CHAPTER 16

Assessing the Implementation and Impact of Timor-Leste's Cash Payment Schemes

Joanne Wallis

Introduction

In 2013, Timor-Leste ranked 134 out of 186 countries in the United Nations Development Programme's Human Development Index (UNDP 2013). In 2012, 37.4 per cent of its 1.17 million citizens lived on less than US\$1.25 per day, and 68.1 per cent of its population lived in what the UNDP defines as 'multidimensional poverty'—that is, they experienced multiple deprivations at the individual level in health, education and standard of living (UNDP 2014). However, since 2005, Timor-Leste has had access to relatively large revenues from the Bayu-Undan and Kitan oil and gas fields. It may also receive additional future revenues from the Greater Sunrise field and from other fields yet to be explored (UNESCAP and UNDP 2003). Some projections predict that these revenues could run out by 2025 (*La'o Hamutuk* 2014), and questions of how the government should use these revenues to address the country's development challenges remain subject to debate. The cash payment schemes that the government introduced in 2008 should occupy a leading role in this debate, as while they play a role in peace-building and social protection, they also contribute to rising levels of government spending. Therefore, it is important for long-term development to assess who these programs are targeted at, how they are implemented, what impact they have, and what alternatives may be available.¹

1 Research for this chapter was in part performed in 2010 with Alexandra Gillies and Mericio Akara under a consultancy for the Revenue Watch Institute.

Payments to veterans of the resistance and their survivors

The most extensive cash payment scheme comprises four pension schemes for veterans of the resistance to Indonesia's invasion and occupation. Superior Pensions are for veterans distinguished 'for their outstanding contribution to the resistance struggle'. Special Subsistence Pensions are for veterans with at least eight years of full-time participation in the struggle, or who are incapable of work due to physical or mental disabilities resulting from their participation in the struggle. Special Retirement Pensions are for veterans with at least 15 years of full-time participation in the struggle. Survivor Pensions are for the surviving spouse, orphans (regardless of age), parents or siblings of 'National Liberation Veteran Combatants' who died 'as a result of their participation' in the struggle, or who were beneficiaries of either the Special Subsistence or Special Retirement Pensions and have since died. The order of preference among survivors is: surviving spouse, children, parents and then siblings. If there is more than one rightful claimant (such as multiple children), the pension 'shall be divided equally between claimants'.²

Payments to internally displaced persons (IDPs)

The second cash payment scheme targets the approximately 100,000 persons who were internally displaced during, and in the aftermath of, the April and May 2006 security crisis. In late 2007, the government launched its National Recovery Strategy, *Hamutuk Hari'i Futuru* (Together Building the Future). One of the strategy's five pillars, *Hamutuk Hari'i Uma* (Together Building Homes) (ICG 2009; Lopes 2009; OVPMRDTL 2007), aimed to facilitate the return or resettlement of IDPs by providing compensation for damage caused to their houses. The payments varied according to the level of verified damage: internally displaced persons (IDPs) whose houses had been totally or largely destroyed received US\$4,500, IDPs whose houses were severely damaged but still standing received US\$3,000, IDPs whose houses were less severely damaged received US\$1,500, and IDPs whose houses needed only minor repairs received US\$500. Most payments were made in 2008. In late 2009, the government also compensated IDPs for possessions damaged in the crisis. As it was too difficult to assess on a case-by-case basis, each family was given US\$500.

2 Decree Law on the Pensions of the Combatants and Martyrs of the National Liberation no. 15/2008.

'Petitioner' payments

Following the security crisis, the government also used cash payments to resolve the case of the 'petitioners'—a group of 591 disgruntled soldiers who had helped to instigate the crisis. As the government perceived the petitioners as a potential source of insecurity, in early 2008 it introduced a demobilisation program that consisted of payments of US\$8,000 each to reintegrate into civilian life (ICG 2013).³

Support allowances for the elderly and disabled

The third cash payment scheme also aimed to assist other vulnerable groups under the National Recovery Strategy. Accordingly, in 2008 the government introduced a Support Allowance to meet the 'basic needs' of the elderly and disabled.⁴ Individuals that receive other types of benefits (such as veterans) are ineligible. The amount of the Support Allowance 'shall not exceed one third of the minimum wage accorded for the current year to civil service employees and shall not be lower than the previous one'. The initial amount of the allowance was set at US\$20 per month, which was equivalent to 20 per cent of the national minimum wage for civil servants. However, in 2010 the allowance was raised to US\$30 per month in recognition that incomes had risen (RDTLMSS 2008, 2009).

Bolsa de Mãe program

The fourth cash payment scheme, the *Bolsa de Mãe* (Mother's Purse), was also introduced in 2008 in accordance with the National Recovery Strategy. It provides the neediest female-headed households with a monthly subsidy to assist them to feed and educate their children. This payment is conditional on children receiving good grades at school and the amount of the payment varies according to the education level of the child: US\$5 per month for primary school, US\$10 per month for junior secondary school, US\$20 per month for senior secondary school, \$25 per month for university within Timor-Leste, and \$30 per month for university overseas (RDTLMSS 2008, 2009).

3 Decree on the Integration of Ex-Soldiers into Civilian Life no. 12/2008.

4 Decree Law on the Support Allowance for the Aged and Disabled no. 19/2008.

Implementation

The implementation of the cash payment schemes has faced a number of administrative challenges, primarily relating to the identification of recipients. In order to identify veterans who should receive pension payments, the former President Xanana Gusmão established veterans' commissions, who worked during 2003–05 to register veterans and their survivors (Fundasaun Mahein 2011).⁵ In 2009, their data was verified by the *Comissão de Homenagem* (Homage Commission), which compiled the initial lists of veterans to receive payments.⁶ A separate tribunal, the *Comissão de Homenagem, Supervisão de Registo e Recurso* (Commission for Homage, Supervision of Registration and Appeals), was created to hear appeals about the registration process.⁷ However, although the process of identification has been relatively thorough, individuals have made false claims of being veterans (ICG 2011).⁸ The identification of wives, children and siblings who claim the Survivor Pension has also proved difficult, as many have difficulty verifying their relationship to the deceased veteran in the absence of reliable birth or marriage records during the Indonesian occupation.⁹

Similar difficulties arise with respect to the IDPs payments. In order to claim these payments, IDPs registered with the *Ministério da Solidariedade Social* (MSS; Ministry of Social Solidarity), and then MSS estimation teams worked with the *Ministério das Infraestruturas* (Ministry of Infrastructure) and village chiefs to verify the reported damage. To cheat the system, some non-IDPs took up residence in IDP camps and tried to register to receive payments, some IDPs from the same household each claimed payments, while other IDPs duplicated their electoral cards to claim multiple payments.¹⁰ A portion of these fraudulent claimants are likely to have received payments, as the process for verifying the damage to IDP houses was labour-intensive and rushed.¹¹ Identification problems also arise with respect to the Elderly and Disabled Support Allowance, as it can be difficult to identify who qualifies as elderly, because electoral cards

5 Interview with a government official, 30/9/2010.

6 First Amendment to Law No. 3/2006 of 12 April no. 9/2009.

7 Statute of the National Liberation Combatants.

8 Interview with a government official (a), 27/9/2010; interview with a government official, 30/9/2010.

9 Interview with a government official, 30/9/2010.

10 Interview with a member of Timorese civil society, 26/9/2010; interview with a member of Timorese civil society, 27/9/2010; interview with an international humanitarian worker, 27/9/2010; interview with an international humanitarian worker, 28/9/2010.

11 Interview with an international humanitarian worker, 30/9/2010.

often contain unreliable age data.¹² There are fewer problems with the *Bolsa de Mãe* program, as recipients are currently identified by village chiefs and MSS child protection officers assess applicants and mediate claims.¹³

Making cash payments is also a logistical and security challenge, particularly in rural areas where effective banking and mail systems are underdeveloped.¹⁴ While most cash payment schemes are administered by the MSS, the *Ministério das Finanças* (Ministry of Finance) makes the actual payments. Many payments have been paid in cash, although there are plans to make more payments into bank accounts. In most cases, Ministry of Finance officials travel with the cash from Dili to district administration offices, and then work with MSS officials and village chiefs to ensure payment.¹⁵

Collusion and corruption is another challenge. For example, in the case of the IDPs payments, some MSS officials are said to have overstated the damage to IDP houses in order to secure a larger payment for the IDPs and subsequent kickbacks for themselves.¹⁶ There is also said to be manipulation in the administration of allowances to the elderly and disabled: in some cases, recipients had died yet their names remain on the recipient list so that others could claim their money.¹⁷ One member of civil society cited a case where a subdistrict administrator asked a village chief to sign a blank list of recipients, which the administrator would later complete.¹⁸ There is anecdotal evidence of MSS officials demanding payments from elderly and disabled recipients for fictional 'administration costs' before they could be paid or given their identification cards.¹⁹ One member of parliament (MP) argued that the commissioners who vetted veterans' registrations 'handpicked those they deemed to be veterans and blocked those who they did not like'.²⁰

Related to this, there appears to be insufficient oversight of the cash payment schemes. This is partly explained by the fact that Timor-Leste is still a young state experiencing capacity and resource shortages. Census and other citizen registration data is often unreliable, particularly identification documents from Portuguese colonial times or the Indonesian occupation. The cash payment

12 Interview with a village chief, 28/9/2010; interview with an international humanitarian worker, 29/9/2010.

13 Interview with a government official, 28/9/2010.

14 Interview with a government official (b), 27/9/2010; interview with a government official (a), 29/9/2010.

15 Interview with a government official (a), 29/9/2010.

16 Interview with a member of Timorese civil society, 26/9/2010; interview with a member of Timorese civil society, 27/9/2010; interview with an international humanitarian worker, 27/9/2010.

17 Interview with a member of Timorese civil society, 26/9/2010.

18 Interview with a member of Timorese civil society, 1/10/2010.

19 Interview with a member of Timorese civil society, 1/10/2010; interview with a member of parliament (b), 30/9/2010.

20 Interview with a member of parliament (b), 30/9/2010; interview with a member of Timorese civil society, 1/10/2010.

schemes were introduced ‘very quickly’, and it was a ‘massive job to set up procedures, administration and distribution systems’.²¹ Accountability structures are also in their infancy, such as the *Comissão da Função Pública* (Civil Service Commission), *Escritório do Inspetor-Geral* (Office of the Inspector-General), *Comissão Anti-Corrupção* (Anti-Corruption Commission), and the *Tribunal Superior Administrativo, Fiscal e de Contas* (High Administrative, Tax and Audit Court).

More promisingly, there are impressive examples of genuine efforts to improve the system. For example, the MSS is working with international donors to create a registry of all vulnerable families. This will allow the MSS to use reliable socioeconomic data and proxy means testing to target *Bolsa da Mae* (Mother’s Purse) and other payments to the neediest households.²² Efforts are also being made by the Ministry of Finance to examine whether mobile banking facilities can facilitate payments.²³

Peace-building

The most important impact of the cash payment schemes has been their role in peace-building since the security crisis, which displaced almost one-tenth of the population and resulted in violence and widespread tensions. In order to facilitate peace-building, it was important to return or resettle IDPs, and the IDP recovery packages played an important role. International Organization for Migration (IOM) surveys of communities who received IDPs indicate that their return or resettlement was largely (although not entirely) peaceful and that societal tensions have subsided (IOM 2008a; 2008b; 2008c; 2009a; 2009b). However, there is concern that the IDP recovery packages merely ‘bought peace’, and that longer term solutions are required to ensure that former IDPs successfully reintegrated.²⁴ In particular, there were instances of jealousy between recipients and non-recipients.²⁵ Some tensions were diffused through mediation or customary ceremonies; others by IDPs making payments to village members (such as the temporary occupants of their house) (Impact Alliance 25/2/2010; RDTLMSS 2009).²⁶ Complaints also arose from those who lost their

21 Interview with an international development adviser, 30/9/2010.

22 Interview with a government official, 28/9/2010.

23 Interview with a government official, 29/9/2010.

24 Interview with a member of Timorese civil society, 26/9/2010.

25 Interview with a government official, 29/9/2010; interview with an international humanitarian worker, 28/9/2010; interview with an international humanitarian worker, 29/9/2010; interview with an international humanitarian worker, 30/9/2010.

26 Interview with an international humanitarian worker, 27/9/2010; interview with a member of Timorese civil society, 27/9/2010.

belongings or assets during the crisis but were not compensated because they had not fled.²⁷ A former IDP commented that 'those who did not flee are also victims'.²⁸

The veterans' pensions also play a peace-building role. Certain veterans groups contributed to escalating the security crisis, as they expressed resentment about their treatment since 1999.²⁹ When they were officially 'demobilised' in February 2001, only 650 out of 1,950 veterans were recruited into the new army, with the rest given small packages to assist their reintegration into the community. Demobilised veterans mostly missed out on jobs in the civil service and the new police force, and many faced unemployment and significant hardship. Consequently, veterans groups formed and began to conduct parades and operate as political lobby groups. Several became increasingly strident and were perceived as threatening the stability of the state (World Bank 2008). The decision to rapidly introduce the veterans' pensions in 2008 can be understood partly as a response to this pressure. However, there are questions over the sustainability of the government effectively buying peace from the veterans. There is concern that veteran groups may pose a threat to stability should their demands (including for further payments) not be met. One MP cautiously observed that veteran groups remain 'waiting in the mountains, ready to come back down to Dili and cause problems'.³⁰ While no one questions the esteem in which veterans are held, ordinary people are concerned about the role that some veteran groups have played since independence, particularly during the security crisis.³¹

Similarly, the payments to 'petitioners' reflected their potential danger rather than any particular need. These payments did encourage these former soldiers to demobilise and reintegrate into society. However, there is a perception that the petitioners had been 'rewarded for causing trouble', especially since they had technically broken the law by abandoning their barracks, and, beyond being dismissed from the army, had not faced sanctions for their actions during the crisis.³²

27 Interview with a member of Timorese civil society, 27/9/2010.

28 Interview with a former IDP, 28/9/2010.

29 For a discussion of the treatment of veterans following the withdrawal of Indonesia in 1999, see Conflict, Security and Development Group (2003).

30 Interview with a member of parliament (b), 30/9/2010.

31 Interview with a member of Timorese civil society, 26/9/2010; interview with a member of Timorese civil society, 1/10/2010.

32 Interview with a member of Timorese civil society (a), 27/9/2010.

Dependence and expectation of future payments

The cash payment schemes may also have generated a degree of dependence and expectation of future payments. The recovery packages for IDPs and payments to the 'petitioners' risk setting a precedent that victims, or those who threaten the peace, deserve financial compensation. For example, following the introduction of the IDPs payments, youth groups in IDP camps pressured the government and ended up receiving 'student packages' of US\$200 apiece.³³ Several people whose houses were destroyed during violence in 1999, or during the Indonesian invasion, have tried to make claims for IDPs payments. A prominent victims' advocate even suggested on national radio on 20 July 2008 that 'it's better if we 1999 victims just organise ourselves and go and live in a refugee camp' in order to receive state assistance (quoted in Kent 2010: 194). Veterans have also mobilised for greater payments, leading to the expansion of the eligibility criteria for veterans' pensions, as well as the one-off veteran payments. Similarly, whether members of the extensive network of civilians who supported the independence struggle, referred to as the *frente clandestina* (clandestine front), also deserve payments now features more frequently in public discourse.

A stark example of escalating demand is the draft Reparations Law, which seeks to initiate a memory and reconciliation process for the conflict between 1974 and 1999, and to empower and support 'vulnerable victims' (Amnesty International 2012).³⁴ One MP argued that it 'is not intended to be a big social assistance program. It is just about finding and helping the most vulnerable and traumatised people'.³⁵ Others see the law as an effort to create another cash payment scheme aimed at a very amorphous and difficult-to-identify group. One civil society representative saw it as a symptom of a new culture where there is 'competition to be victims because people have seen that that is how people benefit'.³⁶ An MP expressed concern that 'the compensation train is steaming out of control', and if the Reparations Law creates extensive cash payment schemes, 'the floodgates will open' for further demands.³⁷

33 Interview with a government official, 29/9/2010; interview with an international humanitarian worker, 27/9/2010.

34 Draft Law Establishing the Public Memory Institute. www.laohamutuk.org/Justice/Reparations/Organic15JunEn.pdf, accessed 19/9/2010; Draft Law Establishing a Framework for the National Reparations Programme. www.laohamutuk.org/Justice/Reparations/Reparations15JunEn.pdf, accessed 19/9/2010.

35 Interview with a member of parliament (b), 30/9/2010.

36 The proposed Reparations Law raises the broader issue of the role that the discourse of 'victimhood' plays in determining an emerging 'hierarchy of the deserving' of state recognition and assistance (Kent 2010: 194). In contrast, a member of civil society argued that many Timorese people do not want to be classified as 'victims', but instead see themselves as 'heroes' because 'we fought for our independence and we won'. He suggested that the language of 'victimhood' has been promoted by international NGOs, which have adopted the international language of human rights and transitional justice, but which does not necessarily resonate in the Timorese context. Interview with a member of Timorese civil society, 1/10/2010.

37 Interview with a member of parliament, 27/9/2010.

Politicisation

This suggests that the cash payment schemes may be politicised and used to appease certain groups, which could lead to the allocation of revenues in ways that do not advance the country's overall development, welfare and security. There is a perception that the government has sought to use the payment schemes to create a 'moral and political binding'—a sort of clientelist loyalty between recipients and government (Fundasaun Mahein 2011).³⁸ Cash payments might also reflect Prime Minister Gusmão's rather paternalistic approach to government spending.³⁹ In fact, several times a year Gusmão magnanimously hands out (his own) cash to people on the steps of his home.

Cash payments to veterans run the greatest risk of politicisation. Veterans represented a valuable political constituency for former Prime Minister Xanana Gusmão, who used the issue of pensions during election campaigns and expanded their benefits several times since he took office (*La'o Hamutuk* 2013).⁴⁰ Certain veteran groups have also assumed a vocal role in state affairs, and exercise considerable influence in parliament, including by advocating for larger veterans pensions (ICG 2011).⁴¹ Indeed, since their introduction in 2008, the veterans' pensions and Survivor Pension have expanded dramatically. In response to lobbying from veteran groups (March 2008), in 2009 cash payments were made to veterans who 'took part on a full-time basis in the struggle for national independence for a period of four to seven years'. The amount of the payment was US\$1,380, which corresponded to 12 months of the civil service minimum wage (of US\$115 per month).⁴² In 2009, the government also made a payment to cover cases where there was no immediate relative eligible to receive the survivor pension. This payment went to 'relatives up to a fourth degree in collateral line' of a deceased veteran, provided these relatives 'suffered torture, deportation or imprisonment as a consequence of the militancy of their ... relative'. The government also began to provide a limited number of scholarships to orphans of deceased veterans and to children of those veterans who receive the Special Subsistence or Special Retirement Pensions.⁴³ This raises

38 Interview with a member of parliament, 28/9/2010; interview with a member of Timorese civil society, 26/9/2010; interview with a member of Timorese civil society (a), 27/9/2010.

39 Interview with a member of Timorese civil society (b), 27/9/2010; interview with a member of Parliament (a), 30/9/2010.

40 Interview with a member of Timorese civil society, 1/10/2010.

41 Interview with a member of parliament, 27/9/2010; interview with a member of parliament (b), 30/9/2010.

42 Statute of the National Liberation Combatants.

43 Statute of the National Liberation Combatants; Decree Law on the Pensions of the Combatants and Martyrs; Decree Law on the Regime of Awarding Scholarships to the Children of Combatants and Martyrs of the National Liberation no. 8/2009.

a risk that the veterans' pensions may entrench a perception that veterans (and their families) are a privileged social group, particularly as the Survivor Pensions and scholarships may embed intergenerational advantage (Wallis 2013).

Economically sustainable?

The expansion of the veterans' pensions raises questions concerning whether the cash payment schemes are economically sustainable, especially given that oil and gas resources are finite. These questions feed into a broader debate about whether Timor-Leste should save or spend in order to advance its development, and if it opts to spend, what that spending should be on.

While the IDPs' recovery packages and the payments to the petitioners are finished, the number of recipients of the elderly and disabled support allowance and *Bolsa da Mãe* program has risen, largely because administrative improvements have facilitated the identification of more recipients. There are also proposals to make payments to clandestine resistance; estimates of their numbers run as high as 70,000.⁴⁴ The proposed Reparations Law could potentially lead to payments for the 'vulnerable victims'. Each expansion of the cash payment schemes places additional strain on the state budget.

However, the veterans' pensions remain by far the largest cash payment scheme, largely because the value of the veterans' pensions and the number of veteran recipients has increased. In the US\$1.7 billion 2013 budget, US\$239 million was allocated for cash payment schemes, of which US\$84.8 million was for veterans (RDTL 2013: 45). The lowest veterans' pension of US\$276 per month is many times higher than the average Timorese income; in 2010, 41 per cent of the population lived on less than US\$38 per month (UN 2010). Despite these large amounts, there is a widespread view that 'the state should pay attention to veterans because they fought for independence. Even if the country was poor, it would pay them.'⁴⁵

The World Bank noted that the size of the veterans' pensions 'are relatively high compared to other post-conflict countries, particularly as a percentage of Timor-Leste's non-oil GDP' (World Bank 2008: 27). Timor-Leste could face a challenge similar to Guinea-Bissau, where 'commitments to veterans have impeded the government's ability to address other social issues' (World Bank 2008: 27). However, one international official noted that Timor-Leste is still in 'short-term mode' following the 2006–07 security crisis during which it needs to respond to stability needs first, and economic sustainability second.⁴⁶

44 Interview with a member of parliament, 27/9/2010.

45 Interview with a government official (a), 27/9/2010.

46 Interview with an international development adviser, 30/9/2010.

Alternatives?

The size of the cash payment schemes suggests that it is necessary to assess whether they advance development, particularly in the long term, or whether alternatives should be considered. While payments to the elderly, disabled and vulnerable female-headed households appear to advance social protection aims, it is less clear that payments to the IDPs, petitioners or veterans are targeted based on need or that they advance the development of their recipients.

Although there has not been a formal study that tracks the spending patterns of cash payment recipients, there is anecdotal evidence that many IDPs invested in their homes, started small businesses or engaged in consumption valuable to the local economy.⁴⁷ Studies of programs similar to the elderly and disabled support allowance and *Bolsa da Mae* in countries such as Brazil and Mexico suggest that cash payments to poor households have a strong poverty reduction effect. Buying basic goods like food and clothing represent investments in human capital, and the extra income (especially if tied to school attendance) can increase the family's incentive to have their children in school rather than working (Moss 2011).

However, there is also anecdotal evidence that some recipients spend their cash payments on luxury items, parties or traditional gambling and cockfighting.⁴⁸ Similarly, cash payments bear other economic risks, such as elevating prices of non-traded goods and inflation (Corden and Neary 1982)—risks emphasised by the World Bank (World Bank 2009). There is scepticism that the cash payment schemes will lead to long-term improvements in livelihoods, given the lack of a savings culture cultivated by the fact many people have lost their houses and belongings several times during the Indonesian invasion, occupation and subsequent conflicts.⁴⁹ There are also concerns about 'dependency', with parallels drawn to Indonesia's provision of rice and other handouts in order to control the population.⁵⁰ One village chief noted that the cash payments have made some people 'lazy', which has led to people failing to work their fields and then later facing food shortages.⁵¹

47 Interview with an international humanitarian worker, 27/9/2010; interview with an international humanitarian worker, 28/9/2010.

48 Interview with a member of parliament, 27/9/2010; interview with a member of parliament (b), 30/9/2010; interview with a member of Timorese civil society, 26/9/2010.

49 Interview with a member of Timorese civil society (b), 27/9/2010.

50 Interview with an international humanitarian worker, 27/9/2010.

51 Interview with a village chief, 28/9/2010.

Consequently, alternatives such as social housing, income-generation projects (such as small shops, fuel stations, and livestock and transport co-operatives), microcredit schemes, tourism facilities, or infrastructure investments might produce more lasting development results. In this regard, the *Hamutuk Hari'i Economia Sosial* (Together Building Social Economy) pillar of the National Recovery Strategy aims to create livelihood opportunities and employment-generation schemes. Infrastructure projects are perceived as particularly useful as they benefit communities as a whole, especially since resource shortages were a source of tension during the security crisis.

However, Timor-Leste is a very young state, in which administrative, planning, logistical, accountability and oversight capacity is still being developed. While infrastructure investments might offer much greater returns than cash payments, without adequate state capacity, infrastructure projects can be poorly planned, difficult to implement, and prone to corruption. Even if well executed, years can pass before welfare benefits accrue to the population. In contrast, cash payment schemes can be implemented quickly, and can provide a direct economic benefit to the population, particularly in rural areas where state services and public goods are often limited. Cash payments also offer administrative 'simplicity', as they 'cut out layers of bureaucracy and cut back problems of logistics and corruption'.⁵²

While cash payment schemes might represent a relatively effective way to distribute state resources, questions need to be raised concerning the way they are targeted. In a very poor population that receives insufficient social services, it appears that most of the cash payment budget does not target the neediest households. While the schemes could be expanded, the finite nature of Timor-Leste's resources appears to militate against this. Instead, it might be better to reallocate the cash payment budget so that it is more finely targeted at those in need. However, such a move might be politically difficult, as it would probably involve moving resources from the veterans' pensions.

Conclusion

Overall, it appears that the cash payment schemes have improved many Timorese people's lives by providing funds to build and repair houses, helping them to buy basic necessities, or supplementing their income. The schemes facilitated peace-building in the aftermath of the security crisis, and provide citizens with an immediate and direct benefit from the oil and gas revenues. However, the implementation of the schemes poses challenges, and their impact highlights

52 Interview with an international humanitarian worker, 27/9/2010.

the risks of politicisation and questions over their economic sustainability. Most significantly, there are questions over whether the schemes target those most in need, as opposed to members of certain social groups. If Timor-Leste is serious about advancing development and lifting its population out of poverty, this suggests that the schemes could be redesigned so that they target recipients who are most in need of social protection.

References

- Conflict, Security and Development Group 2003. *A Review of Peace Operations: A Case for a Change*. London, King's College.
- Corden, W.M. and J.P. Neary 1982. Booming sector and de-industrialisation in a small open economy. *Economic Journal* 92:825–48.
- Fundasaun Mahein 2011. *Veterans in Timor-Leste since the Crisis of 2006*. Dili: Fundasaun Mahein.
- ICG (International Crisis Group) 2009. Timor-Leste: No Time for Complacency. *Asia Briefing no. 87*. Dili: ICG.
- ICG 2011. *Timor-Leste's Veterans: An Unfinished Struggle?* Dili and Jakarta: ICG.
- Impact Alliance 2010. Timor-Leste: Development for Social Reintegration of the Internally Displaced in a Post Conflict Environment. Case Story. www.impactalliance.org/.
- IOM (2008a) *IOM Community-Based Data Collect and Analysis for Sustainable Return: July–August 2008 Results*, Dili: International Organisation for Migration, <http://mac.iom.int/jahia/webdav/shared/shared/mainsite/activities/countries/docs/timor-leste/return-monitoring-reports/round-1/Round1-IOM-Phase-I-Return-Monitoring-Results.pdf>, accessed 11 August 2015.
- IOM (2008b) *IOM September–November 2008 Monitoring Report: Chefes de Aldeias Surveys*, Dili: International Organisation for Migration, <http://mac.iom.int/jahia/webdav/shared/shared/mainsite/activities/countries/docs/timor-leste/return-monitoring-reports/round-2/IOM-second-return-monitoring-report.pdf>, accessed 11 August 2015.
- IOM (2008c) *IOM October–November 2008 Monitoring Report: Community and IDP Surveys*, Dili: International Organisation for Migration, <http://mac.iom.int/jahia/webdav/shared/shared/mainsite/activities/countries/docs/timor-leste/return-monitoring-reports/round-2/Community-and-IDP-Report-Round-2.pdf>, accessed 11 August 2015.

- IOM (2009a) *IOM December 2008–February 2009 Monitoring Report: Chefes de Aldeias Surveys*, Dili: International Organisation for Migration, <http://mac.iom.int/jahia/webdav/shared/shared/mainsite/activities/countries/docs/timor-leste/return-monitoring-reports/round-3/Third-round-monitoring-Chefe-de-Aldeia-surveys.pdf>, accessed 11 August 2015.
- IOM (2009b) *IOM Return Monitoring Report: Community and Former IDP Household Surveys (January–March 2009)*, Dili: International Organisation for Migration, <http://mac.iom.int/jahia/webdav/shared/shared/mainsite/activities/countries/docs/timor-leste/return-monitoring-reports/round-3/Round-three-monitoring-Community-and-returned-IDP-report.pdf>, accessed 11 August 2015.
- Kent, L. 2010. The Politics of Remembrance and Victims' Rights in East Timor. In M. Leach et al. (eds). *Understanding Timor Leste*. Hawthorn: Swinburne Press.
- La'ó Hamutuk 5/3/2013. The National Impact of Benefits for Former Combatants. Presentation to Belun. www.laohamutuk.org/econ/pension/VetPension6Mar2013en.pdf.
- La'ó Hamutuk 2014. Timor-Leste Petroleum Fund. www.laohamutuk.org/Oil/PetFund/05PFIndex.htm.
- Lopes, I. 2009. Land and Displacement in Timor-Leste. *Humanitarian Exchange Magazine* 43:June. www.odihpn.org/report.asp?id=3007.
- March, S. 11/9/2008. E Timor's Resistance Fighters Call for Pension. ABC Radio Australia.
- Moss, T. 2011. *Oil to Cash: Fighting the Resource Curse through Cash Transfers*. Washington DC: Center for Global Development.
- OVPMRDTL (Office of the Vice Prime-Minister of the Democratic Republic of Timor-Leste) 19/12/2007. *Hamutuk Hari'i Futuru: A National Recovery Strategy*. Media Release, Dili.
- RDTL (*República Democrática de Timor-Leste*; Democratic Republic of Timor-Leste) 2013. *2013 State Budget. Book 1*. Dili: RDTL.
- RDTLMSS (Ministry of Social Solidarity) 2008. Minister of Social Solidarity Provides Update on Work of MSS during 2008. Press Release, Ministry of Social Solidarity.
- RDTLMSS 2009. Timor Minister of Social Solidarity Provides Update on Work of MSS during 2009. Press Release, Ministry of Social Solidarity.

- UN (United Nations) 2010. Report of the Secretary-General on the United Nations Integrated Mission in Timor-Leste (For the Period from 21 January to 20 September 2010). UN Doc. S/2010/522. Geneva: UN.
- UNDP (United Nations Development Programme) 2013. *Human Development Report 2013: The Rise of the South: Human Progress in a Diverse World*. New York: UNDP.
- UNDP 2014. Timor-Leste Human Development Indicators. hdr.undp.org/en/countries/profiles/TLS.
- UNESCAP (United Nations Economic and Social Commission for Asia and the Pacific) and UNDP 2003. *Exploring Timor-Leste: Mineral and Hydrocarbon Potential*. New York: United Nations.
- Wallis, J. 2013. Victors, Villains and Victims: Capitalizing on Memory in Timor-Leste. *Ethnopolitics* 12(2):133–60.
- World Bank 2008. *Defining Heroes: Key Lessons from the Creation of Veterans Policy in Timor-Leste*. Dili and Sydney: World Bank.
- World Bank 2009. Interim Strategy Note for the Democratic Republic of Timor-Leste FY 2010–2011. Sydney and Dili: World Bank.

This text is taken from *A New Era? Timor-Leste after the UN*,
edited by Sue Ingram, Lia Kent and Andrew McWilliam,
published 2015 by ANU Press, The Australian National University,
Canberra, Australia.