited foods is seafood, and the seriousness of *pemali*, as demonstrated by one interviewee in this research project, should not be underestimated.

I’m not supposed to eat fish. My ancestors didn’t eat fish. My father doesn’t eat fish. But in primary school, and until senior high school, I ate fish. We were educated (at school) to eat fish. But when I married, my father told me ‘you have a family now—you have to stop eating fish’. But I didn’t believe him because I was a smart guy, educated. But, when I ate fish, I fell off my motorbike, my skin got all itchy. When I ate fish I had bad dreams, and couldn’t get work. I didn’t want to believe it, but ... that happened.³⁰

Others are not allowed to eat eggs or coconut. Some prohibitions apply year-round, others only for certain months of the year. The effects can be seen in terms of shaping the current possibilities for development in Oecusse; it is one reason why there is very little fishing undertaken by people from Oecusse. Not only is there little incentive to develop certain markets, such as in seafood, but there is little in terms of a historical bank of knowledge that would allow this to occur with ease.

Attempts to increase economic activity in Oecusse through agriculture or agro-forestry will need to address the challenges of a dry climate, poor soils and mountainous topography that offers little flat land for large-scale agriculture. Rainfall in Oecusse, as across Timor, falls mostly from November to April. While the mountains are comparatively better off, all areas still experience a long dry season during which time native grasses quickly yellow

²⁴ James J Fox, ‘Origin, Descent and Precedence in the Study of Austronesian society’, public lecture, Leiden, 17 March 1988, cited in Andrew McWilliam, *Paths of Origin, Gates of Life: a Study of Place and Precedence in Southwest Timor*, KITLV Press, Leiden, 2000, p. 8.

²⁵ Meitzner Yoder, *Custom, Codification, Collaboration*, pp. 36, 44

²⁶ Directorate of Land and Property Timor-Leste, Oxfam and GTZ report, *The Customary Use and Management of Natural Resources in Timor-Leste*, Dili, December 2003, pp. 10-12

²⁷ McWilliam, *Paths of Origin, Gates of Life*, p. 5

²⁸ Anuno, ‘Untitled’, pp. 1-2.

²⁹ McWilliam, *Paths of Origin, Gates of Life*, pp. 32-33, 36, 255-56. For an excellent summary of current debates within Atoni society on the benefits and burdens incurred by the *belis* tradition, see Rizki Fillaili & Sulton Mawardi, ‘The Practice of *Belis* Tradition in NTT Society’, in *SMERU Research Institute Newsletter: Development Challenges in East Nusa Tenggara*, no.20, Oct-Nov 2006, pp. 25-29.

³⁰ Interview with Arno Suni, FFSO, (local NGO), Oecusse, 25 May 2007.



An Oxfam vehicle has difficulty negotiating the terrain, Suco Taiboco, March 2007

and livestock food becomes scarce. In some years, including 2007, Oecusse's rains are too little or too late—one of a number of factors that contribute to crop failure.

Compounding the problem, Oecusse has few permanent water sources, with most rivers ceasing to flow within a week or two of the most recent rainfall. The steep topography not only limits arable land, but also means run-off from heavy rains removes much of the topsoil. Timor's soils lack the more recent deposits of volcanic ash present in soils of nearby Sumbawa, Flores, Alor and Wetar, and generally contain high levels of clay, lime and alkalinity.³¹

People have adapted to the poor soil by using rotational cropping, allowing land to lie fallow as fertility diminishes. Using fertilizers as an alternative to rotational cropping is generally not common.³² Cost and concerns about side-effects deter people from chemical agents, and organic fertilizers are little-known and perceived as labour intensive.³³ However, rotational cropping requires constant clearing of new land, which becomes increasingly problematic as the population expands. The resultant deforestation leads to salinization and further depletion of soil nutrients.³⁴

Environmental degradation has also been exacerbated by centuries of commercial logging, particularly of Timor's renowned sandalwood, but also of teak and other species. Meitzner Yoder provides compelling evidence that in contrast to the rest of Timor, Oecusse's sandalwood reserves remained substantial in 1975.³⁵ She attributes this anomaly largely to the unusually strong relationship in Oecusse between Portuguese officials and the *tobe*, and the respect afforded to the latter's authority by the former, which kept harvesting at sustainable levels. A rapid depletion of Oecusse's sandalwood occurred in the early years of Indonesian integration, driven largely by more intrusive, and often corrupt, state control over the resource, and subsequent disempowerment of the traditional forest guardians.³⁶

³¹ Joachim K Metzner, *Man and His Environment in Eastern Timor*, p. 246.

³² Interview with District Administrator Francisco Xavier Marquez, at the Oecusse District Administration Office, 25 May 2007.

³³ Personal communication with Herman Koopman, Oxfam Team Leader, Oecusse.

³⁴ *Food Security Consultancy Recommendations Report*, based on a field trip to several sites under Oxfam Oecusse's Livelihoods Program, 26 September 2005.

³⁵ Meitzner Yoder, *Custom, Codification, Collaboration*, pp. 70-75.

³⁶ *ibid.* pp. 234-38.

Economic Development and Security in Oecusse

As discussed in the introduction, the following four themes represent the major discourses emanating from a variety of sources with a policy interest in Oecusse. While grouped into distinct categories, in reality any substantial changes in policy on one of these areas would almost certainly have an effect on the other themes listed here. For example, the kinds of trade that may be pursued in an attempt to further develop Oecusse's economy will depend largely on what can be achieved in terms of border policies and security.

Governance and Autonomy

No matter which direction is taken with regard to economic development in Oecusse, government will have significant bearing in determining the outcomes. The choices that current and future governments make about where and how to improve infrastructure, develop training and education, and attract investment will be vital. As these choices also reflect competing national and local political interests, there is often disagreement between central and local elites over priorities, timetables and methods of implementation; tensions that can serve to fuel demands for greater local governance.

The Indonesian term *otonomi khusus* (special autonomy) that has been used by some people in Oecusse to frame their hopes for local government has been significantly influenced by a broader movement concerning decentralization across South East Asia over the past decade. The basic premises of decentralization enthusiasts are that

local needs will be better identified as a result of decentralization, given higher priority, and that local leaders will be more directly under the scrutiny of their communities. Local initiative and creative energies will be unleashed as well due to the lifting of stifling centralized control...³⁷

In many cases the actual experience of decentralization has not lived up to its democratic claims. This is for a number of reasons, but largely due to 'capture' of the process by local elites, resulting often in little more than a decentralization of corruption.³⁸

The indications are that Timor-Leste is proceeding cautiously along a path of phased *deconcentration* of government functions before handing over genuine authority. Nevertheless, there remains a common impetus towards special autonomy both from local sources as well as from some international donors. USAID, for instance, has expressed its support for decentralization of budget authority for Oecusse.³⁹

The main reasons for claiming special autonomy status are given in the preamble of a draft legislation produced from community consultations in Oecusse as: history; religion and culture; economy and trade; geography; and transport and communication.⁴⁰ All of these are addressed elsewhere in this document, but the aspect of the discourse that warrants extra attention is the emphasis placed on Oecusse's cultural uniqueness vis-à-vis the other districts:

[F]rom the aspect of culture, (Oecusse) has its own identity with the baiqueno language, customs and traditional customary authorities that have their own important role in handling domestic affairs of the Atoni [...] which are quite different to the language, customs and the role of *adat* in the development of

³⁷ Vedi R. Hadiz, 'Decentralisation and Democracy in Indonesia: A Critique of Neo-Institutionalist Perspectives', Southeast Asia Research Centre, City University of Hong Kong, *Working Paper Series*, no. 47, May 2003, p. 16.

³⁸ *ibid*, p. 17.

³⁹ USAID, 'Policy Issues for USAID: Oecusse', Dili, 25 January 2007.

⁴⁰ Jose Anuno and Joao Muni Salu, *Draf Undang-Undang Status Khusus Enclave Oecusse/Ambeno, Maret, 2003: Rencana Pembentukan Daerah Administratif Khusus Oe-cusse*, Oecusse, 2003. (Draft Law on the Special Status of the Oecusse/Ambeno Enclave, March 2003: Plans for the Creation of a Special Administrative Area of Oecusse), 2003, see preamble.

other areas from the Belos region; therefore [...] it has its own identity that deserves to obtain special status.⁴¹

Demands for special autonomy are typically couched, at least partly, in terms of cultural identity. This often presents a dilemma for central governments. On the one hand, acknowledgement of special status based on culture or identity can be a means of satisfying local aspirations and in effect keeping territories within the national domain. However, given that the East Timorese state has shown limitations in terms of maintaining national unity, a counter-concern may be that the granting of autonomy to one region may serve to weaken the national project in the future.

The International Crisis Group (ICG) has warned that if neglected and isolated too long Oecusse people 'may eventually conclude that independence has brought them nothing but hardship.'⁴² Given the strength of Oecusse's attachment to the eastern districts such a warning seems at this stage highly premature. However, the government in Dili would be well aware that national identities cannot be taken for granted and that alternative nationalist discourses do have a recent precedent in the western half of the island.⁴³

Since national independence in 2002, for all practicable purposes Oecusse has been governed and administered in the same way as the other twelve districts. This is in spite of two paragraphs in the constitution that stipulate that Oecusse is to be treated as a special administrative and economic area:

Section 5 (Decentralization):

Oecusse Ambeno and Atauro shall enjoy special administrative and economic treatment.

Section 71 (Administrative Organization)

Oecusse Ambeno shall be governed by a special administrative policy and economic regime.⁴⁴

Prior to formal independence, a number of Oecusse groups and individuals had called for legislation to give meaning and legal weight to these undefined references in the constitution. In July 2000, the District CNRT Congress called for a 'governmental' arrangement in which Oecusse would become a province rather than a district, allowing it greater access to central government funding and political control over its own affairs. A few months later, encouraged by the District Administration, the Minister for Internal Administration called for an Oecusse Task Force to develop a comprehensive policy addressing Oecusse's governance and economic challenges. However, this initiative did not materialize.⁴⁵

In 2001, a series of workshops organized by FONGTIL (the National NGO Forum) were held in both Dili and Oecusse to discuss the future status of the district in terms of governance, border issues, taxation and possible special economic inducements to investment. Regarding governance, the main message to come out of the workshops was that there was strong support for Oecusse to become a semi-autonomous region, with the district to assume responsibility and control over its own budget and all matters other than foreign affairs and defence.⁴⁶

⁴¹ *ibid.* The persistent distinction between a Belos (or Belu) people (in the east) and Baiqueno (in the west) can be traced to the division of Timor by its colonizers, who exaggerated the power and extent of the indigenous kingdoms, Belos and Serviao, providing themselves a convenient, though, fictional, justification for the colonial border. Over time, a 'pseudo-ethnic' permanence was grafted onto the territorial division.

⁴² ICG Policy Briefing, *Managing Tensions on the Timor-Leste/Indonesia Border*, no. 50, Jakarta/Brussels, 4 May 2006, p. 9.

⁴³ See, Rod Nixon, 'Indonesian West Timor: the Political Economy of Emerging Ethno-Nationalism', *Journal of Contemporary Asia*, vol. 34, no. 2, 2004, pp. 163-185.

⁴⁴ *Constitution of the Democratic Republic of Timor-Leste*, Dili, 2002.

⁴⁵ Arsenio Bano and Edward Rees, 'The Oecusse-Ambeno Enclave: What Does the Future Hold for this Neglected Territory?', *Inside Indonesia*, July-September, 2002.

⁴⁶ UNDP, *Oecusse Integrated Development Strategy*, Dili, June 2001, pp. 9-11.

Local NGOs, the Oecusse Enclave Research Forum, the Oecusse Advocacy Forum and Fundação Fatu Sinai Oecusse (FFSO), also facilitated a series of community meetings to discuss Oecusse's future, and subsequently made calls for some form of regional autonomy. In response, in 2002, the central government announced the creation of a high-level 'Oecusse Task Force', tasked with developing a 'holistic solution' to address Oecusse's security, border, economic, communication and trade issues.⁴⁷ However, it is unclear what recommendations, if any, this group produced.

Meanwhile, momentum within the Oecusse community steadily built following the CNRT Oecusse District Congress in August 2001. Based on subsequent community consultations involving local government, church, political parties, NGOs, *chefes de suco* from all eighteen *sucos* and members of the general Oecusse community, a *Draft Law for Special Status of the Oecusse Enclave* was produced and submitted to central government in 2003. The proposed bill would have given Oecusse the status of a province (rather than a district) with its own directly-elected provincial parliament, a formal governance role for *chefes de suco*, and formal dispute resolution and advisory roles for an *adat* body. However, the process stalled at that point, and one of the document's drafters said the only feedback received was that 'the model proposed was not what the government had in mind'.⁴⁸

Changes to Local Governance Structures

In August 2005, Timor-Leste was divided into four regions—east, central, west and Oecusse—for the purposes of appointing Secretaries of State for each region, who report directly to the Prime Minister's office. The role of these Secretaries of State was loosely defined as one of 'co-ordination'. The creation of these new regions did not affect the centralized handling of budget allocations across sectors at the district level—a power which remains in Dili. As neither the Secretary of State nor the District Administrator is informed of the funding levels channelled through the line ministries into the district, they have no ability to match funding allocations to priorities as they are locally perceived.⁴⁹

The local governance model adopted by the previous government was based on units to be known as *municipalities*, which would represent a new level of government in Timor-Leste. These would be created by a rationalisation of the sixty-five current sub-districts into between thirty and forty municipalities. Under this model, the powers and functions devolved to the municipalities would be more oriented toward provision of basic community services than control over policy and budgets, taking over the role currently played by the districts. Under the model, the *sucos* would continue to exist to fulfil social and community functions, but would not form part of the formal governance structures.

The criteria considered in determining the boundaries of the new units were: population size, natural resources, human resources, geography, ethno-linguistic differences, local history, size of territory, level of infrastructure (energy, transport), and location of industrial or commercial zones. Community consultations in Oecusse determined that the district would have two municipalities. The main issue for the Oecusse community was to ensure the division did not simply divide the district into two halves, separating the wealthy and poor. Under the model, two new institutions—an elected local People's Representative Council and mayor—would be established. According to the proposal this meant that Oecusse would have two such councils and two mayors.⁵⁰

Shortly before the 2007 election, the process of determining all of the boundaries for the municipalities was close to complete, however, the matter of which functions and powers are to be devolved and, indeed, whether the new government retains the model in its current form is yet to be resolved. According to then Deputy Minister Ximenes, the principle guiding the central government's approach to the issue of devolvement was to be

⁴⁷ Bano and Rees, 'The Oecusse–Ambeno enclave'.

⁴⁸ Interview with one of the draft's authors, Jose Anuno, Oecusse District Administration Office, 28 May 2007.

⁴⁹ USAID, 'Policy Issues for USAID: Oecusse'.

⁵⁰ Interview with then Deputy Minister of Internal Administration, Valentin Ximenes, Dili, 16 May 2007.

'according to competence'.⁵¹ Comments by the Secretary of State for Oecusse in early 2007 suggested that the prevailing view in the then government was that the human resource capacity to administer a far-reaching autonomy did not yet exist in Oecusse—a view strongly rejected in a lengthy response by an Oecusse writer.⁵²

Two additional governance initiatives were under consideration by the previous government, both unique to Oecusse. The first was the appointment of a special minister for Oecusse from the central government. The incumbent would reside in Oecusse and be charged with finding solutions to Oecusse's specific challenges. The minister would not be involved in overseeing the day-to-day work of local government, but rather would lead a special council, possibly consisting of the secretary of state, the two mayors, private sector representatives, representatives of the business and industry associations, as well as NGO or civil society representatives.⁵³

Notwithstanding the special minister and council, it would appear that if the current model for local governance is retained by the new government led by Xanana Gusmão, Oecusse's basic governance structures would remain identical in form to those of the other twelve districts. There is of course the possibility that Oecusse's two municipalities could be given increased powers relative to those in other districts. However, in the absence of a formal level of government whose jurisdiction mirrors the boundaries of the entire enclave, the kind of far-reaching autonomy some members of Oecusse's community have hoped for seems unlikely.

Foreign Investment and Special Economic Zones

Since 1999, a consistent theme around Oecusse has centred on two perceptions: that stimulating economic activity in the district will necessitate foreign investment and that various special measures will be required in order to make Oecusse attractive to potential foreign investors. The first mention of a Special Economic Zone (SEZ) emerged in June 2000 from the international District Administration which 'called for a soft border regime with Indonesia, reduced tax and tariff rates, and unique land and labour codes'. It argued that these policies would enable Oecusse to better integrate itself with the market of 1.2 million people in west Timor.⁵⁴

Writing in 2001, James Fox noted that Oecusse had suffered particularly badly as a consequence of the hardening of the border with west Timor, and suggested that if made a 'free port', Oecusse could become a 'trading hub for the development of both East and West Timor'.⁵⁵ The perceived benefits of an SEZ for Oecusse were also discussed in community workshops organized by FONGTIL in 2001.⁵⁶

In the same year, Hadi Soesastro⁵⁷ also wrote optimistically of the possibilities for Timor-Leste as a whole in following the SEZ route. However, by labelling this path to economic development the 'Singapore model', Soesastro seems to dismiss the vast historical, geographical and cultural differences between the two countries. The most obvious of these is that neither Timor-Leste as a whole, nor Oecusse in particular, enjoys the strategic

⁵¹ *ibid.*

⁵² Regio da Cruz Salumata, 'Spesial status dan otonomi khusus kepada Oecusse enclave untuk mengaturnya merupakan sesuatu entitas logis', *Suara Timor Lorosae*, (eight-part series from 21 May 2007). ('Special status and special autonomy for Oecusse enclave to administer it is a logical entity').

⁵³ *ibid.*

⁵⁴ Bano and Rees, 'The Oecusse–Ambeno enclave'.

⁵⁵ James J. Fox, 'Diversity and Differential Development in East Timor: Potential Problems and Future Possibilities', in Hal Hill and Joao Saldanha, eds, *East Timor: Development Challenges for the World's Newest Nation*, ISEAS, Singapore, 2001, p. 171.

⁵⁶ UNDP, *Oecusse Integrated Development Strategy*, June 2001. These workshops were organized by the District Administration in collaboration with FONGTIL.

⁵⁷ Hadi Soesastro, 'East Timor's Economic Relations with Indonesia', in Hal Hill and Joao Saldanha, eds, *East Timor: Development Challenges for the World's Newest Nation*, Singapore, ISEAS, 2001, p. 89.



Fishing with nets, Maquelab, January 2007

position of Singapore. The obvious differences in labour force skill levels and infrastructure also make the comparison a rather poor one.

The challenge of generating investment in Oecusse, whether foreign or domestic, relates not only to issues specific to the territory itself but also to the barriers to economic growth in Timor-Leste generally. The World Bank's most recent *Doing Business* report ranked Timor-Leste 174 of 175 countries for ease of doing business. On average, it currently takes ninety-two days and almost eight times the *per capita* income to start a business in Timor-Leste.⁵⁸ Nationwide problems such as electricity (limited to a few hours each night and only in Oecusse town) and reliance on an expensive mobile phone network are further impediments to investment and communication generally. Transport is limited by a number of factors, mainly due to border issues, which in turn create an almost complete reliance on the ferry service to Dili. Moreover, the isolation is compounded by the poor state of roads and bridges within Oecusse, and the absence of port facilities and commercial flights.

Currently, investment activity in Oecusse is limited to a handful of general stores and three small hotel-restaurants concentrated in the district capital, however, some positive steps have been taken to encourage local economic activity and integration in the region. These include the recent provision of banking services and a government business registration office for small businesses in Oecusse. Moves have also been made toward creation of an Memorandum of Understanding on Economic Co-operation between Oecusse and the government of Nusa Tenggara Timor, centred in Kupang. And in November 2006, the Secretary of State for Oecusse, Albano Salem, and the District Administrator, Francisco Xavier Marques, led a business delegation of four local business people on a tour of the main centres of west Timor. The Secretary of State's international advisor reports that this mission was 'welcomed with open arms' and increased legal trade in to Oecusse tenfold.⁵⁹

⁵⁸ USAID, 'Policy Issues for USAID: Oecusse'.

⁵⁹ Interview with Richard Mounsey, Oecusse District Administration Office, 24 May 2007.

One industry that has been touted as having investment potential is tourism, which obviously can mean a lot of different things. Oecusse has some prior experience of tourism during the Indonesian era, but this was on a relatively small scale, catering mainly to Indonesian bureaucrats and the small middle class from the major inland towns of west Timor, such as Atambua and Kefamenanu. Although rumours of casino-type developments being mooted for Oecusse have occasionally surfaced, there appears little likelihood that this style of development would be easily accepted by either the community or the church. Already, a small bar operating on the beach in Oecusse town has been the subject of protests about its positioning and cultural appropriateness, due to the common association of bars and hotels with prostitution and 'free sex'.

At the other end of the spectrum are locally owned, staffed and managed operations that aim to be environmentally and culturally sensitive, such as the Eco Lodge model adopted on Atauro Island. The coastline is fringed with coral reef for much of its length offering some scuba and snorkelling potential.

If solutions to border issues can be found that would allow relatively hassle-free land travel from Dili, or regular commercial flights are established, Oecusse might be able to market itself as a holiday destination for the more mobile Timorese and expatriates residing in Dili. The ferry, although comfortable, runs only twice-weekly, which does not allow a weekend trip, as Atauro does. The requirement for Indonesian tourists to pay US\$30 for a visa on arrival is a disincentive to potential Indonesian tourists from Atambua, Kupang and Kefamananu. However, given the small numbers of international tourists visiting nearby Flores, the prospects for attracting significant numbers of international tourists from further away appear limited.

For Oecusse people to obtain jobs in the tourism sector, or manufacturing for that matter, there would be an urgent need for skills training. More discussion is also needed to establish community attitudes to tourism and address potential social issues, particularly if ownership and control are to rest in the hands of outsiders.

Overall, discussion of measures to entice foreign investment to Oecusse received enthusiastic support from a wide range of actors, including parliamentary members from Oecusse (both government and opposition), the Secretary of State for Oecusse, the district administration, representatives of Oecusse-based NGOs, Oecusse's few business owners and market traders. So high is the interest among Oecusse people in any schemes to boost the economy that concerns about possible negative consequences are largely undetectable at this stage. With encouragement some informants were able to express awareness of possible negative impacts, but overall, with the caveat that Oecusse locals must be given first preference for jobs, the benefits of attracting foreign investment were perceived to far outweigh the costs. It should be stressed that the views canvassed at this stage largely reflect those of an educated elite holding formal positions in either government or NGOs.

An SEZ in Oecusse

A *'Draft Organic Act Declaring Oecusse as a Special Economic Zone'* has recently been prepared by the Secretary of State for Oecusse with assistance from his advisor.⁶⁰ Earlier in 2007, the draft was awaiting revision before submission to parliament for debate. If approved by parliament, the Act described in the draft would establish an Oecusse Economic Zone Designated Authority (OEZDA), to be headed by either the Secretary of State for Oecusse, or a Regional Minister for Oecusse. (See the section on Governance and autonomy). The OEZDA would be responsible for administering a defined ECOZONE covering a designated area *within* Oecusse (which would exclude 'ancestral' or 'communally held land'), to be developed into 'a centralized, self-reliant and self-sustaining centre' for agro-industry, industry, commerce/trading, tourism, residential, communications, banking, financial and investment activity.⁶¹

⁶⁰ *Draft Organic Act Declaring Oecusse as a Special Economic Zone*, Office of the Secretary of State for Oecusse, 2007.

⁶¹ *ibid*

Under the plan, labour issues would be governed according to a special code, which would 'reflect the goals, intents, purposes and objectives of Oecusse as a SEZ.' No taxes would be applied on imports or export of goods flowing to or from the ECOZONE, and companies operating within it would enjoy a completely tax-free holiday for the first five years.⁶² The OEZDA would also be empowered to produce its own Corporation Code, Code of Commerce and Investments Code, though these would still require legislative approval by the National Parliament. The draft accommodates local concerns that Oecusse people be given priority for jobs, where they have the required skills.⁶³ However, if investors can avoid using local labour by citing a lack of skills, Oecusse people may not derive as much benefit as they hope.

The degree of success these incentives could achieve in attracting investors to Oecusse would depend upon a range of factors, including the availability of necessary infrastructure, such as roads, ports, airports, electricity, water supplies, and telecommunications—none of which are currently present to the necessary level. Even then, questions remain as to whether Oecusse would be considered attractive by investors, even if the infrastructure and incentives were in place.

If Oecusse has any natural advantage it is likely to lie in its physical proximity to Indonesia. A number of Indonesian investors have demonstrated interest in Oecusse as a potential site for off-shore processing or production of cement, cigarettes, cattle, manufacturing, fishing nets and beer. One advantage of operating in Timor-Leste could be that it would avoid Indonesian regulations that prohibit new brands of certain products being made in Indonesia for domestic consumption. Off-shore production would allow products to be marketed in Indonesia as a foreign brand.⁶⁴

Agriculture and Agro-forestry

The vast majority of Oecusse people have always relied on agriculture for their livelihood. Oecusse farming practice tends overwhelmingly towards a subsistence model, and traditional markets commonly feature the bartering of goods as a mode of transaction. As a result, many Oecusse families are only marginally integrated into the cash economy. Reflecting this, the economic development discourse of international aid agencies and INGOs tends to focus on engaging with small-scale food producers. This engagement essentially has two goals: to improve food security to overcome the annual hunger (*musim lapar*) that occurs from approximately November to March, and to identify agricultural commodities that can yield a profitable surplus for market.

INGO extension workers in Oecusse are acutely aware of the scepticism and resistance of many Atoni farmers toward attempts to introduce agricultural change. Relying on their own agricultural output to satisfy their own consumption, most Oecusse farmers plant a wide range of crops in small quantities at different times as a risk management strategy to guard against the possibility of total crop failure.⁶⁵ This style of agriculture increases the workload for the family unit.⁶⁶ As the Oecusse District Administrator explained: 'Farmers here like to be able to see their daily needs with their own eyes; they think that to be able to live, they must have (in their own crops and animals) all their basic needs.'⁶⁷

⁶² *ibid.*

⁶³ *ibid.*

⁶⁴ Interview with International Advisor to Secretary of State for Oecusse, Richard Mounsey, Oecusse District Administration Office, 24 May 2007.

⁶⁵ Interviews with Herman Koopman, Oxfam and Chris Walsh, Caritas Australia, Oecusse, 22 May 2007.

⁶⁶ McWilliam, *Paths of Origin, Gates of Life*, p. 36.

⁶⁷ Interview with Oecusse District Administrator, Francisco Xavier Marques, at Oecusse District Administration Office, 25 May 2007. Similar views were provided in interviews with Oxfam staff in Oecusse.



Most of Oecusse's rice is grown in the comparatively fertile soils of the alluvial flood plains along the lower reaches of the River Tono, May 2007

While the lack of integration into a cash economy was also true during the Indonesian era, incentives to participate in the cash economy through food production have further declined with independence, as a result of border issues that now restrict access to markets and a substantial drop in the spending power of civil servants, whose numbers are much reduced. More broadly, what may be understood as an apparent ambivalence of Atoni people toward integrating agricultural practice into the market can also be explained by the disincentive posed by familial and customary obligations. Local cultural systems can compel people to share surpluses with extended family—a system that has possibly evolved in response to food shortages.⁶⁸ While this may work well in a traditional-agricultural social system based on systems of reciprocity, it does not necessarily sit well with market based initiatives and the individual appropriation of wealth in accordance with individual effort. In addition, adat obligations, which can create inheritable debt, are often a burden felt most heavily by the vulnerable, with fulfilment, whether in-kind or in labour, a major drain on household resources.⁶⁹

What is absent from much development literature is exploration of underlying reasons for resistance to new technologies, such as the use of earth dams. Current responses toward newly introduced agricultural technologies need to be seen in the context of farmers' negative experiences with past development programs. In the case of the agricultural extension programs implemented by the Indonesian state from the late 1970s until 1999

⁶⁸ FJ Ormeling, *The Timor Problem: A Geological Interpretation of an Underdeveloped Island*, AMS Press, New York, 1956. Also, interview with Chris Walsh, Caritas Australia. See also James Fox, 'The Historical Consequences of Changing Patterns of Livelihood on Timor', in Deborah Wade-Marshall and Peter Loveday, eds, *Northern Australia, Progress and Prospects: Contemporary Issues in Development*, ANU, Darwin, 1988; Andrew McWilliam, 'Strategies for Subsistence in West Timor', in the same volume; and Andrew McWilliam, 'Development Technologies and the Classification of Strangers in West Timor', in Lorraine V. Aragon and Susan D. Russell, eds, *Structuralism's Transformations: Order and Revision in Indonesia and Malaysian Societies*, Arizona State University, Tempe, 1999.

⁶⁹ Personal communication with Herman Koopman.

in Oecusse, many of these programs failed despite massive state expenditure because of a lack of sufficient consultation to understand either farmers' needs or the multiple factors informing existing practice.⁷⁰

There is a general consensus among NGOs and local government that if Oecusse's farmers are to increase their material livelihoods through agriculture they will need to find a way to produce one or two commodities in sufficient volume for export. Various food crops have been proposed as having potential, including peanuts, cashews, soy beans, mung beans and white onions. Interest has been shown in cashews from as far away as India. Niche crops such as the *aloe vera* plant, which occurs naturally in Timor, could also be explored.⁷¹

Cattle

In Oecusse, crops are supplemented by diverse holdings of livestock, namely cattle, chickens, pigs, goats and buffalo. Since the end of the sandalwood industry, cattle have been the only significant export from Oecusse. People rarely slaughter cattle for their own consumption, preferring to use them to store accumulated wealth, which can then be drawn on to pay bride-price, and as a form of insurance against seasonal food shortages. In 2001, the UNDP estimated that 65 per cent of families kept Bali cattle.⁷²

Prior to independence, the main markets for cattle were Dili and the major population centres of west Timor such as Atambua, Kefamenanu and Kupang. However, with the effective closure of Oecusse's land border, the markets for Oecusse's cattle traders have become increasingly inaccessible. Shipping costs (the ferry charges \$12 for one animal and \$8 for the owner), the problem of finding feed for the animal in Dili whilst a buyer is sought and reported problems of obtaining payment when using brokers has made this market less attractive.

Consequently, most cattle owners prefer to (illegally) seek buyers across the border among neighbouring communities in west Timor. Veterinary certification, which is legally required for sale, is difficult to obtain as the only vet providing this service is based in Dili and only travels to other districts on request. Given the limited options available to Oecusse sellers, it would appear that the advantage in any cross-border cattle transaction is firmly on the side of the buyer, who can otherwise source cattle from within west Timor, Covalima, Bobonaro or Dili. This helps to explain why the sale of cattle from Oecusse has reduced to a trickle of its former volume.⁷³

Agro-forestry

Measures to revive an agro-forestry industry along sustainable principles have been encouraged by donors and NGOs who emphasize the dual benefits of providing a future source of income whilst addressing serious environmental problems, such as erosion and poor water retention of soils.⁷⁴ Reforestation, however, will mean reversing a trend that has been in motion for centuries and that gathered pace toward the end of the last century. A joint study in 2001 by UNDP and the Norwegian Institute for Nature Research utilized satellite imaging to calculate that forest cover nationally diminished by 30 per cent between 1972 and 1999.⁷⁵

⁷⁰ Andrew McWilliam, 'Rhetoric and Reticence, Notes on the Anthropology of Development in West Timor', *Journal of Asian and African Studies*, vol. 2, 1995, pp. 138-150.

⁷¹ Interviews with Chris Walsh and Herman Koopman. 22 May 2007. For a historical account of the spread of the introduction and spread of different crops currently found on Timor, see James Fox, 'Drawing from the Past to Prepare for the Future: Responding to the Challenges of Food Security in East Timor', in *Agriculture: New Directions for a New Nation, East Timor*, UNTL, ANU, G-RDTL, Dili, 2002, pp. 105-114.

⁷² UNDP, *Oecusse Integrated Development Report*, p. 15.

⁷³ Interview with Oxfam Oecusse staff Herman Koopman and Luis Fernando, Dili, 17 May 2007.

⁷⁴ USAID News Release, 'US Diplomat Visits Oecusse, Urges Action to Help the Enclave', Dili, 6 February 2007.

⁷⁵ Results cited in Andrew McWilliam, 'New Beginnings in East Timorese Forest Management', *Journal of Southeast Asian Studies*, vol 34, no. 2, pp. 307-327, 2003, pp. 310-11. For more on sandalwood specifically, see by the same author, 'Haumeni, Not Many: Renewed Plunder and Mismanagement in the Timorese Sandalwood Industry', *Resource Management in Asia-Pacific Working Paper Series*, ANU, no. 29, 2001.

In a positive initiative that combines customary and state laws, community leaders and local government have started co-operating to combat deforestation in Oecusse, by prohibiting the cutting of several protected species—teak, tamarind, rose apple, eucalyptus, *kayu merah* (*Pterocarpus*), *nismetan* (*Terminalia*) and *nitas* (*Stercolia*)—and empowering the traditional authorities to enforce the prohibition.⁷⁶ Establishing an agro-forestry industry, however, will clearly require more than prohibitions. It will require individual farmers to be persuaded that allocating portions of their private land to the planting of trees (that will need at minimum several years to provide a return) is a sound investment.

Encouragingly, if the social and land pressure issues can be addressed, the harsh climate in Oecusse is believed to have a positive effect on the quality of hardwood timber species, such as teak. Apart from possibly reviving the sandalwood industry, other candidates for non-food timber products include *neem* trees, which have a natural insecticide quality, *turi*, *gamal*, *lontoro* and a high quality, self-propagating species of bamboo known as *betun*, which provides a fast (three year) return on investment.⁷⁷

The Oecusse Border

Border issues were raised with great frequency by respondents, not least because it raises questions around economic livelihoods, familial and cultural connections, security and national integration. Not only do Oecusse residents rely on cross-border trade for supply of basic goods; the border also represents a geo-territorial change that divides deeply held family, kinship and cultural ties with communities in west Timor. Since independence, the border has become an increasingly impenetrable barrier.

Prior to invasion and occupation by Indonesia in 1975, Oecusse villagers were able to trade relatively unencumbered across the border, sometimes for the payment of a nominal fee to border officials. When Oecusse formally became a part of Indonesia, the border remained porous; it simply demarcated a boundary between the new province of Timor-Timur, to which Oecusse belonged, and the adjacent Indonesian province of Nusa Tenggara Timur. The building of new roads and bridges further facilitated cross-border exchanges and access during this period.

In spite of possible concerns about lingering threats from militia, the pre-independence practice of Oecusse people travelling to west Timor to fulfil family obligations recommenced in 2001. This was facilitated under a simple arrangement worked out between the Oecusse District Administration and Indonesian authorities, which simply required that travellers obtain an official letter of permission. The system appeared to meet an important need (up to 1200 people obtained letters each month), but ceased in 2003 as new regulations requiring travellers to carry a passport and visa came into effect.⁷⁸

Presently, Oecusse people seeking to pass over the land border with Indonesia require both a passport (at least US\$25), which takes a week to issue⁷⁹, and visa (US\$35)—both of which are only available in Dili. This means that obtaining legal passage to nearby villages, often within sight of Oecusse, necessitates an expensive and time-consuming trip to Dili beforehand. Indonesia does not provide a multi-entry visa, and although a two-trip visa is available, the requirement that both trips must be made within one week seemingly negates any advantage over a single-entry visa.

Meanwhile, Indonesians seeking entry to Oecusse are slightly better served with a visa-on-arrival service at the border posts of Bobometo (in the sub-district of Oesilo) and Sakato (the eastern point where the border meets the sea), however, the US\$30 fee remains prohibitive for most people.

⁷⁶ Meitzner Yoder, *Custom, Codification, Collaboration*, pp. 291-92.

⁷⁷ Interview with Chris Walsh, Caritas, 22 May 2007.

⁷⁸ ICG, *Managing Tensions*, p. 9

⁷⁹ A two-day turn-around time is available for US\$60.

Post-independence Security Issues

In the post-referendum violence of September and October 1999 more than 164 people were killed by pro-integration militia in Oecusse—most in two massacres in the villages of Tumin and Maquelab—and 70 per cent of dwellings were destroyed.⁸⁰ Oecusse was reached by INTERFET forces later than all other areas due to its isolation, allowing militia to rampage unimpeded for longer than in other areas. The Oecusse community is well aware that, as has been documented by independent observers⁸¹, pro-integration militia acted with the encouragement and material support of the Indonesian military: the TNI.

Currently, the international border between Timor-Leste and Indonesia, both for Oecusse, and the main border at the western edge of Bobonaro and Covalima districts, is patrolled by the TNI on the Indonesian side and the Border Patrol Unit (BPU) of the Timor-Leste police force on the Timor-Leste side. The BPU is neither designed nor equipped to guard against a large-scale territorial invasion. Its role is limited to policing border crossings, deterring and pursuing smugglers and cattle thieves, and, where possible, containment of cross-border clashes between villagers when they arise, as happened in Passabe and Oesilo in 2005.⁸²

The Passabe and Oesilo disputes related to land and differing ideas of the precise location of the border continue, and, significantly, there has been no suggestion from the communities that the conflict had anything to do with former militia. Several former militia members do continue to live in villages close to the border—including the leader of the *Sakunar* (scorpion) militia, who reportedly resides in Wini⁸³—however, there is no indication that the militia remains active. The substantial TNI presence in west Timor⁸⁴ also adds to a sense of insecurity, with incidents such as an incursion by TNI soldiers in December 2006 not helping to allay the community's suspicions that the Indonesian military maintains an interest in Oecusse.⁸⁵

From the TNI's point of view, the continued presence of ex-militia, as well as instability in Timor-Leste, have provided it with a rhetorical means of justifying its large presence whilst also allowing it to influence border policy in ways that also meet its own interests. In 2002, senior TNI officers cited security concerns as the reason they would not allow implementation of a plan to establish a 'transit corridor' allowing public buses to travel from Oecusse's eastern border at Sakato-Wini, through Indonesian territory to Batugade in Bobonaro.⁸⁶

The plan has strong support in Oecusse. Benefits often cited include reducing Oecusse's dependence on the ferry service; enhancing Oecusse's integration with Bobonaro and Dili by allowing passport and visa free land travel; and potentially removing the need for goods being transported from Dili to Oecusse by land to be unpacked for customs, military and police checks, and reloaded onto different vehicles twice in each direction. The road itself between Atambua and Wini, on the Indonesian side of the eastern Oecusse border, is

⁸⁰ Meitzner Yoder, *Custom, Codification, Collaboration*, p. 21.

⁸¹ Geoffrey Robinson, 'People's War: Militias in East Timor and Indonesia', *South East Asia Research*, vol. 9, no.3, p. 275.

⁸² Interviews with people in Passabe, December 2005. See also ICG's Policy Briefing, 'Managing Tensions on the Timor-Leste-Indonesia Border'.

⁸³ ICG Policy Briefing, *Managing Tensions on the Timor-Leste/Indonesia Border*, p. 4. ICG reports that a call by former deputy leader Moko Soares for ex-Sakunar members to register themselves had yielded twenty-six names from villages around Oeolo.

⁸⁴ See Damian Kingsbury, 'East Timor Border Security', in Damian Kingsbury, ed., *Violence in Between, Conflict and Security in Archipelagic Southeast Asia*, Monash University Press, Melbourne, 2005, pp. 294-97. In 2003, a 'detachment' (detachment can number up to 500 soldiers) of Kostrad Battalion 407 was positioned alongside the Oecusse border. These troops were in addition to the ordinary Territorial troops assigned to the districts of Timor Tengah Utara (TTU) and Kupang that border Oecusse. Also, in May 2007, Indonesia deployed an extra 2000 troops along the main border, supplementing 1500 troops already there, citing security concerns related to political instability around Timor-Leste's elections. See, AFP, 'Indonesia, East Timor to discuss border security', May 16 2007.

⁸⁵ Interviews with various sources in Oecusse in May 2007.

⁸⁶ 'TNI rejects proposal on land travel to/from E. Timor's Oecusse', *The Jakarta Post*, April 16 2002.



Border Patrol Unit (BPU) police officers on duty at the border post of Citrana located on the far-western edge of Oecusse at the point where the border meets the coastline, May 2007

reportedly in excellent condition and the trip between border points at Batugade and Wini takes just over one hour.⁸⁷

A 2002 agreement between UNTAET and the Indonesian Government spelled out the terms for the arrangement.⁸⁸ However, Col. Moeswarno Moesanip, Indonesian military commander for NTT, said that the safety of East Timorese passing through Kefamenanu and Atambua 'could not be guaranteed [...] even if Jakarta approved it', due to populations of militant East Timorese refugees that remained in the area.⁸⁹ It is unclear whether genuine security concerns were ever, or remain, the reason for the non-materialization of the proposal. But given that in April 2005, Indonesian President Susilo Bambang Yudhoyono publicly reaffirmed his government's commitment to seeing the plan go ahead⁹⁰ it would suggest that there remains strong resistance from the TNI who possibly perceive it as against their interests.

For Timor-Leste's part, if the report of a visit to Oecusse by a Parliamentary Committee (Economy and Finance) in 2006 is any guide, it appears its own security priority is asserting the state's right to collect import taxes. Though expressing optimism for Oecusse's potential economic growth precisely because of its border with Indonesia, the report stresses that 'to promote cross-border trade, regulations have to be established including strict enforcement of taxes of goods entering from Indonesia into Oecusse'.⁹¹

⁸⁷ Interview with Brian Frantz, USAID, Dili, 16 May 2007. (The five stops are for military, customs, immigration, police and vehicle registration checks).

⁸⁸ ICG Policy Briefing, *Managing Tensions on the Timor-Leste/Indonesia Border*, p. 9.

⁸⁹ 'TNI rejects proposal'.

⁹⁰ United Nations Security Council, 'End of Mandate Report of the Secretary General on the United Nations Mission of Support in East Timor for period 17 February – 11 May, 2005', Dili, 12 May 2005.

⁹¹ RDTL National Parliament, Committee C (Economy and Finance), 'Report of a District Visit to Oecusse', para. 25

Overall, the current border regime between the two countries reflects a very state-centric interpretation of security. It is essentially a 'hard border' policy in which the expression of state sovereignty is prioritized through the attempted control of cross-border movement of people, vehicles and goods. Goods moving across the border are subject to taxes and levies, and considerable efforts are expended to collect them.

By contrast, the clear message coming from all sectors of Oecusse society is that securing its future lies in a 'soft border' approach that would allow strengthening of relations with communities in west Timor through family, communal and trade connections. Such an approach would entail a reduced military role (to be replaced by police), dispensing with passports and visas in favour of a return to a realistic pass system for locals living along the border, and the removal of trade tariffs and import taxes on basic commodities.⁹²

It is instructive that in spite of attempts to enforce the hard border policy, BPU officers, traders, small business owners, NGO workers and the general Oecusse community insist that informal cross-border trade carries on regardless.⁹³ The effect of the policy, however, is that it forces people to take greater risks, by utilizing *jalan tikus* (literally, 'rat routes')—often at night. And, of course, by stepping outside the law they risk arrest and fines. The fate of a Timor-Leste citizen shot dead by TNI soldiers who suspected him of smuggling activity, inside Indonesian territory near Fatumean (Covalima district) in October 2007, highlights the current danger of this kind of activity.⁹⁴

An alternative approach to building security around the border has been a series of cross-border dialogues aimed at rebuilding trust between communities affected by violence in 1999. Facilitated by local NGOs, such as FFSO (in Oecusse) and Lakmas (in west Timor), the talks have been held at ten points along the Oecusse border and have reportedly been extremely well received.⁹⁵

Infrastructure and Consular Services

Compounding the economic and social isolation caused by the closure of land routes to Dili is the dire state of roads and bridges within the district itself. The main road that connected Passabe with Oecusse town during the Indonesian period avoided difficult terrain by diverting through west Timor. After 1999, this route was no longer available.⁹⁶ During the rainy season several rivers can become impassable, cutting off communities in the sub-districts of Passabe, Nitibe and Oesilo from Oecusse town on the coast, the Dili ferry service and hence the rest of the country.⁹⁷

Talks on locating some form of Indonesian consulate service in Oecusse have been held between the Oecusse District Administration and the Governor of NTT.⁹⁸ This would remove the need for people to travel to Dili to obtain a visa for travel to Kefamenanu, Atambua, Kupang and beyond, however, unlike the pass system it would not address the issue of prohibitive costs of visas. Implementation would also depend on approval by the foreign affairs and immigration ministers of both countries.

A proposal to overcome the problem of access to legal cross-border trade has been to establish markets right on the border in designated locations. An area near the Bobometo (Oesilo) border post has been prepared for markets where storage facilities have been constructed by Indonesian authorities. There is a precedent for markets of this type, which operated for a short period on the border in Bobonaro and Covalima, based on an agreement between UN military observers, PKF, TNI and Indonesian police.⁹⁹

⁹² Multiple interviews in Oecusse in December 2005 and May 2007. See also community feedback in, UNDP's 'Oecusse Integrated Development Strategy', 2001.

⁹³ Multiple interviews in Oecusse in December 2005 and May 2007.

⁹⁴ AFP, 'Indonesian army chief defends shooting of suspected Timor smuggler', Jakarta, 28 October, 2007.

⁹⁵ Interview with Arno Suni, FFSO, Oecusse, 25 May 2007.

⁹⁶ Meitzner Yoder, *Custom, Codification and Collaboration*, p. 25.

⁹⁷ Ministry of Internal Administration, *District Profile – Oecusse Enclave*.

⁹⁸ Interview with Richard Mounsey, Oecusse District Administration Office, 25 May 2007.

⁹⁹ Damian Kingsbury, 'The Political Economy of Cross-Border Relations: The TNI and East Timor', *South East Asia Research*, vol. 11, no. 3, 2004, pp. 269-296, pp. 280-81.



Almost all of the manufactured and processed goods sold at the Tono markets originate in Indonesia, May 2007

Economic Impacts of Border Policies

The impacts of the border situation on market prices in Oecusse are multiple. However, the overall impression is that the cost of some basic goods in Oecusse tends to be slightly higher than in Dili. This is particularly so for any goods originating in Indonesia that enter Oecusse via Dili, which are double handled. The most commonly cited examples of the price disparity between Oecusse and Dili are cement (\$2 per bag more), rice (up to \$6 more) and sugar.¹⁰⁰

Where the cost is comparable, or in the case of certain items—soft drinks, alcohol and cigarettes—even cheaper, it is because the goods have been smuggled in through the Oecusse border direct from west Timor. Kingsbury argues that the TNI is able to supply these items more cheaply because it evades the Indonesian taxes when purchasing them.¹⁰¹ Traders at the Tono markets in Oecusse confirmed that these particular items were always cheaper when sourced from west Timor rather than Dili, which is logical given that these items also attract a luxury goods excise on legal shipment into Timor-Leste.

Goods entering directly into Oecusse are subject to a 2 per cent import tax concession, however, this is effectively irrelevant if goods enter Oecusse via Dili, as the higher tax has already been paid—and no doubt passed—along with the extra shipping costs.

Oecusse traders also reported that the more organized suppliers on the Indonesian side usually asked for payment in rupiah, then profited by selling rupiah at the rate of Rp10,000 for \$1.10—creating a 10 per cent margin when changed back into rupiah at the rate of 10,000 for \$1 offered in Atambua. Traders reported that goods could pass through several people in the chain of supply, with each making a small profit. Market traders reported

¹⁰⁰ Oxfam, *Sustainable Livelihoods in Oecusse, Timor-Leste: A Participatory Research Project*.

¹⁰¹ Kingsbury, 'The Political Economy of Cross-Border Relations', pp. 280-81.

that considerable fluidity exists in prices and that they regularly switch between sources of supply to obtain the lowest prices.

Conclusion

This report has described many of the challenges facing development in the Oecusse enclave. In particular, access to the territory is very difficult as it is cut off from the remainder of Timor-Leste. Due to its unique status, there is ongoing dialogue on possible solutions to economic and geographic isolation. These are classified here into two categories. The first category is directed towards initiatives that are thought would boost the productivity and profitability of Oecusse's current economic base, including agriculture (including cattle) and forestry. The second option discussed with regard to economic development in Oecusse is one of applying incentives to attract investment from outside the district. These include low or unskilled manufacturing, export processing, food and beverage processing, and tourism development.

Intersecting with both of these categories are policies related to the border that impact both economic development and security in the enclave. The much needed economic development of Oecusse requires a clear set of integrated programs, drawn from a proper consultation with the people of Oecusse, which, at the very least, addresses questions of trade and the movement of people across borders.

It is hoped this report provides a useful summary of Oecusse's status as an enclave and the current discourses on its future development, which will in turn inform policy advisors, development actors and the citizens of Timor-Leste in their work.

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