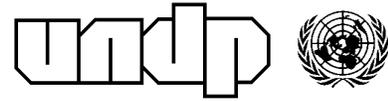


United Nations Development Programme
Sustainable human development



Oecussi

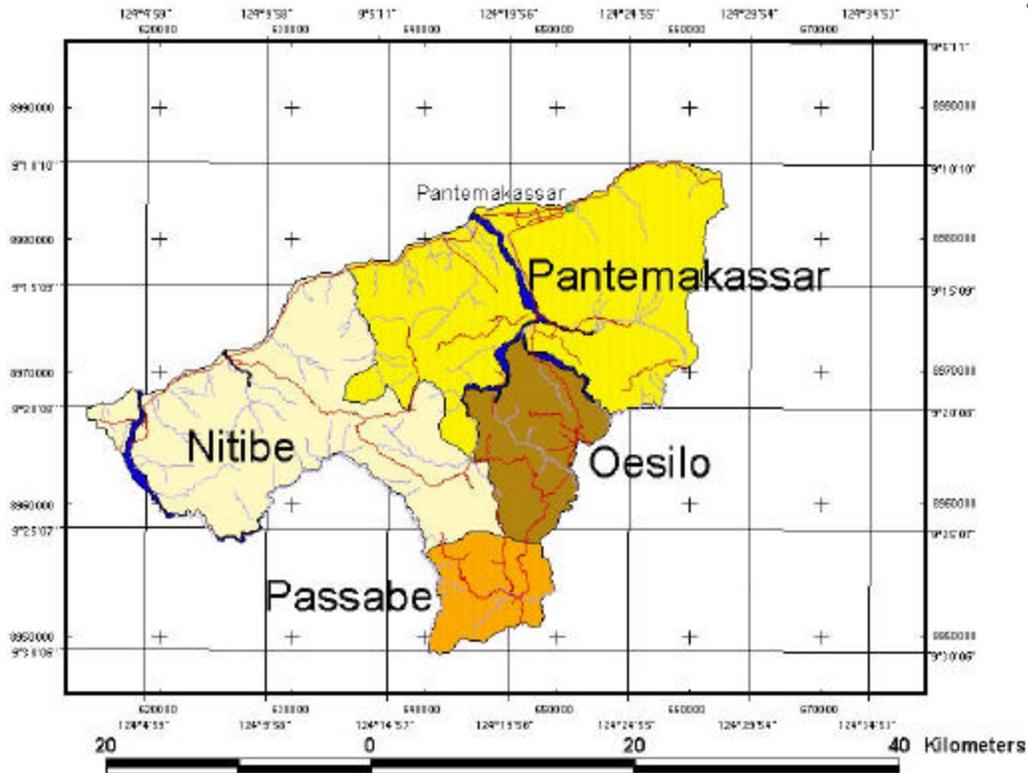
Integrated Development Strategy

June 2001

Abbreviation/Acronyms

ADB	Asian Development Bank
ARP	Agricultural Rehabilitation Project
AT	Appropriate Technology
AusAid	The Australian Agency for International Development
BNU	Banco Nacional Ultramarino
DA	District Administration
CEP	Community Empowerment and Government Project
CISPH	Civil Service and Public Employment Bureau
CIVPOL	Civilian Police
CNRT	Conselho Nacional de Resistência Timorese (Nat. Council Timorese Resistance)
DAC	District Advisory Council
DDA	Deputy district Administrator
DHS	Division of Health Services
EPU	Environmental Protection Unit
ESRP	Emergency School Rehabilitation Program
ETTA	East Timor Transitional Authority
FFSO	Fundacao Fatu Sinai De Oe-Cusse
GAA	German Agro Action
IMC	International Medical Committee
IOM	International Office of Migration
IRC	International Rescue Committee
NGO	Non Governmental Organization
NPDA	National Planning and Development Agency
ODA	Office of District Affairs
OMT	Organisacao Mulheres De Timorences
PKF	Peace-keeping Force
PSD	Partido Socialisto Demcrata
QIP	Quick Impact Project
Rp	Indonesian Rupiah
SDC	Sub District Coordinator
SEP	World Bank Small Enterprise Program
SEZ	Special Economic Zone
SME	Small and Medium Enterprises
TFET	Trust Fund East Timor
TNI	Tentara Nasional Indonesia
TCWG	Technical Coordination Working Group
UN	United Nations
UNDP	United Nations Development Programme
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNOPS	United Nations Office for Project Services
UNTAET	United Nations Transition Authority in East Timor
UNV	United Nations Volunteer
USAID	United States Agency for International Development
VDC	Village Development Council
Watsan	Water and Sanitation
WB	World Bank
WFP	World Food Program

OECUSSE - TIMOR LORO SA'E



To show Subdistricts

This map was prepared
by the GIS Unit
Div. of Agricultural Affairs
ETTA
from data derived from
Portuguese surveys

May 2001

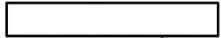


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Key Statistics

Total land area sq, km	814.66	Number of subdistricts	4
Number of suco	19	Number of aldeia	86
Annual rainfall Oecussi town	1,107 mm	Annual rainfall Nitibe	1502
Number of persons	47,183	Number of families	11,739
Average family size	4.02	Number of sq.km	814.66
Number of persons per sq.km	57.9	Number of buffalos 1996	1,823
Est. number Bali cattle 2001	25,000	Number cattle per sq km	30
Number goats 1996	23,928	Number pigs 1996	25,313
Number village chickens 1996	27,915	Number horse 1996	2,866
Corn ha. 1998	5,130	Corn ha. 2000	5,286
Corn tonne 1998	8,687	Corn tonne 2001	10,572
Padi ha. 1998	1,782	Padi ha. 2001	968
Padi tonne 1998	5,276	Padi tonne 2001	2,420
Cassava ha. 1998	999	Cassava ha 2001	3,881
Cassava tonne 1998	4,070	Cassava tonne 2001	19,405

Sources

Defence Meteorological Support Unit. November 2000
 Kabupaten Ambeno Dalam Angka 1996.
 Timor Timur Dalam Angka 1997
 Oecussi District Division of Agricultural Affairs 2001.

1. Foreword

Oecussi district is located on the North coast of the island of Timor about half way between Kupang and Dili. Although it is surrounded on three sides by the Indonesian province of Nusa Tenggara Timur, Oecussi is in fact an East Timorese district. The enclave has long historic ties with Portugal, but the people and the economy have always been linked to West Timor. Physically dislocated from the capital Dili and with a new international border, which has severed their traditional social and economic links with West Timor, the 48,000 population of Oecussi today find themselves living in a new, difficult and somewhat puzzling situation.

Although now faced with many difficult problems, Oecussi civil society has a positive attitude towards the future. The common Baiqueno language and culture provides a cohesiveness within the community which allows them to broadly agree on their aspirations for the future. A series of public workshops to discuss development have been held in Oecussi since early March 2001. The community needs and priorities which emerged from these discussions, ongoing development initiatives, existing administration plans, the special circumstances and problems of the Oecussi enclave and the best prospects for the future have been brought together¹ in this report to produce a strategic framework for orderly future development of the district.

The report attempts to reflect the desire of Oecussi civil society to be free to practise their traditional social and trade ties with West Timor and to develop new and innovative economic ventures and job opportunities within the enclave. Although starting from a low base, the people of Oecussi are keen to develop their economy and build a better tomorrow. Public sentiment is behind the district being accorded some form of special status, which would provide the climate in which this could happen. A study is recommended which would analyse the strengths of Oecussi and suggest a regulatory framework, which would allow them to work to their strengths and optimise their future development.

In the meantime a start can be made on the two “best bets” for increasing local livelihoods. The only significant source of income for Oecussi is the sale of slaughter cattle to Indonesia. Despite the stealing and killing of cattle, which took place in late 1999, it is estimated that at least 65% of Oecussi families own cattle. The technology level applied is very low, as is productivity. Simple, proven improvements in the technology would improve productivity and rural family income levels within a few years. It is recommended that a Cattle Industry Development Project be formulated with this objective. All workshops identified tourism as something they believed should be developed in Oecussi. Given the intriguing history, natural beauty and a normalisation of transportation services, this could indeed take place. It is recommended that a participatory study be undertaken to identify a suitable model for tourism development in the district. It is envisaged that this be focussed on a series of small local material guest houses and activities such as swimming, diving, fishing, trekking in the mountains, horse riding etc. The project would include training and credit for selected small tourist related enterprises.

A recurring theme in the workshops was a cry for more education, skills and knowledge. Training and capacity building is of great importance at all levels. Women in particular are puzzled about their status and role in the modern world. There is a need for basic awareness raising and strengthening of women’s organisations so that they can become more effective lobby groups for women’s rights and needs.

Most sectors (education, health, roads, electricity) are centrally planned. For these sectors, this report seeks to document reconstruction which has taken place, that which is planned and where the gaps might be.

¹ UNDP provided two planning consultants who worked closely with the District Administration to produce this report.

To build on the momentum of interest gained from the community workshops it is proposed that these be continued on a rotation basis, hosted by the Conselho do Suco's (village Development Councils). The findings from each workshop should be forwarded to the District Advisory Council for their consideration and comment before passing over to the District Administration. It is hoped that in this way civil society can start to make a contribution to the government planning and budget allocation process.

2. The Context

Oecussi is one of 13 districts in the newly emerging independent country of Timor Loro'sae. Statistically there is little to differentiate Oecussi from any of the other districts. It has a land area of 815 sq km and a population of around 48,000 people. This could be any East Timorese district – except for one dramatic fact. Where-as the other 12 East Timorese districts are contiguous encompassing the Eastern end of the Island, Oecussi sits alone, surrounded by the Indonesian province of West Timor. Physically, ethnically, and economically, the people of Oecussi are closely linked to West Timor. A quirk of colonial-era history has however decreed that they are not politically a part of West Timor, but a dislocated part of East Timor.

The language of Oecussi is Baiqueno, which is a dialect of Dawan, the language spoken by over 90% of the population of Nusa Tenggara Timur. The concept of Oecussi as a separate entity from the land and people that surround them is a totally artificial construct, which has come about as a result of the competition for territory between former colonial powers in the region.

2.1. A Brief History of Oecussi

Prior to external contact, the people of Timor, along with the people of the Indonesian and Sulo archipelagos, lived in small kingdoms which were based on extended kinship groups. Each of these groups had their own belief system and an intricate set of customs and laws (adat) which dictated how they lived their lives. The kingdoms were often at war with each other as they competed for more land or sought retribution for perceived wrongs. These inter-kingdom struggles took on an added dimension with the arrival of European powers in the region. Apart from the glory of commanding more territory, sandalwood was the major attraction to the Europeans because a good profit could be made from its scented wood. For several hundred years there was competition between the Portuguese and Dutch interests for dominance on the island of Timor. Portuguese missionaries and traders of mixed Portuguese descent established themselves at Lifau in Oecussi during the 1500s. The Portuguese wanted to make Oecussi capital of their Timorese colony, but were unable to establish as much control as they wanted and in 1769 they established Dili as the capital. The Dutch meanwhile had established a fort at Kupang. For the next 150 years the Dutch and the Portuguese struggled for dominance and to establish a border between their respective Timorese territories. Formal discussions commenced in 1846 and culminated in a formal treaty which was signed in the Hague in 1916. This treaty formalised Oecussi as a small enclave of Portuguese territory, surrounded to the West South and East by the Dutch East Indies and to the North by the ocean.

During the Portuguese time, the border did not act as a constraint because movement could easily take place. Families could visit their relatives and there was no restriction on trade. Similarly, during the Indonesian time there were no constraints - the border was no more than a theoretical line on the map. Family members could freely visit each other. Although (curiously) Oecussi remained linked administratively to Dili, economic links were all with Kupang and the rest of West Timor.

All of this has now dramatically changed. For the first time in history Oecussi residents are being confronted with the stark realisation of what it means to be a political enclave. What in the past has been a nominal border, has suddenly become a full international border and for the first time ever, is acting as a major constraint to the normal social and economic life of the community. Family visits are difficult. Legal cross border trade has shrunk to a trickle. Prior to September 1999, Dili and

Kupang could be equally easily accessed by road and there was a telecommunication service. With the border now all but sealed off and no public air or sea transport available, the Oecussi population is living in a state of semi siege.

3. The Oecussi Viewpoint

3.1. Development Workshops

In early March 2001 a district workshop to discuss development was held in Oecussi town. The meeting was organised by the District Administration in collaboration with the Forum Nasional NGO Timor Loro'sae (National NGO Forum). Included in the 40 participants were representatives from the East Timor Transitional Administration (ETTA), sector representatives, local Non Government Organisations (NGOs), women, youth, and the wider community. Participants split into groups and discussed social considerations (including health, education, culture and gender), infrastructure (including roads, water and sanitation, electricity and post and telecommunications), economic activities and border issues. Each group identified concerns, needs and priorities which were then discussed and agreed upon in a plenary session at the end of the day.

In May 2001 a series of five civil society workshops were held. These were facilitated by a skilled facilitator from the local Oecussi NGO Fundacao Fatu Sinai de Oe-cusse (FFSO). One workshop was held in each of three subdistricts (Nitibe, Passabe and Oesilo). Two were held in the fourth subdistrict, Pante Makassar. This is the largest subdistrict and is home to almost 50% of the district population. The District Development Officer, District Field officers (DFOs) and two UNDP planning consultants attended all of the workshops, but did not participate other than as observers.

The subdistrict workshops followed the format of the earlier district workshop and were typically attended by 25 – 35 participants of whom 4-6 were usually female. Participants represented their village, their home aldeia (hamlet), youth, educational and health sectors, women's groups, local NGOs and Community Based Organisations (CBOs). The cohesiveness of Oecussian society was reflected in the outcomes from the different workshops in that remarkably similar views were invariably expressed on most issues. Perhaps the greatest difference in viewpoints emerged on matters of security with communities closer to the border feeling somewhat more vulnerable and therefore focussing more of their discussion on border security and normalisation of relationships with Indonesia.

At the start of each workshop the participants were asked to list dreams they had for the future of their communities. Common dreams included:

- A peaceful life with a good standard of health, welfare and housing
- Guaranteed security and better relationships between East and West Timor
- Equal rights for women and men
- Good roads and transportation to all villages
- Everybody with a good education
- A shift from traditional agriculture to the modern and development of small businesses.

The following is a representative summation of main sentiments expressed in the workshops.

3.2. Social

Health. A desire for convenient health facilities was repeatedly expressed as a need for more health clinics, radio communications for clinics, supply of medicines, training of traditional nurses in Oecussi, training of more village birth attendants, public education in sanitation and prevention, and better mother and child nutrition.

Education. Literacy training for those who have not finished school, more classrooms for primary, junior high and senior high schools, dormitories for students, especially girls, furniture including files and cupboards, electricity at schools, equipment, laboratories for high schools, libraries, playgrounds, better pay for teachers, provision of houses for teachers, training to make teachers better.

Gender. Equal rights and freedom of expression for women. Better education, training and equipment to increase income generating and job opportunities for women. Women should be in government and social leadership roles in the future.

Youth. Training and support for income generating and job opportunities. Organised youth activities in all villages to keep young people occupied and happy as well as student youth exchanges programs, moral and civic training, and better education to develop good productive citizens. There should be government support for orphans. Young people should have an active role in security of Oecussi.

Culture. Preserve Baiqueno language, positive Adat customs, laws, and traditions. Maintain historical sites and establish a Museum. Learn about other cultures through exchange programs.

3.3. Infrastructure

Clean drinking water is wanted for every village and restoration and protection of irrigation systems and rice fields.

Transportation and Communications. Improved transportation is wanted through the rehabilitation of roads and bridges, and increased public transportation for social and economic purposes. A cheap, regular and reliable shipping service to Dili. Restoration of postal services, TV and radio services to improve the flow of information.

Public Infrastructure. Restoration of community, school, clinic, and church housing and the rehabilitation of existing and construction of new village market facilities.

Electricity seen as important for health clinics and schools in the short term, and all housing in the long term.

3.4. Economic

Trade. Re-establish trade with West Timor, through freeflow over the border and normalisation of relations with Indonesia, as soon as possible.

Training. Access to technical training, support and equipment needed to improve existing agriculture production and to develop new viable crops and products. Skills training for women and youth. Business training, support and credit to improve existing and develop new viable business opportunities.

Job Opportunities. Support and assistance for developing viable industries such as tourism, fishing, forestry, cash crops, etc that will produce income and create jobs.

Marketing structures and assistance for livestock, crops, handicrafts and other products through formation of associations and/or cooperatives. Elimination of non-East Timorese middlemen in cattle trading.

Financial Support Services. Establishment of financial and banking services in Oecussi.

3.5. Security and Border Issues

Proper marks to show where the border is. Increased security forces to improve the protection of people, crops and livestock while border issues are being resolved. Oecussi people must be employed in defence and border control services. Peace, reconciliation, normal relations with West Timor to allow open movement both ways across the border for family and trade reasons.

3.6. Workshops on Status of Oecussi District

Concurrent with the development workshops, the local NGO community has been running a series of discussion workshop on the future status of Oecussi district. The NGO Forum organised the first workshop which was held in Dili early May 2001. This was followed by a meeting in Oecussi which was predominately attended by NGO personnel in late May. This to be followed by a wider public meeting again in Oecussi mid June. Topics discussed by the first two workshops have included the nature of the border regime, a degree of autonomy for Oecussi, whether it would be beneficial to have all or part of Oecussi designated as a Special Economic Zone (SEZ), and what is an appropriate taxation regime. Conclusions from the first two workshops were that Oecussi should lobby to become a semi-autonomous region with a Soft Border regime. There is strong support for decentralised government powers with only foreign affairs and defence to be controlled from Dili. It was also suggested that financial control should be exercised in Oecussi with central government only providing monitoring and auditing functions². In order to achieve some form of special status for Oecussi, it is believed that it will be necessary to lobby for an enabling clause to be incorporated into the constitution.

3.7. Broad Conclusions from Workshops.

- Oecussi civil society is very conscious of their new status of isolation, but take a pragmatic view of the current situation in which they find themselves. There appears to be a resigned acceptance of all that has occurred. It is notable that there were no complaints about past events or deficiencies of the administration. The predominant attitude is a desire to move on and rebuild a better life for everybody, including the children of today who will be the adults of tomorrow.
- Oecussi people want a peaceful, safe, and healthy society that offers opportunity for all. Adat customs, laws and traditions, and youth training are seen as very important for maintaining the Baiqueno culture and a high moral strength in society.
- People want to live in peace. Top priority is placed on normalising relations with West Timor in order re-establish traditional and family ties as well as the normal trading relationships.
- The community desires to have clean water, adequate housing, accessible health services, good transportation infrastructure and services, community facilities, electricity, and financial services, to enable them to live healthy, and productive lives.
- Civil society places a high value on quality education, training and support services that will make all citizens, especially young people, productive and useful members of society. Improving agricultural production, especially cattle and developing new means of generating income and creating jobs (e.g. tourism) is seen as very important to improving the quality of life for residents of the district.
- There is a desire for much more decentralisation of government and for the Oecussi community to have a greater control over their own affairs. There is also desire for

² Verbal information to the mission from participants.

acknowledgement of the unique circumstances of Oecussi in a constitution which they hope will sanction creation of a special status in order to allow full development of the district's potential.

How Can Developments be Paid For?

Towards the conclusion of the workshops, participants were asked to consider how desired developments could be paid for. In discussion it was clear that the community is not primarily asking for handouts. The most common statements were:

- We need to work hard. We need to improve our agriculture.
- We need better education and skills so that we can generate more income
- We should pay taxes on water, electricity, business and cattle.
- We should have good relations with NGOs
- Investors might help.
- We hope government will be interested in us.

Where Do the Workshops Lead To ?

The public dialogue which is currently taking place in Oecussi is very significant. The cultural unity and shared experience of the Oecussi community is allowing them to identify the issues which are important to them and the steps which they see as being necessary for their future wellbeing. The community is not asking for gifts. They are asking for training and technical assistance to equip them with the knowledge and the skills, which will enable them to develop their strengths and natural resources. This is a very positive climate for meaningful development. The challenge to Government, to development donor agencies and planners is how to best build on this spirit of self reliance so that Oecussi civil society can constructively work towards achieving the future outcomes they desire.

4. Sectoral Status

4.1. Administration and Development

A civil service of approximately one third the size of the former Indonesian administration is being put in place. This will take some time to become established and understood by the general population. Although the intention is decentralise as much power as possible down to subdistrict level, all planning to date has been from a central level. No process has been identified which will allow community needs and priorities to be incorporated into the formal development planning process.

4.2. Infrastructure

Roads and Transportation. Prior to September 1999 there were no restrictions on road transport. Dili and Kupang could be accessed with equal ease. This access has now ceased with introduction of the international border. Within the district the primary roads are usable, but in poor repair. Flooding prevents usage of major river crossings for short periods totalling perhaps 15 days during each wet season. Forward planning at national level would suggest that the primary roads will receive essential repairs and maintenance but that the condition of the road will gradually decline as time goes by. Villagers have historically worked together on road maintenance. Major slips or washouts become beyond the village capacity to repair and there is no guarantee of government budget to assist in this situation. Village link roads are usually traversable by vehicle during the dry season, but often become impassable during the wet season.

Although there is a wharf and air strip at Oecussi town, there are no public shipping or air services. To date UNTAET has been unable to facilitate any regular public Dili – Oecussi ferry service. At

present the Oecussi public are reliant on the severely limited space available on the weekly private sector barge chartered by the UN to service the Peace Keeping Force (PKF) and UN helicopter or fixed wing aircraft flights.

Telecommunications. The only public service is a mobile service, which has a range of about 200 m within Oecussi town. How Oecussi might be serviced with telecommunications after the withdrawal of UNTAET is not known.

Water. Clean water and sanitation is a significant problem. Some 40% of the population have an adequate water supply. The balance require either rehabilitation of a damaged scheme, or construction of a new scheme.

Electricity. Oecussi town has electricity for six hours a night. There is insufficient operating capacity to supply the whole town every night.

4.3. Social

Health. An international NGO is contracted to provide health care services in Oecussi until such time as the Division of Health Services is able to take over. To date the following facilities have been made operational: one 35 bed hospital, four community health centres, one health post and one mobile clinic service. Two further health centres and one operating theatre are planned. These facilities probably fall short of public expectations, but are all that the new state can afford. There is a need for raising awareness and improving community knowledge and skills in areas of preventative health measures, sanitation, nutrition and mother and child care.

Education. A total of 43 primary, three junior high and two senior highs schools have been restored and are operational in the district. Logistic difficulties are being experienced in provision of school supplies and equipment. There is a need for some more dormitories to provide accommodation for children from outlying areas. Parents are concerned about the standard and availability of teachers. This will continue to be a problem for some time. Government policy is not to supply housing, but teachers are reluctant to teach in subdistrict schools if no housing is available.

Women's Affairs. There is an active women's group (Bifel Bitimo) in Oecussi town involved who have established a sewing centre and have plans for a women's advisory centre and a guest house. The Organisasuan Mulheres Timor (OMT – women's group associated with the former CNRT political organisation) have women's groups in many villages, but most are not active. Women's literacy is very low. Although women control the household money and play a major part in the families foodcrop production, they do not make decisions and do not play an active role in community or development affairs.

Youth. There is a general concern about the lack of job opportunities and leisure activities for youth. The District Administration, international and local NGOs have supported a number of reconciliation, sporting, and cultural events, but there is a need to develop sustainable organised activities and create job opportunities for young people. A small number of Youth organisations have recently emerged that are receiving development support from the District Administration and NGOs.

Culture. The community is proud of their Baiqueno language and want to see positive aspects of their cultural traditions strengthened. There is widespread support for a reduction in some of the negative aspects such as the cost of contributions (mostly in form of livestock) to prolonged customary ceremonies. Some parents want to have Baiqueno taught in the schools.

4.4. Agriculture

Foodcrops. In excess of 95% of the families in Oecussi are subsistence farmers. An estimated 45% grow wetland rice, corn and vegetables. The balance are reliant on dryland agriculture and produce corn, cassava, sweet potato, sorghum, and a variety of vegetables including a number of beans. The standard of technology applied to all foodcrop production is high by East Timorese standards but there is room for improvement.

Livestock. Almost all families have small numbers of chickens, pigs and goats, which scavenge for feed in and around the village. Home consumption and use in traditional ceremonies accounts for almost all of the production from these animals. There are a small number (around 2,000) buffalos owned by families on the lowlands. The major economic activity in Oecussi is cattle farming. An estimated 65% of families own some Bali cattle with the current district herd estimated at around 25,000 head. At one cattle beast per 230 ha the cattle are not placing pressure on the environment. Cattle roam freely year round in the uplands and are inspected once or twice a week by the owner or a "caretaker". Animals are sold to West Timor for slaughter when money is needed. Animal productivity is very low. Most animals are shipped to Surabaya for slaughter.

4.5. Private Sector

The private sector is composed of a small number of Oecussi town Small and Medium Scale Enterprises (SMEs), in the trading and service industries (hotels, restaurants, transportation) and a very large number of micro businesses operating in the sub-districts. Many of the larger Oecussi town businesses are owned by non-indigenous East Timorese and supported by the international population.

The majority of business people are involved in weaving and petty trading, with a small number operating Bemos (mini buses), transport/trucking, fishing, sawn timber, salt and bricks. These micro indigenous owned businesses, serve the local population and are characterised by their small size and low sales due to the small cash economy in Oecussi.

5. Problems and Constraints

5.1. Oecussi Specific

Isolation

Oecussi is physically isolated from the rest of East Timor. It is unlikely that a road corridor can be opened to the political capital of Dili within the foreseeable future and no sea transport is available.³ The United Nations Transitional Administration in East Timor (UNTAET) has fixed wing and helicopter flights between Dili and Oecussi but space for civilians is severely limited and these services will cease with the wind down of the UN activities. There is no public telecommunication system⁴ apart from a Telstra mobile service which has a range of about 200m within Oecussi town. If at some point in the future there is a normalisation of relations with Indonesia, it can be assumed that the Indonesian landline system would become available for telephone communications with Dili. Until this takes place Oecussi will remain isolated without any means of telecommunications.

³ The barge chartered for the PKF offers 50 free seats a week to civilians. This however is not a permanent arrangement. A commercial service is currently under discussion but would be charging US\$10 per one way trip which is beyond the ability of most of the Oecussi population. There is no public transport available to Kupang.

⁴ UNTAET has a satellite communications system which is very expensive to operate and will probably be dismantled and removed when the UN presence is finished.

This will make government administration very difficult and act as a major constraint to any potential private sector development.

Due to the isolation and consequent difficulty of issues relating to Oecussi, it is difficult for officials in Dili to focus on the problems and come to decisions. This compounds the whole problem.

Economic Links with Nusa Tenggara Timur

Just as Oecussi is physically isolated from Dili, so also has the economy become isolated with the establishment of the international border. Prior to September 1999, virtually all goods and services in Oecussi were supplied from Kupang. Fattened cattle, the major export from Oecussi, were all shipped out through West Timor. Fish caught on the Oecussi coast were sold inland in West Timor, Garlic grown in Passabe subdistrict was sold in West Timor. A small, but economically significant tourist trade was established as people from inland West Timor visited Oecussi to relax at the beach. On top of this the local economy was boosted by the collective spending power of an estimated 3,000 Indonesian civil servants. All of this has now gone. Income is limited to expenditure of the (temporarily present) international UN and NGO staff and to a small number of cattle which are being smuggled and sold through the border.

Traditional Agricultural Technology

Virtually all Oecussi families are subsistence farmers. Family labour is predominately devoted to growing foodcrops. These are all for home consumption, negligible quantities are sold. While the techniques and systems applied are of a higher standard than evident in much of the rest of East Timor, increases in productivity could be achieved. Livestock are very important. Chickens, pigs and goats are kept primarily for home consumption and use in traditional ceremonies. Cattle are used as a means of accumulating wealth and are the only significant source of cash income. The technology applied to cattle production is of a primitive nature. No attempt is made to manage the cattle which are allowed to roam freely year round in the uplands searching for food where-ever they can find it. Through the wet season there is a surplus of feed available for the cattle, but during the dry season there is a feed deficit. Livestock lose 10-15% of their liveweight. Pregnant females often abort and young calves die because of a lack of water and feed during the late dry season.

Security

At present the PKF is maintaining a border guard. Sound border agreements and normalisation of relationships with Indonesia appear to be the only viable options for the future because East Timor will not have the financial resources to maintain and defend the border.

Business Support Services

Most people do not have access to basic business support services, especially financial services, technical training, business training and advice.

The lack of banking facilities makes it very difficult to arrange payment to outside suppliers, and people do not have a safe place to keep their money, or to obtain micro credit. Technical training is not available in Oecussi and there is a lack of qualified trade people and skills to meet construction needs and to develop processing and low technology businesses. Business people, many of whom are women, do not have access to the business training and advice needed to grow sustainable businesses.

5.2. Countrywide

Infrastructure

At present and for the foreseeable future the economy of Oecussi will not be strong enough to meet the cost of maintaining present infrastructure, let alone further developing it. This applies to all forms of infrastructure, including public buildings, roads, communications and electricity.

Women

There has been a over-emphasis on income generating activities such as weaving and kios (small trade shops). These activities feed into a limited market and mostly result in disappointment. The basic issue of the status of women in society has not been confronted. There is an over-whelming need for awareness raising social and civic education for women of all ages.

Land and Property

Although clans know who traditionally should have ownership or user rights to land, actions of both the Portuguese and Indonesian governments have cut across these traditional ownership understandings. It is not clear which set of laws or jurisdiction should be applied to settle these disputes.

Environment

The community has a general feeling that all is not well with the land in which they live. They intuitively understand that there should be a better vegetative (forest) cover over much of the upland. They tend not to understand the long term effects that their agricultural practises and fuelwood gathering practises are having on the environment. Clean water and reforestation are major issues.

6. Opportunities

Oecussi finds itself in a totally new and unprecedented situation. An enclave surrounded by a foreign country, isolated from the rest of the state and the political capital. The spirit of the discussions in the workshops shows that this is not seen as negative or daunting prospect. Rather it is seen as an opportunity to start afresh and build a culturally appropriate new Oecussi. Not a Portuguese Oecussi. Not an Indonesian Oecussi. A Baiqueno Oecussi.

The climate of civil society opinion in Oecussi presents an opportunity. If government policies and development support are tailored to enable Oecussi to take full advantage of existing strengths, it is possible that the stagnant district economy could be induced to grow.

The identifiable strengths include:

- A culturally cohesive population with common aspirations for a better future
- Well developed agricultural sector which has prospects of improving profitability
- Prospects of forestry development
- Evidence of an entrepreneurial spirit
- Prospects of establishing an appropriate tourist industry capitalising on the interesting indigenous culture and colonial history, attractive landscape, beaches, diving etc.
- A natural gateway to the Indonesian market through close linguistic and economic ties with West Timor.

7. A Strategic Approach

7.1. Policy Choices

The policies set in motion by central government will dictate the chances of Oecussi achieving future economic growth and stability. There are two choices:

- **First Choice:** Oecussi is not given any special consideration and is treated exactly the same as all of the other (contiguous) districts of East Timor. Experience in similar types of situations elsewhere in the world (involving enclaves and isolated regions) would suggest that this is not a sensible choice as it does not allow the district to optimise any advantages it may have. Further, because the district is restrained from developing an economy, it will always be making heavy demands on the national budget.
- **Second Choice:** The unique circumstance and natural strengths of Oecussi are recognised and a special legislative regime is designed which will create the climate in which the district population can be allowed to maximise their opportunities. This regime would also encourage international investment. Given the opportunity to be innovative and the economy to grow, this choice ultimately results in a lower, or even minimal demand from the national budget for district support.

7.2. Border Regime

A hard border regime is one where full formalities including visas are required for every person crossing the border and full duties or tariffs are payable on all goods. A soft border regime is where bona fide local residents can cross the border for traditional social or trade reasons, free of any formality⁵. From the workshops it is overwhelmingly clear that a hard border regime is unacceptable to the Oecussi civil society because: (i) they have never had it before; (ii) it would constrain regular family contact and undertaking of traditional ceremonies; and (iii) it would interfere with their livelihoods, making cattle harder to sell and the cost of consumer goods much higher.

A soft border regime would be cheap to implement and conducive to growth in the Oecussi economy. A hard border regime would be expensive to implement and would restrict growth in the Oecussi economy. While a hard border regime is required for contiguous East Timor, this policy applied to the Oecussi enclave will result in stagnation of the district economy, deepening poverty and increasing demands for alleviation from the national budget.

The verbal reports coming from the workshops facilitated by the NGO taskforce on the future status of Oecussi indicate that there is support for further enhancing the business operating climate by seeking a Special Economic Zone (SEZ) status. It is hoped that by creating a favourable set of conditions that the enclave could fully capitalise from its unique locality by becoming a trade gateway and by providing services such as bonded warehouses and distribution services to the Eastern archipelago region.

8. Actions Required

8.1. A Growth-Inducing Climate

A number of countries have granted some form of autonomy and/or a soft border regime to unique areas or isolated regions around the world⁶. Some of these have been successful in empowering the region to fully capitalise its natural resources and advantages, but others have not performed to

⁵ A good example of this is the Torres Strait Treaty.

⁶ Some examples include: Batam, Indonesia; Hong Kong, China; Temburong district enclave, Brunei; Kaliningrad enclave Russia; Ceuta and Melilla enclaves Spain; Faroe Islands, Denmark; Monaco, St. Pierre and Miquelon Islands, France. The Torres Strait Treaty is a useful example of a soft border regime.

expectations. It is recommended that a study be made to examine the whether any realistic prospects exist for successful creation of some form of special status for the Oecussi enclave. In particular the study would:

- Review regulatory frameworks as applied to other relevant enclaves, isolated regions and special autonomous regions. Draw out lessons which are applicable to the Oecussi situation
- Assess district resources – physical, geographical, human.
- Identify possible economic developments
- Specify practical regulatory conditions which would be conducive to optimum exploitation of Oecussi's strengths and advantages. These to include border regime, tariffs, taxation rates, long term lease of land, residence rules etc.
- Identify economic, social and infrastructure needs to support the development of special status industries.

8.2. Immediate Best Options

No economic recovery can take place in Oecussi until a normalised border regime has been put in place, relations with Indonesia have been normalised and there is a resumption of regular transportation services. It is unknown how long a period of time it will take before these conditions will become a reality. This however should not be taken as an excuse for inactivity. In the meantime it is recommended that steps be taken to improve the effectiveness of the cattle industry and to establish an appropriate scale and style of tourist industry.

Historically, the sale of fattened cattle has been the only income earner for Oecussi. Modest improvements in the technology being used would result in a substantial increase in rural family incomes. There was much discussion in the workshops about tourism and it would seem that the prospects for this could be good if an appropriate and structured approach is taken.

Improvement of the Cattle Industry

Sale of cattle for slaughter in Indonesia is the only significant economic activity in Oecussi and the main source of cash income. An estimated 65% of families keep Bali cattle. These animals are allowed to roam freely year round in the uplands seeking food where they can find it. No improved husbandry or management practices are applied. Care of cattle involves finding the herd in the hills once or twice a week to make sure they are still alive. At an intensity of around one animal per 230 ha the cattle does not place any pressure on the environment. During the wet season there is an excess of feed available for the cattle, but during the five month dry season food and water become scarce and for at least two months there is a feed deficit. During this time most of the animals lose 10-15% of their bodyweight. The first two months of the wet season are spent restoring this lost bodyweight. This is a very inefficient livestock production system. Construction of checkdams to supply water and growing of fodder which is fenced and fed off during the latter part of the dry season would overcome this constraint and ultimately allow cattle productivity and profitability to be doubled. Backyard intensive fattening of cattle has been taking place in the past on restricted scale. An expansion of this practise would allow further increases in cattle productivity. A project providing backyard fattening cattle to families who have previously not owned cattle would allow poor families to generate much needed income. As a top priority it is recommended that a Cattle Industry Development Project be undertaken. The introduction of these simple measures would result in a significant increase in cash income for rural families and would also provide a means of addressing poverty. Further details are contained in Annex 6.

Development of a Tourism Industry

The intriguing historical background of Oecussi, warm and friendly people, a landscape of natural beauty, good cuisine, and a wide range of outdoor activities, combine to provide very promising potential for development of a tourism industry. Tourist attractions include historical sites, an

interesting living culture, music and dance events, swimming, snorkelling, diving, sport fishing, site seeing, horse rides and walking in the mountains. A small appropriate tourism industry would provide job opportunities from guesthouses, restaurants, site seeing, music and cultural groups, and other tourist activity operators. The tourist industry would be based on small guesthouses and other tourist related enterprises, owned and operated by local residents. It is recommended that a participatory study be made to develop a suitable tourist industry development plan. Further details are contained in Annex 7.

8.3. Sectoral Gaps & Priorities

Infrastructure (for details see Annex 4)

Roads. Communities to be made fully aware of their responsibilities for maintenance of secondary and tertiary roads by SDC, through the Conselho do Sucos and the next round of community development workshops.

Budget allocations to be made to allow use of machinery from the road maintenance sub-depot for cleaning up of river crossings after wet season floods.

Budget allocations to be made to allow use of machinery from the road maintenance sub-depot for dealing with large slips on village link roads.

Water. Water is yet to be supplied to 60% of the population and clean water is a problem due to poor sanitation practices.

Support to two Oecussi based NGOs to provide awareness training and to provide water supply and sanitation services through community consultations and involvement.

Electricity. Small budget allocation or donor funding required to re-commission near new generator in Oecussi town.

Communities to organise management of their power supply and collecting of payments from all consumers so as to meet operational costs.

Shipping. Continued pressure from the District Administration to ensure some form of public shipping transportation to and from Dili. Encouragement and facilitation of direct shipping of slaughter cattle from Oecussi to Surabaya.

Social (for details see Annex 5)

Health. Donor agencies could contribute to the health sector particularly with a variety of training programs that will increase community involvement and raise awareness on illnesses, sanitation, mother and child care, etc.

- Community involvement in malaria prevention, awareness raising on anti-natal care, community volunteers for well baby clinics, community volunteers for outreach on leprosy and tuberculosis.
- Training programs for nurses, senior nurses and doctors increasing the qualifications and quality of the Timorese health care system.
- It is suggested that a detailed and more statistical study of the usage of traditional birth attendants be completed.
- The purchase of a cold chain (using kerosene refrigerators) for vaccinations would be a short term project with high value.

Education. The numbers and qualifications of teachers are insufficient to provide Oecussi with a good school system. Because of the budgetary constraints the Division of Education will only be able to recruit 30 – 40% of the teachers under the Indonesian times. In addition the isolation of Oecussi is not attractive to outside teachers. Inside the enclave insufficient qualified teachers are available. Therefore it is important that an incentive program be formulated to bring people in from outside.

- Additional crash courses (primary school), or to provide a one time training of a minimum of 5 semester (for junior high school teachers) or 6 semesters (for senior high school teachers) to teachers that have been identified by the communities in need of teachers.
- Increase community involvement for the rehabilitation and maintenance of teacher housing.
- Increase community involvement through creation of parent - teacher associations.
- Increase community involvement through rehabilitation and maintenance of student dormitories, including provision of food and supervisors.
- Incentive program to attract qualified teachers from outside the enclave
- Rehabilitation of the class rooms that will be left undone
- Awareness campaign to parents to increase attendance
- Reconstruction of Teacher housing, maintained by the teacher and communities.
- Rehabilitation of dormitories to increase school attendance
- A Literacy campaign is needed because Oecussi has the highest rate of illiteracy..
- Setting up Parent – teacher associations, facilitating communities to become more responsible for education of their children.
- Rehabilitation of sports facilities
- Teaching aids and equipment packages for Primary, Junior and Senior High Schools

Women

- Strengthening and helping women's groups to meet women's needs.
- Awareness raising.
- Creating the capacity for women's groups to become advocates and be able to lobby for equal rights and the expressed needs of women.
- Establishment of guesthouse – associated skills and management training.

Youth. There is a strong belief that communities must create an environment that will encourage young people to remain in Oecussi and this can be achieved through:

- Education and training - more schools, teachers and teacher training are needed. There is a need to upgrade existing skills in carpentry, mechanics, building and other technical skills.
- Developing good citizens, who will want to stay in the district- by, providing job opportunities, teaching young people about traditional laws and customs, education in drug and alcohol abuse, and providing facilities for sports, art and music.

Job opportunities can be created through appropriate technology micro businesses that can be profitable serving small markets, will develop new skills and use local resources. FFSO, a local development NGO would like to establish an Appropriate Technology and Training Centre to provide business support and technical training to young people (see Annex 4 for details).

A very good income generating activity that can be used as a model for youth development is paper and print making. The model could be used to develop other types of creative products such as handicraft making and silk-screen printing. A paper making/print project would use local materials and creative talent. The Enclave Talent Centre (ETC), a local training NGO, would like to implement the paper-making project, but needs funding support.

Primary Sector (for details see Annex 6)

Cattle. Immediate facilitation of Oecussi cattle traders to work together in buying cattle and shipping direct from Oecussi wharf to Surabaya.

Formulation of the Oecussi cattle development project with components for: animal health, provision of dry season water points in key areas, conservation of fodder behind fences for feeding during the latter part of the dry season, and expansion of backyard fattening targeted at poor families.

Wetland Rice Continued rehabilitation and expansion of small and non technical irrigated areas.

Foodcrops. Encouragement of improved techniques including terracing with use of live leguminous and other appropriate hedges, and introduction of improved cultivars including short stem open pollinated corn.

Forestry. Community discussion to raise awareness of lumber/fuelwood supply and environmental conservation issues and leading to community action plans for reforestation and soil conservation. Programme for manufacture and use of fuel efficient stoves.

Environment

Oxfam Australia, plans to help three national water technicians establish a water supply system NGO. Oxfam and this new organisation should be supported to provide the water supply treatment, training and sanitation support for the remaining 60% of the population who still lack clean water.

Haburas Futura Timor, a local environmental NGO, should be strengthened to: provide environmental awareness training and community discussion in all aspects of the environment, to include the importance of future reforestation.

There is a need for raising of awareness on environmental issues leading to actions on reforestation, soil conservation, coastal zone management, elimination of the invasive noxious weed *Chromolaena odorata*.

Private Sector (for details see Annex 7)

Financial Services. There are no plans for the establishment of a commercial banking service in Oecussi. The District Government should explore and support the establishment of a local bank agency in Oecussi that is linked to one of the commercial banks in Dili. This could also act as a postal agency.

Business advice and training. Business advice and training must be available to people in the sub-district and special interest groups, such as women and youth. The SEP Business Development Centre and ADB microfinance projects should be taken advantage of to train and develop a network of business development resource people throughout the district.

Technical training. The upgrading of trade and contractor skills is needed to take advantage of the reconstruction work required over the coming months and years. Training can be provided by an international NGO working in Oecussi that has developed a carpentry workshop program.

Training in small scale processing can be provided through the development of an Appropriate Technology and Training Centre operated by a local NGO. The Centre would implement a program approach that included equipment, training, credit and business support to help establish micro processing and agriculture businesses.

Potential viable industries. A number of industries require investigation to determine viability, to include:

- Fish farming to supply Kefamenanu, West Timor markets.
- Bentonite deposits.
- Duty free warehousing or light processing to attract large scale investment to Oecussi.

District Planning (for details see Annex 8)

A continuation of the sub-district development workshops, rotationally hosted on a quarterly basis by the Conselho do Sucos. Findings from the workshops to be passed to the District Advisory Council for their consideration before making recommendations to the District administration. This process to be managed by the DDA and/or the district Development officer and the Sub District Coordinators.

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