



Options Paper

What does it look like for Australia to... Shape a Shared Future with Timor-Leste

SUPPORTED BY



Australian Government
Australian Civil-Military Centre

Executive Summary



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Timor-Leste is a country of immediate importance to Australia's security and is fundamental to Australia's strategic interests. As one of Australia's closest neighbours, it is a good thing to have friendly relations. Timor-Leste should be front and centre in Australia's strategic outlook, foreign policy and personal connections.

Australia and Timor-Leste share a complex history and the two countries have become undeniably intertwined through Timor-Leste's journey to independence. There is considerable scope for Australia to strengthen its partnership with Timor-Leste's government and people, thereby strengthening peace and prosperity in Timor-Leste and contributing to Australia's strategic objectives. Investing in a more secure and stable immediate neighbourhood will reap benefits for Australia, Timor-Leste and the broader region.

Despite progress, Timor-Leste continues to face immense challenges. The legacy of conflict remains with far-reaching implications. Two-thirds of the population live on less than US\$2 per day. The Petroleum Fund that supports Timor-Leste's government infrastructure is at risk of running dry as oil reserves diminish and revenues reduce. A weak private sector has failed to create significant numbers of jobs and economic opportunities are few. Family planning is limited, child mortality rates are high, and an unacceptably large number of children and mothers experience severe and acute malnutrition. High rates of gender-based violence and frequent natural disasters continue to compound issues for Timorese families, communities and government. All these issues impact on education outcomes, skill development and economic opportunities for the Timorese population.

A shared future for Australia and Timor-Leste would see Australia as a trusted, reliable partner of Timor-Leste as it actualises its sustainable development goals. The overall vision is of an Australia-Timor-Leste partnership of mutuality, respect and shared leadership.

Timor-Leste aspires to every citizen having access to basic services and public amenities including clean water, reliable healthcare, high-quality education and efficient infrastructure. No one is left behind and there is zero tolerance of gender-based violence and discrimination. A well-developed, adequately resourced, and accessible education system leads to economic opportunities both domestically and abroad, while every citizen benefits from a fair and transparent justice system and accessible legal services. Political leaders are unified, corruption is eradicated, and government systems decentralised to build local ownership and ensure the sustainability of services. Underpinning this must be a robust and diverse media ecosystem that holds power to account, tackles misinformation and disinformation and informs and educates the public.

In shaping a shared future, Australia should position itself as a genuine and invested neighbour and partner to Timor-Leste, responsive to Timor-Leste's priorities for development. The focus should be a shared, long-term future. Climate change is seen as a significant threat to the region and should be prioritised by Australia in both its international and domestic policies.

Doing this effectively requires applying all arms of statecraft, ensuring both sufficient investment across development, diplomacy and defence and the effective coordination of the activities of each in support of common strategic objectives.

PATHWAYS FOR SHAPING A SHARED FUTURE WITH TIMOR-LESTE

ASEAN membership

- Australia supports Timor-Leste in progressing from candidate to member of ASEAN.
- Australia can support Timor-Leste in the bureaucratic development needed to attend and contribute meaningfully to ASEAN's numerous annual meetings.
- Australia supports Timor-Leste in ratification, implementation and monitoring of ASEAN regulations and agreements while reaching out to civil society and youth to ensure that civic freedoms and voice are not restricted.

People-centred approach

- Australia looks for opportunities to revive and energise sub-national government and people-to-people links – and to extend them to new generations.
- Australia promotes educational, civil society and peer-to-peer linkages to increase knowledge of Timor-Leste, including through enhanced movement of people in both directions.
- Australia invests in its Timor-Leste literacy, building cultural understanding and appreciation of shared chapters in our history.

Health and education for human capital

- Australia is an effective partner in building human capital among Timorese, particularly in the priority areas of health and education.
- While language poses a challenge for Australia, it can focus its efforts on infrastructure that supports health, such as water and sanitation, and a niche role in English language education, especially as the language of trade and ASEAN diplomacy.

Democratic processes and institutions

- Australia supports the strengthening of institutions in ways that ensure effective, capable and legitimate institutions that are responsive to people through local processes.
- Investigate ways to engage with priority needs, including the justice system.
- Work with local media to strengthen their capacity to educate the general public on governance issues, to hold power to account and to promote the rule of law.

Economic diversification

- Australia encourages economic diversification through strengthening the agriculture and fisheries sectors, promoting the development of the tourism industry and support for improved public financing.
- Development partner investments should have a greater focus on environmental protection.

Labour mobility and migration

- Australia contributes to a long-term economic relationship with Timor-Leste by creating new opportunities through improved labour mobility and migration pathways.
- Given the strong desire for job creation in Timor-Leste, this should be seen as a transitional step to build human capital rather than a long-term solution.

Digital transformation

- Australia is a partner in digital transformation, with an immediate focus on linking Timor-Leste to the existing North-West Cable System.
- Other areas of engagement could include increased investment in infrastructure, promotion of price competition, support for digital literacy (both in the media and general public) and English language education.

A secure and peaceful Timor-Leste

- Australia works to be an effective partner in supporting a secure and peaceful Timor-Leste, by supporting Timorese-led initiatives and priorities.
- Australia and Timor-Leste develop a common sense of threats to peace and security and support each other to anticipate, prevent and respond to a broad range of security threats and coercive influences.
- Australia is an ally in combatting gender-based violence and harmful practices.

Why it Matters

Australia's foreign policy has consistently identified Timor-Leste as a country of the most immediate importance to Australia. The 2017 Foreign Policy White Paper identified support for a more resilient Pacific and Timor-Leste as one of "five objectives of fundamental importance to Australia's security and prosperity."¹ According to the White Paper, Timor-Leste's "security and stability is a fundamental Australian strategic interest."²

As one of Australia's closest neighbours, Timor-Leste needs to be front and centre in Australia's strategic outlook, foreign policy and personal connections.

"We share deep historical ties with Pacific island nations, Papua New Guinea and Timor-Leste. These countries are front and centre in Australia's strategic outlook, our foreign policy, and our personal connections."

Partnerships for Recovery: Australia's COVID-19 Development Response (2020)

Geopolitics has shone a brighter light on Timor-Leste and its importance to regional stability. Concerns have been raised about Chinese influence. Yet viewing Timor-Leste simply as an element of a larger power play would be detrimental to Australia's engagement with its neighbour and the mutual interests of both countries. Rather than viewing Timor-Leste through the prism of strategic competition, Australia's approach should be about strengthening Timor-Leste and strengthening the region.

Australia's relationship with Timor-Leste should be viewed within a broader regional context, including links with

the Pacific and with Indonesia. Australia has an ongoing commitment to support Timor-Leste people in deepening their connection and relationship with the Pacific Island communities. The most recent and significant development is the conditional approval of Timor-Leste to join the Association of Southeast Asian Nations (ASEAN).³ Working with Timor-Leste is an investment in contributing to the peace and security of the region as a broader system.

Timor-Leste is not just important by itself, it is also important because it is a successful case of regional and international cooperation through the UN missions that led to independence. There is no better example in the region of improvement in democracy and human rights in such a short period of time than Timor-Leste.⁴ It is an important voice in the region, both in the Pacific and Southeast Asia, as a successful state that has been able, despite all the difficulties, to be peace-loving and sustain peaceful relations with Indonesia.⁵ By contrast, democratic regression or the worst case scenario of a failed state would be an enormous set-back for the entire region.

The relationship between the two countries is close – as well as complicated – but Timor-Leste has been less a part of public consciousness in recent years. There is significant scope for Australia to strengthen its partnership with Timor-Leste, its people and its government, thereby strengthening peace and prosperity in Timor-Leste and contributing to Australia's strategic objectives.

1 Department of Foreign Affairs and Trade, *2017 Foreign Policy White Paper*, p. 3: <https://www.dfat.gov.au/sites/default/files/2017-foreign-policy-white-paper.pdf>

2 Department of Foreign Affairs and Trade, *2017 Foreign Policy White Paper*, p. 7-8: <https://www.dfat.gov.au/sites/default/files/2017-foreign-policy-white-paper.pdf>

3 *ASEAN Leaders' Statement on the Application of Timor-Leste for ASEAN Membership*, November 11, 2022: <https://asean.org/wp-content/uploads/2022/11/05-ASEAN-Leaders-Statement-on-the-Application-of-Timor-Leste-for-ASEAN-Membership.pdf>

4 Joshua Kurlantzick, *Why Has East Timor Built the Strongest Democracy in Southeast Asia?*, 4 October 2021, Council on Foreign Relations: <https://www.cfr.org/blog/why-has-east-timor-built-strongest-democracy-southeast-asia>

5 Institute for Economics & Peace. *Positive Peace Report 2020: analyzing the factors that sustain peace*, December 2020, pp 70-71: <https://www.visionofhumanity.org/wp-content/uploads/2021/04/PPR-2020web.pdf>

CASE STUDY: PACIFIC MARITIME SECURITY PROGRAM

In 2017, Timor-Leste accepted Australia's offer to gift two new AUSTAL-built Guardian Class Patrol Boats under the Pacific Maritime Security Program (PMSP). The PMSP will see boats delivered to 12 Pacific nations and Timor-Leste as part of Australia's \$2 billion commitment to regional maritime security. Timor-Leste will receive the boats in 2023.

The boats will operate as sovereign assets of Timor-Leste, and will be packaged with long-term training, advisory, maintenance, infrastructure and other support. This has already started with dedicated training for the Timor-Leste Defence Force (F-FDTL) and design work on infrastructure upgrades. A proposal to conduct joint patrols of Timor-Leste's Southern Economic Exclusive Zone is also being explored to enhance maritime security and domain awareness.

<https://timorleste.embassy.gov.au/dili/Defence.html>

CASE STUDY: NORTHERN TERRITORY AND TIMOR-LESTE STRATEGIC PARTNERSHIP AGREEMENT 2023-2027

In February 2023 the Chief Minister of the Northern Territory and Prime Minister Taur Matan Ruak witnessed the signature in Darwin of a renewed Strategic Partnership Agreement. The strategy outlines the Territory Government's plan to be the preferred partner for business, in an intensely competitive and rapidly evolving global market. Under the agreement, plans of action will identify initiatives to support education, business and workforce, trade and investment, tourism, emergency preparedness, agriculture, health, sports, arts and culture.

<https://theterritory.com.au/trade/international-engagement/our-partnerships/strategic-partnership-agreement-2023-to-2027>

CASE STUDY: REDEVELOPMENT OF PRESIDENTE NICOLAU LOBATO INTERNATIONAL AIRPORT IN DILI

The Australian and Timor-Leste Governments are partnering to create local jobs and economic growth with a \$97.7 million concessional financing package for the redevelopment of Presidente Nicolau Lobato International Airport in Dili.

Australia's contribution to the airport redevelopment through the Australia Infrastructure Financing Facility for the Pacific (AIFFP) will deliver critical airport infrastructure components, such as improving road access to the airport terminal, lighting, a new rescue firefighting facility and a new healthcare facility. Australia's investment has been designed to improve the lives of Timorese people and maximise local jobs, especially for women.

<https://ministers.dfat.gov.au/minister/pat-conroy/media-release/partnering-timor-leste-improve-airport-facilities>

CASE STUDY: AUSTRALIA AWARDS

The Australia Awards are prestigious international scholarships and fellowships funded by the Australian Government. They offer the next generation of global leaders an opportunity to undertake study, research and professional development in Australia.

The Australia Awards program in Timor-Leste develops and delivers short courses to build English language skills for targeted groups so they are ready to apply for Australia Awards scholarships. Courses and events are also held to advance alumni's professional development and showcase their research results. In 2023 these included Women in Leadership, Inclusive Teaching Strategies and Academic English for People living with a Disability.

<https://www.dfat.gov.au/people-to-people/australia-awards>

Barriers and Challenges

The history of the Australia-Timor-Leste bilateral relationship is complicated. It includes the vital Timorese assistance during World War II, Australia's tacit approval of Indonesia's 1975 annexation and Australia's leading of the United Nations International Force East Timor (INTERFET) which led to Timor-Leste's transition to independence following a referendum in 1999. The two have been complexly intertwined through Timor-Leste's journey to independence.

There have been instances of unease between the two countries, most notably with the allegations of Australian spying during negotiations around the Greater Sunrise oil fields. This remains an ongoing issue with the potential to derail ties again in future. One lesson from the Bayu-Undan oil field is that progress and efforts that have been made to build the partnership through development programs can be undercut by one or two actions in other places.

While it may be seen by Australia as a challenge, Greater Sunrise is seen as an opportunity for Timor-Leste. It is an important issue to the Timor-Leste government and a topic of wide debate. For the common person, Australia can be conflated with Greater Sunrise.

The complexity of the relationship means that Australia needs to be respectful. In a positive step, Australia and Timor-Leste concluded a treaty establishing their maritime boundaries in 2018 following a United Nations conciliation process.⁶

Timor-Leste today lives with a legacy of conflict, which has far-reaching implications. The people in power in Timor-Leste today are still the resistance leaders.⁷ There is significant pressure on government to meet the needs and expectations of the Timorese people.

Approximately two-thirds of Timor-Leste's 1.34 million people still live below US\$2 per day,⁸ and while child mortality rates have improved, many children under five still die of preventable and treatable diseases.⁹ High birth rates, limited family planning and a bulging youth population places pressure on both government and a weak private sector to create meaningful jobs and shore up national stability.

Timor-Leste's government infrastructure is supported by its Petroleum Fund, which in the future faces the risk of running dry as oil reserves are diminished, and revenues reduce. It is estimated this could occur within 10-15 years.¹⁰ This means there is a critical need for swift and considered economic diversification.

Yet, impeding this progress are various factors including a neonatal mortality rate of three times the regional average, severe and acute malnutrition among children and mothers, the highest rate of stunting in Southeast Asia and high rates of gender-based violence.¹¹ These factors impact on education outcomes, and in turn on skills development and economic opportunity for Timor-Leste's youthful population.

This means progress towards various goals needs to be made concurrently, and there is a very limited timeframe in which this needs to be done. As stated by President Ramos Horta: "The next five years mark a crucial period for the future of our nation. The way our actions and policies proceed may, in the end, represent all or nothing for the future of the nation."¹²

Australia should focus on the quality and effectiveness of its spending in supporting Timor-Leste to meet its development goals. There's a general sense that not all of Australia's past aid has actually been effective.¹³ Australia should be measuring its contribution and making sure that the contribution is actually achieving the desired results. As a development partner, Australia should focus on supporting local organisations, and be aware that international funders can impose reporting burdens on local organisations that can be debilitating.

Timor-Leste is a disaster-prone country. Floods and landslides have in recent years impacted thousands of families. With fragile infrastructure, this vulnerability has the potential to open Timor-Leste up to being disproportionately influenced by the promise of foreign investments, sometimes without a clear pathway to rectifying debts. There is concern that Timor-Leste doesn't have institutional capacity and resources to deal with climate change and other external drivers of change such as digital transformation.

Consultations with 24 civil society organisations from across Timor-Leste's 14 municipalities revealed Timorese views on the challenges that hinder the country from achieving development and prosperity. These fall into themes – social capital, economic development, infrastructure development and governance (Table 1) – that correspond to the priority areas of the Strategic Development Plan (2011-2030).¹⁴

"Timor-Leste has made significant progress since independence in 2002. However, it still faces development challenges and high rates of poverty and malnutrition. We are Timor-Leste's leading economic partner, and will continue to support its objective of economic diversification and private sector growth through our development cooperation and labour mobility schemes."

2017 Foreign Policy White Paper

6 Department of Foreign Affairs and Trade, *Australia and Timor-Leste maritime boundaries: Rules-based order in action*, <https://www.dfat.gov.au/sites/default/files/aus-timor-maritime-boundary-fact-sheet.pdf>

7 Li-Li Chen, *Observations From the First Round of Timor-Leste's Presidential Election*, The Diplomat, 23 March 2022: <https://thediplomat.com/2022/03/observations-from-the-first-round-of-timor-lestes-presidential-election/>

8 Department of Foreign Affairs and Trade, *Australia Timor-Leste Partnership for Human Development*, 2016, p. 2: <https://www.dfat.gov.au/sites/default/files/aus-timor-lete-partnership-for-dev-investment-design.pdf>. For most recent population figures see <https://timor-lete.unfpa.org/en/publications/timor-lete-population-and-housing-census-2022-preliminary-results>

9 Department of Foreign Affairs and Trade, *Literature review on maternal and child health for Timor-Leste*, 30 June 2016, p. iii: <https://www.dfat.gov.au/sites/default/files/timor-lete-maternal-child-health-literature-review.pdf>

10 Charles Scheiner, *Timor-Leste economic survey: The end of petroleum income*, Asia-Pacific Policy Studies, 2021(8), p 265: <https://onlinelibrary.wiley.com/doi/pdf/10.1002/app5.333>

11 UNICEF, *Timor-Leste: Child Survival and Development*: <https://www.unicef.org/timorleste/child-survival-and-development>; Caritas Australia, *Tackling Gender-Based Violence (GBV) in Timor-Leste*, 21 May 2021: <https://www.caritas.org.au/news/latest-news/tackling-gender-based-violence-gbv-in-timor-lete/>

12 Macau Business, *Timor-Leste: Next five years are all-or-nothing time for nation – president*, 15 February 2023: <https://www.macaubusiness.com/timor-lete-next-five-years-are-all-or-nothing-time-for-nation-president/>

13 Expert views from AP4D consultations

14 *Timor-Leste Strategic Development Plan (2011-2030)*: <https://www.adb.org/sites/default/files/linked-documents/cobp-tim-2014-2016-sd-02.pdf>

Australian Perspectives

TABLE 1

<p>Social Capital (Education and Training, Health, Social Inclusion, Environment, Culture and Heritage)</p> <ul style="list-style-type: none"> Health and education receive very little investment. This has been a barrier to create a conducive and appropriate facilities in providing quality services. Challenges in education: <ul style="list-style-type: none"> Poor infrastructure (school buildings) – in some areas students are still sitting on the floor or schools without rooftop. In addition to that, lack of schools' facilities including the ICT facilities. Lack of qualified teachers – due to lack of training and many schools still rely on the volunteers' teachers with minimum qualification. Lack of a standardized and contextualized curriculum Lack of quality implementation has resulted major issues in ensuring GEDSI mainstreaming of all policies and practices including GEDSI sensitive infrastructure or conducive facilities.
<p>Economic Development (Rural Development, Agriculture, Petroleum, Tourism and Private Sector Investment)</p> <ul style="list-style-type: none"> The development of the agriculture sector is slow, and the private sector is still very weak. The private sector is very dependent on government projects and the country also rely heavily on imported goods. The Timorese agriculture market is predominately small-scale household farming. Agriculture work continues to carry the stigma of poverty, and the sector receives little investment from the government. The market system does not work well across communities in relation to access to quality inputs, services, and output markets, while the latter deals with the issues of access and adoption, as farmers may have adequate access to inputs but low adoption practices. High youth unemployment in the country. There is need to diversify the economy and create more jobs to prevent young people from going abroad to find employment.
<p>Infrastructure Development (Roads and Bridges, Water and Sanitation, Electricity, Seaports, Airports, and Telecommunications)</p> <ul style="list-style-type: none"> Limited access to clean water and lack basic sanitation in rural areas as well as in the capital Dili
<p>Good Governance (Security, Justice, Defence, Public Sector Management and Good Governance)</p> <ul style="list-style-type: none"> Policy and program implementation do not often align with government priorities as articulated in the SDP. Very inconsistent and high inefficiency in the implementation of the Strategic Development Plan 2011-2030 Political impasses have slowed the country's development significantly. There is also a perceived tendency for political intervention and nepotism in the recruitment and appointment of public servants.

AP4D dialogue and consultation sessions with more than 50 Australian and Timorese experts from October 2022 to March 2023 revealed strong support for Australia playing an active role in shaping a shared future with Timor-Leste.

By contributing to building a stronger, resilient and prosperous Timor-Leste, Australia is investing in a more secure and stable immediate neighbourhood that will reap mutual benefits.

But the relationship doesn't only matter because it is in Australia's strategic interest. It also matters because Timor-Leste is a neighbour. It's a good thing to have friendly relations regardless of what benefits it brings in the short-term.

Despite periods where Australia hasn't been a trusted friend, there are many good building blocks for the relationship. Australia has a long history of engagement in Timor-Leste. There are elements of Australian society that are strong advocates for Timor-Leste, including in the armed forces and across civil society. There is an active diaspora and strong people-to-people links.¹⁵

For some there is strong sense of Australia being invested in Timor-Leste's success, given its involvement in the successful case of regional cooperation UN missions that supported the establishment of a pluralistic democratic system.

With strategic competition also being a competition around values and ideas, Timor-Leste is an exemplar of democracy, peace and human rights as foundational values. It is in Australia's interest that this be nurtured. As a small state facing many different challenges, maintenance of these values is not just important to the Timorese and Australia, they have greater regional and global resonance.

Timor-Leste's example of truth-telling, transitional justice and reconciliation is an extraordinary one. As Australia goes through its own truth and reconciliation processes, there's potential for greater engagement, reconfiguring the relationship by focusing on what Timorese strengths can teach Australia.

Australian experts were conscious that, with complex history between the two countries, there is still work to do to demonstrate how strong a partner Australia can be. Part of establishing Australia's credibility as a partner of choice is demonstrating responsiveness to Timor-Leste's priorities for development as it works to achieve the sustainable development goals.

As with any development environment, identifying the issues and binding constraints is important. Australia needs to be conscious that no partner can solve every problem and thus be selective. Australia should focus on its comparative advantage and what the Timor-Leste government expects of Australia, including where they don't want Australia involved.

Australia's comparative scale means its actions are consequential and that it can have a positive impact on the trajectory of Timor-Leste's economy and society.

Australia supports Timor-Leste's aspiration for membership of ASEAN.¹⁶ As well as benefiting Timor-Leste – particularly through economic integration – Timorese ASEAN membership can have a positive impact on ASEAN and also assist Australia's relationship with ASEAN by adding another democratic voice. A strong relationship with Timor-Leste also enables Australia to link into different international networks, such as with the Lusophone world.

Both Australia and Timor-Leste regard Indonesia as a critical relationship. For example, Timorese students overwhelmingly choose to study in Indonesia with a small number to Australia. There is room for greater trilateral cooperation.

15 Chara Scroope, *East Timorese in Australia*, SBS Cultural Atlas, 2022: <https://culturalatlas.sbs.com.au/east-timorese-culture/east-timorese-culture-east-timorese-in-australia>

16 <https://www.foreignminister.gov.au/minister/penny-wong/transcript/joint-press-conference-dili-timor-leste>

Timorese Perspectives

Consultations with 24 civil society organisations from across Timor-Leste's 14 municipalities asked participants to visualise and share their vision of Timor-Leste as a prosperous and developed country.

Participants' vision centred around the following areas:

Access to Basic Services	A country is considered prosperous when they have access to and use of well-maintained public amenities, such as a reliable healthcare system, high-quality education services, and efficient infrastructure, including access to roads and bridges not only at urban areas but also in rural areas.
Inclusive Development	To ensure inclusion and 'leave no one behind,' every citizen has the right to clean water, quality education, and quality health care without being discriminated against because of their political beliefs, age, gender identity, or sexual orientation. This includes zero tolerance for any form of gender-based violence.
There is Quality Education	Well-developed education system and accessible to every citizen which includes: improved curriculum, well trained teachers, and better school infrastructures (ICT and school building).
Security and Justice for All	Fair and transparent justice system and accessible legal services can improve a nation's stability. Accountable law enforcement services can build up a credible juridical system. A peaceful society creates a platform that allows its citizens to thrive economically.
Strong Institutions and Good Governance	<p>A country devoid from corrupt practices, the leaders are united and synchronised, and policies and programs are contextually relevant to the country's needs and priorities.</p> <p>Decentralising government systems is essential to ensure the sustainability of the investment to services and also build sense of ownership from the communities.</p>

“Our proximity, historical links, and shared stake in regional stability means Australia retains an enduring strategic interest in supporting Timor-Leste’s growing capacity to meet its own security needs. The key objective of our substantial defence cooperation partnership will be to provide continued support to the development of a capable and responsive Timor-Leste Defence Force and Ministry that are able to contribute to the country’s growth and stability.”

2016 Defence White Paper

“[This policy] places a clear priority on our near neighbours, particularly the Pacific, Timor-Leste and Indonesia. These are the places where we have the most extensive partnerships and can have most impact.”

Ministers Marise Payne and Alex Hawke

Partnerships for Recovery: Australia's COVID-19 Development Response (2020)

“We will continue to support Timor-Leste’s armed forces and national police. We cooperate on regional security issues, including maritime challenges, border security and transnational crime. We both have important relationships with Indonesia. This provides an opportunity to deepen trilateral cooperation to advance shared interests.”

2017 Foreign Policy White Paper

Across these areas, the group believed that key foundational elements and policy framework that would facilitate their vision of a developed and prosperous Timor-Leste, are in place:

- Timor-Leste, by its Constitution guarantees its citizens' rights to freedom and security as well as protection.¹⁷
- Timor-Leste's constitution guarantees free education and free access to health services to its people not only in the Municipalities but also to the remote areas.
- Timor-Leste has national policies and a National Strategic Development Plan (SDP) in place.¹⁸
- The Government is committed to improve rural road management and agricultural development. A central pillar of the SDP is the construction and maintenance of a range of productive and public infrastructure, primarily rural roads and the use of local contractors and labour-based technologies.
- Policies related to Gender Equality, Disability and Social Inclusion (GEDSI) have been developed in Timor-Leste.

To achieve this vision, participants identified critical pathways for Timor-Leste to become a developed and prosperous country that can be categorised into two areas:

INSTITUTIONAL STRENGTHENING: HUMAN DEVELOPMENT

Participants supported more investments in human resources in the civil service to build institutional capacity. Participants highlighted the challenges that public institutions face in their day-to-day work and its impact on public institutions as manifested through:

- Poor policy and program implementation. Many participants expressed concern that some of government's programs do not align with the country's Strategic Development Plan 2011 – 2030 and do not sufficiently include or engage communities.
- Political intervention¹⁹ within public administration hinders public institutions from hiring the most suitable people.

There was a general consensus that sending more people abroad to further their education would help improve public services in the country, including introducing or adopting new technologies and systems (such as digitalising data management system and public services). More importantly, there is a need to improve the quality of education in the country by investing in infrastructure and updating the school curriculum across all levels.

Participants believe that the lack of investment in human resources in terms of education and health contribute to the exodus of young people to find jobs overseas. The lack of investment in agriculture or the limited economic opportunities in the country also contribute to this exodus.

ENABLING ENVIRONMENT: PRE-CONDITION FOR DEVELOPMENT

It was evident that participants were very concerned about the numerous challenges facing Timor-Leste. They identified major areas of concern to be addressed to support the enabling environment for Timor-Leste's development.

- Almost all participants demand political consensus (and unity among leaders). It is crucial for government to have a common vision for Timor-Leste's development:
 - Public administration should not be captured by competing political interests, so as to ensure stability of programs and policies and sustain the delivery and effectiveness of public service delivery and administration.
 - Programs and policies should be implemented and continued regardless of government transitions.
- Justice for all. This includes social justice and the protection of human rights. There should be fairness and no discrimination. Everyone lives with dignity and has access to basic services and food, and civic spaces are protected.
- Prioritising economic diversification. Diverse economic activities would mitigate unemployment and prevent young people from seeking jobs overseas.

In terms of the role of international partners, the Timorese consulted identified three top areas that would benefit from Australia's support:

1. **Health and education**
2. **Digitalising public administration**
3. **Strengthening working coordination and aligning needs and priorities among public entities**

Suggested Institutional Development and Service Delivery Reforms for the Timorese Government

1. **Bottom-Up Development** by empowering local authorities. This includes decentralising administrative practices to streamline the bureaucracy and achieve efficiencies.
2. **Transparency and accountability** measures – exercise quality control in programs through monitoring and evaluation activities including financial audits of program funded through the state budget or overseas development assistance.
3. **Integrated implementation plan** including strengthening coordination among government entities and ensuring sustainability through skills and knowledge transfer, and allocation of state budget for maintenance.
4. **Workforce Planning and Human Resource Development** to improve quality of services including merit-based recruitment – putting the right people in the right positions – and ensuring that appointments are not based on political affiliation or interests in order to limit and prohibit political intervention and abuse of power in state institutions.
5. **Digitalisation** – adopt digital technology in public administration processes such as issuances of legal documents, and in other public programs.
6. **Health and Education** – increase state budget to address health and education priorities.
7. **Strengthen the capacity of defence workers** and improve support for maritime control.
8. **Land governance** – people should be well-informed of land acquisition laws and regulations to address and minimize land disputes.
9. **Reform the education curriculum** to suit the local context.

17 *Constitution of the Democratic Republic of Timor-Leste*: http://timor-leste.gov.tl/wp-content/uploads/2010/03/Constitution_RDTL_ENG.pdf

18 *Timor-Leste Strategic Development Plan (2011-2030)*: <https://www.adb.org/sites/default/files/linked-documents/cobp-tim-2014-2016-sd-02.pdf>

19 Political intervention refers to political leaders seeking to exert influence over decisions and/or appointments with which they have no official prerogative.

IDENTIFYING PRIORITY AREAS THAT INTERNATIONAL DEVELOPMENT PARTNERS COULD SUPPORT

1. Social capital

SUB AREAS	HEARTS (PRIORITY)	STAR (PROGRESS)
EDUCATION AND TRAINING 20 VS 0	♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥ ♥♥♥♥♥♥	
HEALTH 16 VS 2	♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥ ♥♥	◆◆
SOCIAL INCLUSION 14 VS 1	♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥	◆
ENVIRONMENT 16 VS 2	♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥ ♥♥	◆◆
CULTURE 8 VS 9	♥♥♥♥♥♥♥♥♥♥	◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆
HERITAGE 5 VS 9	♥♥♥♥♥♥	◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆

2. Infrastructure development

SUB AREAS	HEARTS (PRIORITY)	STAR (PROGRESS)
ROADS AND BRIDGES 16 VS 2	♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥ ♥♥	◆◆
WATER AND SANITATION 17 VS 3	♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥ ♥♥	◆◆◆
AIRPORT 11 VS 15	♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥	◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ ◆◆
TELECOMUNICATION 11 VS 15	♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥	◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ ◆◆
PORT 0 VS 18		◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ ◆◆◆◆◆◆
ELECTRICITY 2 VS 14	♥♥	◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆

Timorese focus group participants rated the sub-areas for each category of the SDP 2011-2030. Participants were asked to put hearts (♥) on sub-areas requiring development partner support, and stars (◆) for those areas where there is already significant progress or investments from government and/or development partners. Each participant had 10 hearts and 10 stars to rate and had the option to use multiple icons in one area to signify high importance.

3. Economic development

SUB AREAS	HEARTS (PRIORITY)	STAR (PROGRESS)
RURAL DEVELOPMENT 19 VS 4	♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥ ♥♥♥♥♥♥	◆◆◆◆
AGRICULTURE 19 VS 4	♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥ ♥♥♥♥♥♥	◆◆◆◆
PETROLEUM 8 VS 8	♥♥♥♥♥♥♥♥♥♥	◆◆◆◆◆◆◆◆◆◆◆◆
TOURISM 8 VS 8	♥♥♥♥♥♥♥♥♥♥	◆◆◆◆◆◆◆◆◆◆◆◆
PRIVATE SECTOR INVESTMENT 6 VS 15	♥♥♥♥♥♥♥♥	◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ ◆◆
INDUSTRIAL 7 VS 19	♥♥♥♥♥♥♥♥♥♥	◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ ◆◆◆◆◆◆

4. Institutional framework

SUB AREAS	HEARTS (PRIORITY)	STAR (PROGRESS)
JUSTICE 17 VS 3	♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥♥ ♥♥	◆◆◆
SECURITY 8 VS 9	♥♥♥♥♥♥♥♥♥♥♥♥	◆◆◆◆◆◆◆◆◆◆◆◆
MARITIME 4 VS 14	♥♥♥♥♥	◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆
DEFENCE 2 VS 17	♥♥	◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ ◆◆◆◆
PUBLIC SECTOR MANAGEMENT AND GOOD GOVERNANCE 3 VS 17	♥♥♥	◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ ◆◆◆◆

The Vision in Practice

What does it look like for Australia and Timor-Leste to Shape a Shared Future?

The overall vision is of an Australia-Timor-Leste partnership of mutuality, respect and shared leadership.

Australia recognises the necessity of applying all arms of statecraft in engaging with Timor-Leste, ensuring both sufficient investment across development, diplomacy and defence and the effective coordination of the activities of each in support of common strategic objectives.

Australia anchors its development, diplomacy and defence engagement with Timor-Leste in a strategy of shared interests. Australia is willing to invest in the necessary resources to ensure its status as a trusted and influential partner to governments, civil society and business in Timor-Leste.

The vision is of Australia as an active and engaged partner in a mutually beneficial partnership where Australia leverages its experience and expertise to support local and national priorities. Australia identifies where it can best contribute in terms of its comparative advantage. As a development partner, Australia supports locally-led and accountable initiatives, demonstrating confidence in Timorese ability to lead.

Australia frames its engagement with Timor-Leste as valuable in its own right, not only through the lens of geostrategic competition. Australia emphasises that there not be a sole focus on Timor-Leste as an element consumed by power contestation in its foreign policy approach.

Given that Timor-Leste looks to Asia when it contemplates its future and prosperity, Australia needs to understand and support this ambition to be on the same page with Timor-Leste's narrative and goals. Australia should make effective and sustained contributions toward ensuring that Timorese actors and institutions have the capacity to participate meaningfully and fulfil the requirements to progress from candidacy to membership of ASEAN.

This shared future would see Australia as a trusted, reliable partner of Timor-Leste as it actualises its sustainable development goals. Both Australia and Timor-Leste see the mutual benefits of the relationship and both are active partners making a mutual contribution to each other.

Australia should see itself as an institutional partner and looks at ways of strengthening Timor-Leste institutions, based in a recognition that legitimate institutions emerge through fundamentally local processes. Australia supports Timor-Leste in implementing whole-of-government approaches which strengthen working coordination and align needs and priorities among public entities.

Australia will demonstrate sustained political will and mobilisation of Australian society that supports Timor-Leste in order to overcome the barriers and challenges that Timor-Leste faces.

CASE STUDY: ROADS FOR DEVELOPMENT

The Roads for Development (R4D) program began in March 2012. R4D was the Government of Timor-Leste's leading rural roads program, implemented by the Ministry of Public Works, to improve the management and condition of Timor-Leste's rural road network. The Australian development program provided technical assistance through the International Labour Organization (ILO) with Phase I totalling AUD36 million 2012-2017 and Phase II up to AUD26 million 2017- 2021. The overall goal of Australia's R4D-Support Program was for women and men in rural Timor-Leste to derive social and economic benefits from improved road access.

<https://www.dfat.gov.au/sites/default/files/timor-leste-roads-for-dev-support-program-mid-term-review-man-resp.pdf>

CASE STUDY: DEFENCE COOPERATION PROGRAM

The Defence Cooperation Program with Timor-Leste focuses on developing capabilities in English language skills, maritime security, engineering, logistics, infantry skills, strategic policy, governance, finance and communications. This assistance is delivered by 24 in-country advisers, comprising 21 Australian Army personnel stationed at Dili and Metinaro, two Navy at Port Hera and one APS adviser. Methods of assistance include mentoring, infrastructure development, participation in ADF exercises and training, and direct service-to-service training.

Training opportunities offered in Australia include those run by UNSW Canberra (Australian Defence Force Academy), Australian Defence College, Royal Military College – Duntroon, and through the Defence Cooperation Scholarship Program.

<https://timorleste.embassy.gov.au/dili/Defence.html>

CASE STUDY: AUSTRALIA-TIMOR-LESTE PARTNERSHIP FOR HUMAN DEVELOPMENT

The Australia-Timor-Leste Partnership for Human Development (PHD) supports Timor-Leste's goal to transition to an upper middle-income country, with a healthy, well-educated, and safe population by 2030. Across health, education, sanitation, water, nutrition, gender equality, disability, and social protection, PHD is helping the Government of Timor-Leste to reduce poverty, improve equality and expand wellbeing for coming generations of Timorese people.

<https://www.abtassociates.com/where-we-work/australia-asia-pacific/timor-leste>

Pathways

To achieve this vision, the following pathways were identified.

ASEAN MEMBERSHIP

Australia should support Timor-Leste in progressing from observer to member of ASEAN. Timor-Leste's accession into ASEAN is a shared interest. Australia sees Timorese ASEAN membership as positive for both ASEAN, Timor-Leste and Timor-Leste's engagement on the global stage.

Australia has strong ties with ASEAN's diverse member states. It was the first non-member to establish relations with ASEAN in 1974²⁰ and in 2021 became the first country to conclude a Comprehensive Strategic Partnership with the regional bloc.²¹ This makes Australia well-placed to help provide support and entry points. It should make effective and sustained contributions toward ensuring the relevant Timorese actors and institutions have the capacity to participate meaningfully and fulfil the requirements to progress from candidacy to membership.

There are many ASEAN regulations and agreements that Timor-Leste would need to ratify, implement and monitor. While this will be beneficial for Timor-Leste, it would require time and effort to achieve. More than 1,600 ASEAN meetings take place every year, so an incredible amount of bureaucratic development is needed to simply attend let alone contribute meaningfully. Australia should offer support in establishing processes and mechanisms to participate in and contribute to ASEAN's numerous annual convenings. Australia can support Timor-Leste in its ratification, implementation and monitoring of the various agreements and declarations that define the bloc.

At the same time, it's important to engage with civil society and youth as part of the process of implementing ASEAN regulations and agreements to ensure that these do not restrict civil freedoms and voice. Australia should provide professional and practical support to implement and monitor ASEAN regulations while emphasising the need for social justice imperatives that align with Timor-Leste's democracy, peace and human rights as foundational values.

“Australia supports Timor-Leste's ambition to join ASEAN, to facilitate its closer economic engagement with Southeast Asia.”

2017 Foreign Policy White Paper

20 Allan Gyngell, *Fear of Abandonment: Australia in the World since 1942* (La Trobe University Press, updated edition, 2021)
21 <https://www.foreignminister.gov.au/minister/marise-payne/news/australia-asean-will-remain-natural-partners>

PEOPLE-CENTERED APPROACH

Australia should build on its history of engagement in Timor-Leste, especially through elements of Australian society that are strong advocates for Timor-Leste, including in the armed forces and across civil society.

There is strong history of community-community partnerships, such as “Friends” groups, local government partnerships and other forms of people-to-people contact, such as veterans' visits and school visits from Australia to Timor-Leste.

COVID-19 has set back many of these endeavours due to closed borders and lack of funds.

Australia should look for opportunities to revive and energise sub-national government and people-to-people links – and to extend them to new generations.

Australia should promote educational, civil society and peer-to-peer linkages to increase knowledge of Timor-Leste among Australians for more mutual relationships. This needs to be based on enhanced movement of people between Timor-Leste and Australia, and increased interaction in both directions.

Australia should invest in its Timor-Leste literacy, building cultural understanding and better appreciation of shared chapters in our history. For example, this can be achieved with greater investment in the ABC's capacity to cover Timor-Leste, providing media services into the country and also bringing content created for Timor-Leste back to Australian audiences.

CASE STUDY: AUSTRALIAN VOLUNTEERS INTERNATIONAL (AVI)

Australian volunteers have supported a wide range of partner organisations in Timor-Leste to achieve their development goals across education, government, human rights, health and agriculture since 1995. In 2020-21 the Australian Volunteers Program in Timor-Leste supported 22 volunteers and 16 partner organisations to respond to the impacts of COVID-19 and assist women, children, indigenous and gender diverse communities.

<https://www.australianvolunteers.com/about/countries/timor-leste/>

CASE STUDY: NEW COLOMBO PLAN

The New Colombo Plan is a signature initiative of the Australian Government which aims to lift knowledge of the Indo-Pacific in Australia by supporting Australian undergraduates to study and undertake internships in the region. It encourages a two-way flow of students between Australia and the rest of our region, complementing the thousands of students from the region coming to Australia to study each year. Timor-Leste is one of the 40 eligible host locations for New Colombo Plan supported study across the Indo-Pacific region.

<https://www.dfat.gov.au/people-to-people/new-colombo-plan/about>

CASE STUDY: THE INDO-PACIFIC CENTRE FOR HEALTH SECURITY

The Centre is the implementation body for the Australian Government's Vaccine Access and Health Security Initiative. It brings together global investments, collaboration with regional organisations and bilateral health cooperation to deliver both strategic direction and practical, timely assistance for regional government partners. The Centre's mix of DFAT staff, secondees from six Departments and specialist contractors provides in-house expertise in areas including the veterinary sciences, regulation, immunology, microbiology, epidemiology and anthropology.

<https://indopacifichealthsecurity.dfat.gov.au/>

CASE STUDY: LIGA INAN (CONNECTING MUMS) PROGRAM

The goal of the Liga Inan program is to increase the utilisation of, and access to, skilled healthcare providers by women during and after pregnancy in Timor-Leste. It does this by strengthening the relationship between mothers and midwives by facilitating better communication through the use of a simple mobile phone. Technical support and software development for the service to help ensure the successful scale-up of the initiative is provided by Catalpa International.

<https://www.ligainan.org/>

HEALTH AND EDUCATION FOR HUMAN CAPITAL

Australia should be an effective partner in **building human capital** among Timorese, especially in the priority areas of health and education. While the potential scope of Australia's support is significant, it is important to identify its comparative advantage in each area.

Areas for potential cooperation on **health** include:

- Improved water, sanitation and hygiene
- Improved health services
- Disability access to ensure full participation in society by people with a disability, including lessons from Australia's National Disability Insurance Scheme.

Health has not always been seen as a high priority among Timorese because expectations were low, with people not realising what they were missing out on.

Australian support in health was very visible during COVID-19, with Australia becoming a critical partner in vaccine equity, systems strengthening and capacity building in the fight against the disease. But there is still far to go. There is the opportunity to shift back from COVID-19 response to longer-term strengthening of the health system.

It is worth noting the Cuban medical presence poses a challenge for Australia to introduce itself in the medical training area, with training mostly given in Spanish for the past 15-20 years.²²

Given this, one option is to focus Australia's efforts particularly on infrastructure that supports health, where language is less of an issue. For example, consultations with Timorese civil society organisations revealed a high priority placed on infrastructure development for water and sanitation, which was an area perceived to have not received significant donor partner investment.

Areas for potential cooperation on **education** include:

- Investment in quality education, including early childhood education
- Academic exchanges and scholarships
- Media development

Language poses a challenge for Australia, given the mandatory teaching of Portuguese in schools. This is a government policy in line with support from with other development partners. Language piece is a controversial issue, even within the development partner space. Given the recent announcement that Timor-Leste will enforce the use of Portuguese in schools,²³ this challenge looks set to become even greater.

Given this, Australia should play a specific role on English language education which provides economic opportunities. English is the commercial language of trade and is widely required in the international sphere, including in ASEAN diplomacy. There is clear interest from Timorese partners in improving English education to improve governance, journalism and international links, upskilling both current positions and the next generation. Lack of language ability has been shown to hinder Timorese in making the most of Australia Awards opportunities and networks.

Traditionally Australia took a strong role in this space through international broadcasting, with the Australia Network reaching a wide range of society, including early education. Audiences have often used international TV content as a tool in their journey to learn English, and Timorese partners express a desire for Australia to play more of a role in English language education. Australia can support these goals further by supporting local media which provides content which informs and educates and by supporting the ABC's broadcast and digital content distribution in the country.

Completion of the new data cable²⁴ will drive demand for English language materials and provide opportunities for informal education through online courses. English language education should not be seen purely through a government-to-government lens, with the private sector having an important role to play. Language should not be an either/or choice, with English layered on top of existing language instruction.

Australians working in Timor-Leste should also be encouraged and supported to upskill by learning Tetum. In the law enforcement space, for example, Australian-supported training and capacity-building programs are all conducted in English, meaning they are not as effective as they could be to non-native English speakers.

22 Tim Anderson, *Cuban Health Cooperation in Timor Leste and the South West Pacific, in South-South Cooperation: A Challenge to the Aid System?* (Quezon City: IBON Foundation), 2010, pp: 77-86: <https://www.realityofaid.org/wp-content/uploads/2013/02/ROA-SSDC-Special-Report7.pdf>

23 *Timor-Leste Changes Law to Enforce Portuguese in Schools*, Language Magazine, 14 February 2023: <https://www.languagemagazine.com/2023/02/14/timor-leste-changes-law-to-enforce-portuguese-in-schools/#:~:text=%E2%80%9CWe%20will%20change%20the%20law,in%20class%2C%E2%80%9D%20Maia%20added.>

24 ACC-1, *Submarine Cable Networks*: <https://www.submarinenetworks.com/en/systems/asia-australia/acc-1>

DEMOCRATIC PROCESSES AND INSTITUTIONS

Australia needs to support the strengthening of institutions in a way that ensures effective, capable and legitimate institutions that are responsive to people through local processes.

Australia should be a partner for youth civic and political engagement, especially given the reality of a future political transition from independence leaders to younger generations.

Media is an intrinsic part of democratic governance, and Timor-Leste has a vibrant media landscape that is among the freest in the region.²⁵ The Australian government should support Timor-Leste to ensure its media is strong and robust as well as free, with public interest at its core, and that there is capacity to cover important issues such as social inclusion, gender equity, health, financial literacy, misinformation and disinformation. This could be done through media mentoring and training programs delivered by the Australian Broadcasting Corporation and potentially the Special Broadcasting Service.

Consultations with Timorese civil society organisations revealed a particular concern about rebuilding trust in the judicial system, an area with which Australia has not been greatly involved compared to Portugal. Security, maritime, defence and public sector management were perceived as having received more government and development partner investment.

Australia should continue to develop institutional partnerships that enable the continued strengthening of institutions so they are able to deal with problems. Good governance that responds to citizens' needs is a perennial problem. Timor-Leste's nascent bureaucracy makes this a priority issue.

Australia should also engage with Timorese political parties, recognising the important structural role they play in the governance system. This can complement continued engagement with formal government institutions and National Parliament.

Australia should continue to invest in strengthening the protection and promotion of human rights. Despite consultations revealing interest in digitalisation of government services, Australia needs to consider if its e-government systems would be suitable for sharing. It may be more appropriate to encourage other development partners to take on this role. Connectivity outside urban areas will need to improve to support e-government services.

“Competition with China should not be seen as only centred on infrastructure projects. Australia offers Timor-Leste something China cannot give – strengthening its democratic values. By supporting the inclusion of diverse figures in the Timorese polity, this will also help the government in Timor-Leste better respond to needs for education, health, human rights, the effects of climate change and need for energy.”

Timor-Leste, China and Australia, and the influence contest (Andrea Fahey, 2022)

25 Reporters Without Borders, *Timor-Leste*: <https://rsf.org/en/country/timor-leste>

CASE STUDY: GOVERNANCE FOR DEVELOPMENT (GFD) PROGRAM

The Governance for Development (GfD) Program was an eight-year, AUD72 million program, implemented by Cardno Emerging Markets. The program ran from 2014-2021, with a one-year \$7.6 million transition phase extending the program until 30 June 2022. GfD worked towards achieving a stable and prosperous Timor-Leste by means of economic development and better service delivery.

GfD helped Timor-Leste government agencies to develop good policy and improve government systems. It also helped civil society engage with government decision making. The program worked in a range of areas, including public financial management, economic policy, enabling business and investment, public service administration, law reform and financial services.

<https://www.dfat.gov.au/publications/development/timor-leste-governance-development-program-completion-report>

CASE STUDY: PARTNERSHIP FOR INCLUSIVE PROSPERITY (PROSIVU)

Beginning in July 2023 and building on the GfD Program, PROSIVU will extend Australia's longstanding partnership with Timor-Leste in support of good governance and economic policy development, while re-calibrating the approach based on lessons learnt and updated for contemporary challenges. It will be Australia's main program for providing support to Timor-Leste's central government agencies and economic line-ministries.

<https://www.tenders.gov.au/Atm/ShowClosed/ac1874f8-4f05-4707-b285-0004e47bcc4b?PreviewMode=False>

CASE STUDY: PUBLIC BROADCASTER MEMORANDUM OF UNDERSTANDING

On 10 March 2023 the Australian Broadcasting Corporation (ABC) signed a Memorandum of Understanding (MOU) with the Timor-Leste public broadcaster Rádio e Televisão de Timor-Lest (RTTL) that allows for increased content sharing and media development programs.

The MOU builds upon an existing strong relationship between the ABC and RTTL, and recognises both organisations' importance as cultural institutions and custodians of media archives, as well as the vital role they play in connecting and informing audiences and contributing to democracy.

Under the Indo-Pacific Broadcasting Strategy, ABC International Services will work with RTTL to help it establish a news service for its new English-speaking channel, sharing content from the ABC newsrooms and working with RTTL staff to enhance their journalism and content making skills.

Other activities include establishing a network of Pacific journalists, with a local correspondent based in Dili, the syndication of ABC content to local media providers and a broader capacity-building program for Timor-Leste media and journalists' associations to build media craft skills.

<https://about.abc.net.au/press-releases/australias-abc-and-timor-lestes-rttl-sign-mou/>

CASE STUDY: PARTISIPA

PARTISIPA is a 10-year AUD80 million investment (2021-2031) to assist the Government of Timor-Leste to improve access to and quality of basic infrastructure and services, in support of stability, human development and economic growth.

PARTISIPA works in partnership with national and subnational governments to strengthen policies, systems and skills to improve the delivery of decentralised services and village-level infrastructure. Improving the operations and maintenance of rural water is a priority. PARTISIPA continues Australia's long-term support for the national village development program and its critical community-driven development processes to enhance community resilience, social inclusion and economic opportunity.

<https://www.dfat.gov.au/publications/development/timor-leste-partisipa-2021-2031-design-document>

ECONOMIC DIVERSIFICATION

Australia supports **economic diversification** in Timor-Leste through:

- Support to strengthening agriculture and fisheries
- Developing an adventure- and peace-based tourism industry
- Improved enabling environment which could capture connectivity, public sector barriers such as regulatory impediments and financial services

Support for improved public financing is important as a public administrative mechanism to encourage and strengthen economic diversification.

Economic prosperity is crucial to support priorities like health and education. Job creation is also seen as vital to deal with social issues, including the issue of martial arts groups in Timor-Leste.²⁶

There is a live debate in Timor-Leste about long-term economic resilience. The view is contested in Timor-Leste on what the right long-term trajectory for the country is in terms of using economic resources now for the future, which impacts on expenditure.

Consultations with Timorese civil society organisations showed a view that industrial and private sector investment are areas where there is already significant progress or investments from government and/or development partners, with petroleum and tourism following behind. By contrast, rural development and agriculture were perceived as areas requiring development partner support where there has not been as much investment.

Consultations revealed a strong desire for greater focus on environmental protection, an area where there was perceived to have been little investment but a high priority requiring development partner support. Australians consulted expressed an interest in exploring renewable energy cooperation.

Australia could support Timor-Leste's transition away from gas and LNG developments by leveraging its extractives expertise and exploring the potential for new mineral resources on land such as graphite, lithium and cobalt, which the World Bank estimates demand will increase nearly 500% by 2050 to meet the growing demand for clean energy technologies.²⁷ Australia is well placed to be part of the region's green economy transition.²⁸

Australia's support for Timor-Leste membership of ASEAN should include a focus on how the economy can benefit from membership. There can be an assumption that by joining ASEAN and integrating into the ASEAN Economic Community, the private sector will automatically benefit. But this is not necessarily the case. There are foundational requirements that are needed to build a strong private sector in Timor-Leste. Supporting public sector regulation will ensure the benefits from ASEAN integration flow to the wider Timorese community. The Australian Competition and Consumer Commission (ACCC) and Australian Securities and Investments Commission (ASIC) offer lessons that can help guide this process.

26 Brett Inder, Nan Qu and Leoneto Elizario, *Timor-Leste's Youth Population: The Employment Challenges of a "Youth Bulge"*, Monash University Centre for Development Economics and Sustainability: <https://drive.google.com/file/d/1YjVZYudbowKAh6AkNI3LKYugJ2j4TgLV/view>; Jose Belo, *Jobless Timor-Leste youths turn to street gangs*, Union of Catholic Asian News, 30 August 2018: <https://www.ucanews.com/news/jobless-timor-leste-youths-turn-to-street-gangs/83174>

27 Kirsten Hund, Daniele La Porta, Thao P. Fabregas, Tim Laing, John Drexhage, *Minerals for Climate Action: The Mineral Intensity of the Clean Energy Transition*, World Bank, 2020: <https://pubdocs.worldbank.org/en/961711588875536384/Minerals-for-Climate-Action-The-Mineral-Intensity-of-the-Clean-Energy-Transition.pdf>

28 Asia-Pacific Development, Diplomacy & Defence Dialogue, *What does it look like for Australia to be a Partner in Climate Leadership in Southeast Asia*, 2022: <https://asiapacific4d.com/idea/climate-leadership/>

CASE STUDY: PACIFIC AUSTRALIA LABOUR MOBILITY (PALM) SCHEME

The Pacific Australia Labour Mobility scheme connects Australian employers with workers from nine Pacific Island countries and Timor-Leste. The scheme helps to fill labour gaps in regional and rural Australia while providing opportunities to Pacific and Timorese workers to develop skills, earn income and send money home to support their families and communities and the economic growth of their countries.

The PALM scheme is managed by the Department of Foreign Affairs and Trade and the Department of Employment and Workplace Relations with the support of the Pacific Labour Facility.

<https://www.palmscheme.gov.au/countries>

CASE STUDY: PACIFIC ENGAGEMENT VISA

The Pacific Engagement Visa is a new Australian initiative that complements the PALM scheme by offering a permanent visa pathway to citizens of Pacific Island countries and Timor-Leste.

It is being designed in consultation with partner governments and communities to ensure it delivers on shared needs and objectives. The program will commence in July 2023.

<https://www.dfat.gov.au/pacific-engagement-visa>

CASE STUDY: FIBRE OPTIC CABLE

Building on Australia's successful role in delivering the Coral Sea Cable System, the 4,700km submarine cable linking Australia, Papua New Guinea and Solomon Islands, the Australian Infrastructure Financing Facility for the Pacific (AIFFP) is financing a portion of a telecommunications cable project in Timor-Leste.

Working closely with the Government of Timor-Leste on what will be the first undersea cable into the country; the AIFFP is investing AUD1.5 million to complete a Front End Engineering Design (FEED) to scope various cable design options, route options and technical and engineering requirements. The FEED will provide legal and regulatory analysis, business and strategic advice and design information to construct a quality undersea telecommunications cable that meets the needs of Timor-Leste.

<https://www.aifffp.gov.au/investments/investment-list/front-end-engineering-design-feed>

LABOUR MOBILITY AND MIGRATION

Labour mobility can be a focus of shared engagement to form the basis of the long-term economic relationship. Australia should expand labour mobility by continuing to open up its labour market to create new opportunities for Timorese. It should also progressively enlarge pathways to permanency in its migration program. Australia should address flaws that create the risk of exploitation.

It is worth noting that consultations revealed that Timorese are much more concerned with job creation in Timor-Leste. Labour mobility should thus be seen as a transitional step to build human capital rather than as a long-term solution.

One benefit of labour mobility is the opportunity to form personal relationships, for a generation of Timorese to come to Australia – whether for work or study – and form cultural and personal bonds.

“With the maritime boundary treaty implemented and finalised, the relationship between northern Australia and Timor-Leste has a promising future. Developments focusing on investment, tourism, agriculture and labour mobility in the region have the potential to benefit both nations, and to lift and diversify the Timor-Leste economy.”

*Lucy Rodgers and Corinda Hollis, 2019
Timor-Leste and northern Australia:
opportunities for mutual benefit*

DIGITAL TRANSFORMATION

Australia should be a partner in **digital transformation in Timor-Leste**. Technological change is one of the most critical issues facing Timor-Leste.

Areas for cooperation include:

- Undersea cable
- Investment in infrastructure and the skills for people to maintain it
- Digital literacy
- English language education

Linking Timor-Leste to the existing North-West Cable System, which runs from Darwin to Port Headland, is the initial step toward achieving digital transformation. However, one cable and one telecom provider will be necessary but not sufficient to achieve digital transformation. There will be the need for competition to drive cheaper access to create benefits for the economy and society. Australian technical assistance can help Timor-Leste ensure these benefits are passed on to consumers and not siphoned off as profits.

As a regional comparison, the World Bank forecasts that improved internet access supported by Australia in Papua and the Solomons could contribute \$US5 billion (\$7.4b) to the Pacific economy, create close to 300,000 new jobs by 2040 and improve business opportunities, long-distance education and access to tele-medicine.²⁹

The vision of Timor-Leste's National Strategic Plan for Digital and ICT Development is to:

“develop and achieve a society where all can create and share value and contribute to the Digital Age and development of a digital economy, where the young generation will in the future be able to work online, not only within Timor-Leste but without borders to compete in a global market; and the elderly, the people in rural areas, people living with any form of disability and vulnerable people are not excluded from government services or from participating in markets, work or development opportunities in the anticipated, fully-digitalized economy.”³⁰

Concerns have been raised that China could capitalise on the fibre optic cable and use it as a direct pipeline from Chinese State media into Timor-Leste.³¹ This underscores the importance of digital literacy and supporting robust media in Timor-Leste.

29 James Massola, *Australia to support fibre optic cable lifeline to East Timor*, The Sydney Morning Herald, 29 August 2019: https://www.smh.com.au/world/asia/australia-to-support-fibre-optic-cable-lifeline-to-east-timor-20190829-p52m5u.html?fbclid=IwAR25_TYFhJOWY2rR0KPcYxEA9xAWWN4AckNZ2DpS9lhoBu7dO-tTgX6sj4g

30 *Timor Digital 2032 – Timor-Leste's National Strategic Plan for Digital and ICT Development*, p. 5: <https://anyflip.com/gvoci/zerd/basic>

31 Parker Novak, *Unpacking the China/Timor-Leste bilateral agreements...*, The Interpreter, 27 Jun 2022: <https://www.lowyinstitute.org/the-interpreter/unpacking-chinatimor-leste-bilateral-agreements>

CASE STUDY: AUSTRALIAN HUMANITARIAN PARTNERSHIP

The Australian Humanitarian Partnership (AHP) is a ten-year (2017-2027) partnership between the Australian Government and Australian NGOs. Through the AHP, partners aim to save lives, alleviate suffering and enhance human dignity in the face of conflict, disasters and other humanitarian crises.

The AHP meets these objectives by focusing efforts both in disaster response as well as disaster preparedness.

In disaster response, the AHP uses Australian Government resources to leverage NGO networks and expertise, to deliver effective humanitarian assistance. For each response, the partnership selects the best placed NGOs to respond to those in need, in the most timely, cost efficient and effective way. In disaster preparedness, the AHP delivers the Disaster READY initiative across the Pacific and Timor-Leste.

<https://www.australianhumanitarianpartnership.org/>

CASE STUDY: EXERCISE LONGREACH

Exercise LONGREACH 22 was a Humanitarian Assistance and Disaster Response (HADR) exercise held in Timor-Leste from 31 August to 8 September 2022 to enhance the capability of Timor-Leste civilian, military and police organisations to respond to natural disasters experienced during the High Risk Weather Season.

A joint a Defence Cooperation Program – Timor Leste (DCP-TL) and Australian Embassy Dili initiative, Exercise LONGREACH was attended by a wide range of civilian, military and police organisations from Australia (including the Australian Civil-Military Centre), Timor-Leste (including the Timor-Leste Civil Protection Agency) and the United States, as well as International Organisations such as the United Nations and Non-Government Organisations.

<https://acmc.gov.au/sites/default/files/2023-02/ACMC%20Newsletter%202022%20December.pdf>

CASE STUDY: THE ASIA FOUNDATION'S NABILAN PROGRAM

With funding from Australia's Department of Foreign Affairs and Trade, The Asia Foundation is delivering the Nabilan (Ending Violence Against Women) Program. The program supports civil society organisations to provide shelter, safe house, legal and counselling services to women and children experiencing violence. Through partners, the program also delivers prevention programs in communities that are aimed at changing gender and social norms and addressing gender inequality as the cause of violence against women and children. Nabilan staff also provide key technical support to government partners, for example for the development of the National Action Plan on Gender-Based Violence in 2022. Since 2014, through its partners the program has provided over 58,000 services (legal, medical, psychosocial, referral and shelter) that assisted women and children experiencing violence to access services and support.

<https://asiafoundation.org/tag/nabilan/>

CASE STUDY: TIMOR-LESTE POLICE DEVELOPMENT PROGRAM (TLPDP)

The Timor-Leste Police Development Program (TLPDP) was established in 2011 by the Australian Federal Police in partnership with the Policia Nacional de Timor-Leste (PNTL) with the aim of strengthening the capacity of the police service in Timor-Leste to maintain law and order effectively and professionally with full respect for human rights.

Gender equality was a big focus of the TLPDP in 2022:

- A gender audit of PNTL was undertaken to proactively examine and understand the issues within the organisation;
- Twenty-eight PNTL female officers successfully completed a six-month leadership program designed to equip the officers with skills to advance their careers;
- Three training programs were delivered in specialised Sexual Assault and Child Abuse (SACA) investigations and a Trafficking in Persons (TIP) investigations course.
- The TLPDP also officially opened a new PNTL Information Communications Technology (ICT) Centre after the old centre was severely damaged due to flooding in 2021.

<https://www.afp.gov.au/news-media/media-releases/afp-strengthens-bonds-pacific-neighbours-2022>

A SECURE AND PEACEFUL TIMOR-LESTE

Australia should work to be an effective partner in supporting a **secure and peaceful Timor-Leste**. This means Australia and Timor-Leste would support each other to anticipate, prevent and respond to a broad range of security threats and coercive influences. These include human security, climate change, environmental and resource security, transnational crime, biosecurity and cybersecurity.

Australia and Timor-Leste should develop a common sense of threats to peace and security and Australia supports Timorese-led initiatives and aligns with the country's national priorities. For example, the Defence Cooperation Program–Timor-Leste (DCL-TL) supports Timor-Leste's capacity to deliver humanitarian assistance and disaster response in times of crisis. The DCL-TL is also working to develop Timor-Leste's capacity to contribute to UN peacekeeping operations, a desire expressed by Timorese wanting to give back to the international community after being a recipient nation.³² By contributing to community development in the longer term, such programs are of mutual benefit.

Australia should ensure it follows security agendas set locally and regionally rather than being a paternalistic provider. Australia can contribute to security through its investments in civil society, media and other socio-political institutions critical to good governance, democratic norms and countering external influence, as well as drawing on peacebuilding and conflict mediation experience previously demonstrated in Timor-Leste.

Disaster risk reduction, preparedness and response is a priority issue for cooperation. A high priority for the DCL-TL is operationalising Timor-Leste's maritime security capability. There are other areas for expanding defence cooperation, for example on maritime piracy and expanding the patrol boats program over time.

In particular, Australia should be an ally in **combatting gender-based violence and harmful practices** in Timor-Leste. This includes:

- Poverty reduction and eradication
- Ending violence against children
- Ending violence against women
- Supporting gender equality, women's economic empowerment and spaces for women's leadership
- Improving maternal, newborn, child and adolescent health and nutrition and addressing issues of stunting and wasting

“The Defence Cooperation Agreement will allow Australia and Timor-Leste to increase defence and security cooperation, especially in the maritime domain, given our shared border and adjacent maritime zones. It will enhance our ability to operate together as required, conduct exercises and training, and cooperate on humanitarian assistance and disaster relief.”

Joint media release by the Prime Minister, Deputy Prime Minister, Minister for Defence and Minister for Foreign Affairs, 7 September 2022
[Defence Cooperation Agreement](#)

³² Lisa Sharland and Genevieve Feely, *Mapping Pacific contributions to UN peacekeeping Past experiences and future opportunities*, Australian Strategic Policy Institute, December 2020, p.31: https://ad-aspi.s3.ap-southeast-2.amazonaws.com/2020-12/SR%20164%20Mapping%20Pacific%20contributions_v2.pdf?VersionId=zQm.RyTWW_WY4Nc9EAa7vJvJ7qujZ6gB

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Thank you to those who have contributed their thoughts during the development of this paper. Views expressed cannot be attributed to any individuals or organisations involved in the process.

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The Asia Foundation convened focus group discussions in the national language, Tetun, with organisations based in Timor-Leste's 14 municipalities, as well as Dili-based organisations focused on working with women, people with disability, justice and the LGBTQI+ community.

Discussions focused on understanding the perspective of community-based organisations regarding the most pressing challenges and opportunities facing Timor-Leste, as well as how to maximise partnerships with international development partners to overcome these challenges and expand opportunities.

A total of 24 organisations participated in half-day focus group discussions, representing a diverse set of sectors, populations, and locations across Timor-Leste. This report reflects the opinions of these organisations and does not claim to represent the views of Timorese civil society writ large.



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